

**CENTRAL BUSINESS DISTRICT REDEVELOPMENT PROJECT  
FIVE-YEAR IMPLEMENTATION PLAN  
FY2000 – FY2004  
[Health & Safety Code Section 33490]**

**ADOPTED September 7, 2000**

**I. INTRODUCTION AND BACKGROUND**

The Central Business District (CBD) Redevelopment Project encompasses 1,549 acres in the heart of Downtown Los Angeles. The Los Angeles City Council adopted the 35-year redevelopment plan on July 18, 1975, to address the conditions of blight and deterioration in the project area.

Implementation of the project was delayed for two years to resolve legal challenges to the validity of the redevelopment plan. The resolution of the lawsuit in 1977 ultimately validated the plan but also excluded seven major buildings from tax increment payments, and set limits on the amount of tax increment that could be collected. An annual cap of no more than \$75 million and a cumulative project cap of \$750 million were imposed by the settlement of the litigation as the total amount of tax increment that could be received by the project to assist redevelopment activities.

Since the inception of the CBD project in 1975 and through the start of this five year period in September 2000, the Agency has brought about the development of more than 2,000 units of new housing and the rehabilitation of more than 2,300 existing units including SRO's. The vast majority of the new and rehabilitated units are reserved for households of very low, low and moderate income.

Since the project's inception, over 20 million square feet of office, retail, industrial and institutional space have been developed of which over 3 million square feet are in rehabilitated buildings of architectural, historical, or cultural merit.

**II. SPECIFIC GOALS AND OBJECTIVES OF THE AGENCY FOR THE PROJECT AREA AND HOW THEY WILL HELP TO ELIMINATE BLIGHT IN THE PROJECT AREA**

**A. Redevelopment Plan Goals**

The goals and objectives for the Central Business District Redevelopment Project are set forth in the Redevelopment Plan as follows:

1. To assist in the development of Downtown as a major center in the Los Angeles metropolitan region, within the context of the Los Angeles

General Plan as envisioned by the concept and Citywide plan portions thereof.

2. To create a climate which will prepare Central City to accept that share of anticipated regional growth which is economically and functionally attracted to it.
3. To organize growth and change, to reinforce viable functions, and to facilitate the renewal or rehabilitation of deteriorated or underutilized areas.
4. To create a modern, efficient and balanced urban environment for people, including a full range of around-the-clock activities and uses, such as recreation and housing.
5. To create a symbol of pride and identity which gives Central City a strong image as a major center of the Los Angeles region.
6. To provide an integrated transportation system which will allow for efficient movement of people and goods while enhancing the environment, giving special attention to separation of the pedestrian and automobile.
7. To achieve excellence in design, based on how the Central City is to be used by people, giving emphasis to parks, green spaces, street trees, and places designed for walking and sitting.
8. To preserve key landmarks which highlight the history and unique character of the City – blending old and new in an aesthetic realization of change or growth with distinction.
9. To provide a full range of employment opportunities for persons of all income levels.
10. To provide high and medium density housing close to employment and available to all ethnic and social groups, and to make an appropriate share of the City's low and moderate income housing available to residents of the area.
11. To provide the public services necessary to the solution of the various social, medical and economic problems of the Central City residents, especially the Skid Row population.
12. To establish an atmosphere of cooperation among business, special interest groups and public agencies in the implementation of the plan.

## **B. How the Goals and Objectives Will Help to Eliminate Blight**

The enumerated goals and objectives will help to eliminate blight by reversing the physical deterioration of structures in the project area, providing for the rehabilitation of significant buildings, and the construction of new projects. The cumulative impact of these projects will address the needs of the project area for additional housing, employment opportunities and open space. Preserving historical buildings, providing for a variety of housing and employment options, facilitating the construction of public improvements and encouraging the growth of major industries and retail establishments will help to restore the economic health of the project area and further the adopted goals for the area.

## **III. SUMMARY OF PAST ACCOMPLISHMENTS**

### **A. Key Accomplishments from 1975 to 1999**

#### Central City East

The SRO Housing Corporation (SROHC), created by the Agency in 1983 to implement Agency housing goals in the area, acquired seventeen hotels containing over 1,500 SRO units and maintains two neighborhood parks. Other non-profit housing providers such as Skid Row Housing Trust and Catholic Charities have rehabilitated additional hotels. Recently completed initiatives include the new Downtown Drop-In Center, modeled after a successful facility in San Diego. In addition, a number of property owners and residents have initiated an abatement program in cooperation with the City Planning Department to address nuisance properties such as liquor stores and poorly managed SRO hotels that attract prostitution and drug activities.

In response to the significant homeless population in Central City East, the Agency assisted with the development of emergency shelter facilities by providing funding for the operation and maintenance of beds in a variety of shelters. Funding for shelter beds since FY1997 has been provided through the Los Angeles Homeless Services Agency (LAHSA), a joint City and County agency providing support for homeless service organizations throughout Los Angeles County.

Skid Row Development Corporation, a non-profit organization established in 1980 to deal with physical, economic and social service needs in Central City East, operates Transition House, a 130 bed dormitory and counseling center and two industrial complexes, the Commercial-Light Industrial Center and the Renaissance Building, which provides space for incubator businesses and industries. In addition, the Agency has funded and supported public improvement programs, including street widening, new street lighting and landscaping throughout the area.

## Financial Core

The private sector has developed over 10 million square feet of office and retail space in the Financial Core, representing a significant private sector investment in Downtown. In addition, 1,800 hotel rooms have been modernized and several historic buildings have been rehabilitated. Major accomplishments in the Financial Core include the renovation and expansion of the Los Angeles Central Public Library and the Biltmore Hotel; the construction of a number of major office developments including Library Tower, Southern California Gas Company Center, 550 South Hope Street, Sanwa Bank Tower, and the Western Jewelry Mart; the rehabilitation of several historic buildings including One Bunker Hill, Checkers Hotel, Robinson's Building, and Engine Co. 28; and the reconstruction of Pershing Square park.

Major commercial projects with active Owner Participation Agreements with the Agency include Citicorp Plaza Phase III (Eighth and Figueroa Streets), Metropolis (Eight and Francisco Streets), and the Halekulani Hotel (Eighth and Figueroa Streets).

A joint effort between property owners and the Agency resulted in the development and approval of economic development strategy for the Figueroa Corridor. The approved strategy addresses development opportunities and linkages along Figueroa Street, connecting the Financial Core with the University of Southern California and the entertainment and cultural resources of Exposition Park to the south and Dodger Stadium to the north. In FY1999, the Los Angeles Department of Transportation, with funding provided by the Metropolitan Transportation Authority, initiated the construction of major street improvements including landscaped medians and special pedestrian crosswalks between Exposition Boulevard in the Hoover Project Area and Fifth Street in the CBD Financial District.

## Historic Core

Completed in 1989, the 1,274-space Broadway Spring Center provides off-street parking for the Ronald Reagan State Office Building, which opened in 1990, and the Junipero Serra State Building (former Broadway Department Store), which opened in 1999, and for customers of retail stores along Broadway. The Bidy Mason Park, "a vest pocket" park linking the Broadway Spring Center to Broadway, was completed in 1992. The Eastside Parking Facility, located at Sixth and Main Streets and completed in August 1990, provides 800 parking spaces for buildings on Sixth, Spring and Main Streets.

A number of historic buildings were renovated including the Grand Central Market, Homer Laughlin, Bradbury and Banks-Huntley Buildings. The renovation of these buildings was done in conformance with the Secretary of the Interior's standards for historic buildings. The Grand Central Market, Los Angeles' premiere public market since its opening in 1917, underwent a major renovation, reflecting the appearance

the market had in the 1930's. The upper floors of the market and the adjacent Metropolitan Water District Building, at Third Street and Broadway, were converted into 121 units of housing and the facades were cleaned and restored to their former glory. A 500-space parking structure was constructed at Hill and Third Streets to serve the residents and Grand Central Market customers.

In FY1999, the Agency assisted the City Department of Transportation and the Bureau of Public Works with the reconstruction of the roadway along Broadway including the installation of improved pedestrian amenities and crosswalks. This effort reinforces other major street improvements in Downtown including the construction of the Hill Street Avenida improvements.

Finally, during FY1999, the Agency was instrumental in facilitating the adoption of a new City ordinance to streamline the process for developers seeking approvals for the adaptive reuse of vacant historic buildings into live/work housing. Additionally, the Agency worked with the Departments of Planning and Cultural Affairs to modify the Mills Act ordinance to provide property tax relief to developers seeking approval of adaptive reuse for historic building projects.

Towards that end, the Agency has facilitated the approval of the "Old Bank District" project by Gilmore Associates involving the conversion of several historic buildings including the San Fernando Building, Farmers and Merchants Bank Building and the Continental Building into housing. Other historic buildings planned for conversion to housing include the upper floors of the former LA Stock Exchange, the Barclay Bank Building and the Subway Terminal Building. In addition, old Clark Hotel is planned for renovation to a commercial hotel, and Gilmore and Associates are pursuing the adaptive reuse of the former St. Vibiana's Cathedral into a performing arts center with funding from the State of California and other sources.

### South Park

The construction of a full range of housing has been a long-standing revitalization objective for South Park. The Agency began the implementation of this objective with the acquisition of several city blocks for the development of market rate housing. In 1985, construction was completed on the 200-unit Skyline condominiums, followed by the 270-unit Metropolitan Apartments in 1989, and the 192-unit Renaissance Tower in 1995.

Located adjacent to Renaissance Tower and on Grand Hope Park, the Fashion Institute of Design and Merchandising (FIDM) was completed in August 1990. The FIDM project brings vitality to the emerging South Park neighborhood and furthers the objective of creating a 24-hour downtown community.

Adjacent to FIDM, the 2.5-acre Grand Hope Park, designed by Lawrence Halprin, was completed in 1994. An association of property owners currently maintains the Park with funding provided by a special assessment and the Agency.

During FY1998 and FY1999, the Agency initiated the acquisition of property for more open space at the northwest and southeast corners of Venice Boulevard and Hope Street for the construction of a neighborhood park and community center to serve the families and senior citizens that live adjacent to the California Hospital. Demolition of the improvements is scheduled for FY2000 with the construction of the park and community center to be completed FY2002.

In 1998, the Parkside Apartments, located at Ninth Street and Grand Avenue, was completed. This five-story apartment building contains 87 units of affordable family housing project and includes a day care center operated by the Los Angeles School District and an after-school-tutoring program for the school-age residents of the building sponsored by the University of Southern California.

Acquisition of land for additional housing on the block bounded by Olympic Boulevard, Hope Street, Eleventh Street and Flower Street was completed in 1993 along with a master plan concept for the block. The first development within the block was the adaptive reuse of the historic NCR building by TELACU into 40 units of affordable housing for the physically handicapped; construction of this project was completed in 1993. The second phase of project was the construction of Villa Flores, a 75-unit apartment complex for senior citizens completed in 1998. During 1999, the Agency approved the development of the Hope Village townhouse development, a 64 unit affordable family housing project located at the southwest corner of Olympic Boulevard and Hope Street. This project will provide replacement housing for units removed by the Staples Center arena project. In addition, in 1999, the Agency entered into exclusive negotiations with Forest City Residential West for the construction of up to 204 units of market rate, loft style apartments. Construction is anticipated to begin in FY2001.

Beginning in 1985, the Agency has funded the rehabilitation of several older apartment buildings and single room occupancy residential hotels in South Park. To date, approximately 800 existing apartment units have been rehabilitated. Major rehabilitation projects include the historic Young Apartments, Villa Metropolitan Apartments (Moore Hall), Hope Manor and Villa Esperanza, the conversion of a vacant office building into 90 units of senior housing.

In 1993, a major expansion of the Los Angeles Convention Center was completed with the assistance of the Agency. The Agency was responsible for the acquisition of property for the expansion and the relocation of the families and businesses affected by the project. The new facility, designed by I. M. Pei & Partners in association with Gruen Associates, includes 685,000 square feet of exhibit space, 65 meeting rooms, 26,500 square feet of special events space, spacious lobbies, restaurant and food courts, and 6,200 parking spaces.

A major project furthering the goal of creating a vibrant 24-hour community is the Staples Center arena. Staples Center was completed in 1999 and is the new home

for the Los Angeles Lakers, Kings and Clippers. The 20,000-seat sports and entertainment facility is located at the southwest corner of Figueroa and Eleventh Streets, immediately adjacent to the Convention Center. The Agency was responsible for the preparation and approval of the EIR for the project, the review of plans and specifications, and the acquisition of more than 23 acres of property adjacent to the arena, involving the relocation of 130 families and 35 businesses. The land acquired by the Agency will be used initially for surface parking for the arena until such time as the developer prepares a master plan for the future development of the property. In accordance with the Disposition and Development Agreement between the Agency and the Developer, the master plan will include a major convention hotel and entertainment and retail uses as well as additional market rate housing. The development of a convention hotel is expected to require significant public financial assistance.

Commercial projects completed in South Park include the International Tower at 888 S. Figueroa Street, Chase Plaza at Grand Avenue and Eighth Street, Manulife Tower at Figueroa and Ninth Streets and the 801 Tower, at Eighth and Figueroa Streets. In addition, the Home Savings peripheral parking site is located in South Park and was assembled by the Agency for the office tower located at Seventh and Figueroa Streets. Finally, the Agency continues to provide technical assistance to the Metropolis Project in accordance with the Owner Participation Agreement approved in 1990.

## **B. Summary of Progress Under the Previous Five-Year Implementation Plan (FY1995-FY1999)**

The following is a summary of the progress on specific projects that were identified in the previous Five-Year Implementation Plan or that were otherwise undertaken during the past five years.

### Housing

During the period since adoption of the five-year implementation plan in November 1994, substantial progress has occurred in the development of additional housing, the vast majority of which has been set aside for households of very-low, low- and moderate-income housing. A total of 786 new units of housing have been created through new construction or adaptive reuse; 883 units were rehabilitated; and development of up to 268 units was initiated for a total of 1,937 units. Housing projects completed or initiated during the previous five-year plan include:

#### New Construction:

1. Renaissance Tower: a 192 market rate, high rise housing development in South Park with 15% of the units reserved for low and moderate income households; completed was in 1994.

2. Villa del Pueblo: 81 units of affordable family housing located at 1401 South Hope Street, South Park; first wood-frame construction project in the Central Business District; construction was completed in 1995.
3. Courtland Hotel: a 95-unit SRO in Central City East constructed by the SRO Housing Corporation; construction was completed in 1995.
4. Villa Flores: 75 units of senior housing located in South Park; project includes a community center, landscaped courtyard and subterranean parking; construction was completed in 1998.
5. Parkside Apartments: 87 units of affordable family housing with a childcare center operated by the Los Angeles Unified School District (LAUSD); located at Ninth Street and Grand Avenue in South Park, the project provided relocation housing for Staples Center; construction was completed 1999.
6. Hope Village: a townhouse development under construction at the southwest corner of Olympic Boulevard and Hope Street containing 64 units of affordable housing, a child care center and a community center; construction was initiated in 1999 with an estimated completion date of 2001.
7. Metropolitan Lofts: exclusive negotiations with Forest City Development for the construction of a market rate loft project containing up to 204 units at the southeast corner of Flower and Eleventh Street began in 1999; the project has an estimated completion date of 2002.

#### Rehabilitation and Adaptive Reuse Projects:

1. Eugene Hotel: 44-unit single room occupancy hotel completed in 1994.
2. Produce Hotel: rehabilitation of a historic building with 97 SRO units and 13 artist units; project was completed in 1994 by the Skid Row Housing Trust.
3. Young Apartments: City Historical Landmark Building rehabilitated into 67 units of affordable housing by the Los Angeles Design Center; project was completed in 1995.
4. Edward Hotel: 47-unit SRO located in Central City East; project was completed in 1995.
5. Grand Central Square: adaptive reuse of the former Metropolitan Water District and Homer-Laughlin buildings into 121 units of market rate and

affordable units; located in the Historic Core, the project was completed in 1995.

6. Marshall House: 72-unit project addressing the special needs of the homeless population in Central City East; completed in 1995.
7. Norbo Hotel: 60-unit SRO completed in 1995 by the Skid Row Development Corporation.
8. Boyd Hotel: a 61-unit single room occupancy hotel rehabilitated by the SRO Housing Corporation; completed in 1996.
9. Ballington Plaza: rehabilitation of a 270-unit affordable senior housing project located in Central City East; completed in 1997.
10. Villa Metropolitano: adaptive reuse of a historic building into 54 units of affordable housing; project located on Hope Street in South Park; completed in 1998.
11. Palmer Hotel: 65 unit SRO completed in 1998.
12. Villa Esperanza: the adaptive reuse of a 9-story medical office building located on Hope Street across from the California Hospital into 90 units of senior housing; completed in 1999.
13. Hope Manor: rehabilitation of an 87-unit historic apartment building into affordable housing; project is located on Hope Street adjacent to the California Hospital in South Park; construction was initiated in FY1999.

### Commercial and Economic Development

Although the California economy experienced a major resurgence during the later part of the 1990's, the economic resurgence of Downtown was a notable exception to the trend. Downtown continued to experience high building vacancy rates and underutilization. A number of commercial projects continued to be delayed due to weak demand. Extensions were granted to a number of projects, including the 400-room Halekulani Hotel at Eighth and Figueroa Streets and the Metropolis Project at Eighth and Francisco Streets. In addition, the Owner Participation Agreement for the Grand Avenue Plaza project was terminated at the request of the developer due to the lack of demand for new office space and hotel rooms.

In an effort to help "jump-start" the recovery of Downtown, the Agency assisted the private sector in efforts to establish a number of Business Improvement Districts (BIDs) in Downtown. In 1994, the Agency provided start-up funds for the first property-based district in Los Angeles, located in the Downtown Fashion District. Then in 1996, the Agency, in collaboration with the City's Community Development

Department, provided \$350,000 to the Central City Association. Following the formation of these two districts, new BIDs were established for the Toy District, Downtown Industrial District, and the Historic Core and work was initiated on a new BID for South Park. BIDs in other downtowns across the nation have demonstrated conclusively that such locally based assessment districts, providing increased levels of security, cleanliness, marketing, visitor assistance and advertising, have reversed declining property values, improved business occupancy rates and rent levels, and brought many such areas back to economic vibrancy.

To address the problem of vacant office buildings in the Central Business District, the Agency, in cooperation with various City departments, the Mayor's Office and the Central City Association, established a task force to explore options and incentives to stimulate the conversion of Class "B" and "C" office buildings into live-work housing or alternative commercial uses. As a result of this effort, a new ordinance was adopted, which reduced the on-site requirements for the conversion of historic buildings into live/work units. In FY1999, planning for the adaptive reuse of a number of buildings was initiated including the San Fernando Building, Farmers and Merchants Bank, Continental Building, and the Barclay Bank Building.

A major project completed in 1999 is Staples Center, a 20,000-seat arena for the Los Angeles Lakers, Kings and Clippers. The new sports and entertainment facility is located at the southwest corner of Figueroa and Eleventh Streets, immediately adjacent to the Los Angeles Convention Center. The Agency was responsible for the preparation and approval of the EIR for the project, the review of plans and specifications, and the acquisition of more than 20 acres of property adjacent to the arena. This involved the relocation of 130 families and 35 businesses. The City provided \$4.5 million to the Agency for the production of new housing units to replace the 188 units removed by the project. The land acquired by the Agency will be used initially for surface parking for the arena until such time as the Agency and the City approve a master plan for the future development of the property with a convention hotel, entertainment and retail uses, market rate housing, and additional exhibit space for the Convention Center.

#### Cultural Facilities and Open Space

In 1996, the County of Los Angeles and the Roman Catholic Archdiocese of Los Angeles announced plans for the construction of the new Cathedral of Our Lady of the Angels on a County-owned parcel at Grand Avenue and Temple Street. The Agency served as an intermediary for the transfer of the property and was the lead agency in the preparation of environmental documents for the project. The 70,000 square foot Cathedral includes a 100,000 square foot open plaza, conference center and residence for the Archbishop. Construction began in 1998 and is scheduled for completion in 2001.

In FY1999, the Agency acquired three parcels at Venice Boulevard and Hope Street for the construction of a neighborhood park and community center. This project will

provide much needed open space and recreational opportunities for the neighborhood surrounding the California Hospital, which includes a number of Agency funded projects including Villa del Pueblo, Villa Esperanza, Hope Manor and the Villa Metropolitano. A significant portion of the funding for this project came from the Proposition K open space program. The El Pueblo Community Development Corporation will operate the park and center for the benefit of the neighborhood under a long-term lease with the Agency. Construction of the park is scheduled to begin in FY2001, followed by the community center.

### Public Facilities and Improvements

As set forth in the FY1994 to FY1999 Five-year Implementation Plan, the Agency has provided local matching funds for public improvements in the Historic Core, including sidewalk improvements between the Fourth and Hill Streets Metrorail portal and Grand Central Square and along Broadway from Ninth to Second Streets. The local matches have secured nearly \$3 million in Federal and local transportation funds through the Los Angeles County Metropolitan Transportation Authority and the California Transportation Commission. Construction began in 1998 and will be completed in 2000. This effort reinforces other major street improvements in Downtown including the construction of the Hill Street Avenida Improvements and the Figueroa Corridor street improvements. In addition, the Agency developed plans for the reconstruction of Grand Avenue the CBD and adjacent Bunker Hill Project Area as a grand pedestrian promenade connecting the new Cathedral of Our Lady of the Angels with the other cultural institutions in Bunker Hill and the Los Angeles Central Library in the Central Business District.

The Agency assisted the State of California in implementing its plan to develop additional State office space in Downtown Los Angeles. The Agency facilitated the State's acquisition of the vacant and blighted former Broadway Department Store at Fourth Street and Broadway. Rehabilitation of the building was completed in FY1999. Also, in FY1999, the renovation of the Washington Building was started as a subsequent phase of the consolidation of State offices in the Historic Core.

### Social Services

The five-year implementation plan adopted in 1994 envisioned a continuation of a variety of social service programs in the Central City East community through at least FY1995. In actuality, through the partial use of Bunker Hill Housing funds, partially matched by Community Development Block Grant and some City General Funds, these services were continued through FY1997. Funds were used to provide between 420 and 469 shelter and other beds in a variety of institutions; administration of nearly 1,300 single room occupancy hotel units; an innovative homeless outreach program in which formerly homeless individuals reach out to street dwellers in efforts to connect them with social services and housing; toilets and shower facilities for the homeless; and access to counseling, medical services and job placement.

In 1996, the Union Rescue Mission completed its relocation from its former facilities on Main Street to its new, 810-bed facility on San Pedro Street, nearly doubling its capacity for service delivery. Funding for the relocation of the Mission was made possible through the sale of their former site on Main Street and \$6 million in relocation funds from the Agency.

The Agency also provided \$400,000 as the local match for a high-tolerance drop-in center for the homeless developed in Central City East. This project is an evolution of the "Project Oasis" project, which appeared in the 1994 five-year plan. The center is located on San Julian Street and opened in 1998.

### Project Planning

As set forth in the five-year implementation plan, the Downtown Strategic Plan was adopted by the Agency and the City Council in 1994 to guide development in Downtown Los Angeles over the next 20 years. Furthermore, the South Park Community Improvement Program and Urban Design Plan was completed and published in January 1995. Also completed in May 1995 was the Broadway Theater Study, a blueprint for actions to bring about the rehabilitation and reuse of the stock of historic theaters on Broadway, and in 1997 the Agency, in cooperation with the Central City Association, issued the Adaptive Reuse Live/Work Task Force report and building analysis for buildings in the Historic Core.

Other planning efforts included the Los Angeles Civic Center Shared Facilities and Enhancement Plan (the "10 minute diamond" plan) completed in 1997, and the Downtown Retail Revitalization Plan Research Report in 1998, which was prepared by the Central City Association with funding from the Agency.

In 1998, the Figueroa Corridor Economic Development Strategy was published setting forth a strategy to improve the overall image and economic viability of the Figueroa Corridor as a unique commercial, educational, research and entertainment resource for the region.

### Project Financing

Agency staff administers the Project's financial resources, including financial planning, cash management, debt repayment, and issuance and administration of debt instruments.

At the start of the previous Five-Year Implementation Plan, as of June 30, 1994, the principal balance on the Project's Tax Allocation Bonds, Series G and Series H were \$190,170,000 and \$16,070,000, respectively. The last of the Series H bonds were paid in July 1996. By the end of FY1998, all of the Series G bonds were defeased using funds that had accumulated in the CBD Future Debt Service Fund, as well as proceeds from the \$91,955,000 CBD Tax Allocation Refunding Bonds, Series I.

#### **IV. SPECIFIC PROJECTS AND EXPENDITURES PROPOSED TO BE MADE DURING THE NEXT FIVE YEARS AND HOW THEY WILL HELP TO ELIMINATE BLIGHT IN THE PROJECT AREA**

##### **A. OVERVIEW AND NEW PLAN ADOPTION**

Much remains to be done to complete the redevelopment of the Central Business District:

- Approximately 3,500 deteriorated and overcrowded dwelling units remain within the Central Business District, most of them in Central City East and portions of South Park.
- Several million square feet of office space remains vacant in substantially under-utilized structures in the Historic Core, contributing to a continuing sense of blight in that area.
- A critical mass of new dwelling units in South Park, to make Downtown a self-sustaining residential community, remains to be achieved.
- Attracting major tourist hotels, including development of a convention center headquarters hotel, remains a high priority, both for its ability to help the Los Angeles Convention Center meet its full potential and because hotels are a high generator of entry level jobs.
- Creating a sense of safety and security in Downtown is critical to restarting the area's economic revitalization.

Overshadowing the Agency's accomplishments, however, and constraining its ability to deal with the continuing conditions of blight and deterioration, is the \$750 million tax increment cap for the CBD Redevelopment Project. The cap was imposed in 1977 as part of a stipulated judgment, which settled litigation over the Project. Because of debt instruments issued in prior years to finance programs undertaken in the Project, largely to deal with the social, economic and physical problems of the Skid Row portion of Central City East, the balance of tax increment to be received by the Agency under the cap is directed to debt service. Future tax increment funds are not available for program purposes. Thus, the Agency has acted to finance programs in the CBD from sources other than CBD tax increment, including Bunker Hill Housing Trust funds, Community Development Block Grants, and a variety of other local and federal funding sources. The Five-Year Implementation Plan for FY 2000 through FY2004 does not rely on a modification to the current \$750 million cap.

In 1993, the Agency initiated actions to modify the cap beginning with the approval of agreements with the other local taxing entities for a modification of the cap. These agreements were executed with the taxing entities in December 1993. Subsequently, the Agency moved to have a modification considered by the Court that had overseen the 1977 stipulated judgment. In 1997, the Court ruled against the Agency and the proposed modifications to the stipulated judgment.

Under the FY2000 to FY2004 Five-Year Implementation Plan, the Agency, with the approval of City Council, will prepare and propose the adoption of a new downtown redevelopment plan for those areas that remain blighted and deteriorated and in need of redevelopment. Areas under consideration for a new project area include portions of the Historic Core, South Park, Central City East and adjacent industrial areas. Funding is provided in the new Five-Year Plan to initiate the appropriate planning studies for the establishment of a new downtown redevelopment project area (CB9390/CB9910; \$1,532,500).

## **B. HOUSING PRODUCTION**

### **1. Projects and Expenditures**

The housing production program for the Central Business District will continue over the next five years to provide housing for low and moderate income households as well as additional market rate housing. Projects initiated under the previous Five-Year Implementation Plan will be completed and several new projects will be initiated. The primary focus of this housing effort will be in South Park and the Historic Core.

In the Historic Core, the Agency will continue to provide technical assistance to the owners of historic buildings with adaptive reuse plans for live/work or artist housing. Staffing for this effort will be funded under Response to Development Opportunities (CB6990; \$1,614,800), Historic Core Revitalization (HC2080; \$824,900), and Artist Housing (CB1200; \$100,000). The Agency also finalized the disposition of Premiere Towers in FY2000 (HC1030; \$734,000) and will discontinue assistance to the project in FY2001.

In South Park, the Agency will monitor the completion and closeout of funded projects including Hope Village (SP1100; \$2,009,000) and Hope Manor (SP1400; \$1,151,640). The development of new housing developments will be pursued and is funded under South Park Housing Land Acquisition (SP1090; \$8,905,200) and South Park Mixed Income Housing (SP 1500; \$1,616,000). These two work objectives will provide funds for the acquisition of new sites and gap financing for affordable and market rate housing in South Park. The Agency will also continue to monitor and provide gap financing for the low/moderate covenants on Skyline Housing (SP1010; \$517,200). Additionally, construction of the Metropolitan Loft project by Forest City West Development is expected to begin in FY 2001 and will provide up to 204 units of market rate housing (SP2190; \$139,300). Finally, in FY2001, the Agency will consider approval of the master plan for the Sports and Entertainment District (Staples Center), which includes 800 units of market rate housing.

In Central City East, the Agency will continue to monitor existing loan and grant agreements with non-profit housing and social service providers (CE1710; \$119,400).

## **2. Elimination of Blight**

Implementation of the housing production program for the Central Business District will help to eliminate blight by providing much needed housing for low and moderate income households, much of it by furthering the adaptive reuse of vacant, underutilized and blighted buildings. By providing a full range of housing, the Agency furthers a number of revitalization goals for the CBD Redevelopment Project including the provision of housing for downtown employees, increasing the support for retail and entertainment uses, and creating a vibrant, 24-hour downtown community. The production of a full-range of housing for all income groups is a priority of the CBD Project.

## **C. COMMERCIAL AND ECONOMIC DEVELOPMENT**

### **1. Projects and Expenditures**

Commercial development projects approved or initiated during the previous Five-Year Plan will be continued under the new Plan. These projects include the monitoring of existing Owner Participation Agreements with City Centre Development/Metropolis (SP2020; \$3,156,300, developer contribution); Halekulani Hotel and Citicorp Plaza (FC2150; \$421,600); Grand Central Square (HC2070; \$93,200); and Broadway Spring Center (HC2030; \$310,900). The Agency will also move forward with the preparation of an environment impact report (EIR) for the demolition of the vacant buildings (Mandel and Coulter buildings) located on the former Grand Avenue Plaza project site at Seventh and Olive Streets; the new owner of the site, Thermo Ice House, will pay for the cost of the EIR.

New commercial development activity for the FY2000-2004 Five Year Plan will focus on future development associated with Staples Center and the development of a full service supermarket for the expanding downtown residential population.

Efforts to develop a downtown supermarket (SP2180; \$1,617,100) will be concentrated in the South Park area to better serve the existing and planned housing developments. Other suitable locations in and around the downtown area will also be considered. A multi-story, mixed-used project with the supermarket on the ground level and housing above is under study as an alternative approach for the development of the supermarket.

During the previous Five-Year Plan, the Agency and the City entered into a Disposition and Development Agreement (DDA) with the LA Arena Company

for the construction of Staples Center. The Agency's primary role included the acquisition and clearance of 23 acres of property surrounding the arena site for parking. In accordance with the DDA, the developer of Staples Center must also prepare a master plan for the future development of these properties. The DDA requires that the master plan include a major convention center hotel and address the future expansion needs of the Los Angeles Convention Center. In July 2000, the master plan was officially submitted to the Agency and included the following major components: a 1200-room convention hotel; a 600-room luxury hotel; 800 units of housing; up to one million square feet of entertainment, retail, restaurants and a live performance theater, an expansion of the West Hall of the Convention Center, and structured parking. During the FY2000-2004 Five-Year Implementation, the Agency will complete acquisition activities initiated in prior years, and review and consider the approval of the master plan (SP3070/SP3080; \$16,428,800).

Additionally, the Agency will work with the City and the Central City Association in addressing the growing concern with the expansion of telecommunication uses throughout the downtown area. This may involve the development of a new ordinance limiting the location and amount of floor area that can be converted to telecom uses especially on the ground floor (include in CB6990 previously discussed).

Finally, the Agency will continue to explore options for the revitalization of Seventh Street and the adaptive reuse of vacant buildings into economically viable commercial and live/work uses (CB6990 and HC2080).

## **2. Elimination of Blight**

Mixed use, hotel and commercial developments are fundamental to reversing both physical and economic conditions of blight. These projects will improve depreciated or stagnant property values and high office vacancies, will reverse business flight, and will provide the economic incentive to rehabilitate vacant and deteriorated historic buildings. Commercial developments carry out many of the Redevelopment Plan's goals including to "create a modern, efficient and balanced urban environment for people, including a full range of around-the-clock activities and uses, such as recreation and housing" and to "provide a full range of employment opportunities for persons of all income levels."

## **D. CULTURAL FACILITIES AND OPEN SPACE**

### **1. Projects and Expenditures**

The Agency will complete projects initiated during the previous Five-Year Plan and will provide technical assistance to several new projects in the

planning stage in FY2001. Ongoing projects to be completed include monitoring the completion of the new Cathedral of Our Lady of Angels (CB3200; \$634,500), site clearance and construction of the Venice and Hope Community Center and Park (SP3030; \$3,830,317) and continuing the funding for Grand Hope Park (SP3040; \$392,600). New projects under consideration include the adaptive reuse of the historic St. Vibiana's Cathedral into a performing arts center and school (HC6100; \$156,400), for which \$4 million in State funding has also been programmed, and identifying a permanent home for the Museum of Neon Art (SP2100; \$202,000). The Agency may also pursue opportunities to provide additional open space in South Park and the Historic Core in connection with new housing developments.

## **2. Elimination of Blight**

The development of cultural facilities and open space will eliminate blight by bringing into productive use underutilized or vacant parcels and buildings, and by providing amenities currently lacking in the Project Area. The adopted goals and objectives for the Project call for the creation of additional "parks, green spaces, street trees, and places designed for walking and sitting" and the preservation of "key landmarks that highlight the history and unique character of the City". The development of cultural facilities and open space will make Downtown a more attractive and inviting environment for both businesses and residents, reinforcing efforts to attract tenants to existing office buildings and retail space and new private sector investment in housing and commercial developments.

## **E. PUBLIC FACILITIES AND IMPROVEMENTS**

### **1. Projects and Expenditures**

A number of projects initiated in the previous Five-Year Plan will be continued and be completed under the new Plan. These projects include consolidation of State offices in the Historic Core (HC3020; \$33,800) and the reconstruction of Broadway's roadway and sidewalks (HC3040/HC4100; \$3,001,495).

As described above, the State Office Consolidation program began with the construction of the Ronald Reagan State Building and the Broadway Spring Center garage. The Agency assisted the State with the assemblage of the land for the Reagan Building, and provided land and financing for the construction of the Broadway Spring Center. Both projects were completed in 1989. Then, in 1995, the Agency assisted the State with the acquisition of the former Broadway Department Store at Broadway and Fourth Street, which included a forgiveness of taxes in the amount of \$1.7 million. The renovation of the building, renamed the Junipero State Building, was completed in FY

1999. The renovation of the Washington Building at 311 South Spring Street, was completed in FY2000. The disposition of the old State office building at Broadway and First Street will be finalized during the term of the new Five-Year Plan. The Agency may also assist Caltrans in developing a new District 7 Headquarters Building and the disposition or redevelopment of the current building at First and Spring Streets.

In FY1998, the City initiated the reconstruction of Broadway with federal, State, MTA and Agency funds. This project involves the reconstruction of the roadway to better accommodate buses, improved pedestrian crosswalks, and the reconstruction of the sidewalks from 2<sup>nd</sup> to 9<sup>th</sup> Streets. The project will be completed in FY2002. Concurrently with the reconstruction of Broadway, staff will seek funding to implement a façade and signage/graphic program as recommended by the Broadway Streetscape Plan.

Staff will continue to monitor the implementation of the streetscape improvements recommended by the Figueroa Corridor Economic Development Strategy. This project is being implemented by the LADOT with federal and local funding. The first phase of the project from Exposition Park to Olympic Boulevard began in FY1998 and was completed in FY1999. The final construction phase from Olympic Boulevard to 2<sup>nd</sup> Street will be completed during the term of the new Five-Year Plan. Staffing for this effort will be funded under CB6990, Response to Development Opportunities.

Finally, staff will explore opportunities and sources of funding for the construction of public parking to serve the retail and theaters in the Historic Core.

## **2. Elimination of Blight**

Public facilities eliminate blight through the utilization of underutilized or vacant buildings, and provide much needed improvement to the transportation and pedestrian infrastructure. The projects further a number of the adopted goals for the CBD Redevelopment Project including facilitating the "...renewal or rehabilitation of deteriorated or underutilized areas..."; providing "...an integrated transportation system which will allow for efficient movement of people and goods while enhancing the environment..." for pedestrians; and "...preserving key landmarks..." of the City.

## **F. PROJECT PLANNING**

### **1. Projects and Expenditures**

Two transportation related planning studies will be conducted during the term of the new Plan. The first study, Preferential Treatments for Buses, will address the need to improve bus operations throughout the Central Business

District. Travelers spend a disproportionate amount of their travel time attempting to get into, out of, and through the CBD. A major objective of this study is to identify possible express routes for buses traveling to and through the CBD and to address the potential impact these new express lanes may have on the pedestrian environment. The findings and recommendations of the report will be printed and distributed to various stakeholder groups by the Agency (CB4100; \$27,700).

The second transportation study, Downtown Parking Management Ordinance Implementation Project, will address the need for the adoption of a new parking management program for Downtown. The study will examine alternative parking ratios, land use and parking management alternatives for office, retail, entertainment and residential projects. The intent is to replace the Agency's Peripheral Parking Policy with a new parking management ordinance administered by the City (CB6030\$ 870,700).

## **2. Elimination of Blight**

Transportation planning studies assist with the elimination of blight by furthering efforts to improve the movement of goods and services throughout the area. Transportation improvements implement specific goals of the CBD Redevelopment Project including providing "...an integrated transportation system which will allow for the efficient movement of people and goods while enhancing the environment, giving special attention to separation of the pedestrian and automobile", and to "...prepare Central City to accept that share of anticipated regional growth which is economically and functionally attracted to it."

## **G. RESPONSE TO DEVELOPER OPPORTUNITES**

### **1. Projects and Expenditures**

The operation of a Redevelopment Project entails expenditures not linked to specific projects **enumerated in this Implementation Plan** including administration costs, permit and CEQA processing costs, statutory or other legal obligations of the Agency, **and programs and projects necessary to implement the Redevelopment goals and objectives for property acquisition and disposition, and assistance in the development and construction of industrial, commercial, residential, and public facilities and public improvements.** Also included are project operations and technical staff costs, site office facility costs, supplies, equipment, materials, insurance and maintenance of Agency-owned properties, community meeting costs and general legal costs.

Staff will continue to review permit applications for CEQA clearance **and conformance with the Redevelopment Plan** and provide technical assistance to property owners or developers proposing market rate housing, commercial

or mixed-use developments. These proposals will sometimes require entering into an Owner Participation Agreement with the Agency. Nevertheless, they will be reviewed to ensure conformance with appropriate municipal building and planning code requirements, and where appropriate, to ensure that the development will carry out Redevelopment Plan objectives. Agency labor is needed to respond to developer requests, review permit applications, conduct analyses of planning, financial, real estate and environmental issues related to such proposals, and monitor projects which may or may not require Agency agreements. The total projected expenditure for this program is \$1,614,800 during FY2000-FY2004.

## **2. Elimination of Blight**

The Agency staff activities outlined above will help to eliminate blight by ensuring that development in the Project Area meets the goals and objectives of the Redevelopment Plan and is being carried out in conformance with the Redevelopment Plan. The staff functions will also further efforts to reverse the physical and economic decline of downtown.

## **H. PROJECT GENERAL**

### **1. Projects and Expenditures**

Administering a Redevelopment Project necessarily entails costs that are not directly related to a specific work objective, but rather are related to the administration of the project including technical, legal, and administrative services and other community related services. Agency staff will administer the Project's ongoing activities, including complying with public notification requirements, providing public information, monitoring compliance with the Agency's Public Art Program and expenditures from the Downtown Cultural Trust Fund (CB6130; \$801,700), and responding to inquiries from developers, property owners and others. These services are funded under Project General (CB9990; \$1,728,100) and Public Art Program (CB6130; \$801,700).

### **2. Elimination of Blight**

Administering a Redevelopment Project necessarily entails the Agency staff activities and other administrative costs enumerated above. Administration of the Project ensures that redevelopment activities are carried out in compliance with the Community Redevelopment Law and in furtherance of the physical, economic and social revitalization of the Project Area.

## **H. PROJECT FINANCING**

### **1. Projects and Expenditures**

As of June 30, 1999, the principal balance on the Project's Tax Allocation Refunding Bonds, Series I was \$58,935,000. By the end of FY2001, all of the bonds will have been paid on their scheduled maturity dates and/or defeased, using FY2000 tax increment revenues and funds in the CBD Future Debt Service Fund.

In addition to tax allocation bond debt, the Agency will owe \$12,000,000 plus accrued interest thereon to the Staples Center developer for the Agency's portion of the Staples Center funding. Staff projects that this debt will be discharged in FY2001, using excess CBD debt service reserve funds and investment income on fiscal agent funds, which will become available to the Agency after the Series I bonds are paid off.

The total project financing expenditures for the next five years are projected to be \$75,007,300. This includes: \$61,944,000 for debt service and defeasance of the Series I bonds; \$12,657,200 to repay the Staples Center debt inclusive of interest; and \$406,100 for administrative costs.

### **2. Elimination of Blight**

Administering a Redevelopment Project necessarily entails the Agency staff activities enumerated above. Administration of the Project's financial resources ensures that such resources are used in compliance with the Community Redevelopment Law and in furtherance of the physical and economic revitalization of the Project Area.

## **V. HOW GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES WILL IMPLEMENT THE REQUIREMENTS OF HEALTH & SAFETY CODE SECTIONS 33334.2, 33334.4, 33334.6 AND 33413. [Section 33490(a)(1)]**

A. Among the goals and objectives of the Agency, the following will implement the affordable housing requirements:

1. Provision of a substantial number of low and moderate income housing units.
2. Provision of neighborhood amenities and services that support the development of housing including open space, supermarket, retail, childcare and community centers.

B. The following are projects and expenditures planned by the Agency for the CBD Redevelopment Project Area over the five-year period covered by this plan that will implement the affordable housing requirements:

1. The Agency will closeout the rehabilitation of Hope Manor into 87 units of housing for very low and low income households. The Agency expenditure to complete rehabilitation and to closeout the project is \$1,151,640.
2. The Agency will monitor the completion of the Hope Village project, an affordable townhouse development for families with childcare and a community center. The projected expenditure to complete this project during the term of the Five-Year Plan is \$2,009,000.
3. The Agency will finalize negotiations on the Metropolitan Loft project, a mixed-income housing project with 20% of the units reserved for low and moderate income households. The Agency expenditure to finalize negotiations and monitor the construction of the improvements is \$139,300.
4. The Agency will proceed with the acquisition of land for the development of new affordable housing projects in the South Park area. The projected expenditure to complete the acquisition of new sites in South Park during the term of the Five-Year Plan is \$10,521,200.
5. The Agency will continue to monitor and provide gap financing for the low and moderate income units located in the Skyline. The projected expenditure during the term of the Five-Year Plan is \$517,200.
6. The Agency will continue to monitor loan agreements with the non-profit housing providers in Central City East. The projected expenditure during the term of the Five-Year Plan is \$119,400.
7. The Agency will continue to provide technical assistance to developer pursuing plans to adaptive reuse vacant historic building into live/work housing. Many of the projects may seek tax exempt financing, which will require that a least 20% of the units be reserved for low and moderate income households. The projected expenditure during the term of the Five-Year Plan is \$924,900 (HC2080 and CB1200).
8. The Agency will finalize the disposition of Premiere Towers containing a mix of market rate and affordable units. The projected expenditure is \$734,000.

C. The goals, objectives, projects and expenditures will implement the affordable housing requirements of Sections 33334.2, 33334.4, 33334.6 and 33413 as follows:

1. Increase, Improve and Expand the Supply of Low and Moderate Income Housing [Sections 33334.2 and 33334.6].

The projects described above will help to increase, improve and expand Downtown's supply of low- and moderate-income housing. All of the housing described above as being affordable to low, very low or moderate income households will be subject to recorded covenants that will restrict the housing units to those income levels for the longest feasible time but not less than forty years.

2. Proportion of Very Low, Low and Moderate Income Housing [Section 33334.4].

The Agency plans to construct and rehabilitate affordable housing units that will be affordable to very low, low or moderate income households in the following proportions: not less than 30% very low income; no more than 30 percent moderate income; and the remainder very low and low income. The proportion of very low and low income units exceeds respective unmet needs for affordable housing for these groups in the City of Los Angeles. Therefore, expenditures from the CBD Redevelopment Project Low and Moderate Income Housing Fund to assist housing for persons of low and very low income will be in at least the same proportion as the total number of housing units needed for those income groups (which are not being provided by other governmental programs) bears to the total number of units needed for persons of moderate, low and very low income within the community.

3. Estimate of Housing Production Figures and Use of Low and Moderate Income Housing Fund [Section 33490(a)(2)].

The current estimated housing production figures and proposed uses of the CBD Redevelopment Project Low and Moderate Income Housing Fund are provided in Table I and Table II, attached hereto. Additionally, Table III, attached hereto, provides the project overall housing program of the Agency from all sources including the Low and Moderate Income Housing Fund and other non-housing trust fund sources.

4. Replacement Housing [Section 33413(a)]

The Agency does not anticipate that any low or moderate income dwelling units in the Project area will be destroyed or removed from the low and moderate income housing market during the period of this plan.

5. Inclusionary Housing [Section 33413(b)(4)]

Section 33413(b)(4) requires the Agency to adopt a plan to comply with the inclusionary housing requirements of Section 33413(b)(1) and (2). The CBD

Redevelopment Plan was adopted prior to January 1, 1976, the effective date of January 1, 1976, the effective date of Section 33413. Therefore, the inclusionary housing provisions of Section 33412(b) do not apply to the CBD Redevelopment Project.