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MARIACHI PLAZA JOINT DEVELOPMENT

Planning & Programming Committee | October 23, 2024

Legistar File# 2024-0377



Metro

Recommendation

A. AUTHORIZING the Chief Executive Officer, or designee, to execute and enter into a Joint Development Agreement (JDA), ground lease (Ground Lease), and other related documents with East Los Angeles Community Corporation (ELACC) (Developer), for the construction and operation of an affordable housing project (Project) on two separate parcels, totaling approximately 33,000 square feet, of Metro-owned property located at the corner of Pennsylvania Avenue and North Vicente Fernández Street in Boyle Heights (Site) in accordance with the Summary of Key Terms and Conditions attached hereto as Attachment A and upon receipt of concurrence by the Federal Transit Administration (FTA); and

B. AUTHORIZING a 65%, or \$2,200,000, discount to the appraised fair market rental value of the Site under the Ground Lease; and

C. FINDING that the Project is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 21080(b)(9) and 21084 of the California Public Resources Code and Section 15332 (In-Fill Development Projects) of the CEQA Guidelines, consistent with the environmental studies and reports set forth in Attachment B and authorizing the Chief Executive Officer or designee to file the appropriate Notice of Exemption for the Project in accordance with said finding by the Board; and

D. DECLARING the Site to be exempt surplus land, pursuant to the Surplus Land Act (SLA), Government Code Section 54220 et seq, based on the qualifying factors and criteria described herein.



Mariachi Plaza / Lucha Reyes Overview

Developer:

- East Los Angeles Community Corporation

Project Size:

- 33,025± square feet (Parcel A & B)

Units:

- 59 affordable units (30% to 60% AMI) for families and for Transitional Aged Youth
- One (1) manager's unit

Parking:

- 42 residential parking spaces
- 55 bicycle parking stalls

Public Amenities:

- Community Garden
- 4,500 SF Community Space, inclusive of Mariachi Cultural Center



LACMTA Property



Size: 1.46 acres
Entire LACMTA property

Public Transit Facilities / Station



Size: 0.70 acres
Mariachi Plaza E Line Station

Premises



Parcel A
Size: 0.63 acres
Proposed Use: 59 units of affordable housing up to 4,500 square feet of community space



Parcel B
Size: 0.13 acres
Proposed Use: community garden



Community Engagement

- Over 22 community outreach meetings
- Design Review Advisory Committee meetings (3) including approval of design prior to entitlement process
- Boyle Heights Neighborhood Council Planning and Land Use Committee updates (3)
- Since 2022 quarterly Affordable Housing 101 workshops which included project updates



Lucha Reyes Site Rendering

Key Terms of the JDA and Ground Lease

Key JDA Terms

- Provides a Term of 18 months with an option to extend up to an additional two, 12-month periods.
- Requires a Holding Rent of \$2,500/month during the JDA term.
- Provides Metro with the right to review and approve the design of the Project as it progresses to completion.
- Recovers Metro's transaction-related and other support costs, including the cost of in-house staff time (except for Joint Development staff) and fees related to consultants and other third parties (except for in-house and outside legal counsel with respect to negotiation and preparation of the JDA and Ground Lease); and
- Sets forth the conditions for execution of the Ground Lease including that project financing, governmental approvals, payment and performance bonds, and the completion guarantee are in place.

Key Ground Lease Terms

- A term of 75 years.
- Restriction to ensure continued affordability for the full term of the Ground Lease.
- Metro's receipt of a one-time capitalized rent payment of \$1,200,000 upon execution of the Ground Lease.
- Metro's receipt of 33% of all net refinancing proceeds and a 33% share of all net sales proceeds less accumulated Ground Lease payments not to exceed the FMV of the land.



Next Steps

Upon Board Approval

- Staff will execute the JDA in accordance with the terms and conditions
- Developer will pursue financing
- Developer will submit design development and construction drawings for Metro review
- Developer will submit Local Preference Implementation Plan for Metro consideration
- Upon satisfying closing conditions under the JDA, the parties will execute the Ground Lease and construction of the Project will commence