

MOTION BY SUPERVISOR HILDA L. SOLIS

August 6, 2024

Disposition of Property to Centro de Niños

The Los Angeles County Development Authority (“LACDA”), in its capacity as the housing authority, owns the property located at 4850 E. Cesar Chavez Avenue in unincorporated East Los Angeles (“Property”). The Property was purchased by the LACDA with United States Department of Housing and Urban Development (“HUD”) funds for the purpose of providing a daycare facility, which opened in 1996. Since that time, through a lease to Centro de Niños Inc., a California nonprofit public benefit corporation (“Centro”), the Property has been operated as a daycare facility serving residents of the Nueva Maravilla public housing development and the surrounding area. Centro was founded in 1972 by Comisión Femenil Mexicana Nacional. Currently, the daycare facility provides childcare services for low-income families, serving up to 80 children, including a 12-child infant care program.

LACDA would like to dispose of the Property from its public housing inventory and convey the Property to Centro so that Centro may continue to operate the Property as a daycare facility serving low-income families and the community (the “Daycare

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Use”) in perpetuity, subject to a restrictive use covenant (the “Use Covenant”). LACDA and Centro have executed a Letter of Intent, wherein they have agreed to the following (collectively, the “Transaction”):

1. LACDA will provide Centro with a 20-year lease agreement (the “Lease”), with an option to purchase the Property (the “Option”).
2. The acquisition price is \$2,870,000.
3. The acquisition of the Property by Centro will be financed, by a (a) \$1,500,000 grant (the “Grant”) utilizing Economic Development Administration (“EDA”) de-federalized revolving loan funds, and (b) 40-year loan (the “Loan”) in the amount of \$1,400,550 with a 6.5% interest rate, which will extend beyond the term of the Lease, to be secured by a deed of trust.
4. Loan payments shall be considered rent payments under the Lease.
5. Centro shall have the right to exercise the Option at the end of the 20-year term of the Lease, or sooner if Centro (i) prepays the Loan or continues payments while under ownership; and (ii) satisfies all conditions precedent to the exercise of the Option. Upon exercise of the Option, LACDA shall transfer fee title to Centro, subject to the recordation of the Use Covenant, pursuant to which Centro shall use the Property solely for the Daycare Use, or other Community Development Block Grant funded eligible uses approved by LACDA in writing prior to any change of use, and deed of trust as applicable.
6. As a condition to receipt of the Grant, Centro shall retain 20 full-time equivalent employees for a minimum duration of 24 months.

The disposition of the Property is governed by Section 18 of the United States Housing Act 42 USC §1437 and associated federal regulations. For the approval of the disposition of this non-dwelling Property, HUD requires submittal of the attached Inventory Removal Application and executed Board resolution, which are consistent

with 24 CFR Part 970 and the LACDA's Annual Plan.

LACDA intends to use the proceeds from the Transaction to facilitate property improvements at the neighboring Nueva Maravilla public housing development ("Nueva Maravilla"). The Transaction will support the continuation of the existing use and services at the Property, will not require any relocation, and does not interfere with the continued operation of the neighboring Nueva Maravilla housing project.

The proposed actions are exempt from the provisions of the National Environmental Policy Act ("NEPA") pursuant to 24 CFR §58.35 (a)(5) because they involve disposition of property and will not have a physical impact on, or result in any physical changes to the environment, and the non-dwelling property will continue to be used for its current use.

I, THEREFORE, MOVE that the Board of Commissioners of the Los Angeles County Development Authority:

1. Find that the "project" for purposes of the California Environmental Quality Act ("CEQA"), which consists of the Transaction, is exempt for the following reasons: as a Class 1 categorical exemption for the leasing of existing facilities 14 CCR §15301; 14 CCR §15312 categorical exemption for disposition of surplus government property sales; 14 CCR §153222 categorical exemption for changes to educational programs resulting in no physical changes; 14 CCR §14220 recognizing projects that are subject to both NEPA and CEQA; and 14 CCR §15061(b)(3) as a continuation of the existing use where no expansion is proposed in either the physical site or the use itself it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and thus the activity is not subject to CEQA.

2. Find that the disposition of the Property is governed by Section 18 of the United States Housing Act 42 USC §1437 and associated federal regulations.
3. Find that the requirement that the Property be offered to a resident organization does not apply, because (a) LACDA seeks a disposition outside the public housing program to benefit low-income families through support of the existing daycare facility, and (b) the disposition of the Property is a disposition of a non-dwelling property pursuant to 24 CFR §§970.9(b)(3)(ii), 970.9(b)(3)(v).
4. Find that the disposition of the Property to Centro de Niños meets the specific criteria for HUD approval of the disposition request because the disposition of the Property is incidental to, and does not interfere with, continued operation of the remaining portion of the public housing development pursuant to 24 CFR §970.17(d)(2).
5. Find that, because the disposition of the Property is governed by Federal law, the disposition of the Property is not subject to the California Surplus Land Act, Cal. Gov't Code §§ 54220 *et seq.* and that, in the alternative, a disposition of the Property, subject to the recordation of the Use Covenant, for the Daycare Use, in perpetuity, constitutes a disposition for "agency's use" pursuant to the Surplus Land Act, as set forth in Section 54221(c) of the California Government Code.
6. Adopt and instruct the Chair to sign the attached Resolution, as required by HUD, for submission and approval of the Inventory Removal Application for the disposition of the Property.
7. Authorize the Executive Director, or designee, to take all actions required for the implementation of the disposition process, including but not limited to negotiating and executing all documents needed to lease, finance and dispose of the Property with Centro, including submission of all required documents to HUD and execution of amendments to all documents necessary for this Property.

8. Authorize the Executive Director, or designee, to enter into a grant agreement with Centro de Niños providing up to \$1,500,000 in Economic Development Administration de-federalized revolving loan funds.
9. Authorize a seller carry back loan on the Property of \$1,400,550 with a monthly payment of \$8,199.62 based on a 6.5% interest rate and a 40-year repayment period.

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**RESOLUTION APPROVING SUBMISSION OF INVENTORY REMOVAL APPLICATION TO
THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR DISPOSITION
OF THE CENTRO DE NINOS CHILDCARE CENTER AND LAND AT 4850 E. CESAR
CHAVEZ AVENUE IN UNINCORPORATED EAST LOS ANGELES COUNTY**

WHEREAS, the Los Angeles County Housing Development Authority (the “LACDA”), formerly known as the Housing Authority of the County of Los Angeles, has prepared an Inventory Removal Application to dispose of the Centro de Niños Childcare Center and land located at 4850 E. Cesar Chavez Avenue, Los Angeles, CA 90022 (the “Property”); and

WHEREAS, the LACDA has determined that the Property is a non-dwelling property, is not needed for continued operation of the Nueva Maravilla public housing development, and its disposition will not require any relocation.

WHEREAS, the Board of Commissioners wishes to have ongoing childcare options available for residents of the Nueva Maravilla public housing development and neighboring communities rather than sell the property to be used for other uses.

WHEREAS, approval to dispose of the Property via a 20-year lease with an option to purchase must be approved by the U.S. Department of Housing and Urban Development (“HUD”), following submittal of an Inventory Removal Application and Board resolution.

WHEREAS, the disposition of this Property is consistent with the requirements of 24 CFR §970 and the LACDA’s Annual Plan.

WHEREAS, the disposition of this Property does not present an appropriate opportunity for purchase by a resident organization because (a) the LACDA seeks a disposition outside the public housing program to privately finance or otherwise develop a facility to benefit low-income families, *i.e.*, a daycare facility, pursuant to 24 CFR §970.9(b)(3)(ii), and (b) the disposition of the Property is a disposition of a non-dwelling property pursuant to §970.9(b)(3)(v).

WHEREAS, the disposition of the Property meets the specific criteria for HUD approval of the disposition request pursuant to 24 CFR §970.17(d)(2) because the disposition of the Property is incidental to, and does not interfere with, continued operation of the remaining portion of the public housing development.

WHEREAS, the Property will be leased and purchased by Centro de Niños, Inc., a California nonprofit public benefit corporation (“Centro”) at the appraised price and net proceeds will be used by LACDA for property improvements at the Nueva Maravilla public housing development.

WHEREAS, the LACDA has determined that the disposition of the Property to Centro is in the best interests of the Nueva Maravilla public housing and surrounding communities in order to continue providing low-cost childcare for low-income families.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Los Angeles County Development Authority:

1. Directs the LACDA to convey the Property to Centro, pursuant to and in accordance with Section 18 of the United States Housing Act 42 USC §1437 and associated federal regulations.
2. Approves the Inventory Removal Application for submittal to HUD to dispose of the Property.
3. Find that, because the disposition of the Property is governed by Federal law, the disposition of the Property is not subject to the California Surplus Land Act, Cal. Gov't Code §§ 54220 *et seq.* and that, in the alternative, a disposition of the Property, subject to the recordation of the Use Covenant, for the Daycare Use, in perpetuity, constitutes a disposition for "agency's use" pursuant to the Surplus Land Act, as set forth in Section 54221(c) of the California Government Code.
4. Authorize the Executive Director, or designee, to take all actions required for the implementation of the disposition process, including but not limited to negotiating and executing all documents needed to lease, finance and dispose of the Property with Centro, including submission of all required documents to HUD and execution of amendments to all documents necessary for this Property.
5. Authorize the Executive Director, or designee, to enter into a grant agreement, and any related documents, including any amendments to such documents with Centro providing up to \$1,500,000 in Economic Development Administration de-federalized revolving loan funds.

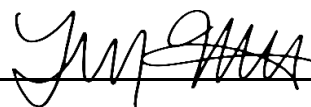
APPROVED AND ADOPTED by the Board of Commissioners of the Los Angeles County Development Authority on this 6th day of August, 2024.

ATTEST:

EDWARD YEN
Executive Officer-Clerk of the

LINDSEY HORVATH
Chair of the Board of Commissioners

By: 
DEPUTY

By: 

APPROVED AS TO FORM:

DAWYN HARRISON
County Counsel



By: 
Principal Deputy County Counsel