

**Board Report**

File #: 2015-1512, **File Type:** Agreement**Agenda Number:** 15.

**PLANNING AND PROGRAMMING COMMITTEE
NOVEMBER 18, 2015****SUBJECT: 1ST AND LORENA JOINT DEVELOPMENT****ACTION: AUTHORIZE AMENDMENT TO EXTEND EXISTING EXCLUSIVE NEGOTIATING AGREEMENT FOR SIX MONTHS****RECOMMENDATION**

AUTHORIZING the Chief Executive Officer to execute an amendment to the Exclusive Negotiating Agreement with **A Community of Friends to extend its term for an additional 6 months, for the joint development of Metro-owned property at 1st and Lorena Street along the Metro Gold Line Eastside Extension.**

ISSUE

In November 2014, the Board authorized an amendment to grant a 12-month extension to the Exclusive Negotiating Agreement (ENA) with A Community of Friends (ACOF) (Developer) for a 49-unit mixed-use affordable housing project at 1st and Lorena Street (See Attachment A, Site Map). This extension is due to expire on December 27, 2015. At its completion, the ENA timeframe will have been for 30 months. The current Joint Development Policy stipulates that the timeframe for an ENA shall not exceed 30 months. Board action is needed to approve an amendment to extend, as well as to grant an exception to the policy. There has been significant progress made in garnering community support for the project and obtaining City approvals and the additional time will allow the Developer to complete the process and negotiate the terms for a Joint Development Agreement (JDA).

DISCUSSION

On June 27, 2013, the Developer and Metro entered into an ENA to plan and consider the terms and conditions of a potential JDA for development of a transit-oriented mixed-use affordable housing development at 1st and Lorena in Boyle Heights. The original ENA was for 18 months. During that timeframe, the Developer advanced the project through final design, the California Environmental Quality Act (CEQA) submittal process, and associated project approval requirements by the City of Los Angeles. Additionally, numerous community meetings were held, as well as individual presentations to various community groups. Prior to its expiration in December 2014, the Board

granted an additional 12 months in order to allow more time for the City's approval process, continue the community engagement process and negotiate the JDA with Metro staff.

Since December 2014, the Developer has achieved substantial progress in advancing the project through the CEQA process, and all additional City approval requirements. Multiple community meetings were held to further engage the community and obtain their input. These include:

- May 4 Resurrection Church
- May 14 BHNC Planning and Land Use Committee (public comment)
- May 16 Boyle Heights Historical Society
- May 27 BHNC (public comment)
- May 30 Boyle Heights Beat community meeting
- June 6 ACOF Community meeting at Salesian High School
- June 9 Boyle Heights Chamber of Commerce
- June 13 ACOF Open house at Amistad/Lincoln Heights
- June 17 Hollenbeck Community Policing Advisory Board
- July 14 Boyle Heights Neighborhood Council Planning & Land Use Committee
- July 22 Boyle Heights Neighborhood Council Board (Final approval)
- August 24 Metro Boyle Heights Design Review Advisory Committee

The original project scope included 48 affordable housing units - 24 units for special needs and 24 family units, with one manager's unit, and 10,000 square feet of ground floor commercial. However, due to the community outreach process, and the input of various stakeholders, the project scope has been modified to meet the needs and wishes of the community. The project will now have 24 units of affordable housing for disabled/homeless veterans, and 24 units of affordable family housing (Attachment A). Furthermore, the commercial component has been further defined to address the specific desires of the various stakeholders. Currently, the Developer seeks to include child care and fitness facilities, and approximately 5000 square feet of general retail business services. This modified scope, as well as the final design, was presented to the Boyle Heights Neighborhood Council on July 22nd. The Council enthusiastically approved the project 15-1. Their testimony spoke to the need for housing for veterans and low income families. Sixty percent of the units will be for individuals/families with 30% AMI.

It is expected that a Mitigated Negative Declaration (MND) will be issued in late fall and final City approval in early winter. Despite all this progress and concerted efforts by the Developer, we will not be able to complete the JDA before the ENA expires on December 27, 2015.

The recently updated Joint Development Policy allows for up to 30 months for an ENA, therefore Board authority is required for a further extension, as well as to grant an exception to the policy.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety as it only seeks a time extension for the ENA. No improvements will be constructed during the exclusive negotiations period. An analysis of safety impacts will be completed and submitted to the Board if negotiations result in a Joint Development Agreement and a Ground Lease.

FINANCIAL IMPACT

Funding for joint development activities is included in the FY16 budget under Project 610011.

Impact to Budget

There is no impact to the FY15-16 budget. Staff costs are budgeted to negotiate the proposed transaction, supervise any related design, review environmental documents and provide Metro oversight during construction. However, no new capital investment or operating expenses are anticipated to implement this project. Revenues from the ground lease, holding rent and Developer deposit will offset continued staff and project related professional services costs.

ALTERNATIVES CONSIDERED

The Board could choose not to extend the ENA and solicit a new developer. Staff does not recommend this alternative due to current Developer's longstanding commitment to and financial investment in the project, substantial progress achieved towards project development and overall community benefits to be derived from the proposed project. Moreover, the Developer has engaged the community, culminating in obtaining approval from the BHNC in a 15-1 vote. This project will serve the needs of those with the lowest income - one of the most needed assets in the Boyle Heights community.

NEXT STEPS

Upon approval of the recommended action, staff will complete and execute a 6-month term extension for the current ENA. Staff will continue working with the Developer to finalize negotiations for a JDA and Ground Lease, and these terms will be brought to the Board for consideration.

ATTACHMENTS

Attachment A - 1st and Lorena Site Map

Prepared by: Vivian Rescalvo, (213) 922-2563

Jenna Hornstock, Deputy Executive Officer, (213) 922-7437
Cal Hollis, Managing Executive Officer, (213) 922-7319

Reviewed by: Martha Welborne, FAIA, Chief Planning Officer, (213) 922-7267



Phillip A. Washington
Chief Executive Officer