



Board Report

File #: 2020-0902, File Type: Agreement

Agenda Number: 17.

PLANNING AND PROGRAMMING COMMITTEE MARCH 17, 2021

SUBJECT: EXPO/CRENSHAW STATION JOINT DEVELOPMENT AND FIRST/LAST MILE PLAN

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

1. AUTHORIZING the Chief Executive Officer to execute an amendment to the Exclusive Negotiation Agreement and Planning Document with WIP-A, LLC, a wholly-owned subsidiary of Watt Companies, Inc., and the County of Los Angeles to extend the term for 12 months, and provide for an additional 12-month administrative extension, which agreement is in regards to the joint development of 1.77 acres of Metro-owned property and 1.66 acres of County-owned property at the Expo/Crenshaw Station in partnership with West Angeles Community Development Corporation; and
2. ADOPTING the Expo/Crenshaw First/Last Mile Plan.

ISSUE

Metro, the County of Los Angeles (County) and WIP-A, LLC, a wholly-owned subsidiary of Watt Companies, Inc., a California corporation (Developer) are parties to an Exclusive Negotiation Agreement and Planning Document (ENA) regarding the development of a mixed-use project (Project) adjacent to the Expo/Crenshaw Station (See Attachment A - Site Map) which will be delivered and operated in partnership with West Angeles Community Development Corporation (WACDC). An extension of the ENA term, which is set to expire in April 2021, is necessary to allow the Developer sufficient time to secure Project financing, fully entitle and environmentally clear the Project with the City of Los Angeles (City) and finalize negotiations of the Joint Development Agreement (JDA) and Ground Lease (GL) terms, which terms shall be subject to Metro Board of Directors (Metro Board) and County Board of Supervisors (County Board) approval.

Additionally, staff have completed a First/Last Mile (FLM) Plan for the E Line (Expo) and Crenshaw/LAX Transit Project's Expo/Crenshaw Stations. The FLM Plan proposes streetscape and roadway improvements in the area surrounding this key transfer point, focusing on enhancing safety, comfort, and access.

BACKGROUND

Following a competitive solicitation process, in late 2017/early 2018, the Metro Board and County Board approved entering into a six-month ENA with the Developer for the joint development of Metro and County-owned parcels (collectively, the Site) located adjacent to the Expo/Crenshaw Station. The six-month ENA provided an interim period before executing a long-term ENA so that the community could provide input on the Project and the Developer could identify a community-based organization to partner with on the development of the Project. In the spring of 2018, the Developer entered into an agreement with West Angeles Community Development Corporation (WACDC) to partner in the execution and operation of the Project. In September 2018 the County and Metro Boards took actions authorizing the execution of a 14-month ENA with the Developer and the County. In November 2019 the Metro Board approved a 12-month ENA extension with the ability to administratively extend an additional four months.

Metro's Transit Oriented Communities (TOC) Demonstration Program which was launched in 2015 identified changes to the Joint Development (JD) process as well as a "TOC Toolkit" to promote a more expansive approach to integrating transit into surrounding communities. The TOC Demonstration Program included an emphasis on examining how to leverage JD projects to advance other goals such as improving safety and access to transit from the surrounding community. The Expo/Crenshaw Station was selected as one of the TOC Demonstration Program sites, and in 2019, staff identified an opportunity to conduct a focused FLM plan in collaboration with the proposed joint development Project adjacent to the Expo/Crenshaw Station. As required under the ENA, the Developer contributed \$50,000 in funding for the FLM Plan.

DISCUSSION

The Developer has diligently performed its obligations under the ENA including performing extensive, on-going community outreach, refining the conceptual development plan, and submitting the Project for entitlements to the City as further described below.

Community Outreach

After the 14-month ENA was executed, WIP-A, LLC and WACDC held several meetings with local residents, community organizations and government officials to provide updates on the proposed Project. An online survey aimed at gathering input on the Project was circulated and over 200 responses were received. Through 2020, WIP-A, LLC and WACDC conducted outreach to more than a dozen community groups including neighborhood councils, block clubs and other local stakeholder organizations.

Concept Development

Metro and the County, with support from an urban design consultant, reviewed the Developer's Project plans and provided feedback on the design. The review focused on advancing the community vision as outlined in the Metro Board-adopted Expo/Crenshaw Station Joint Development Guidelines, responsiveness to community input received, and ensuring compatibility between the Project and Metro transit infrastructure. In April 2020, Metro and the County approved the Project's conceptual design.

The current ENA contemplates a project with:

1. At least four hundred (400) residential for-rent units, at least twenty percent (20%) of which shall be designated as affordable for households earning between thirty and eighty percent (30-80%) of Area Median Income (AMI) with at least fifteen percent (15%) total units designated as affordable for households earning at or below fifty percent (50%) of AMI;
2. At least forty thousand (40,000) square feet of commercial/community space, including a grocery store; and
3. Parking limited to the greater of one (1) parking space for each market-rate residential unit plus one-half ($\frac{1}{2}$) parking space for each affordable residential unit, and three (3) parking spaces for each one thousand (1,000) square feet of commercial/retail space or community-serving space.

In late 2019, some members of the public and the Metro Board expressed an interest in the Developer increasing the number of income-restricted residential units in the Project. The Developer is exploring the feasibility of restricting an additional 30% of the units to very low to moderate income households. As an incentive to making at least 50% of the Project units income-restricted, in October 2020, the County Board approved a motion that allocated \$2M in Proposition A funds to the Project. The Developer will pursue funding sources to support additional affordable units which may require adjustments to unit sizes, total unit count and number of parking spaces. Staff will present the final Project scope for Metro Board and County Board consideration once the recommended JDA and GL terms are finalized.

Entitlements

The Developer submitted its application for land use entitlements and California Environmental Quality Act (CEQA) clearance to the City of Los Angeles in September 2019. Metro JD Policy and applicable environmental laws do not allow the Metro Board to approve JDA and GL terms nor authorize Metro to enter into related agreements until a project has received an environmental clearance under CEQA. The recommended 12-month ENA term extension (with an ability to extend an additional 12 months at staff's determination) will allow the Developer to complete the entitlements process, environmentally clear the Project, and begin to assemble the Project's financing sources. Metro staff, with support from a financial consultant and County Counsel, have been diligently negotiating a term sheet outlining the JDA and GL terms, subject to Metro and County Board approval.

First/Last Mile Plan

The Expo/Crenshaw FLM Plan differs slightly from previous Metro FLM plans in that it focuses more closely on the area immediately proximate to the Expo/Crenshaw Station and the Site, utilizing quarter-mile and one-mile radii for walking and biking projects, respectively. The FLM Plan also recognizes and builds upon the prior planning work conducted in the area in anticipation of the Crenshaw/LAX Transit Project. Key proposed improvements include elements to improve pedestrian and bicyclist comfort, safety, and connectivity in reaching the stations. Comfort-oriented improvements include additional shade trees and pedestrian lighting, and safety improvements such as enhanced crosswalks and bulb-outs. Bicycle facilities, including protected bike lanes, are also recommended on key access streets where safe bicycling facilities are not present.

FLM Plan recommendations are the culmination of a focused outreach process. In the winter of 2019 with the support of WACDC, Metro staff held three roundtable meetings with local youth, representatives from neighborhood organizations, and bicycle and pedestrian advocates to discuss local barriers and identify priorities for improvements. Metro staff also held an interactive “pop-up” event in February 2020 at the Crenshaw Farmers Market and distributed an online survey to gather input. Review and coordination with City of Los Angeles staff took place in 2019 and 2020 to ensure the FLM Plan supports the City’s active transportation priorities. The full FLM Plan is included as Attachment B.

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 Development Guidelines which set the vision for these publicly-owned properties. The Developer continues to maintain a commitment to engaging with stakeholders and has refined the Project in response to feedback. The FLM Plan’s final recommendations were heavily informed through community engagement. Both the joint development Project and eventual implementation of the FLM Plan present opportunities to “focus and deliver” by adding much needed, transit-oriented affordable housing and other community benefits in the Crenshaw 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 Metro 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 Project is included in the adopted FY21 budget in Cost Center 2210, Project 401045.

Impact to Budget

There is no impact to the FY21 budget. The ENA executed in October 2018 required the Developer to pay Metro a non-refundable fee of \$25,000, as well as a \$50,000 deposit to cover third-party expenses. The Developer must replenish that deposit when it reaches a balance of less than \$25,000.

Adoption of this FLM Plan has no impact to the budget. Staff will continue to work with City of Los Angeles to identify suitable funding opportunities for implementation of Plan-recommended projects.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These recommendations support 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 several community benefits, including transit-accessible housing and new commercial/community space.

The FLM Plan supports the Strategic Plan Goal 2 to “deliver outstanding trip experiences” by recognizing that the trip experience includes the time traveling to and from transit stations. The Plan recommends projects that make those trip experiences safer, more comfortable, and more accessible. The FLM Plan also supports Goal 4, “Transform LA County through collaboration and leadership.” By adopting the FLM Plan, Metro can help facilitate implementation by local jurisdictions.

ALTERNATIVES CONSIDERED

The Board could choose not to extend the ENA term, in which case the ENA would expire in April 2021. Metro could then choose to solicit a new developer and proposal for the Site. Staff does not recommend this alternative because the Developer, WACDC, Metro, and the County have worked diligently and in good faith as partners to advance the Project. Furthermore, the recommended actions build upon the significant community input and procurement process that has transpired thus far. Additionally, the Board could decide to not adopt the FLM Plan. This is not recommended as previous Board action (Motion 14.1) directs FLM projects to be incorporated into transit corridor project delivery.

NEXT STEPS

Upon approval of the recommended actions, staff will execute an amendment to the ENA extending the term for 12 months, with the ability to administratively extend the term an additional 12 months at staff’s determination. Metro staff, with support from a financial consultant, will continue working with the Developer and the County 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 period, staff will return to the Metro Board and County Board with recommended JDA and GL terms. The Developer and WACDC, together with Metro and County staff, will continue to engage with the community as the Project advances. During the ENA period the Developer will begin to assemble financing for the Project including affordable housing resources. Staff will continue to work with the City of Los Angeles to identify suitable funding opportunities for implementation of the FLM Plan recommendations and will conduct further outreach to the community as needed. Staff will also provide updates to the Board to the extent that the FLM Guidelines are applicable to the Expo/Crenshaw FLM Plan.

ATTACHMENTS

Attachment A - Site Map

Attachment B - Expo/Crenshaw Station First/Last Mile Plan

Prepared by: Nicole Velasquez Avitia, Senior Manager, Countywide Planning & Development, (213) 922-7439

Jacob Lieb, Senior Director, Countywide Planning & Development, (213) 922-4132


Wells Lawson, Senior Director, Countywide Planning & Development, (213) 922-7217

Nick Saponara - Executive Officer, 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