

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to The Community Redevelopment Agency of the City of Los Angeles, CA)

M E M O R A N D U M

DATE: SEPTEMBER 10, 2024

TO: STEVE KOFFROTH, CHAIR
MEMBERS, THIRD SUPERVISORIAL DISTRICT CONSOLIDATED
OVERSIGHT BOARD

FROM: DAN KAHN, CHIEF EXECUTIVE OFFICER

SUBJECT: **LONG RANGE PROPERTY MANAGEMENT PLAN.** Approve a Purchase and Sale Agreement with the City of Los Angeles (“City”) to sell real property known as the Marlton Square Properties (“Site”) and identified as Asset ID Nos. 82 and 505-509 in the Long Range Property Management Plan (“LRPMP”) for a purchase price of \$21,750,000, with the City receiving a credit of \$15,769,703 for funds advanced to the Former Agency and net payment to CRA/LA of \$5,980,297.

RECOMMENDATION

That the Third District Consolidated Oversight Board adopt Resolution OB 24-03 approving a Purchase and Sale Agreement with the City to sell the real properties known as the Marlton Square Properties (“Site”) and identified in the LRPMP as Asset ID Nos. 82 and 505-509, located at 3700, 3738-3772, and 3800-3824 W. Martin Luther King Jr. Blvd., and 4011-4027 Marlton Ave., for the fair market value (“FMV”) of \$21,750,000, and authorize the Chief Executive Officer (“CEO”) to execute all documents necessary to effectuate the sale.

SUMMARY

Approval of the recommended action would continue disposition of real property assets pursuant to the approved LRPMP. If approved, escrow on the Site is expected to close within 60 days following review and approval by the California Department of Finance (“DOF”).

The Site (“Map,” **Attachment A**) consists of eight, vacant parcels of land totaling 2.70 acres. As shown on the Map, Assessor Parcel Numbers (“APN”) 5032-003-900, -901, and -903 are one contiguous development site totaling 0.96 acres; APNs 5032-003-902, -904, -905, and -906 are one contiguous development site totaling 0.97 acres; and APN 5032-004-900

is one development site totaling 0.77 acres. Parcels located adjacent to the CRA/LA-owned parcels are owned by the City or private entities.

The Site is listed in the Retain for Future Development category of the LRPMP. On January 8, 2015, CRA/LA and the City entered into the Marlton Square Properties Option Agreement (“Option Agreement”) that allows the City to solicit development proposals for the Site. The Option Agreement provides that the City acquire the Site from CRA/LA at its FMV. The City exercised its option to purchase the Site on August 24, 2024 (“Option Notice,” **Attachment B**). The Purchase and Sale Agreement is included as **Attachment C**, and Resolution OB 24-03 is included as **Attachment D**.

PREVIOUS ACTIONS

September 5, 2024 – Governing Board will consider approving a Purchase and Sale Agreement with the City for the Marlton Square Properties.

November 8, 2022 – Governing Board approved a 21-month extension (through September 30, 2024) to the Extended Term of the Option Agreement.

July 7, 2022 – Governing Board approved a 4-month extension (through December 31, 2022) to the Extended Term of the Option Agreement.

August 5, 2021 – Governing Board approved a 12-month extension (through September 2, 2022) to the Extended Term of the Option Agreement.

November 7, 2019 – Governing Board approved a 24-month extension (through September 2, 2021) to the Extended Term of the Option Agreement.

April 6, 2018 – Governing Board approved an 18-month extension (through September 2, 2019) to the Initial Term of the Option Agreement.

January 8, 2015 – Following approvals by the Governing and Oversight Boards and DOF, CRA/LA entered into 10 Option Agreements with the City of Los Angeles for assets categorized as Retain for Future Development within the LRPMP.

DETERMINATION OF SALES PRICE

The Option Agreement sets forth the process for determining the sales price of the asset, based on FMV. The process requires CRA/LA and the City to each obtain independent appraisals of the Site. If the concluded FMV’s of the two appraisals are within ten percent (10%) of each other, the sales price will be the average of the two appraisals. If the appraised values differ by more than ten percent (10%), a third independent appraisal is required. The initial CRA/LA and City appraisals for the Site differed by more than 10%, therefore the parties agreed on joint appraisal instructions and hired an independent appraiser to determine the Site’s FMV. The FMV of the third appraisal fell between the CRA/LA and the City appraisals. As set forth in the Option Agreement, when the value

established by the third appraisal falls in between the values of the two prior appraisals, the sales price is set at the value determined by the third appraisal.

As shown in Table 1, below, the sales price of the Site is \$21,750,000.

Table 1

Determination of Sales Price					
Appraiser	Appraisal Premise	Interest Appraised	Date of Value	Fair Market Value	Sales Price Determination
CRA/LA/Cushman & Wakefield	Fair Market Value	Fee Simple	4/4/24	\$23,500,000	-
City/Integra Realty Resources	Fair Market Value	Fee Simple	4/8/24	\$18,220,000	-
Joint/Colliers International	Fair Market Value	Fee Simple	6/13/24	\$21,750,000	\$21,750,000
Sales Price					\$21,750,000

On or before August 31, 2024, CRA/LA will post a 10-Day Notice of the proposed sale in compliance with Health & Safety Code Section 34181(f).

SOURCE OF FUNDS

No funding is being requested for this item.

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ROPS AND ADMINISTRATIVE BUDGET IMPACT

There is no ROPS impact anticipated with this action.

Net Sales Proceeds: As shown in Table 2, the Former Agency acquired the Site using a combination of Former Agency funds and funds advanced to the Former Agency by the City. CRA/LA and the City have calculated that the City's funds represented 72.5% of the funds used for acquisition related activities. As a result, the City will receive a credit in the amount of 72.5% of the purchase price (\$15,769,703).

Table 2

CRA/LA-Owned Marlton Square Properties - Source of Funds		
Federal Funds Advanced by City to the Former Agency		
Section 108	\$ 13,453,201	
CDBG	\$ 1,928,061	
BEDI (Brownfields Economic Development Initiative)	\$ 2,000,000	
EDI (Economic Development Initiative)	\$ 2,000,000	
Total Advance		\$ 19,381,262
		\$ -
CRA/LA Tax Increment		\$ 7,349,897
		\$ -
Total Cost of Acquisition		\$ 26,731,159
Percent of Acquisition		
City's percentage of funds used for acquisition		72.5%
Former Agency's percentage of funds used for acquisition		27.5%
Total		100.00%

Disbursement of Proceeds		
Proceeds (FMV Appraised Value)		\$ 21,750,000
City's Credit (72.5%)	\$ 15,769,703	
CRA/LA (27.5%)	\$ 5,980,297	
Total (100%)		\$ 21,750,000
Credit to be Applied to City in Escrow		\$ 15,769,703
City Deposit into Escrow		\$ 5,980,297

There is no sales commission due to third parties. All net sales proceeds received from escrow will be deposited in the Successor Agency's Community Redevelopment Property Tax Trust Fund, and both the approved LRPMP and state law provide that the net sales proceeds are available to pay enforceable obligations. The Successor Agency will call on

these net sales proceeds, as available, prior to requesting RPTTF through the ROPS process to pay enforceable obligations.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a project according to the California Environmental Quality Act (CEQA).

By:

Dan Kahn
Chief Executive Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

Attachments

- Attachment A – Map
- Attachment B – Option Notice
- Attachment C – Purchase and Sale Agreement
- Attachment D – Resolution No. OB 24-03