



Board Report

File #: 2022-0574, File Type: Contract

Agenda Number: 7.

PLANNING AND PROGRAMMING COMMITTEE OCTOBER 19, 2022

SUBJECT: MARIACHI PLAZA L LINE (GOLD) STATION JOINT DEVELOPMENT

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute an amendment to the Exclusive Negotiation Agreement and Planning Document (ENA) with East Los Angeles Community Corporation (Developer or ELACC) to extend the term for one year, with an option to extend the term for an additional year, for the joint development of Metro-owned property at Mariachi Plaza in Boyle Heights with up to 60 units of affordable housing, ancillary ground floor community space and a community garden (Project).

ISSUE

In 2018, the Board of Directors authorized the execution of an ENA with the Developer in support of the Joint Development (JD) project located at the Mariachi Plaza L Line (Gold) Station (Station). Since that time, the Developer has advanced predevelopment activities, including design development, community engagement, and preparation of an entitlements package. To complete the remaining predevelopment activities, including submitting the Project for entitlements and negotiating the term sheet, Joint Development Agreement (JDA), and ground lease, an extension of the ENA Term, which is set to expire on December 30, 2022, is necessary.

BACKGROUND

The joint development site consists of a 27,025 square foot (0.62 acre) parcel at the northwest corner of Pennsylvania and Bailey ("Parcel A" on Attachment A - Site Plan) and a 6,000 square foot lot to the east across Bailey Street ("Parcel B").

Mariachi Plaza is adjacent to the joint development Project to the southwest. The plaza is referenced as a historical landmark and art and cultural center in the community of Boyle Heights at the cross streets of First Avenue and Boyle Street across from the Boyle Hotel. The plaza includes the Metro Station and an adjacent City-owned area which houses a kiosk designed to replicate Plaza Garibaldi in Mexico City. Boyle Heights derives a large part of its identity as the epicenter for Mariachi culture in Los Angeles, with roots dating back to the 1930s and direct ties to the Mexican state of Jalisco. The plaza serves as a physical space for mariachi musicians to convene and play

and continues to preserve the traditional artifacts of Mariachi culture. Metro's portion of the plaza also includes a stage area where third-party, Metro-permitted events take place, such as a community market, health and wellness events, and the Annual Mariachi Festival.

DISCUSSION

Community Engagement

The Developer has continued its community engagement program to refine the Project with community input as detailed in the ENA. This includes providing ongoing joint development presentations to the Boyle Heights Design Review Advisory Committee (DRAC) and the Boyle Heights Neighborhood Council (BHNC), technical capacity building workshops to prepare tenants for applications for affordable housing, and other community update meetings.

During the initial phases of the ENA period, several iterations of the Project's design went before the DRAC. Throughout this process, the Developer adhered to the primary goals of providing affordable housing and needed community services. In February 2022, ELACC presented the Project to the DRAC. The meeting concluded with the committee approving the submittal of the Project entitlement application to the City.

In June 2022, the Developer provided an update of Project activities to the BHNC, followed by a question-and-answer session. The Developer pledged to return to the BHNC with future informational updates.

Design and Entitlements

As a result of the community-focused processes with the DRAC, BHNC, and other community stakeholders, design alterations were made, including a reduction of the height of the building from five to four stories and the addition of terracing elements to make it more in scale with the adjacent plaza. Open space opportunities were created on the roof and ground floor community space was introduced to the development program.

The Project's design and development program approved by the DRAC includes twenty-six studio units, eighteen one-bedroom units, eight two-bedroom units and seven three-bedroom units for households between 30% and 50% of the area median income (AMI).

Transitional aged youth will be served by this Project with 30 units subsidized with project-based vouchers. The remaining 29 units will be available to households earning up to 50% of AMI. There will be one manager's unit to oversee day-to-day operational activities, providing a total of 60 dwelling units.

Approximately 4,500 square feet of ground floor community serving space will be provided that incorporates mariachi music, culture, events, and lessons available to the public. Lastly, a community garden of approximately 6,000 square feet will be developed and operated across the street at the southeast corner of Bailey Street and Pennsylvania Avenue.

Following DRAC approval of the design, Metro staff completed an internal review of the Developer's entitlement packet, which will allow the developer to submit the entitlement and CEQA applications to the City's Planning Department for consideration. As this is an expedited process anchored around the affordable housing component, a project approval determination from the City should be issued by the first quarter of 2023. Meanwhile, Metro staff and ELACC are actively negotiating deal points within the Term Sheet, which will form the basis of JDA and ground lease documents that will be the subject of a future Board action.

Cultural Preservation Plan

In addition to the outreach commitments identified in the ENA, the Developer has composed a draft Cultural Preservation Plan (Attachment B) in response to community and stakeholder concerns. The Cultural Preservation Plan developed by ELACC in collaboration with local stakeholders provides a strategy to avoid displacement of local mariachis, preserve the culture of mariachis who utilize Mariachi Plaza as an employment hub, and increase opportunities for low-income mariachis in housing, employment, and services.

To achieve this, The Cultural Preservation Plan focuses on "place keeping" opportunities for mariachis. The plan identifies ELACC's programmatic services for community wealth building as a road map to grow housing and financial literacy for mariachis, low-income families, and income qualifying stakeholders. ELACC has committed to actively work with the mariachi community to qualify for onsite and nearby housing opportunities and cultural enrichment programs, as well as to establish dedicated space within the new development to conduct music lessons and promote mariachi culture to the community at-large. Outreach events identified in the plan have commenced and will continue through project construction.

Mariachi Plaza Maintenance and Programming Update

In the May 2022 Regular Board Meeting, the board received an update on the adjacent Metro and City-owned Mariachi Plaza (which is not part of the Joint Development). The update included a discussion on a community survey that was conducted in English and Spanish between November 20 and December 23, 2021. The next steps included: 1) the formation of a round table meeting with key community members and business owners; and 2) negotiating an agreement between the City and Metro for the holistic management of Mariachi Plaza permitting, event management, maintenance, security and repairs.

In preparation for the round-table event, Metro reached out to businesses and Community Based Organizations (CBOs) between August 4 and August 31, 2022, to encourage participation. Metro hosted its first-round table event on August 31, 2022, in which key community members and business owners expressed their concerns and interests around topics such as parking, security, homelessness, maintenance, the plaza permitting process and future round table events. The Metro Real Estate Team will continue these discussions to understand how these topics can be addressed thoroughly and in a timely manner.

EQUITY PLATFORM

Construction of the Project will deliver affordable housing, enhanced public infrastructure, jobs and other transit-supportive amenities within an Equity Focused Community, benefitting community members adjacent to the Project as well as other lower income Los Angeles County residents in need of affordable housing. In pursuing the Project, the Developer and Metro staff will continue to actively engage with and be responsive to all stakeholders through a coordinated community outreach process that will involve multiple public engagement opportunities. The Developer will continue building on the years of prior community outreach for this Project, consistent with the ENA and commitments identified in the Cultural Preservation Plan.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety as it only seeks a time extension for the ENA term during which no improvements will be constructed. An analysis of safety impacts will be completed and presented to the Board for consideration if and when negotiations result in proposed terms for a JDA and ground lease.

FINANCIAL IMPACT

Funding for joint development activities related to the ENA and the Project is included in the adopted FY23 budget in Cost Center 2210, Project 401018.

Impact to Budget

There is no impact to the FY23 budget. The ENA executed in 2018 required the Developer to pay Metro a non-refundable fee of \$50,000, as well as a \$50,000 deposit to cover third-party expenses. The Developer must replenish that deposit when it reaches a balance of less than \$25,000.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan Goal #2 to provide outstanding trip experiences for all users of the transportation system and Goal #3, to enhance community and lives through mobility and access to opportunity.

NEXT STEPS

Upon approval of the recommended action, staff will prepare and execute an amendment to the ENA providing a one-year extension of the term with an option to extend the term for one additional year, if deemed necessary by Metro. Staff will provide a progress update to the Board prior to exercising the extension. Staff will continue working with the Developer to finalize negotiations on key terms and conditions of a JDA and GL and will return to the Board for approval upon completion of deal negotiations. In addition, staff and the Developer will continue to conduct Developer-led community outreach meetings regarding the scope of design, progress of the Project and ongoing interface with the mariachis and other interested community groups during the ENA's extended term. Presentations will also be given to the BHNC as further progress is made.

ATTACHMENTS

Attachment A - Site Map

Attachment B - Cultural Preservation Plan

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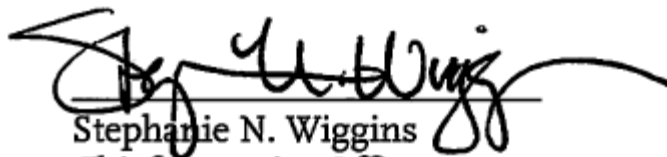
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