

**Board Report**

File #: 2024-0252, **File Type:** Project**Agenda Number:** 6.

**PLANNING AND PROGRAMMING COMMITTEE
MAY 15, 2024****SUBJECT: NORTH HOLLYWOOD JOINT DEVELOPMENT****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer or designee to extend the existing Exclusive Negotiation Agreement and Planning Document with NOHO Development Associates, LLC, a Delaware limited liability company (Developer) for the North Hollywood Joint Development Project for an additional six (6) months.

ISSUE

Since 2016, staff and the Developer have collaborated under a Board-authorized Exclusive Negotiation Agreement and Planning Document (ENA) to conduct community outreach, refine the Development design, negotiate key terms and conditions for a Joint Development and Option Agreement (JDOA) in the form of a Ground Lease, and review CEQA studies associated with the Development. The current ENA expires June 12, 2024. Staff recommends the extension of the existing ENA to facilitate completion of the final terms of the JDOA.

BACKGROUND

The North Hollywood Station (Station) is the third busiest station in the Metro system and includes the termini of the Metro B Line and G Line, two bus layover facilities, and a Metro park-and-ride lot. Metro owns approximately 16 acres of land surrounding the Station (Site).

In 2015, Metro conducted an extensive community outreach process, which revealed the desire for intensified urban uses, community open space, and public art—all of which were summarized into Development Guidelines and adopted by the Board in December 2015. Those Development Guidelines were the basis of a competitive solicitation for the joint development of the Site. Through that competitive solicitation, Trammell Crow Company and Greenland USA were together selected as the joint development partners for the Site and entered into a Short-Term ENA with Metro in 2016. As milestones and requirements of the Short-Term ENA were met, the Board authorized execution of the full ENA in 2017 (as amended and extended in May 2019, December 2019, and June 2021). At the time of the initial execution of the full ENA, Greenland USA exited the partnership, leaving Trammell Crow Company as the sole party in the development entity. Over the ENA period, the

Developer and Metro have worked closely and diligently to advance the Development, shown in Attachment A - Site Plan and Rendering, through scoping, design, entitlements, CEQA clearance, and financial and transaction negotiations.

Throughout the ENA term, the Developer has led ongoing outreach with the community through public meetings at Groundwork Coffee Co. (located at the Site and other nearby locations), one-on-one meetings with key stakeholders and business owners, and presentations for nearly 24 community organizations. In total, the team has presented the Development at nearly 100 individual meetings.

A summary of community engagement efforts is provided in Attachment B - Outreach Summary.

DISCUSSION

The District NoHo Development would be the largest joint development in Metro's history, including more affordable homes than any other joint development, more total units than any other joint development, and would provide nearly 15% of the homes in Metro's 10,000 home goal. While two other major efforts were attempted for joint development on the Site in 2001 and 2007, the current Development is the only effort to have been environmentally cleared and entitled. Once completed, the Development would integrate housing, office, and retail with a multi-modal transit hub to create a model transit-oriented community (TOC) for the southern California region.

The Development has been entitled by the City of Los Angeles through a Specific Plan Ordinance, Signage Ordinance, Development Agreement, and Environmental Impact Report (EIR) all of which were adopted in late 2023 and early 2024. The Development includes a mix of high-rise and low-rise buildings, public open space, and a multi-modal shared street connecting the new blocks to a Metro Bike Hub and the B Line portal on the east side of Lankershim Boulevard.

The Development includes:

- Two (2) acres of publicly accessible open space
- 1,222 to 1,527 housing units
 - At least 311 of which would be affordable to residents earning 60% of Area Median Income (AMI) or less, and
 - At least 55 of which would be affordable to residents earning 120% of AMI or less;
 - With an average parking ratio of .91 parking spaces per bedroom.
- 40,000 to 105,125 square feet of retail space
- Up to 580,374 square feet of office space
- 1,093 bike parking spaces
- Digital and static signage

The original RFP response included only 750 total units-of which 262 units were income-restricted-and fewer public benefits. Through the early negotiations, Staff pushed the Developer to deliver more housing and benefits in alignment with the underlying redevelopment plan for the area and the

community's priorities, recorded in the 2015 Development Guidelines, calling for a vibrant, transit-oriented community with a public gathering space and an intensity of uses.

In response to some community concerns about the amount and integration of affordable housing within the Development, staff worked with the Developer to evaluate this concern, and the Developer integrated 55 additional income-restricted units-for a total of 366 income-restricted units across the Development-into the market-rate buildings. In addition, 100% affordable housing buildings will be provided with shared access to amenities in mixed-income buildings.

The Development has been designed to a 50% Schematic Design level and has been reviewed by Metro Operations including Bus, Rail and Facilities Maintenance; Systemwide Design; Art Asset Management & Cultural Programming; Signage & Environ Graphic Design; Office of Civil Rights; Program Management including Engineering and Construction Management; and System Security and Law Enforcement to ensure the ability to maintain, operate and enhance the Station for current and future patrons. Future refinements to the design would continue to be vetted by impacted departments.

Development Agreement

The City Development Agreement required as part of the entitlements provides for public investments and benefits, which include a new public community open space, opportunities for small businesses, and a substantial arts program. These amenities, enumerated below, are made possible by revenue generated from the development:

- "First look" leasing for local retailers and eateries
- Two-way Class IV Bicycle Facility
- Professionally maintained and programmed community open space
- Historic plaques commemorating the history of North Hollywood
- 278 new trees
- Shared access to open space amenities among mixed-income and affordable buildings

Legal Agreements

The legal agreements between Metro and the Developer would include a Joint Development and Option Agreement and a Form of Ground Lease which would contain the requirements and obligations for the Developer to construct, operate and maintain the private development and preserve Metro's ability to efficiently operate and maintain the transit system and facilities well into the future.

The final provisions of these documents are being negotiated between staff and Developer and would be recommended to the Board for consideration within the next six months.

Special Transfer Tax Provisions

In November 2022, Los Angeles residents approved the United to House LA ballot measure (Measure ULA). Measure ULA created the ULA Tax, imposing a real property transfer tax of 4% on properties conveyed over \$5 million and 5.5% on properties conveyed at \$10 million. The ULA Tax is imposed on top of the City and County's existing tax of 0.56% and went into effect on April 1, 2023. The increased transfer tax applies to the value of transactions at the time of sale, including long-term Ground Leases. With the onset of the ULA Tax, the property transfer tax increased from 0.56% to

6.06%. Each Development block would transfer to a permanent owner/operator once fully constructed, leased and income stabilized, and that transfer would be subject to the new transfer tax, which would impose approximately \$110 million in new and unexpected taxes for the Development.

DETERMINATION OF SAFETY IMPACT

The extension of the ENA document would have no impact on safety.

FINANCIAL IMPACT

Funding for Joint Development activities are included in the FY24 Budget under Project 401011-North Hollywood JD, Cost Center 2210 and Metro staff, legal and consultant costs (excluding JD staff and in-house counsel time, which are covered by the program budgets) would be recovered from the Developer. Extension of the ENA would not impact the Fiscal Year 2024 Budget.

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EQUITY PLATFORM

Feedback from extensive community engagement with affordable housing developers and Community Based Organizations was captured in the Development Guidelines and Request for Proposals for the Development. Community members emphasized the importance of including subsidized housing units, retail space for local businesses, and accessible walkways and bikeways, which informed the design and program for the Development. Additional outreach was conducted by the Developer throughout the approvals period via eblasts, in-person and online community meetings and open houses in English and Spanish, stakeholder meetings with small businesses and community organizations and in-person outreach to transit riders at the Station in English and Spanish. Public input has been incorporated to further shape and refine the Development, by including a robust public art program, significant open space, and additional income-restricted units.

The community surrounding the Site, as well as B and G Line riders, are disproportionately made up of low-income individuals and people of color. According to the American Community Survey's 2022 5-year estimate data, within a half-mile walking distance of the Station, the average median household income is approximately \$59,000 (approximately 71% of the Median Household Income for Los Angeles County). Community members expressed a need for affordable homes and pedestrian-and cyclist-friendly amenities during outreach events and feedback sessions. The Development's 366 income-restricted homes and public open space aim to address some of these priorities.

The Development-which is located in a high-resource area-would include affordable housing units intended to benefit people with low incomes. The Development is in one of the California Tax Credit Allocation Committee's High Resource areas, providing access to jobs, schools, and amenities in the North Hollywood community.

The Development, which would be constructed under a Project Labor Agreement. would create over 15,000 one-time construction jobs and nearly 5,000 recurring jobs, as well as nearly \$2 billion in one-time economic impact and over \$1 billion in stabilized economic impact, according to a study by RCLCO. The Development would also generate nearly \$300 million in tax revenues for the City and

County over its first 30 years.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendations support strategic plan Goal 3 (Enhance communities and lives through mobility and access to opportunity), by bringing high-quality housing options to the doorstep of the Metro network and addressing the need for housing in the region.

ALTERNATIVES CONSIDERED

The Board could defer or deny approval of the ENA extension which would cause the ENA to expire. Allowing the ENA to expire would also result in Metro having to restart the competitive solicitation process for the Site and cause an extended delay in the delivery of benefits to the area surrounding the Site and community at large in North Hollywood. Given the project benefits and the extensive time and resources invested to-date, this alternative is not recommended.

NEXT STEPS

Upon approval of the recommended action, an amendment extending the term of the ENA for six months would be executed, and Joint Development staff and the Developer would continue negotiations. If negotiations conclude successfully, staff would bring a recommendation for the Metro Board to approve the execution of a Joint Development and Option Agreement, associated Ground Leases and adopt relevant CEQA findings with respect to such action within the next six months.

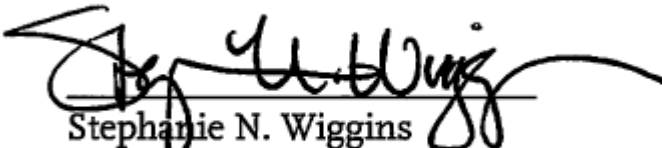
ATTACHMENTS

Attachment A - Site Plan and Rendering

Attachment B - Outreach Summary

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