



Board Report

File #: 2019-0602, File Type: Agreement

Agenda Number: 10.

PLANNING AND PROGRAMMING COMMITTEE OCTOBER 16, 2019

SUBJECT: NORTH HOLLYWOOD JOINT DEVELOPMENT

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER authorizing the Chief Executive Officer to execute an amendment to the Exclusive Negotiation Agreement and Planning Document with NOHO Development Associates LLC for the development of Metro-owned property, to extend the term for 18 months with an option to extend for an additional 12 months.

ISSUE

Metro and NOHO Development Associates LLC (Developer) are parties to an Exclusive Negotiation Agreement and Planning Document (ENA) for the development of a 15-acre mixed-use project adjacent to the North Hollywood Station. The ENA is set to expire on December 12, 2019. An extension of the ENA term is necessary to allow the Developer sufficient time to fully entitle and environmentally clear the Project with the City of Los Angeles and finalize Joint Development Agreement (JDA) and Ground Lease (GL) terms, subject to Metro Board of Directors (Board) approval.

BACKGROUND

On June 24, 2016, following a competitive solicitation process, Metro and the Developer entered into a six-month Short Term ENA for the Project. Both parties executed a three-month administrative extension of the Short Term ENA on December 24, 2016, and the Board authorized an additional three-month extension on February 23, 2017. These extensions allowed additional time for Metro and the Developer to confirm feasibility of transit infrastructure requirements for Site and conduct further public outreach.

Having satisfactorily fulfilled the requirements of the Short Term ENA, on June 12, 2017 Metro and the Developer entered into a 24-month ENA, which was further extended on May 15, 2019 in order to refine the project design, negotiate terms for a JDA and GL, continue the outreach and community engagement and allow the Developer to complete the environmental clearance process. The ENA will expire on December 12, 2019.

DISCUSSION

The project (see Attachment A) consists of two primary components: (1) the integrated Transit Center, to be owned and operated by Metro; and (2) the commercial development to be ground leased to and operated by the Developer (Project). The commercial development is made possible by combining the existing Orange Line and local bus facilities and relocating the existing surface parking to allow for eight new development blocks surrounding the station.

The Transit Center includes:

- 14 local bus bays
- 12 60-foot bays for the Orange Line and future Bus Rapid Transit (BRT) Services
- A new portal to accommodate increased passenger flows between the Red Line and the Transit Center (more than double current capacity)
- Electric bus charging facilities for the Orange Line and new BRT services, with charging facility expansion capability including conduit and space allocation for future charging infrastructure at all local bus bays
- 915 dedicated park-and-ride spaces, reflecting current and projected demand for parking at the station
- Significantly reduced transfer times

The Commercial Development includes:

- 1,250-1,500 housing units (20% affordable)
- 80,000 to 120,000 square feet of ground floor retail activating the area around the Metro portal
- 400,000 - 500,000 square feet of office space
- Over two acres of landscaped public open space
- Extension of the existing street grid to improve neighborhood walkability and station access
- New bike infrastructure to support safe bike connections to and around the station
- Streetscape improvements and increased pedestrian amenities
- A Metro Bike Hub
- A dedicated pick-up and drop-off zone including a dedicated ADA pick-up and drop-off space

Metro, with support from an urban design consultant, has extensively reviewed the Developer's Project plans and provided feedback on the design. The review has focused on the public realm, transportation connections to the station and conformance with the community vision as outlined in the Guide for Development, which specifies standards and guidelines for development of the site, as

approved by the Board in 2015.

Metro's JD Process typically allows for a 30-month ENA period to refine the project design, set deal terms and allow the developer time to secure project entitlements. The 15-acre North Hollywood site is unique however, in that to make the site available for development, the Developer first had to design both a temporary and permanent transit center to house Metro's transit functions. The design of the transit center was carefully developed and refined with extensive input from and coordination with Operations, Security, ADA / Civil Rights, Systemwide Station Design, and Parking Management to accommodate projected increases in ridership at this station due to the implementation of several Measure M projects in the San Fernando Valley. This additional complexity, along with the scale and phasing of the eight remaining development blocks contained within the project site, have led to a more extended design review and entitlement timeline.

Equity Platform

Consistent with the Equity Platform pillar "listen and learn", the Project has gone through a lengthy community engagement process beginning with the creation of the Guide for Development, which articulates the community's vision for the site. The Developer continues to maintain a commitment to engaging with stakeholders, focusing especially on relationships with local businesses, artists and community non-profits. The vast public benefits contemplated by the Project represent an opportunity to "focus and deliver" by bringing high-quality open space, new bicycle and pedestrian infrastructure and streetscape improvements to the existing North Hollywood community.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no adverse impact on safety as it only seeks a time extension for the ENA period 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 GL.

FINANCIAL IMPACT

Funding for joint development activities related to the ENA and the proposed Project is included in the adopted FY20 budget in Cost Center 2210, Project 401011.

Impact to Budget

There is no impact to the FY20 budget. The ENA requires the Developer to pay Metro a non-refundable fee of \$50,000, as well as a \$50,000 deposit to cover certain Metro staff costs and third-party expenses. The deposit balance is replenished by the Developer as Metro draws down its costs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This recommendation supports the Strategic Plan Goal to "enhance communities and lives through mobility and access to opportunity," specifically Initiative 3.2 which states "Metro will leverage its transit investments to catalyze transit-oriented communities and help stabilize neighborhoods where these investments are made." The proposed Project will deliver a number of community benefits, including transit-accessible housing, new open space and an expanded and enhanced transit center.

ALTERNATIVES CONSIDERED

The Board could choose not to extend the ENA term, in which case the ENA would expire in December 2019. Metro could then choose to solicit a new developer and proposal for development of the North Hollywood Station. Staff does not recommend this alternative because Metro and the Developer have worked diligently in good faith as partners to advance the Project. Furthermore, the recommended action builds upon the significant community input and procurement process that has transpired thus far. A new procurement process would delay the development of the Site, and Metro may fail to take advantage of currently favorable conditions in the real estate market.

NEXT STEPS

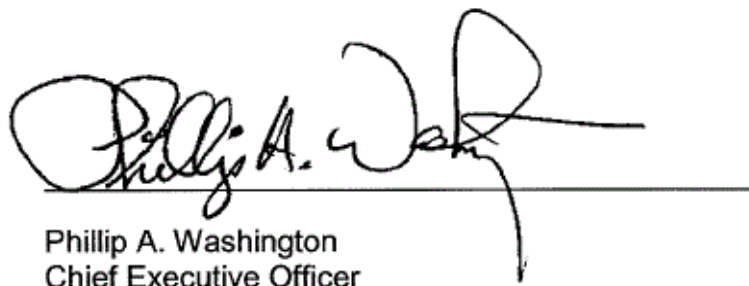
Upon approval of the recommended action, staff will prepare and execute an amendment to the ENA extending the term for 18 months with the option to extend for an additional 12 months. Metro staff, with support from a financial consultant and County Counsel, will continue working with the Developer to finalize negotiations for a JDA and GL. Following the Developer's completion of the entitlements and environmental clearance process with the City of Los Angeles and before the end of the ENA negotiation period, staff will return to the Board with recommended JDA and GL terms. The Developer together with Metro will continue to engage with the community as the Project advances. Additionally, the Developer will begin to assemble financing for the Project including affordable housing resources.

ATTACHMENTS

Attachment A - North Hollywood Joint Development Project Fact Sheet

Prepared by: Wells Lawson, Sr. Director, Countywide Planning & Development, (213) 922-7217
Nick Saponara, Executive Officer (Interim), Countywide Planning & Development, (213) 922-4313
Holly Rockwell, Sr. Exec. Officer, Real Estate, Transit Oriented Communities and Transportation Demand Management, (213) 922-5585

Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920



Phillip A. Washington
Chief Executive Officer