Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2020-0223, **File Type:** Agreement **Agenda Number:** 6.

PLANNING AND PROGRAMMING COMMITTEE
JUNE 17, 2020

SUBJECT: CHAVEZ AND FICKETT JOINT DEVELOPMENT ENA EXTENSION

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute an amendment to the Exclusive Negotiations and Planning Agreement with Abode Communities to extend the term for one year, plus an option to extend the term for an additional year, for the joint development of Metro-owned property at Cesar E. Chavez Avenue and Fickett Street in Boyle Heights.

ISSUE

Abode Communities (the "Developer") and Metro are parties to an Exclusive Negotiations and Planning Agreement (the "ENA") for the development of a mixed-use project (the "Project") on 1.56 acres of Metro-owned property (the "Site") situated on the southwest corner of Cesar E. Chavez Avenue and Fickett Street in the Boyle Heights community of Los Angeles (see Attachment A - Site Plan). The ENA is set to expire on August 31, 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 lead Project-related stakeholder outreach and obtain Project entitlements and environmental clearance, and (c) the parties to negotiate and finalize the key terms and conditions of a Joint Development Agreement ("JDA") and Ground Lease ("GL"), subject to Metro Board of Directors ("Board") approval.

DISCUSSION

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 Project, as originally proposed, contemplated 60 units of affordable housing at 30-50% of the Area Median Income (AMI); a 25,000 sq. ft. grocery store; and a 6,500 sq. ft. community park. The careful integration of these diverse programmatic components of the Project have required a greater level of up-front site planning, design, operational, entitlement and cost analyses than most Metro joint development projects require. This analysis has been ongoing since the commencement of the ENA and has proved critical to the ultimate viability of the Project.

As part of this analysis, the Developer and Metro consulted with the City of Los Angeles's Recreation and Parks Department ("RAP") regarding the operation of the Project's proposed park. During these discussions, RAP indicated that it had acquired land one hundred feet south of the Site for a community park. The proximity of this new park to the Site has led the Developer to reconsider the Project's proposed park and to propose a community garden as a replacement.

The analysis also indicated interest in the Project by grocery store operators, provided that certain design changes were made to accommodate their operations. The Project's affordable housing element remains at 60 units, but the affordability level has been deepened from 30% of AMI to 20% of AMI. In addition, 30 of the units are being proposed to provide supportive housing to the formerly homeless population.

The up-front analysis for the Project is now complete, but the Developer will continue to refine the Project during the extended ENA term. This work will include a dialogue with community stakeholders about the Project's scope and design. The Developer will also explore partnerships with local small businesses and community-based organizations for the Project's needs, such as the operations of the potential community garden. Such outreach will follow-up on Metro's extensive community outreach efforts in 2016 that led to the creation of the development guidelines for the Site, which were approved by the Board in January 2017 and included in the development an RFP for the Site issued in March 2017. Following the developer-led community outreach effort and Metro staff's approval of the Project's scope and design, the Developer will submit an application to the City of Los Angeles for needed Project entitlements and environmental review under the California Environmental Quality Act ("CEQA"). The Project qualifies for a streamlined ministerial approval process, as well as an exemption from CEQA under SB35. During the extended ENA term, the parties will also negotiate the key terms and conditions of a JDA and GL for Board approval.

EQUITY PLATFORM

Consistent with the Equity Platform pillar "listen and learn", the Proposed Project has gone through a lengthy community engagement process and secured support of the local Neighborhood Council and the Boyle Heights Design Review Advisory Committee. Furthermore, the Proposed Project is an opportunity to "focus and deliver" by adding much needed transit-oriented affordable housing stock in 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 GL.

FINANCIAL IMPACT

Funding for the joint development activities is included in the adopted FY20 budget under 401037, as adjusted to address COVID-19 impacts.

Impact to Budget

There is no impact to the FY20 budget, as adjusted to address COVID-19 impacts. Staff costs are included in the FY20 budget to negotiate the proposed transaction and review design and other project documents. No new capital investment or operating expenses are anticipated to implement the Project, and revenues from funds provided by the Developer will offset certain staff and project-related professional service costs.

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 a grocery store and transit-accessible affordable housing.

ALTERNATIVES CONSIDERED

The Board could choose not to extend the ENA term, in which case the ENA would expire on August 31, 2020. Metro could then choose to solicit new proposals for development of the Site from the development community. 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 a grocery store to the community. The Proposed 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 an additional year if deemed necessary or prudent by Metro. Staff will continue working with Developer to finalize negotiations on the key terms and conditions of a JDA and GL and will return to Board for approval of key terms and conditions following the Developer’s securing of Project entitlements and environmental approvals, as needed, under CEQA from the City of Los Angeles. In addition, staff and the Developer will conduct Developer-led 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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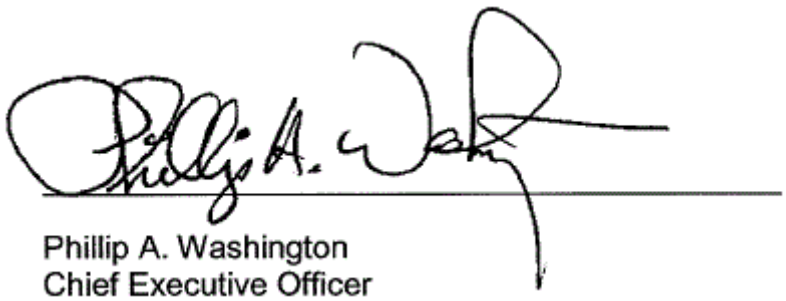


Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

Site Map
Chavez and Fickett Joint Development

Next stop: building communities.

Chavez/Fickett Joint Development

Planning & Programming Committee

June 17, 2020

Legistar File #2020-0223

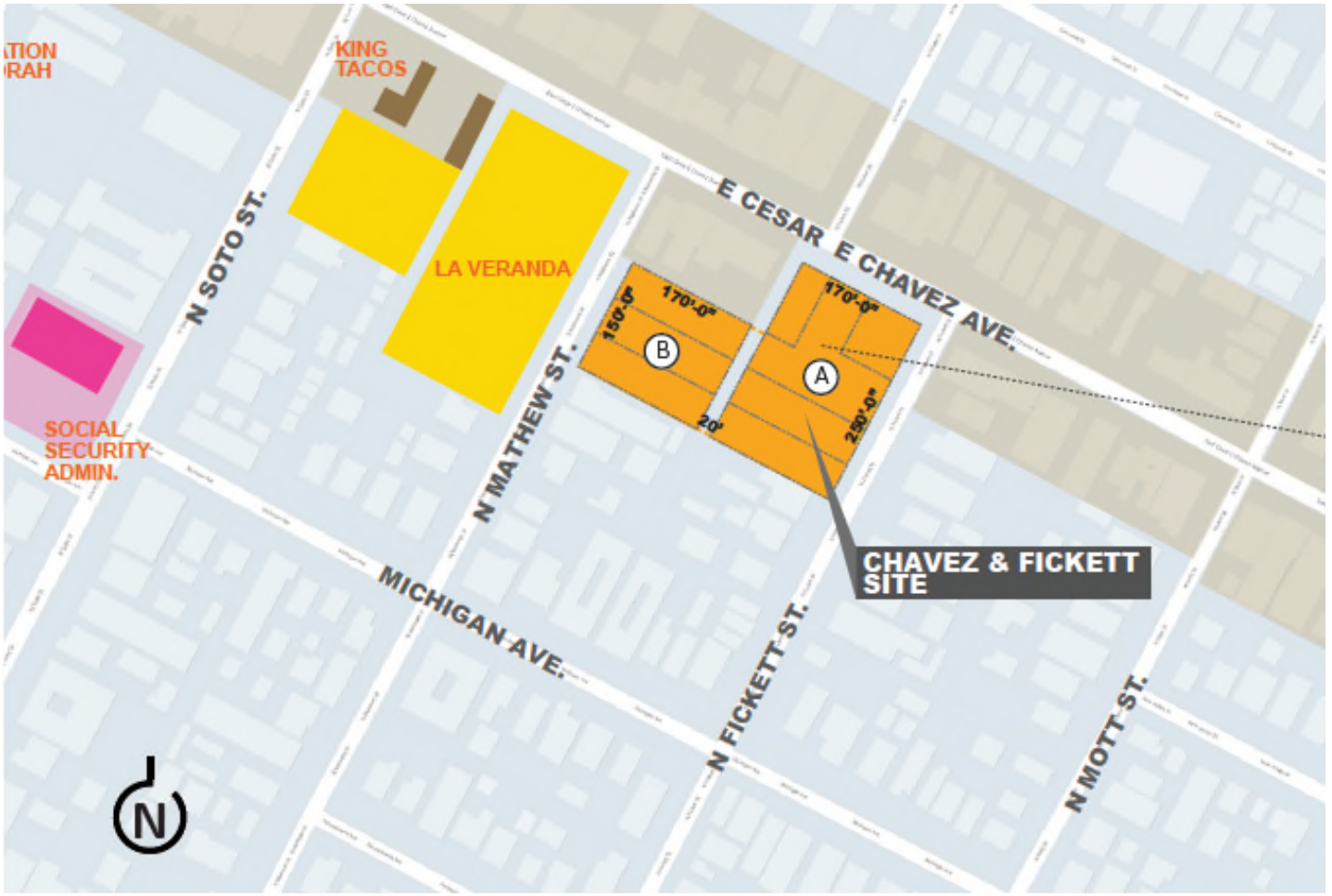
Metro

Recommendation

> Authorize the Chief Executive Officer to execute an amendment to the Exclusive Negotiation and Planning Agreement ("ENA") with Abode Communities ("Developer") to extend the term for one year, plus an option to extend the term for an additional year, for the joint development of Metro-owned property at Cesar E. Chavez Avenue and Fickett Street in Boyle Heights.

Chavez/Fickett Joint Development Site

- Total Area:
  - 1.56 acres
- Parcel A:
  - 0.98 acres
  - Existing Parking Lot
- Parcel B:
  - 0.58 acres
  - Existing Vacant Lot
- Located 0.25 miles from Gold Line's Soto station



Chavez/Fickett – Background/Status

- Metro entered into ENA with Developer in March 2018; ENA is set to expire August 2020.
- Proposed project includes 60 units of affordable housing at 20-50% AMI; a 25,000 SF grocery store, and a community garden.
- Careful integration of the project's diverse programmatic components required a greater level of up-front site planning, design, operational, entitlement and cost analyses than is typical.
- This up-front analysis is now complete and Developer needs additional time to refine the project's scope and design with Metro; lead community stakeholder outreach; and obtain entitlements and CEQA approval form the City of LA, among other things.

Community Outreach

- Community outreach is scheduled to begin in summer 2020
  - Outreach will include:
    - Metro's Boyle Heights Design Review Advisory Committee
    - Boyle Heights Neighborhood Council and its relevant committee(s)
    - Boyle Heights community based organizations

Next Steps

3rd Quarter 2020	1) Conduct community outreach. 2) Refine project scope and design. 3) Negotiate Joint Development Agreement ("JDA") and Ground Lease terms.
4th Quarter 2020	1) Submit application for project entitlements and environmental review to City of LA.
2nd Quarter 2021	1) Return to Board for approval to enter into JDA & Ground Lease.