

**Board Report**

File #: 2022-0256, **File Type:** Project**Agenda Number:** 8.

**PLANNING AND PROGRAMMING COMMITTEE
JUNE 15, 2022****SUBJECT: CHAVEZ/FICKETT L (GOLD) LINE STATION JOINT DEVELOPMENT****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to execute an amendment to the Exclusive Negotiations and Planning Agreement (ENA) with Abode Communities to extend the term for one year, with 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 with up to 110 affordable housing units, an on-site community garden and small-format food retail.

ISSUE

Abode Communities (Developer) and Metro are parties to an ENA for the development of a mixed-use project (Project) on 1.56 acres of Metro-owned property (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 Map). The ENA is set to expire on August 31, 2022, and an extension of the ENA term is necessary to provide the time for: (a) the Developer and Metro to consider and complete the Project's design modifications, (b) the Developer to continue 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.

BACKGROUND

In March 2017, following extensive community outreach and preparation of Development Guidelines which were approved by the Board, Metro released a Request for Proposals for joint development of the Site. Metro received five proposals, and following evaluation, staff recommended and the Board authorized the execution of an ENA with Abode Communities. The ENA was executed in March 2018 and extended by another two years through a subsequent Board Action. 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.

DISCUSSION

The careful integration of the Project's diverse programmatic components has 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 evolved, primarily reflecting the changes to the commercial market and funding landscape, necessitating certain modifications to the Project to maintain its overall viability.

Community Park

As part of their up-front 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 located 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 propose replacing the Project's proposed park with a community garden to provide community open space while eliminating redundant amenities. As currently presented, the community garden will occupy approximately 3,500 square feet where the community park was initially proposed. The Developer has committed to the proper level of administrative oversight and community accessibility for this component of the Project.

Grocery Store

The original proposal also included a grocery store to be located on the ground floor of the project. After discussions with prospective grocery store operators, it became apparent the limited size of the site and the parking demands of both residential tenants and commercial patrons would prove to be limiting factors.

Throughout 2019 to 2021, the Developer contacted a spectrum of grocers, but was unable to find a compatible operator due to a variety of factors including: the high concentration of existing grocery stores within one mile of the Site; grocers' square footage requirements for a larger store footprint that could not be accommodated by the site's existing zoning; a desire for increased parking in excess of code requirements that were not economically feasible; and most critically, a disparity between the rents needed to support the construction costs of the Project and the below-market rents typical of grocery store tenants. In response to these constraints, the Developer is currently proposing a much smaller retail option with approximately 3,000 square feet of ground floor space for a limited grocery store concept. Staff commissioned a third-party land use economics firm to evaluate overall market demand for grocery stores and identify alternative food retail models that will substantially respond to the community's interest in improving access to healthy food. The study is underway and should be fully completed during the summer of 2022. Staff will continue to work with the Developer to identify potential food retail models and ensure maximum flexibility in ground floor space that will accommodate a variety of potential tenants. This revision will also include six at-grade parking spaces and four bicycle spaces dedicated to the commercial space.

Residential

As originally contemplated, the Project's affordable housing program proposed 60 units with affordability levels at 30% of AMI. In addition, 30 of the units were proposed to provide supportive housing to those that were formerly homeless. The remaining 29 units would have been available to households up to 50% of AMI (with one non-restricted manager's unit).

Given the commercial modifications to the Project and the opportunity to expand the residential

program, the Developer is proposing to increase the original unit count from 60 units up to 110 units. This would include 30 units of permanent supportive housing at 30% of AMI with the remaining 79 units serving households between 30% and 50% of AMI. There will be 1 unit designated for an on-site manager. The preliminary unit mix will include 33 studios, 15 one-bedroom, 34 two-bedroom and 28 three-bedroom units. Because of the residential density bonus the Project is seeking, there will be 43 parking spaces and 99 bicycle spaces.

In 2021, an update to Metro's Joint Development (JD) Policy was adopted by the Board along with a goal of developing 10,000 units of housing, including 5,000 income-restricted units, over the next ten years. The revised residential program is consistent with the aim of the recently updated Joint Development policy, which seeks to build as much quality housing near transit as possible, for those who need it most. To this end, the proposed modifications to the affordable housing at the Development Site would continue the redevelopment and revitalization of the greater Chavez/Fickett L (Gold) Line Station area, expand on the mix and availability of housing options and leverage further public improvements being undertaken by the City.

As Project financing is obtained, staff will monitor the effects it may have on the number of units, affordability levels and related parking and provide the Board with an update if substantive changes to the described housing and parking program should occur.

Community Outreach

The Developer is moving forward with its community outreach program. On February 10, 2022, the Project was presented to the Boyle Heights Design Review Advisory Committee (DRAC) for consideration. After an informed discussion regarding unit count, parking options, and ground floor commercial space, the Project was approved for further processing to the Boyle Heights Neighborhood Council (BHNC).

During the March 7, 2022, BHNC - Planning and Land Use Committee meeting, the item was not heard due to a loss of quorum during Committee discussions. The Developer is actively working with the Chair of the BHNC to have this item placed on a future agenda. In the meantime, and to meet Project financing deadlines, the entitlement process continues to proceed through Metro and the City's planning department.

Entitlements

The revised Project design that includes the stated modifications has been provided to Metro for consideration. The entitlement review and community outreach process will continue under the proposed modifications. 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 and AB2162. During the extended ENA term, the parties will also negotiate the key terms and conditions of a JDA and GL for Board approval which would occur at a future date.

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 FY23 budget under 401037.

Impact to Budget

There is no adverse impact to the proposed FY23 budget. Staff costs are included in the FY23 budget to negotiate the proposed transaction and review design and other Project documents. No new capital investment or operating expenses are anticipated to occur and ENA deposits from funds provided by the Developer will offset certain staff and Project related professional service costs.

EQUITY PLATFORM

The proposed development at the Chavez/Fickett site is representative of Metro's JD Program to pursue high quality affordable housing opportunities and other community policy goals. The Project also creates opportunities to enhance access to Metro's L (Gold) Line system. Adopted in June 2021, the Metro JD Policy is centered on four main goals: (1) equity and inclusion; (2) access; (3) performance; and (4) innovation. The JD Policy Mission Statement is to "create high-quality homes, jobs, and places near transit for those who need them most, as soon as possible."

The eventual development of the Site will create affordable housing, enhanced public infrastructure, jobs and other transit-supportive amenities. This Project falls within an Equity Focused Community, benefitting community members adjacent to the Project as well as other lower income LA County residents in need of affordable housing. In pursuing the Project, the Developer and Metro staff will continue to actively engage with and be responsive to all stakeholders through a coordinated community outreach process that will involve multiple public engagement opportunities. The Developer will continue building on the years of prior community outreach for this Project as specified by the requirements under the ENA.

Throughout this process, the Developer's staff have expressed a strong commitment to community engagement and share Metro's belief that stakeholder input will be critical to this effort's success. Following the submission of the Project's entitlements, community engagement in coordination with the Developer will involve different methods such as design review workshops (online and/or in-person when possible) public neighborhood council meetings, and potential pop-up events. As in previous JD outreach efforts, engagement will be conducted in English, Spanish, and other languages deemed appropriate to reach a broad audience of stakeholders.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Enhance communities and lives through mobility and access to opportunity, Initiative 3.2: Metro will leverage transit investments to catalyze transit-oriented communities and help stabilize neighborhoods where these investments are made.

ALTERNATIVES CONSIDERED

The alternative to Board approval would result in the current ENA expiring in August 2022. As a result, progress made on all predevelopment activities to date would come to a halt jeopardizing the Project and the delivery of much needed affordable housing.

NEXT STEPS

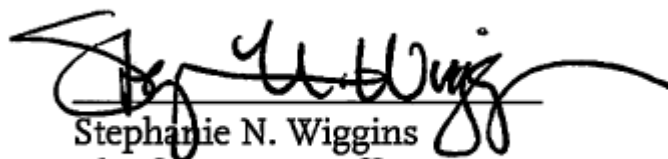
Upon approval of the recommended action, staff will prepare and execute an amendment to the ENA providing for a one-year extension of the term with an option to extend the term for an additional one year, if deemed necessary by Metro. Staff will continue working with the Developer to finalize negotiations on the key terms and conditions of a JDA and GL and will return to the 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. This will include presenting the item to the BHNC for consideration.

ATTACHMENTS

Attachment A - Site Map

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Stephanie N. Wiggins
Chief Executive Officer

Attachment A – Site Plan

Chavez/Fickett Joint Development



Project Summary

Developer: Abode Communities

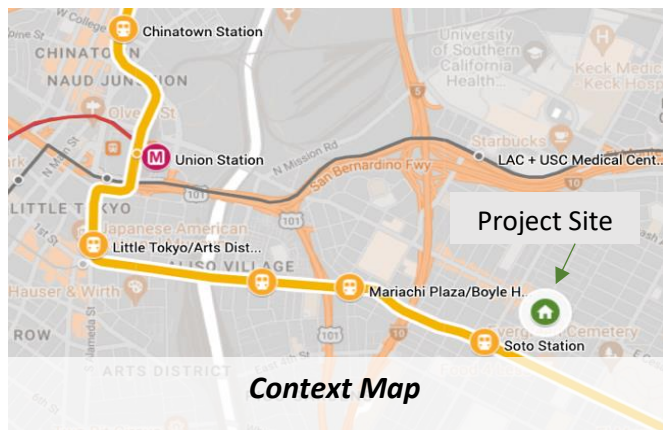
Project Size: 1.56 acres

Units: 110 (100% affordable)

Commercial Sq. Ft.: 3,000

Parking: 43 residential, 6 commercial

Amenities: Community Garden
Food Service Tenant



Perspective facing SE from Cesar E. Chavez Ave and Fickett St.



Next stop: building communities.

Chavez/Fickett Joint Development

Planning & Programming Committee

June 15, 2022

Legistar File #2022-0256



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 one year, for the joint development of Metro-owned property at Cesar E. Chavez Avenue and Fickett Street in Boyle Heights with up to 110 affordable housing units, an on-site community garden and small-format food retail.

Chavez/Fickett Site Overview

Developer:

Abode Communities

Project Size: 1.56 acres

Units: 110 (100% affordable)

Commercial Sq. Ft.: 3,000

Parking:

- 43 residential
- 6 commercial

Amenities:

- Community Garden
- Food Service Tenant



Chavez/Fickett Site Rendering



Updated Proposal Scope

- Residential 100% affordable housing project on Metro property.
Affordability mix of 30% - 50% of AMI.
Current: 110 units Prior: 60 units.
- Public open space
Current: Community Garden, 3,500 sq. ft.
Prior: Mini Park, now being developed down the street by City of LA.
- Commercial Space
Current: limited grocer/food service provider 3,000 sq. ft.
Prior: grocery store up to 25,000 sq. ft.
- To address the reduction in grocery space, a third-party market feasibility study is being conducted to: (1) confirm programming change and (2) provide recommendations to ensure community goals.

Next Steps

Upon Board approval:

- Execute the ENA Extension
- Seek community input on ground floor food and/or community service options and continue neighborhood outreach
- Refine project design and process entitlements
- Negotiate a term sheet for a Joint Development Agreement and Ground Lease to be presented to the Board