



Next stop: vibrant communities.

Cesar E. Chavez & Soto

Joint Development

Planning & Programming Committee

May 19, 2021

Item #14, Legistar File: 2021-0186



Recommendation

AUTHORIZE the Chief Executive Officer to execute and enter into a ground lease (“Ground Lease”) and other related documents with La Veranda, L.P. (the “Developer”), an affiliate of Abode Communities, for the construction and operation of a mixed-use, affordable housing project (the “Project”) on Metro-owned property located near the corner of Cesar E. Chavez Avenue and Soto Street in Boyle Heights (the “Site”) in accordance with the Key Terms and Conditions approved by the Board at its November 30, 2017 meeting as amended by the terms and conditions set forth in the Discussion section of this Board report.

Joint Development Site

- **Developer:**
La Veranda, L.P. (Abode Communities)
- **Site:**
 - 1.96 acres of vacant Metro land
 - 0.25 miles from Metro L Line (Gold) Soto Station
- **Proposed Project:**
 - 77 apartments
 - 38 supportive housing units (20% of AMI)
 - 38 affordable family units (30% to 50% of AMI)
 - 1 unit at market-rate for a manager
 - Approx. 8,000 square feet of ground floor commercial space and associated parking



Background/Outreach

Background

- Developer selected in December 2015
- December 2017: Board approval of Joint Development Agreement & Ground Lease terms
- JDA extended January 2021

Outreach

- Developer led outreach from 2015 to present
 - Boyle Heights Neighborhood Council (BHNC)
 - BHNC Planning and Land Use Committee
 - Boyle Heights Design Review Advisory Committee

Proposed Changes

- **Unit Mix and Affordability Adjustments:**
 - Introduction of 38 Permanent Supportive Housing (PSH) units
 - Deeper affordability for PSH units at 20% AMI
 - Allow vacant PSH units to “float up” to support households earning up to 50% of AMI in the event of a reduction or loss of Project Based Vouchers
- **Term:** Developer will have an option to extend the term for up to 10 years, with a total possible term of not more than 75 years. During the option period, units that become vacant will be restricted to household earning no more than 80% of AMI if deemed necessary.
- **Other Changes:**
 - Cap on Sale Proceeds: To avoid income tax-related issues
 - Construction Completion Requirements: Extends window for construction completion to 33 months to accommodate increased construction durations
 - Percentage Rent: Clarification in definition of commercial uses

Next Steps

- Upon approval of the recommended action, Metro and the Developer will finalize the Ground Lease in accordance with the key terms and conditions approved by the Board in November 2017, as amended by the proposed changes set forth herein.
- Parties anticipate execution of the Ground Lease by the end of 2021.
- Construction of the Project is expected to commence promptly thereafter and should be completed within approximately two years of its commencement.