



Board Report

File #: 2020-0420, File Type: Agreement

Agenda Number: 12.

PLANNING AND PROGRAMMING COMMITTEE AUGUST 19, 2020

SUBJECT: MARIACHI PLAZA JOINT DEVELOPMENT

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute an amendment to an existing Exclusive Negotiation Agreement and Planning Document (“ENA”) with East Los Angeles Community Corporation (“Developer”) to extend the term by one year with an option to extend the term for an additional year for the joint development of Metro-owned property at the Mariachi Plaza Station.

ISSUE

The Developer and Metro are parties to an ENA for the development of a mixed-use project on 1.45 acres of Metro-owned property at the northeast corner of E. 1st Street and N. Boyle Avenue (“Site”) in the Boyle Heights community of the City of Los Angeles (“City”) (see Attachment A - Site Plan). The ENA is set to expire on September 14, 2020 and an extension of the ENA term is necessary to provide the time for: (a) the Developer and Metro to consider and refine the Project’s design; (b) the Developer to obtain Project entitlements and environmental clearance; (c) the Developer to lead Project-related stakeholder outreach; and (d) the parties to negotiate and finalize the key terms and conditions of a Joint Development Agreement (“JDA”) and Ground Lease, subject to Metro Board of Directors’ (“Board”) approval.

BACKGROUND

In March 2018, Metro entered into an ENA with the Developer to plan and consider the development of the Project on the Site. The proposed project includes sixty (60) units of affordable housing for families earning between 30 to 50% of the Area Median Income, approximately 6,340 sq. ft. ground floor retail, approximately 2,035 sq. ft. mariachi cultural center, community garden and associated parking (“Project”).

DISCUSSION

The Project is complex and has required extensive analysis, including in-depth and on-going review of design, cost, entitlement, operation and funding matters.

During the extension, the parties will continue to work on the Project's scope and design, seeking input from the Boyle Heights Design Review Advisory Committee (DRAC) established by Metro along with broader community input regarding the Project.

The Developer is a non-profit community development corporation based in Boyle Heights which advocates for economic and social justice by building grassroots leadership, developing affordable housing and neighborhood assets, and providing access to economic development for low- and moderate-income families. Of note, the Developer has recently undergone staffing reductions and reorganization that has contributed to Project delays, and as a result the Developer may seek the support of a development partner or third party to expand capacity.

Equity Platform

Consistent with the Equity Platform pillar "listen and learn", the Developer and Metro have engaged the community in an extensive outreach process, securing support for the project's conceptual plans from the local Neighborhood Council and the Boyle Heights DRAC. Furthermore, the Project is an opportunity to "focus and deliver" by adding much needed transit-oriented affordable housing to the community.

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

Pursuant to the ENA, certain staff and consultant costs are reimbursed through a developer deposit, and execution of a JDA and Ground Lease will provide a source of revenues going forward. No new capital investment or operating expenses are anticipated to implement the Project.

Impact to Budget

Continued work under the ENA is included in the proposed FY21 budget under 401018. Staff and consultant costs are proposed in the FY21 budget to negotiate the proposed transaction and review design and other project documents.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal #3, "Enhance communities and lives through mobility and access to opportunity" by advancing a joint development project which will deliver critical community benefits, including transit-accessible affordable housing and community amenities.

ALTERNATIVES CONSIDERED

The Board could choose not to extend the ENA term, in which case the ENA would expire on September 14, 2020. Metro could then choose to solicit new proposals for development of the Site. Staff does not recommend this alternative due to the time it would take to procure a new developer, and the lost benefit of the proposed Project which will bring much needed affordable housing and community space to Boyle Heights. The Project is also in line with Metro's Equity Platform and Strategic Plan goals.

NEXT STEPS

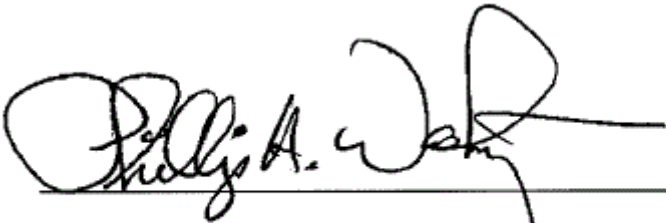
Upon approval of the recommended action, staff will prepare and execute an amendment to the ENA providing for a one-year extension of the term with an option to extend the term for one additional year if deemed necessary by Metro. Staff will continue working with the Developer to finalize negotiation of a JDA and Ground Lease and will return to Board for approval of key terms and conditions following the Developer's securing of Project entitlements and environmental approvals from the City. In addition, the Developer will continue community outreach regarding the Project's scope and its design during the ENA's extended term.

ATTACHMENTS

Attachment A - Site Map

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