

CRALA, A DESIGNATED LOCAL AUTHORITY

REPORT TO GOVERNING BOARD

ON

ANNUAL REPORT ON IMPLEMENTATION OF THE WIGGINS SETTLEMENT AGREEMENT:

CITY CENTER AND CENTRAL INDUSTRIAL REDEVELOPMENT PROJECT AREAS

JUNE 25, 2018

PURPOSE

To report on activity in 2017 in implementing the requirements of the Wiggins Settlement Agreement.

EXECUTIVE SUMMARY

The Wiggins Settlement Agreement (“Agreement”) is being implemented in conjunction with the Development Guidelines and Controls (“Guidelines”) for Single Room Occupancy (SRO) Residential Hotels in the City Center and Central Industrial Areas. The overarching goal for both the Agreement and the Guidelines is to preserve existing affordable housing in SROs and ensure that any SRO proposed for conversion or demolition guarantees a one-for-one replacement of units, at similar bedroom count and affordability levels. The Agreement requires monitoring of building permit activity to ensure that the number of SRO units is maintained at the Baseline Level of 8,126 units (the number of units available at time the Agreement was executed in 2006). As of December 31, 2017, the Baseline Level was 8,908 a net increase of 782 units. Additionally, the Agreement includes local hiring responsibilities during construction and hiring goals for permanent employers located at projects that receive CRA/LA financial assistance.

In 2012, the City initiated a process to accept the transfer of land use functions from CRA/LA. That process has not yet been finalized. CRA/LA expects monitoring of the Wiggins Settlement Agreement to be part of any such transfer of functions. Until the transfer is completed, CRA/LA will continue to implement the terms of the Wiggins Settlement Agreement.

BACKGROUND

The Central Business District (CBD) Redevelopment Plan was adopted by the Former Agency Board of Commissioners and City Council in 1975, but legal challenges to the validity of the Plan delayed implementation for two years and, when resolved by a Stipulated Judgment entered into in 1977, imposed a \$750 million cap on tax increment receipts for the Project Area. Although the CBD Project did not expire until 2010, its tax increment limit was reached in 2000, severely limiting the Former Agency’s efforts to alleviate blighting conditions. In 2002, the CBD Plan was amended to allow blighted portions of the CBD Project Area to become part of two new redevelopment project areas: City Center (adopted in May 2002) and Central Industrial (adopted in November 2002). The City Center Project Area includes nearly 3,500 covenanted affordable housing units that had been constructed or rehabilitated with Former Agency assistance.

Separate lawsuits challenging the Central Industrial and City Center Plan adoption were filed by the County of Los Angeles and by a plaintiff group comprised of Jerome Wiggins, Joy Pearson, the Los Angeles Coalition to End Hunger and Homelessness, and the Figueroa Corridor Coalition for Economic Justice. The non-County plaintiffs are collectively referred to as the “Plaintiffs”. The Plaintiffs alleged that although the two new project areas were blighted and in need of redevelopment, the two plans did not adequately address the preservation and production of affordable housing and the creation of job opportunities for low- and very low-income households. On June 15, 2006, the Former Agency Board of Commissioners approved a Settlement Agreement with the Plaintiffs, which includes certain provisions for local hire, replacement housing and relocation programs that exceed existing state and federal law requirements. The Settlement Agreement requires that CRA/LA produce an Annual Report

regarding progress on implementing the requirements of the Settlement Agreement. The City of Los Angeles was also a party to the litigation and is a party to the Settlement Agreement.

Also on June 15, 2006, the Former Agency Board of Commissioners adopted Development Guidelines and Controls for Residential Hotels in the City Center and Central Industrial Redevelopment Project Areas ("Guidelines"). The Guidelines restrict the use and redevelopment of SRO hotels in order to preserve "housing of last resort" for extremely low-income persons, provide one-for-one replacement of SRO hotel units when demolition or conversion of those units is proposed. The SRO hotels that are required to comply with the Guidelines are identified in Attachments 1A, 2A and 5 to the Settlement Agreement.

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Following is the information required under Section 6 of the Settlement Agreement.

1. Completed Housing Units

Requirement: A list itemizing all units developed or rehabilitated during the preceding year within the Project Area with CRA/LA financial assistance or subject to a CRA/LA agreement ("CRA/LA Assistance").

As of 2015, all projects that received CRA/LA Assistance were completed. The CRA/LA may implement existing enforceable obligations, but is prohibited from making new loans or creating new enforceable obligations. Therefore, there are no new projects to report.

2. Proposed Housing Units

Requirement: A list itemizing all developed or rehabilitated units that CRA/LA staff anticipates will be completed during the following year within the Project Area with CRA/LA assistance.

As of 2015, all projects with CRA/LA assistance have been completed. Therefore, there are no new projects to report.

3. Units Subject to Demolition/Conversion

Requirement: A list itemizing all units within the Project Area subject to demolition or conversion pursuant to a Former Agreement.

None.

4. Demolished or Converted Units

Requirement: A list itemizing all units demolished or converted, including the information described for Completed Housing Units and Units Subject to Demolition/Conversion above.

In 2017, CRA/LA did not clear any permits for the demolition or conversion of units subject to the Wiggins Settlement Agreement. However, permits with issued by the City

of Los Angeles, without CRA/LA clearance, for renovation of the Havana Hotel, located at 830 S. Olive Street. The permit issuance resulted in the conversion/loss of 36 units.

The owners of the Havana Hotel, Onni 830 South Olive Street Limited Partnership, agreed to enter into a Wiggins Payment Agreement requiring a payment of \$1,000,000 over a four year period (i.e. \$250,000 per year) to the Jerome Wiggins Memorial Justice Fund, which will be administered by Legal Aid, to be used for the creation and/or preservation of affordable housing by assisting low-income tenants with grants for rent and security deposits. Once the \$1,000,000 payment has been paid in full, the Havana Hotel will no longer be subject to the Wiggins Settlement Agreement.

Exhibit A shows changes to the Baseline through December 2017, including a reduction of the 36 units due to the conversion of the Havana Hotel.

5. Relocated Tenants

Requirement: A list of all tenants who have been relocated with the information described for Units Subject to Demolition/Conversion above, exclusive of tenants who are temporarily relocated for up to 12 months during an in-place rehabilitation project.

No tenants of projects with CRA/LA assistance were permanently relocated in 2017.

6. First Source/Local Hiring and Employment Training

Requirement: A list of all projects that are subject to the First Source/Local Hiring Program, the number of jobs subject to the requirements of the Local Hiring Responsibilities of Construction Employers or Permanent Employers, and the percentage of such jobs filled by Local Low-Income Residents (as defined by the Agreement) by income category. From the execution of the Settlement in August 2006 through its dissolution, the former Agency Board approved ten development projects that are subject to the First Source/Local Hiring requirements.

a. Construction Employers

By letter dated June 13, 2013, the Plaintiffs released CRA/LA from the obligation to hire a firm to perform the role of Jobs Coordinator as an independent third-party to oversee the implementation of the construction hiring program for the construction jobs for the remainder of the projects described in the Redevelopment Plan. Therefore, CRA/LA no longer provides this data.

b. Permanent Employers

The Wiggins Settlement Agreement requires that, where CRA/LA provided financial assistance to a SRO development, it ensure that Local Low-Income Residents make up not less than 30% of the workforce of each Permanent Employer with 10 or more employees. In 2013, the CRA/LA and Plaintiffs developed a methodology to implement the First Source/Local Hiring Program for Permanent Employers, through which existing workforce development organizations were engaged to identify and provide basic skills training to the Local Low-Income population, coordinate with Permanent Employers to place applicants

in appropriate job opportunities and monitor the compliance of Permanent Employers in meeting the 30% local hire requirements.

In light of CRA/LA's continuing winding down, the Plaintiffs agreed that the Hiring Program obligations would be completely satisfied by CRA/LA's funding of the Los Angeles Community Action Network's (LA-CAN) Training Program for a period of four years at a total cost of \$500,000. On June 8, 2017, CRA/LA entered into an agreement with LA-CAN for the training program and on June 28, 2017 CRA/LA paid the first installment of \$125,000. The second \$125,000 installment will be paid before June 30, 2018.

7. Job Training Trust Fund

Requirement: A report on deposits into and expenditures from the Job Training Trust Fund per Section 5.B of the Wiggins Settlement Agreement. Section 5.B stipulates that CRA/LA should establish and administrator a \$2,500,000 Job Training and Development Fund to fund facilities, infrastructure and other legally permissible expenditures on the part of projects and organizations located in the City Center Project Area providing job training or employment services to Local Low-Income Residents. CRA/LA has committed all of the required \$2,500,000 towards job training and development facilities. \$2,353,192 of the \$2,500,000 obligation has been paid out to-date. The remaining \$146,808 is committed to Phase II of the Los Angeles Community Action Network's community garden and training facility.

Organization	Project	Amount	Status
Chrysalis	Downtown Center Expansion	\$350,000	Completed
Downtown Women's Center	Downtown Women's Center Job Training Center & Retail Boutique Space	\$149,953	Completed
Skid Row Housing Trust	Space for County Housing and Jobs Collaborative	\$350,000	Under Construction; (estimated completion date – July 14, 2018)
Los Angeles Community Action Network	Community Garden Project and Training Center	\$500,000	Completed
Legal Aid Foundation of Greater Los Angeles	New 45,770 square-foot headquarters at 1550 W. 8th Street.	\$707,000	Completed
Los Angeles Community Action Network	Community Garden Project and Training Center – Phase II	\$443,000	Under Construction (estimated completion date - June 30, 2018)

8. Copies of Approved Plans

Requirement: Copies of all plans for Replacement Housing, Relocation Assistance, Supplemental Replacement Housing, and First Source/Local Hiring approved.

2017 Progress: CRA/LA's Governing Board did not approve any Replacement Housing Plans in 2017.



Steve Valenzuela
Chief Executive Officer

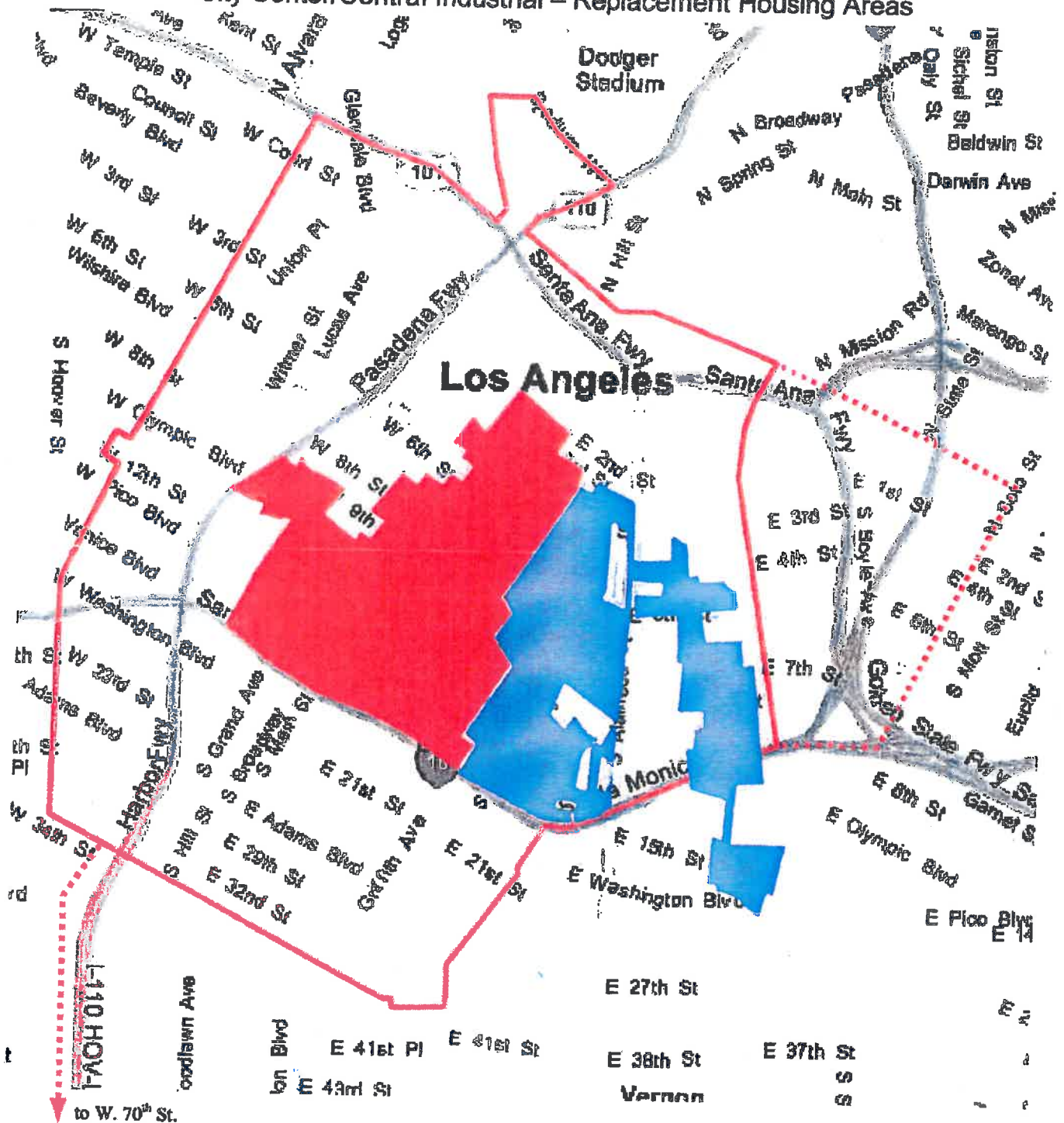
EXHIBITS

Exhibit A: Baseline Tracking



Map A

ATTACHMENT 4 City Center/Central Industrial – Replacement Housing Areas



- Approved for replacement for all population
- Extended area for replacement families

- inter project area
- Industrial project area

