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

Metro

# Board Report

**File #:** 2021-0612, **File Type:** Agreement **Agenda Number:** 9.

**PLANNING AND PROGRAMMING COMMITTEE**
**MARCH 16, 2022**

**SUBJECT: NORTH HOLLYWOOD JOINT DEVELOPMENT**

**ACTION: APPROVE RECOMMENDATION**

## RECOMMENDATION

AUTHORIZE the Chief Executive Officer to extend the existing Exclusive Negotiation Agreement and Planning Document with NOHO Development Associates, LLC, a Delaware limited liability company for the North Hollywood Joint Development Project for an additional 12 months beyond June 2022, with an option to extend another 12 months to June 2024.

## ISSUE

Staff recommends the extension of the existing Exclusive Negotiation Agreement and Planning Document (ENA) to facilitate completion of the project entitlements, environmental review, and clearance of the Project under the California Environmental Quality Act (CEQA), and upon satisfaction of CEQA requirements, negotiation of Project transaction documents.

## BACKGROUND

The North Hollywood Station (Station) is a regional, multi-modal transportation hub that includes the terminuses of the Metro B Line (Red) and G Line (Orange), two bus layover facilities, and a Metro park-and-ride lot. Adjacent to/surrounding the Station, Metro owns an approximately 15-acre site comprised of four parcels, one easterly and three westerly of Lankershim Boulevard (Site). The Site has arterial and freeway access and extensive public transportation access.

Following a competitive solicitation in 2016 for the joint development of the Site and execution of an ENA thereby in 2017 (as amended and extended in May 2019, December 2019, and June 2021), NOHO Development Associates, LLC, a Delaware limited liability company (Developer) and Metro staff have worked together closely and diligently over the past five years to advance the Project to entitlements and CEQA clearance. The Project design includes a consolidated transit center with 29 bus bays, a new portal into the B Line station, and additional transit amenities. The development program includes 1527 housing units, 311 of which are affordable, 100,000 square feet of retail and restaurant uses nearly 500,000 square feet of office, and an acre of public open space.

## DISCUSSION

The Developer has diligently performed its obligations under the ENA including conducting extensive,

on-going community outreach, refining the conceptual development plan, and submitting the Project for entitlements to the City of Los Angeles. The requested extension is for 12 months, with an option to extend an additional 12 months upon continued diligent performance of Developer obligations under the ENA. This extension would allow time for the Project to perform additional outreach, complete the entitlement and environmental clearance process with the City, and for the Developer and Metro to negotiate the legal documents required for the development transaction.

*Affordable Housing and Community Benefits*
The Project is part of a larger package of public investments and benefits which includes a new transit center crucial for several Measure M projects, a new public community open space, and a substantial arts program. These amenities are made possible by revenue generated by the 1527-unit mixed-use development.

The Project includes 311 affordable housing units which will significantly increase the number of affordable units in Metro's portfolio. The original development proposal offered 262 affordable units, 750 total units, and fewer public benefits. Through the Project negotiations, Staff pushed the Developer to deliver more housing and benefits in alignment with the underlying redevelopment plan for the area and the community's express desire, recorded in the 2015 Development Guidelines, for a vibrant, transit-oriented community with a public gathering space and an intensity of uses. The current program calls for two dedicated affordable housing buildings to be integrated into the Project while maximizing access to public subsidies available for affordable housing near transit.

*Community Outreach*
The competitive solicitation for this joint development project was informed by extensive community outreach, which included the desire for intensified urban uses, community open space, and public art, all of which are included in the Project. Throughout the ENA term to date, the Developer has continued extensive ongoing outreach with the community through public meetings at the Groundwork coffee shop (located at the Site), one-on-one meetings with key stakeholders and business owners, and presentations for nearly two dozen community organizations. In total, the team has presented the Project at nearly 100 individual meetings. Feedback on the proposed Project has been overwhelmingly positive, however, some community members have recently raised concerns about the amount and integration of affordable housing within the Project. Staff is working with the Developer to evaluate this concern and identify potential solutions and additional sources of funding that may strengthen the affordable housing program.

*Design Review*
The Project is the largest joint development project in Metro's portfolio to date. It is accommodating a new transit center that will serve three Measure M projects: the G Line Improvements Project, the North San Fernando BRT, and the NoHo to Pasadena BRT. The transit center will include electric bus charging infrastructure to serve Metro's growing fleet of zero emissions buses. Metro has carefully reviewed each phase of design of the Project, yielding a world-class design for a new Metro portal, transit serving retail carefully integrated into the Project Site, and new community open spaces where families may gather. In addition, public art will be thoughtfully woven throughout the Project Site.

*Entitlements*

The Developer has submitted to the City of Los Angeles a complete entitlement package including a draft Specific Plan and Signage Plan for the Project. The Draft Environmental Impact Report (EIR) for the Project will be released in the spring of 2022. Adoption of a Final EIR is anticipated by late 2022. Entitlements for the North Hollywood Joint Development Project (Project) have been delayed, in part due to the Covid-19 pandemic and City of Los Angeles staff city processing constraints.

*Legal Agreements*
Several agreements, including a Joint Development Agreement, a form of Ground Lease, and a Transit Center Agreement, will be negotiated to ensure the preservation of Metro's ability to safely and efficiently operate and maintain the transit system and facilities well into the future while providing long-term rights to the Developer. Once the Project entitlements are in place and an EIR is certified for the Project, the key terms and conditions for these agreements will be brought forward to the Board for its consideration and approval.

## EQUITY PLATFORM

Feedback from rigorous community engagement was captured in the Development Guidelines and Request for Proposals for this Project which has informed the design and program for the Project. Additional outreach is taking place before and throughout the Draft, EIR comment period, and outreach will continue through project approvals and construction. This outreach includes eblasts, online meetings, one-on-one stakeholder meetings with small businesses and community organizations such as the NoHo Home Alliance and the Federal NoHo, presentations at several organizational meetings such as the San Fernando Valley Service Council and the NoHo Neighborhood Council, as well as in-person outreach at the North Hollywood Station.

According to the American Community Survey 2015-2019 data, within a half-mile walking distance of the Station, median household incomes are approximately $56,000 (approximately 82% of the Median Household Income for LA County in the same period), 54% of residents are people of color, and over 11,000 residents have limited English proficiency. This community will benefit from the open space, public art, and additional amenities.

B Line and G Line riders are disproportionately made up of low-income individuals and people of color. The Project is anticipated to improve equity outcomes for Metro patrons as the new Transit Center will improve the quality, safety, efficiency, and reliability of the transit journey. The Transit Center will improve outcomes for people with disabilities by reducing and simplifying walking and rolling distances between transfers and surrounding destinations. The Transit Center will improve outcomes for Metro employees by providing a new employee restroom and break room as well as a new transit security kiosk. The Project will improve outcomes for other vulnerable communities by reducing greenhouse gases and improving air quality using electric vehicle charging infrastructure and reducing VMT through transit-oriented development.

The Project will include affordable housing units which are intended to benefit people with low incomes who will have the opportunity to live in a high-resource area with access to schools and jobs. The affordability levels are subject to available subsidies and are therefore not confirmed until the affordable housing developer seeks financing. In response to community concerns about the number of affordable housing units in the Project, the Developer is exploring the feasibility of additional funding sources and potential solutions to increase the number of income-restricted units.

Staff will report back on those efforts in 120 days.

The Project will create over 15,000 one-time construction jobs and nearly 5,000 recurring jobs, as well as nearly $2 billion in one-time economic impact and over $1 billion in stabilized economic impact, according to a study by RCLCO. The Project will also generate nearly $300 million in tax revenues for the City and County over its first 30 years.

## DETERMINATION OF SAFETY IMPACT

The extension of the ENA document will have no impact on safety.

## FINANCIAL IMPACT

There is no financial impact at this time as the item will only authorize the time extension of an existing negotiations agreement.

Impact to Budget
Extension of the ENA would not impact the Fiscal Year 2022 Budget.

## IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Project is in support of Goals 2 and 3 of the Strategic Plan: Goal 2. The Project will *deliver outstanding trip experiences for all users of the transportation system* by upgrading the bus amenities and transfer facilities at the Station. Goal 3. The project will *enhance communities and lives through mobility and access to opportunity* by activating this transit oriented community with a robust investment that will bring housing, jobs, and services to the neighborhood.

## ALTERNATIVES CONSIDERED

The Board could defer or deny approval of the ENA extension which would cause the ENA to expire. Allowing the ENA to expire, in addition to wasting time and resources that have been spent to date on the Project's development, would also result in Metro having to restart the competitive solicitation process for the development of the Site, and cause an extended delay in the delivery of project benefits to the area surrounding the Site and community at large in North Hollywood.

## NEXT STEPS

Upon approval of the recommended action, an amendment extending the term of the ENA for 12 months will be executed, and Joint Development staff and the Developer will continue community outreach, design refinements, negotiations, and entitlements work. Staff will report back to the Metro Board regarding the affordable housing program in 120 days.

The City of Los Angeles is expected to release the Draft EIR for the Project in spring 2022 and completion of the Final EIR by late 2022. Pursuant to the Developer's diligent performance of obligations under the ENA, staff may choose to extend the ENA another 12 months and would notify the Board of this decision.

Pursuant to the completion of the entitlements package and certification of the Final EIR by the City, as well as successful negotiation of the transaction documents between Metro and the Developer, staff would bring a recommendation for the Metro Board to approve the execution of a Joint Development Agreement and adopt relevant CEQA findings with respect to such action by the end of 2023.

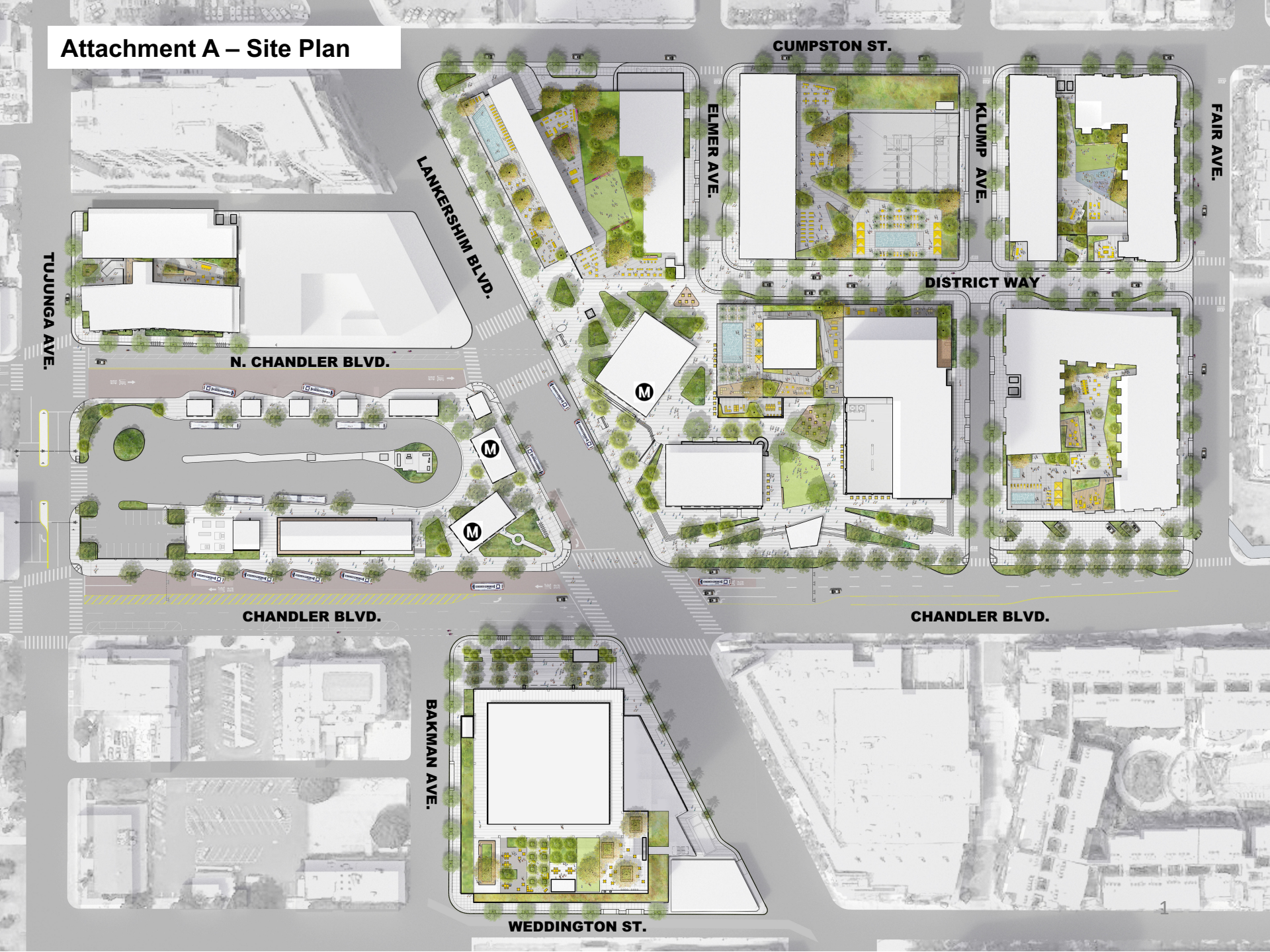
## ATTACHMENTS

Attachment A - Site Plan

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

# Attachment A – Site Plan






# We're supporting thriving communities.

**North Hollywood Joint Development**

Metro Board of Directors

March 2022

Metro

# Project Highlights

- New **Transit Center with electric charging** to serve three Measure M Projects
- Iconic station portal to **replace existing portal** in disrepair
- **311 Affordable Units** and 1527 total housing units
- Integration of Bike Hub, Bikeshare and other **micromobility** features
- New opportunities for **local businesses**
- LA's first **shared street**
- Preserved **Historic Depot** and landscaped plaza
- **Community Open Space** with performing arts programming
- Robust **public arts** program to complement the NoHo Arts District





# Community Outreach – Over 90 Stakeholder Meetings

## Key Feedback

> Develop an urban mixed-use community where people can live, work and play
> Create community open space and restaurants where families can gather
> Integrate the arts in keeping with the NoHo Arts District
> Concerns about housing unit affordability levels

## Outreach Events

> Focus group meetings with community organizations, residents, and businesses
> Community Workshop; Open House; online and email comments
> Breakfast sessions at Groundwork
> Open House at The Federal NoHo
> City of L.A. CEQA Scoping Meeting







## Stakeholder Meetings

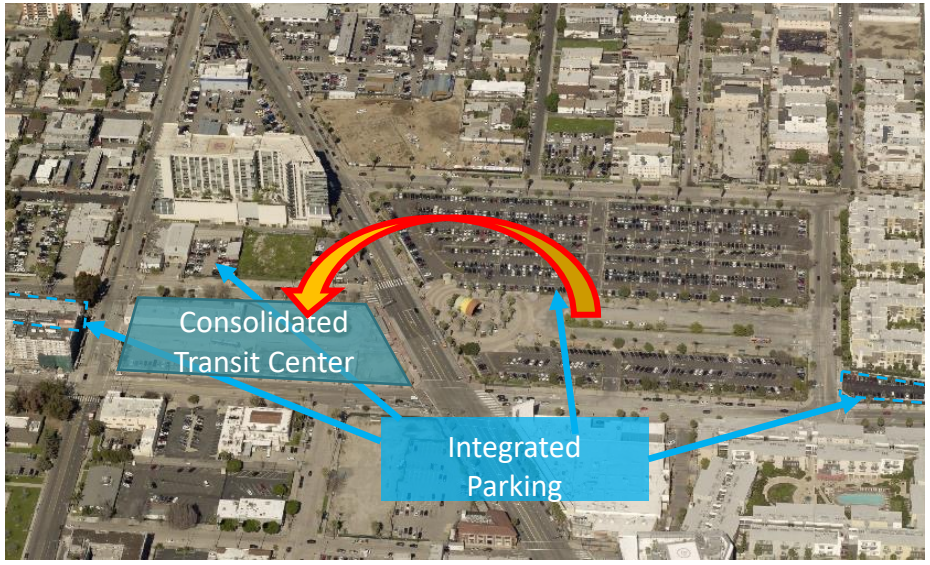
BizFed
Central City Association of Los Angeles
El Portal Theatre
The Federal NoHo
Groundwork Coffee
Los Angeles Business Council
Los Angeles Area Chamber of Commerce
Los Angeles Conservancy
Los Angeles Housing and Community Investment Department
Metro San Fernando Valley Service Council
NoHo Arts District
NoHo Business Improvement District
NoHo Home Alliance
NoHo Neighborhood Council
San Fernando Valley Council of Governments
San Fernando Valley Economic Alliance
Television Academy
Valley Industry Commerce Association

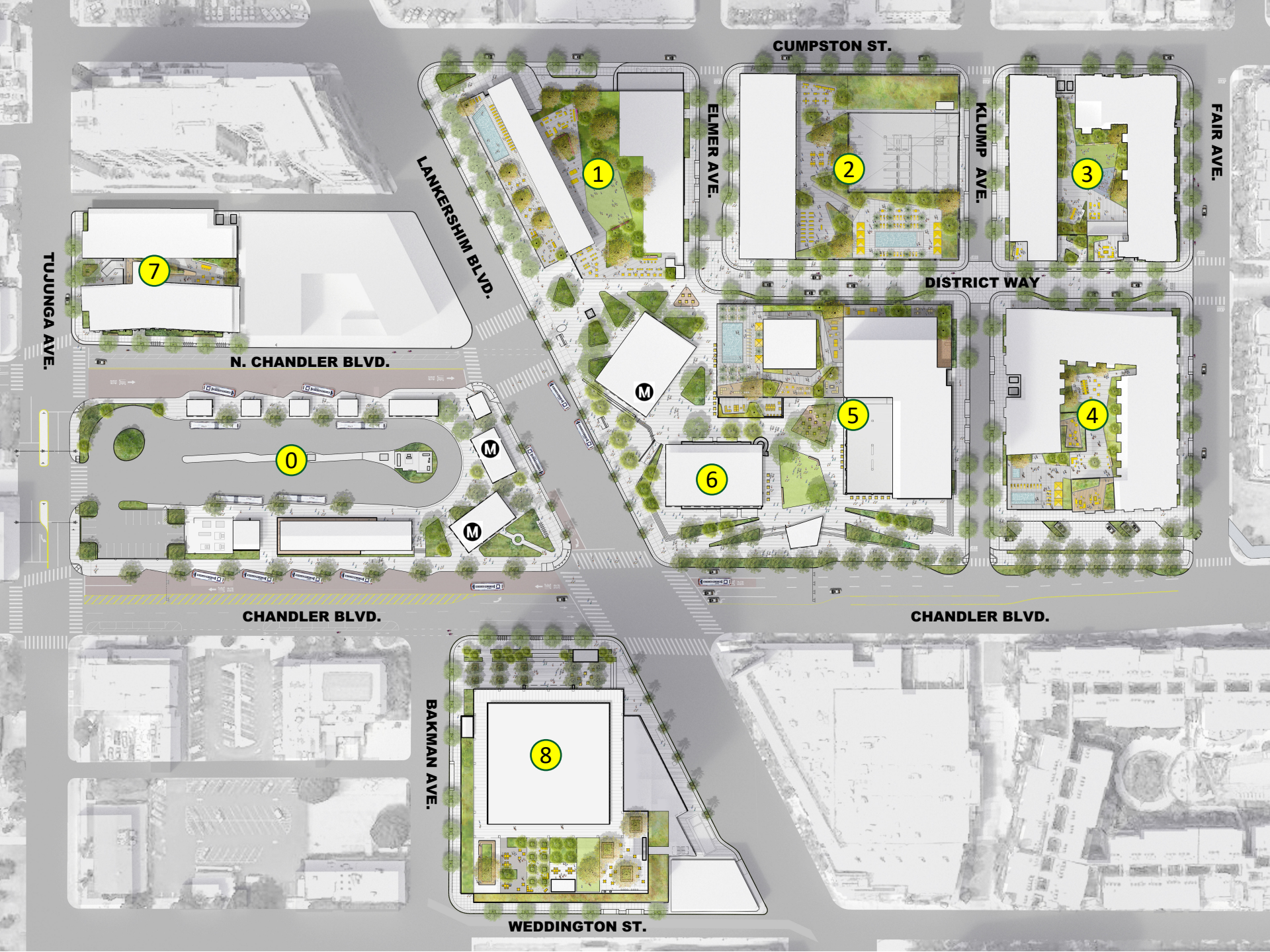
# Site Configuration

Existing



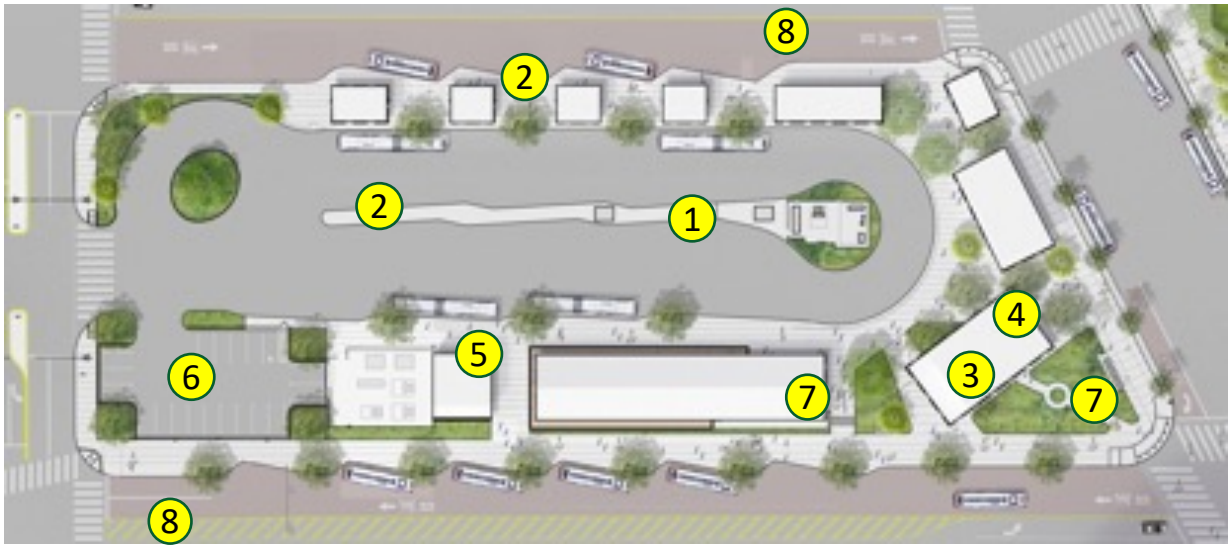

Proposed




CUMPSTON ST.
ELMER AVE.
KLUMP AVE.
FAIR AVE.
LANKERSHIM BLVD.
TUJUNGA AVE.
DISTRICT WAY
N. CHANDLER BLVD.
CHANDLER BLVD.
CHANDLER BLVD.
BAKMAN AVE.
WEDDINGTON ST.
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# Transit Center

1. Expanded bus transfer and layover facilities
2. Electric Bus Charging
3. New Red Line Portal
4. Transit Security Center
5. Operator restrooms
6. Metro non-revenue vehicle parking
7. Preserved Lankershim Depot and Corner Plaza
8. Incorporation of Chandler Bicycle Connection

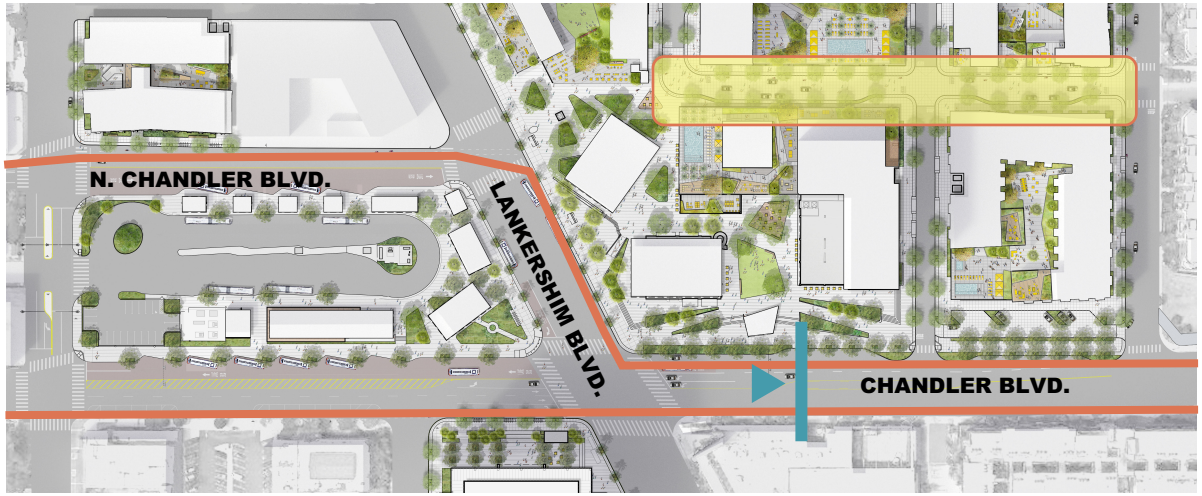





# Chandler Bicycle Connection

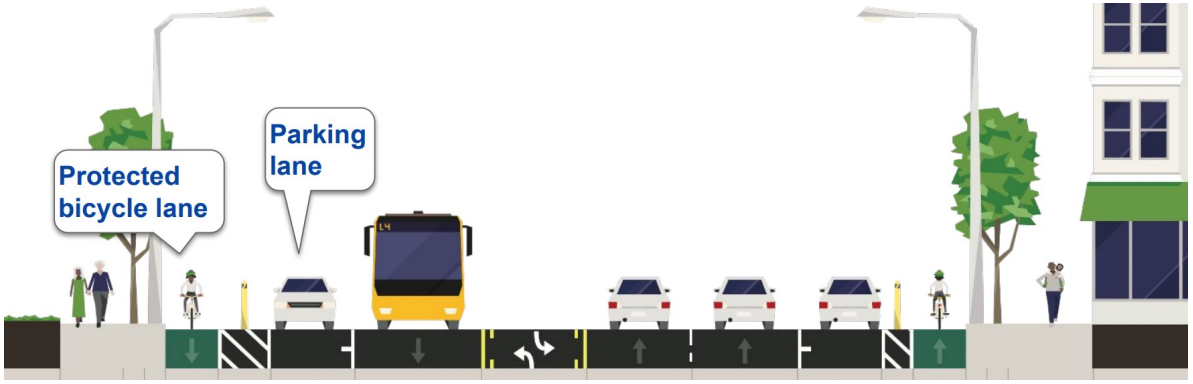
> District NoHo will fully incorporate the Chandler Bicycle Connection Project (previously known as the Chandler Cycle Track Gap Closure Project)

> The District Way Shared Street will provide additional bicycle connectivity




Chandler Bicycle Connection Project route

District Way Shared Street




<< District NoHo

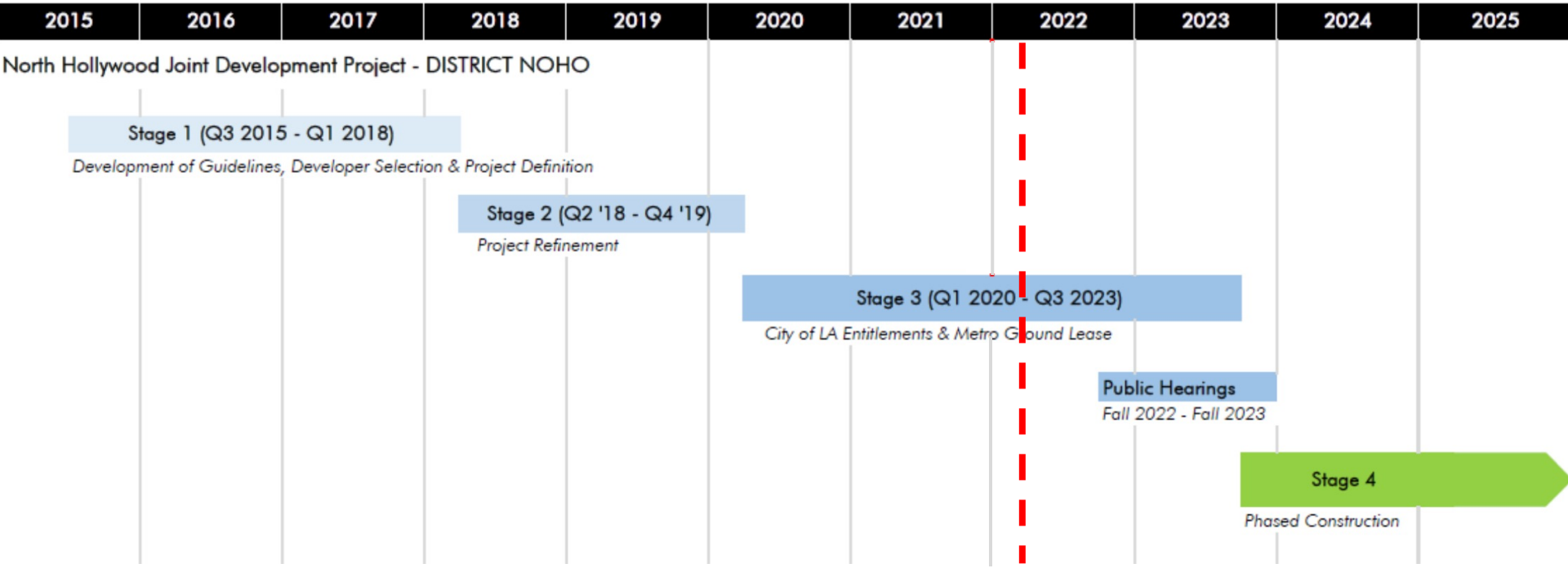
CHANDLER BLVD.

Existing Buildings >>

# Equity Considerations

- The Project will provide 311 income-restricted, affordable homes
- The Project is within and adjacent to an Equity Focus Community which will benefit from consolidated Transit Center, bicycle facilities, community park, and public art
- Within a half mile walk-shed of the Project:
  - Median annual household incomes are approximately $56,000 (82% of LA average)
  - 54% of residents of are people of color
  - 11,000 residents have limited English proficiency
- The Transit Center will ensure Metro patrons, who are disproportionately low income and people of color, will benefit from improved safety, reliability, quality and efficiency of the transit journey
- Metro employees will benefit from new employee restrooms and break room and a new transit security kiosk
- Air quality improvements from electrification infrastructure and reduced VMT will benefit disadvantage groups who are disproportionately impacted by pollution and poor air quality

# Timeline & Next Steps




> Report back to Board regarding affordable housing program in 120 days

> Public hearings to begin fall 2022

> Joint Development Agreement (JDA) at Metro Board mid 2023

> Break ground on Transit Center & affordable housing late 2023