

**Board Report**

File #: 2017-0007, **File Type:** Project**Agenda Number:** 17.

**PLANNING AND PROGRAMMING COMMITTEE
FEBRUARY 15, 2017****SUBJECT: NORTH HOLLYWOOD JOINT DEVELOPMENT****ACTION: AUTHORIZE EXTENSION OF EXISTING SHORT TERM EXCLUSIVE NEGOTIATION
AND PLANNING AGREEMENT FOR 90 DAYS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to extend the existing nine-month Short Term Exclusive Negotiation Agreement and Planning Document (Short Term ENA) with Trammell Crow Company and Greenland USA (together, Developer) for an additional 90 days, to **conduct community outreach and refine the project scope for a mixed-use real estate development (Project)** on the Metro-owned property at the North Hollywood Red Line Station (Site).

ISSUE

On June 24, 2016, Metro and the Developer entered into a 6-month Short Term ENA. Both parties executed a 3-month extension of the Short Term ENA on December 24, 2016. During this 9-month term, the Developer used good faith efforts to carry out its obligations and substantially performed pursuant to the requirements of the agreement. However, additional time is needed for Metro and the Developer to 1) confirm feasibility of transit infrastructure requirements for project shaping; 2) ensure that the proposed development does not physically preclude relevant transit projects funded by the approval of Measure M; and 3) conduct further public outreach to share the results of these feasibility studies and site programming and gather feedback. Staff recommends extending the existing Short Term ENA for an additional 90 days to allow for further advancement and refinement of the Project site plan, development phasing and financial feasibility and to conduct community outreach before seeking authority to execute a standard term ENA.

DISCUSSION

The North Hollywood Station is a regional, multi-modal transportation hub that includes the termini of the Metro Red and Orange Lines, two bus layover facilities, and a Metro park-and-ride lot. The Site is comprised of four parcels, one easterly and three westerly of Lankershim Boulevard, with potential transit connections available via underground access panels. The Site has arterial and freeway access and extensive public transportation access. Attachment A includes a map of the Metro properties for joint development and their approximate acreages. In total, the Site comprises 15.6 acres situated at the heart of North Hollywood Arts District, and as such presents a compelling

opportunity for Metro to achieve the objectives of the updated Joint Development Policy approved by the Board in February 2016. The Site is also part of Metro's Transit Oriented Communities (TOC) Demonstration Program.

The Short Term ENA has provided Metro and the Developer time to evaluate financing opportunities in greater depth and to make refinements to the project site plan for integration with the evolving transit infrastructure requirements surrounding the Site. Staff is seeking an extension of the Short Term ENA in order to allow time for Developer to complete that work and gather feedback from community stakeholders regarding the site plan before entering into a standard term ENA.

By the end of the Short-Term ENA period (as extended pursuant to the authority requested herein), Developer will submit the following deliverables to Metro:

- **Project Site Plan** that shows the extent of public infrastructure to be constructed by the project (including replacement parking), the location and development program for each building to be constructed under the Project, and circulation throughout the site, including proposed driveway locations, bike facilities, and pedestrian flows;
- **A Phasing Plan** that sets out the sequencing of the development blocks and clearly describes the interim steps required to ensure safe and acceptable level of service at the Metro station; and,
- **A Financing Plan** that identifies sources of project funding, including private debt and equity, public financing tools, and grant sources and presents a detailed strategy for securing these sources and ensuring that the transit infrastructure can be constructed.

Additional community engagement will be part of the extended Short Term ENA period. Once these deliverables are completed to the satisfaction of Metro staff, Metro staff will prepare a standard term ENA for the Board's consideration. Under the standard term ENA, Metro staff and Developer will continue community outreach to finalize the project site plan and work in collaboration to complete environmental review and secure project entitlements. Once these steps are complete and the project is ready for final permitting and construction, Metro will bring a Joint Development Agreement and long-term Ground Lease to the Board for its consideration. The Joint Development Agreement and Ground Lease establish the terms for construction and operation of the development.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety. Within this Short Term ENA period, Metro's operations staff will review and comment on the proposed development to ensure that the station, portal and public areas on Metro's property are maintained at the highest levels of safety.

FINANCIAL IMPACT

Funding for joint development activities related to the ENA and the proposed project is included in the FY17 budget in Cost Center 2210, Project 401011.

Impact to Budget

Metro project planning activities and related costs will be funded from local right-of-way lease revenues and any deposits secured from the Developer, as appropriate. Local right-of-way lease revenues are eligible for bus/rail operating and capital expenses. Execution of the Short Term ENA will not impact ongoing bus and rail operating and capital budget, Proposition A and C and TDA administration budget or Measure R administration budget.

ALTERNATIVES CONSIDERED

The Board may choose not to proceed with the recommended action and may direct staff to (a) enter into a standard term ENA, (b) continue communications regarding refinement of the project with the Developer outside of an ENA or (c) prepare and release a new RFP. Staff does not recommend proceeding with these alternatives because the recommended action will ensure additional input from the community and other public sector stakeholders and appropriately builds upon the significant community input and procurement process that has transpired thus far. A new RFP process would delay the development of the Site and Metro may fail to take advantage of currently favorable conditions in the real estate market. Further, if the outcome of the discussion during the Short Term ENA process does not create a project proposal suitable to the community or the Board, other options could still be considered.

NEXT STEPS

Upon approval of the recommended action, the extension of the Short Term ENA will be executed, and Joint Development staff and the Developer will continue negotiations in parallel with community, internal and external outreach to inform stakeholders about the refinements to the development proposal. If successful, staff will return to the Board for the authority to execute a full term ENA that includes the project scope as refined through this process.

ATTACHMENTS

Attachment A - Site Plan - North Hollywood Joint Development Site

Prepared by: Wells Lawson, Senior Director, Countywide Planning & Development, (213) 922-7217
Cal Hollis, Senior Executive Officer, Countywide Planning & Development, (213) 922-7319

Reviewed by: Therese W. McMillan, Chief Planning Officer, (213) 922-7077



Phillip A. Washington
Chief Executive Officer