

CRA/LA, 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

MARCH 2, 2017

PURPOSE

To report on activity in 2016 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 the 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 available at time the Agreement was executed in 2006). As of 12/31/2016, the Baseline Level was 8,944 a net increase of 818 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.

CRA/LA is working with the City of Los Angeles to transfer all land use functions, including monitoring of the Wiggins Settlement Agreement. It is anticipated that the City will complete the transfer by summer 2017.

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.

2016 ANNUAL REPORT

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.

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.

In 2016, CRA/LA cleared permits for the following projects:

- Panama Hotel: SRO Housing, Inc. (developer) is converting the 228-unit hotel into 71 units of affordable apartments for Low Income Households (at or below 50% of area median income). The plan includes consolidating existing small units to create larger living spaces. Each new unit will include a private bathroom, small kitchenette and closet. The Replacement Housing Plan approved by the CRA/LA Governing Board includes a 25% reduction of replacement units because of added amenities.

Therefore, the Project's replacement obligation is 171 units; 71 affordable units to be located on-site and to 100 replacement units to be constructed off-site.

- **Rossmore/Weldon Hotels:** The Skid Row Central 1 Project is a scattered site project by Skid Row Housing Trust (SRHT) which entails the resyndication and rehabilitation of two properties, the Rossmore and Weldon Hotels. The combined total number of units at the hotels is 118. Currently, the Rossmore has 58 rent-restricted units and the Weldon has 56 rent-restricted units. There are two manager's units at each location. The proposed scope of work will result in the overall removal of three (3) restricted units and two (2) managers' units. This reduction in the number of units is allowed because the rehabilitated properties will provide additional amenities to the residents. After the rehabilitation, there will be a total of 57 rent-restricted units at the Rossmore (a one unit reduction); 54 rent-restricted units at the Weldon (a two unit reduction); and one manager's unit in each building.

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.

Construction of the Panama Hotel and Rossmore/Weldon projects are underway, but completion had not been completed by 12/31/2016.

Exhibit A shows changes to the Baseline through December 2016 based on permits cleared.

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 2016.

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.

The table below shows the data as of December 2016. While collectively, the Permanent Employers are achieving an overall 34% Local Hire rate, Hope Street Family Center's rate has been reduced from 29% to 26%.

TABLE 1 SUMMARY OF 10+ EMPLOYERS AS OF DECEMBER 2016			
PROJECT NAME	Commercial Tenant Local/Total Employees (%)	Commercial Tenant Local/Total Employees (%)	Compliance Ending (10 years)
1. Alexandria Apartments	DNO Bar – 8/21 (38%) DNO Bar – 9/22 (41%) total employee increase and local % increase	Little Easy – 13/40 (33%) total employee increase – local employee # increase/%decrease	9/2019
2, Van Nuys	Building Management – <10	CVS –13/33 (39%) total employee increase and local % increase	3/2020
3. Hope St. Family Recreation Center.	Hope St. Family Recreation Center. – 14/53 (26%) total employee reduction and local % reduction		10/2023
148 TOTAL EMPLOYEES 49 LOCAL RESIDENTS 33%			

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 administer 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. Four projects have been funded to-date totaling \$1,399,953 leaving a remaining obligation of \$1,100,047.

The last proposal for use of the trust fund was approved by the Governing Board in 2014. CRA/LA staff is in discussions with the Plaintiffs about allowing greater flexibility to expand use of the funds.

8. Copies of Approved Plans

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

2016 Progress: Replacement Housing Plans were approved by the Governing Board for the Panama Hotel and Rossmore/Weldon (Skid Row Central 1) projects. The plans were provided to Plaintiffs in advance of their approval to obtain comments.



Steve Valenzuela
Chief Executive Officer

EXHIBITS

Exhibit A: Baseline Tracking

EXHIBIT A
Wiggins Settlement Agreement
Baseline Level Tracking

				REPLACEMENT UNIT OBLIGATION (by TCAC Affordability Level)									PRODUCTION UNITS (by TCAC Affordability Level)									
No.	Property Name	No. of Baseline Units	Bd rms	30% AMI	35% AMI	40% AMI	45% AMI	50% AMI	55% AMI	60% AMI	Net Replacement Obligation	Activity	30% AMI	35% AMI	40% AMI	45% AMI	50% AMI	55% AMI	60% AMI	Total Units	Yr Completed	
1	Alexandria Hotel	461	0 BR 1 BR	58	136	57	34	25 4	18	105 24	433 28	Rehab	30	100	57	34	25 4		187 24	433 28	2009	
2	Bristol Hotel	103	0 BR				103				103	Rehab				103				103	2010	
3	Frontier/Rossllyn Lofts	275	0 BR		275						275	Rehab		102					173	275	2009	
4	Leo Hotel/Renato Apts	37	0 BR	5	32						37	Demo/New	10	25	25	35				95	2010	
5	Liddy Hotel	20	0 BR		20						20	Conversion								-	2011	
6	Lyndon Hotel	62	0 BR		52						52	Rehab	52							52	2008	
7	Simone Hotel	121	0 BR							8	8	Conversion								-	2010	
8	Van Nuys Apts	297	0 BR							132	132	Rehab					14		118	132	2009	
			1 BR							157	157						16		141	157		
			2 BR							8	8						1		7	8		
9	916 James Wood	30	TBD		30						30	Demolition								-	2009	
10	Victor Clothing Lofts	-	0 BR								-	New					1		1	2	2007	
			1 BR								-						7		10	17		
			2 BR								-						3		9	12		
			3 BR								-						1		4	5		
11	Blackstone Apts	-	0 BR								-	New					7			7	2010	
			1 BR								-						8			8		
			2 BR								-						2			2		
12	James Woods Apts	-	0 BR								-	New	27	10	15					52	2009	
13	New Carver Apts	-	0 BR								-	New	10		75		10			95	2009	
14	Charles Cobb Apts	-	0 BR								-	New		35			39			74	2010	
15	Abbey Apartments	-	0 BR								-	New	4	45			64			113	2008	
16	Genesis / New Genesis	29	0 BR	1	27	1					29	Demo/New	63	16			2		18	99	2012	
			1 BR								-		1				0		5	6		
17	YWCA Job Corps	-	2BR								-	New	140				60			200	2012	
18	Star Apartments	-	0 BR								-	New	35			42			23	100	2013	
19	Gateways Apts	-	0 BR								-	New	11	43		53				107	2014	
20	Rossllyn Hotel	264	0 BR		264						264	Rehab	32		127	53				212	2014	
21	New Pershing	67	0 BR					67			67	Rehab	35			18			14	67	2015	
22	Panama (1) (2)	228	0 BR					228			171	Rehab/New					171			171	UC	
23	Rossmore (1)	58	0 BR				58				57	Rehab				57				57	UC	
24	Weldon (1)	56	0 BR	25	15	16					54	Rehab	23	15	16					54	UC	
	TOTALS	2,108		89	851	74	195	324	18	434	1,925		473	391	315	395	435	0	734	2,743		

Change in Baseline Total Units - Plus / (Minus) 818

- (1) Section V.A. of the Development Guidelines allow, subject to Governing Board approval, a unit count reduction of up to 25%
(2) Approved Replacement Housing Plan calls for 71 units on-site and 100 replacement units off-site