



# MOUNTAINS RECREATION & CONSERVATION AUTHORITY

Los Angeles River Center and Gardens  
570 West Avenue 26, Suite 100  
Los Angeles, California 90065  
Phone (323) 221-9944 Fax (323) 221-9933

## MEMORANDUM

TO: The Governing Board

FROM:  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: October 6, 2010

SUBJECT: **Agenda Item IV: Consideration of resolution authorizing waiver of appraisal review based on current corresponding City of Los Angeles appraisal for acquisition of surplus City of Los Angeles properties in Beverly Glen and Benedict Canyons.**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing waiver of appraisal review based on a current corresponding City of Los Angeles appraisal and other findings for acquisition of surplus City of Los Angeles properties in Beverly Glen and Benedict Canyons.

Background: In 2006 the City of Los Angeles moved to surplus over a 100 properties in Beverly Glen and Benedict Canyons. The Santa Monica Mountains Conservancy exercised its first right of refusal. To reach a resolution, the Mountains Recreation and Conservation Authority (MRCA) has been working with City on a land sale since November 2007. For additional background, please see the staff report for item V(q) on the MRCA's regular meeting agenda for October 6, 2010.

The Governing Board has authorized the use of \$1.5 million of Area B funds from the Santa Monica Mountains Open Space Preservation Assessment District No. 1 to acquire up to 86 of these City-owned surplus properties. Item V(q) on the MRCA's regular meeting agenda for October 6, 2010 specifically narrows that acquisition list to 77 parcels totaling 30 acres. The list was recently reduced from 80 to 77 parcels because of City deed restrictions prohibiting sale of the properties. To address the removal of three parcels, a new last minute appraisal was required. The appraiser completed his work in time to provide the attached verbal values for each of the 77 parcels prior to an extended vacation. The written appraisal report will not be available until October 27, 2010. The same appraiser completed a full appraisal of a set of the subject properties last year and has extensive knowledge of the area.

The appraiser's current valuation attachment provides the values for 79 parcels for a total of \$2,027,900. APNs 4379-004-907 and 4379-015-907 (numbers 47 and 58

## Special Agenda Item IV

October 6, 2010

Page 2

on the list) are removed from the sale (for reason described above) bringing the appraised value of the final 77 parcels to \$1,998,900. The final APN list in detail prepared by the City staff is included as an attachment for regular Agenda item V(q).

The tight timing on the subject appraisal is dictated by the MRCA's pending acquisition of properties located at the southwest corner of Laurel Canyon Boulevard and Mulholland Drive. Fifty percent (\$750,000) of the City's proceeds from the subject Beverly Glen surplus sale to the MRCA will go into the Laurel and Mulholland transaction (also in District No. 1). The amended option agreement for the Laurel and Mulholland deal requires that the \$750,000 be deposited into escrow by October 29, 2010. The surplus land sale between the City and the MRCA must close prior to that date for the City to accept the money and release the \$750,000 to the MRCA.

The MRCA appraisal policy for acquisitions states,

All Summary Appraisals finding a value greater than two hundred fifty thousand dollars per property shall be approved by an independent MAI appraiser or by the Department of General Services. Summary Appraisals finding a value less than \$250,000 per property and Restricted Use Appraisals do not require a review unless the Executive Officer of the Authority deems that it is in the best interest of the Authority and/or the Assessment Districts that the appraisal be reviewed.

The City of Los Angeles has also conducted a Class "C" Estimate for the value of the 77 parcels dated September 21, 2010. The cover sheet for that appraisal is attached. It estimates the property value at \$3,540,000.

In order to complete the 77-property transaction with the City in time to provide the \$750,000 for the Laurel and Mulholland acquisition, the Governing Board would have to approve a special waiver from the above agency appraisal policy. The MRCA's option to purchase will otherwise expire and the seller has stated he will sell the land to another buyer. The justification for that waiver is partially provided by the City's official estimate (\$3,540,000) that exceeds the MRCA's potential cash input of \$1.5 million by over 100 percent. It is further provided by the \$498,900 differential between the appraised value and the proposed sale price. In addition, 50 percent of the sale price, a sum of \$750,000 will go directly back into a District No. 1 open space acquisition.

On Monday October 4, 2010 the Budget and Finance Committee of the Los Angeles City Council approved the CAO Report and Draft Ordinance for the sale of the 77 properties to the MRCA. Final approval of said sale is scheduled before the full City Council on the morning of October 6<sup>th</sup>. Staff will attend the meeting and report the results at the Governing Board meeting. The CAO Report specifically calls out the \$750,000 going to the Laurel and Mulholland transaction via the City's Santa Monica Mountains Conservancy Trust Fund which was created for these types of special transactions. Staff would not

Special Agenda Item IV  
October 6, 2010  
Page 3

expend the \$750,000 without the completed written summary appraisal justifying the \$1,500,000 Area B cash outlay.