



DATE / FEB 19 2009

FILE CODE /

354 South Spring Street / Suite 800  
Los Angeles / California 90013-1258

T 213 977 1600 / F 213 977 1665  
[www.crala.org](http://www.crala.org)

CRA File No. 5980  
Council District: CD 9  
Contact Person: David Riccitiello  
Jenny Scanlin  
Kevin Sullivan  
(213) 977-1711

Honorable Council of the City of Los Angeles  
John Ferraro Council Chamber  
200 N. Spring Street  
Room 340, City Hall  
Los Angeles, CA. 90012

Attention: Alan Alietti, Office of the City Clerk

**COUNCIL TRANSMITTAL:**

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on January 19, 2009 City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

PUBLIC HEARING: ADOPT FINDINGS IN ACCORDANCE WITH HEALTH & SAFETY CODE SECTIONS 33445 AND 33679 FOR ACQUISITION OF THE RALPH BUNCHE PEACE AND HERITAGE CENTER LOCATED AT 1221 EAST 40<sup>TH</sup> PLACE NEAR THE COUNCIL DISTRICT 9 CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY RECOVERY REDEVELOPMENT PROJECT AREA DOWNTOWN REGION (CD9)

**RECOMMENDATION**

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

**ENVIRONMENTAL REVIEW**

The proposed action will not result in any physical changes to the site and is intended to ensure the operation of the Bunche Center; therefore it is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article VII, section 1.a. of the CRA/LA CEQA Guidelines.

**FISCAL IMPACT STATEMENT**

There is no fiscal impact to the City's General Fund, as a result of this action.

Cecilia V. Estolano, Chief Executive Officer



Page 2 of 2  
Council Transmittal

cc: Karen Kalfayan, Office of the City Clerk (Original & 3 Copies on 3-hole punch)  
Lisa Johnson Smith, Office of the CAO  
Ivania Sobalvarro, Office of the CLA  
Helmi Hisserich, Office of the Mayor  
Noreen Vincent, City Attorney's Office  
Councilmember Jan Perry, 9<sup>th</sup> Council District

MEMORANDUM

2

DATE: FEBRUARY 19, 2009 C93642

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: DAVID RICCITIELLO, REGIONAL ADMINISTRATOR  
JENNY SCANLIN, PROJECT MANAGER  
KEVIN SULLIVAN, DIRECTOR OF BUSINESS OPERATIONS AND ASSET MANAGEMENT

SUBJECT: PUBLIC HEARING: ADOPT FINDINGS IN ACCORDANCE WITH HEALTH & SAFETY CODE SECTIONS 33445 AND 33679 FOR ACQUISITION OF THE RALPH BUNCHE PEACE AND HERITAGE CENTER LOCATED AT 1221 EAST 40<sup>TH</sup> PLACE NEAR THE COUNCIL DISTRICT 9 CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY RECOVERY REDEVELOPMENT PROJECT AREA DOWNTOWN REGION (CD 9)

RECOMMENDATIONS

That the CRA/LA Board of Commissioners

1. Hold a public hearing and request that the City Council hold a public hearing in accordance with Health and Safety Code Sections 33445 and 33679;
2. Adopt, and request that the City Council adopt, a Resolution finding that the expenditure of CRA/LA funds for the purchase of the Ralph Bunche Peace and Heritage Center is of benefit to the Council District Nine Corridors South of the Santa Monica Freeway Recovery Redevelopment Project Area ("CD9 Project Area"); that the use of the Site for public meetings and youth services will assist in the elimination of one or more blighting conditions in the CD9 Project Area; that there are no other reasonable means of financing available to the City; and that purchase and use of the Ralph Bunche Peace and Heritage Center is consistent with the Redevelopment Plan and Five-Year Implementation Plan for the CD9 Project Area; and
3. Authorize the Chief Executive Officer, or designee, to either negotiate with Broadway Federal Bank to acquire the property or bid on and purchase the property at the foreclosure sale for a price not to exceed the value of the debt on the property and subject to an appraisal verifying fair market value..

## SUMMARY

CRA/LA staff recommends that the CRA/LA negotiate a purchase agreement with, and if an acceptable price can be agreed on, purchase the Ralph Bunche Peace and Heritage Center ("Bunche Center") located at 1221 East 40<sup>th</sup> Place near the Council District Nine Corridors South of the Santa Monica Freeway Recovery Redevelopment Project Area ("CD9 Project Area") from Broadway Federal Bank or its trustee, if the purchase is made through a foreclosure sale. Once site control has been secured, the CRA/LA will identify an appropriate entity to maintain the historic building and grounds through a long-term ground lease, keeping them open to the public as well as utilizing the site for public meetings and other youth-oriented programs.

The Bunche Center is a historic landmark that had recently been restored by Dunbar Economic Development Corporation ("Dunbar EDC") using \$318,000 in grant funds from the City and HUD that were administered by CDD and CRA/LA. Dunbar EDC had been operating a Youth Leadership Program at the Bunche Center as well as a museum that showcased the life work of Dr. Ralph Bunche, until financial problems began to affect the operations of the organization. At present, the programs have ceased and CRA/LA is at risk of having to reimburse HUD for the grant funds because Dunbar EDC failed to operate the programs for the required five years.

In July 2006, Dunbar EDC used the property as collateral for a \$310,000 loan from Broadway Federal Bank, F.S.B. ("Bank"). A Notice of Default was recorded on June 16, 2008, and CRA/LA subsequently began discussions with the Bank. After failing to get a response from Dunbar EDC with respect to the default, the Bank now intends to move forward with foreclosure proceedings. The Bank anticipates that the loan will be forwarded to its foreclosure unit in February, at which time the Bank will obtain an appraisal to determine the value of the property. As of early January, the current outstanding principle balance was approximately \$303,000.

CRA/LA has invested significant amounts of money and time in the renovation of the Bunche Center, and the proposal to buy it and find a suitable operator will benefit the community in the following ways:

- Preserve a historic resource that is important to the CD9 Corridors community by keeping the property open to the public for the viewing of the museum items and grounds as part of an educational opportunity for school-aged children;
- Provide a public meeting space; and
- Provide ongoing youth leadership and other community services in an area that faces a critical need for such services.

Acquisition would be contingent on satisfactory review of a Phase I Environmental Site Assessment and an appraisal will be commissioned by the CRA/LA Real Estate Department to determine the property's Fair Market Value.

Pursuant to Sections 33445 and 33679 of the California Redevelopment Law, the CRA/LA, with the consent of the legislative body, may expend tax increment funds to acquire sites that are outside the boundaries of a Project Area for a publicly owned building, if the legislative body can make certain findings. The attached resolution finds that: 1) the acquisition of 1221 East 40th Place for the purpose of a place for public meetings and youth services is of benefit to the CD9 Project Area; (2) it will assist in eliminating one or more blighting conditions; 3) no other reasonable means of financing the public improvements consistent with the purpose of the

redevelopment plan is available; and 4) the acquisition of the Bunche Center is consistent with the Redevelopment Plan and the Five-Year Implementation Plan for the CD9 Project Area, which calls for community facilities to be maintained and expanded (See Attachment B, Resolution). Notice of the public hearing was published on February 5, 2009 and February 12, 2009.

## RE

January 22, 1998 – Various Actions Related to Implementation of the City's Targeted Neighborhoods Initiative Program

April 2, 1998 – Various Actions Related to 2<sup>nd</sup> Year Implementation of the City's Targeted Neighborhoods Initiative Program (TNI) Program

## SOURCE OF FUNDS

CD9 Project Area Tax Increment Funds

## PROGRAM AND BUDGET IMPACT

There is no fiscal impact to the City's General Fund as a result of the recommended actions. The Work Program will be modified to include this objective and existing Public Improvement Funds in this Fiscal Year will be used to purchase the site.

## ENVIRONMENTAL REVIEW

The proposed action will not result in any physical changes to the site and is intended to ensure the operation of the Bunche Center; therefore it is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article VII, section 1.a. of the CRA/LA CEQA Guidelines.

## BACKGROUND

CRA/LA provided funding and project management for the restoration and conversion of the Ralph Bunche home into a museum and community facility as part of the City's Targeted Neighborhood Initiative (TNI) program. The purpose of the project was to create a community facility for educational programs and a museum showcasing the life of Dr. Ralph J. Bunche, who was the recipient of a Nobel Peace Prize for his peacekeeping work in the 1940's. The completed Bunche Center consists of an approximately 1,900 square foot single family house located on a 5,800 square foot lot. Dunbar EDC completed a thorough renovation of the property in 2004 with technical assistance from CRA/LA.

The original Conditional Grant Agreement (CRA/LA Contract #502159) required Dunbar EDC to use the property for HUD National Objective purposes for five years after renovation work was completed. The agreement included \$271,500 in Community Development Block Grant (CDBG) funds provided through the City's Targeted Neighborhood Initiative (TNI) and \$27,500 in AB1290 funds. Two prior grant agreements provided \$25,000 and \$19,000 for design and engineering drawings, which were also funded with CDBG funds.

The renovation was completed in mid-2004, but by 2005 Dunbar EDC was in default on the agreement with respect to operating the programs. Various attempts were made by CRA/LA to

get Dunbar EDC to comply with the agreement, but the end result is that the required five years of services have not been fully provided. According to the Community Development Department, the department which holds the Master Agreement with the CRA/LA for the TNI funds, due to CDBG requirements, the grant is not pro rata, meaning the full amount of the grant would be reimbursable to HUD because the services were not performed for the agreed upon five-year term.

CRA/LA is aware of nonprofits in the community that would be interested in operating programs at the Bunche Center so that the obligations to HUD can be met and the community benefited for the long term. However, due to the timing of the foreclosure by the Bank, staff will have to secure an end user and bring back the detailed ground lease proposal to the CRA/LA Board at a later date.

Councilmember Jan Perry supports the recommended action. Staff will discuss the actions with the CD9 Project Area Community Advisory Committee at its February 17, 2009 meeting.

Cecilia V. Estolano  
Chief Executive Officer

By

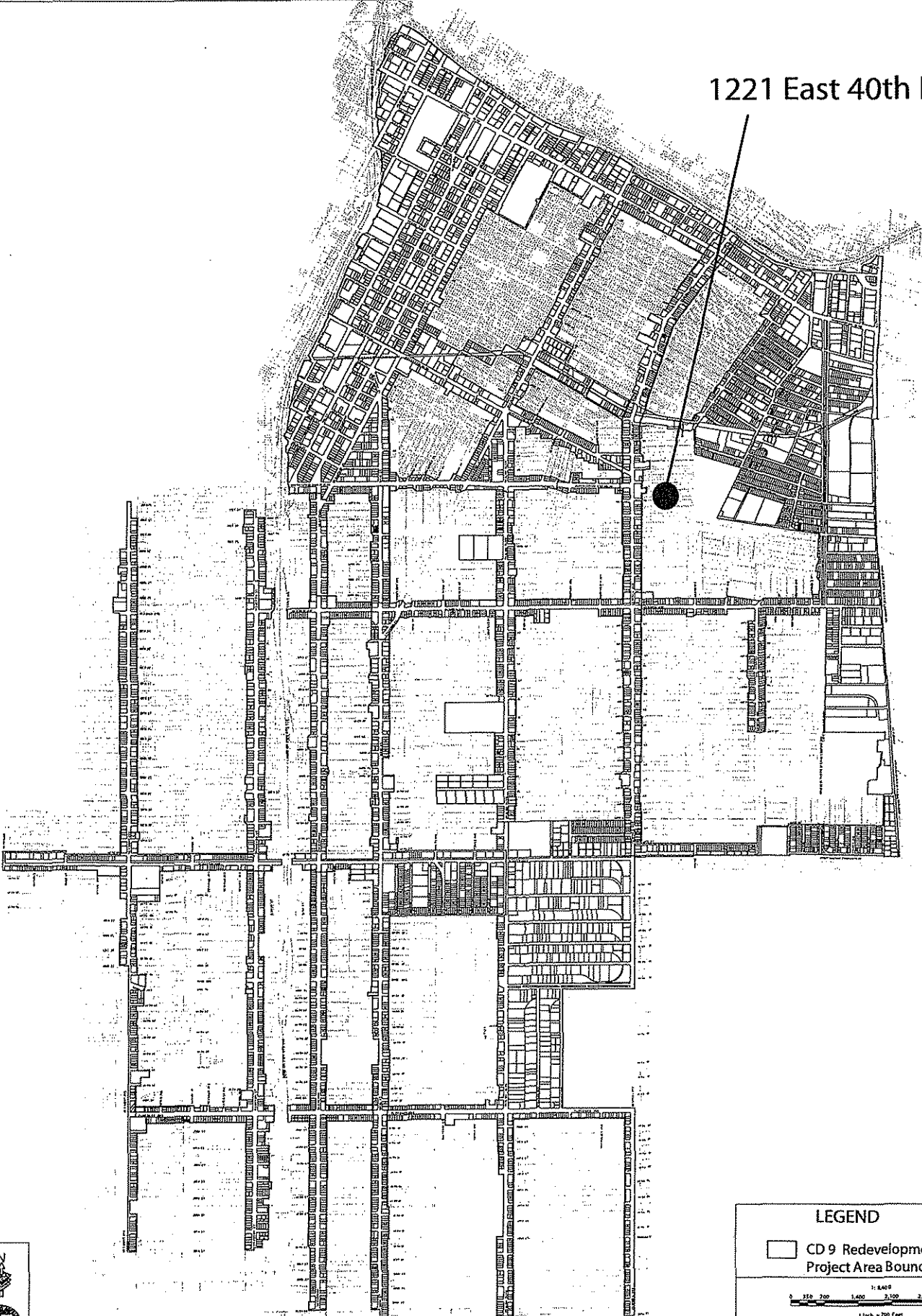


Glenn F. Wasserman  
Chief Operating Officer

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

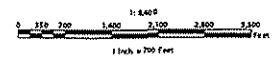
Attachment A - Site Map  
Attachment B - Section 33445 Finding of Benefit Resolution

1221 East 40th Place



LEGEND

□ CD 9 Redevelopment  
Project Area Bounds



## ATTACHMENT B

Resolution No. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, MAKING FINDINGS PURSUANT TO SECTIONS 33445 AND 33679 OF THE CALIFORNIA REDEVELOPMENT LAW DETERMINING THAT THE ACQUISITION OF THE RALPH BUNCHE PEACE AND HERITAGE CENTER AT 1221 EAST 40<sup>TH</sup> PLACE NEAR THE CD9 CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY RECOVERY REDEVELOPMENT PROJECT AREA IS OF BENEFIT TO THE PROJECT AREA.

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles, California (the "CRA/LA") is engaged in redevelopment and revitalization of the CD9 Project Area pursuant to the adopted Redevelopment Plan for the CD9 Corridors South of the Santa Monica Freeway Recovery Redevelopment Project Area (the "Project Area"); and

WHEREAS, the use of the Ralph Bunche Peace and Heritage Center (the "Site") located at 1221 East 40th Place for public meetings and youth services will assist in eliminating blight by increasing public and community facilities available to Project Area residents; and

WHEREAS, Section 105 of the Redevelopment Plan calls for "Community facilities to be maintained and expanded, e.g. parks, libraries, senior and youth centers, etc;" and

WHEREAS, Section (III)(C) of the Five-Year Implementation Plan for the Project Area calls for a public improvements program that includes Community Facilities such as recreation centers, community centers, health clinics, childcare, and publicly owned facilities that provide services to the community; and

WHEREAS the CRA/LA intends to fund the acquisition of the Site from Project Area tax increment funds; and

WHEREAS the CRA/LA and City have determined that no general fund dollars are likely to be available to the CRA/LA for purchase of the Site, leaving no other reasonable funding sources to the project; and

WHEREAS, Sections 33445 and 33679 of the California Health and Safety Code require the CRA/LA and City to make certain findings before CRA/LA funds may be used to pay for the cost of public improvements; and

WHEREAS, the Commissioners of the CRA/LA and the City Council of the City of Los Angeles, have reviewed and considered the facts and information with respect to the public improvements.

THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, DO HEREBY RESOLVE AS FOLLOWS:

The City and the CRA/LA find, determine and resolve that based upon the information in the CRA/LA Board Memorandum and recitals, above: 1) that the acquisition of the Site for public meetings and youth services is of primary benefit to the CD9 Corridors South of the Santa Monica Freeway Recovery Redevelopment Project Area; 2) it will assist in eliminating one or more blighting conditions; 3) no other reasonable means of financing the public improvements consistent with the purpose of the redevelopment plan is available; and 4) the acquisition of the Site is consistent with the Redevelopment Plan and the Five-Year Implementation Plan for the Project Area.

ADOPTED BY THE CRA/LA: \_\_\_\_\_

ADOPTED BY THE CITY COUNCIL: \_\_\_\_\_