



Board Report

File #: 2026-0022, File Type: Agreement

Agenda Number: 5.

PLANNING AND PROGRAMMING COMMITTEE APRIL 15, 2026

SUBJECT: WESTLAKE/MACARTHUR PARK B/D LINE STATION JOINT DEVELOPMENT

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO), or designee, to execute an amendment to the Exclusive Negotiations and Planning Agreement (ENA) with Walter J Company (Developer) to extend the term for one year for the joint development of 1.8 acres of Metro-owned property at the Westlake MacArthur Park (B/D) Line Station (Station) in the City of Los Angeles (City).

ISSUE

Metro and Developer are parties to an ENA dated February 2021, as amended (collectively, the ENA) for the development of the mixed-use project situated on Wilshire Boulevard between Alvarado Street and Westlake Avenue in the Westlake community of Los Angeles (Project). The ENA is set to expire on August 19, 2026. A one-year extension of the ENA term is necessary to complete pre-development negotiation activities. The ENA pre-dates the establishment of a Joint Development (JD) Bench and Board-delegated authority to enter into and extend ENAs, and therefore, this action requires Board approval.

BACKGROUND

In August 2020, the Board approved an ENA with the Developer, which was executed and became effective in February 2021. On July 27, 2023, the Metro Board approved an amendment with the Developer to extend the ENA for one year plus two one-year extensions. The second option period expires August 19, 2026.

The Developer owns properties north and south of the Metro-owned property (see Attachment A - Site Map) and will include these properties in the development of the Project. As described in the approved ENA, the Developer has proposed a mixed-use, mixed-income development that wraps around the perimeter of the Metro-owned plaza anticipated to be completed by fall of 2031. This will include two towers: one at the corner of Wilshire and Westlake, and the other at 7th and Westlake, with 668 housing units in a mix of studio, one- and two-bedroom configurations. Within this total there will be 234 income-restricted units with affordability levels ranging from acutely low income

(15% of Area Median Income, or AMI) to middle income (150% AMI) based on existing Los Angeles County income data.

In addition, the Project will include a 300-room hotel, approximately 115,480 square feet of commercial office space and 56,700 square feet of ground floor retail along the Station plaza. Community-serving retail uses will occur along the southern and northern perimeters of the Metro plaza. The Project proposes to incorporate a vendor program supporting local and existing plaza vendors and small businesses, public performance spaces and entertainment, a food pavilion, a community job training center/multipurpose facility, social services, and other community-serving uses within the plaza-level spaces.

DISCUSSION

The Developer continues to advance predevelopment activities, including receiving Metro's approval of the Project's schematic design plans, conducting ongoing community outreach, finalizing the entitlement appeals process through the City, and securing an appraisal for negotiations of the Joint Development Agreement (JDA) and Ground Lease (GL) terms. A one year extension of the ENA term is necessary to complete pre-development negotiation activities including: (a) finalizing Project land use entitlements through the Vesting Tentative Tract Map (VTTM) and environmental approvals required by Metro pursuant to CEQA; (b) Federal Transit Administration review; (c) negotiation of a Project maintenance and operations agreement, inclusive of the Station plaza; and (d) finalizing key terms and conditions of a JDA) and GL for future consideration by the Metro Board.

Community Engagement

The Developer has conducted extensive and ongoing community engagement since the ENA went into effect. Communication channels have included in-person meetings, digital and paper surveys, holiday events, and food giveaways. Much of the community interface has been accomplished through the Developer's community-based non-profit partner, New Economics for Women (NEW).

Thus far, the Developer and NEW have conducted the following outreach activities:

- 33 community outreach events.
- 4 project workshops.
- 8 Project Advisory Task Force (PATF) meetings.
- 26 separate meetings with community groups, including various tenants' rights organizations.

These outreach activities occurred between the summer of 2021 and the fall of 2023. Of note, the PATF is a group of local community-based organizations, public and private institutions, and staff from elected offices that were tasked with overseeing predevelopment activities leading up to and including review and input on the design and programming of the Project. Their input was recorded and incorporated into the Project entitlement application submitted to the City in 2024. The Project, as entitled by the City, is consistent with the design and programming that has been reviewed by Metro and submitted to the Board under the most recently approved 2023 Board action. Developer-led outreach will continue to and through Board consideration of the JDA.

In addition, from 2024 to the present, the Developer has been establishing a coalition of

neighborhood business owners to address quality-of-life issues throughout the Westlake community with the support of City services. The coalition seeks to improve cleanliness, security, and foot traffic for local businesses throughout the neighborhood.

The Project recently secured approval of its entitlements application from the City. The entitlement action was followed by a 30-day public comment and appeals period that concluded on March 2, 2026. The City received no appeals for this action, and all comments submitted expressed strong support for the Project.

Project Entitlements and CEQA

On February 20, 2026, the City approved the VTTM for the Project (No. 84053-HCA), through a Letter of Determination, subject to an appeals period. Additionally, the City found that the Project was statutorily exempt from CEQA under California Public Resources Code Section 21080.66 (AB 130). With the City entitlement and CEQA actions nearly complete, Metro staff will review relevant environmental studies and reports which demonstrate the Project qualifies for the Developer's identified CEQA path. As a Responsible Agency, the Board will perform its obligations under CEQA by considering the environmental documentation included at the time the JDA and GL terms are considered for approval.

By building 668 new homes, the Project will substantially advance Metro's Board directive to facilitate the construction of 10,000 homes on Metro land by 2031 (10K Program).

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 when negotiations result in proposed terms for a JDA and GL.

FINANCIAL IMPACT

Staff costs of \$70,000 are included in the proposed FY27 budget under project 401038 to perform professional services and negotiate the proposed key terms to the JDA and Ground Lease. ENA deposits from funds provided by the Developer will offset certain Project-related costs including professional services such as environmental review and financial due diligence analysis. This action will not have a negative impact on the Metro budget and has been accounted for in future years' activities.

Impact to Budget

The funding source for this action is Developer Deposit. Per the terms of the ENA, the Developer is to refill the deposit upon written notice from LACMTA. This fund source is not eligible for bus and rail operations.

EQUITY PLATFORM

The Project will deliver 234 income-restricted units to an Equity Focus Community, which could

benefit community members adjacent to the Project as well as other lower-income County residents in need of affordable housing and jobs. The Developer and its non-profit partner NEW have committed to marketing to income-qualifying local residents within the Project area to increase chances of placement in the income-restricted units. This will be detailed in the Developer's leasing plan. To improve equity outcomes, the Developer has committed to reserving 20% of commercial/retail space for local businesses verified to be within proximity to the Project. The space allocated to locally-owned businesses is the result of approximately five years of ongoing outreach with local stakeholders, community-based development organizations (CBOs), and advisory boards. The Developer will also negotiate in good faith to establish below-market leases with these businesses.

The Developer is committed to partnering with local trade and apprenticeship readiness programs, hospitality training organizations, and local tenants' unions to offer job training and job creation opportunities throughout the Project's construction period. The terms and conditions of these partnerships will be detailed in the JDA and GL that will be negotiated and submitted to the Board. The Project will be subject to Metro's Project Labor Agreement/Construction Careers Policy. As part of any future construction activities, Metro will require the Developer to submit a construction work plan with mitigation measures to limit dust, traffic, and noise for surrounding small businesses and other neighbors.

In pursuing the Project, the Developer and Metro staff will continue to actively engage with all stakeholders through a coordinated community outreach process that will involve multiple public engagement opportunities. Since the ENA was approved by the Board in August 2020, Metro JD staff worked closely with the Developer to implement the community engagement plan that centers CBOs in the development process. CBO engagement strategies have included: 1) enlisting over 27 CBOs to participate in a PATF made up of key stakeholders and community influencers in the Westlake/MacArthur Park area; 2) working with CBOs to disseminate information for project community meetings and collect community surveys for project design; 3) collaborating with CBOs on a series of educational community workshops covering affordable housing, project design, and environmental review; and 4) working with local CBOs to negotiate community benefits including workforce and economic development plans. The Developer will continue to leverage the substantial community outreach that has been done on behalf of the Project as required under the ENA.

To date, the Developer has conducted eight PATF meetings, collected 341 community surveys, hosted food giveaways at nine CBO events, and contacted over 200 community attendees at public meetings. Across all events, the Developer engaged 3,211 participants. Based on the demographic data that has been collected so far, 70 percent of survey participants were Hispanic/Latino, 30% were Non-Hispanic/Latino. Regarding language preference, 55% of participants speak only Spanish at home, 21% speak other languages at home, and 24% speak English at home. Most participants were aged 35 to 59. The developer has engaged local youth and younger adults by providing multiple outreach meetings at nearby schools and toy giveaways during the holiday season. As in previous JD outreach efforts, engagement will be conducted by the Developer in English, Spanish, and other languages deemed appropriate to reach a broad audience of stakeholders.

VEHICLE MILES TRAVELED OUTCOME

Vehicle Miles Traveled (VMT) and VMT per capita in Los Angeles County are lower than national averages, the lowest in the Southern California Association of Governments (SCAG) region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy to reduce VMT through investment and partnership activities that will benefit and further encourage transit ridership, ridesharing, and active transportation by utilizing Metro-owned land adjacent to a major transit hub to advance transit-oriented communities. The Project also proposes Transportation Demand Management strategies including limited parking supply, permitting residential area parking, promoting and marketing various modes of travel, providing bicycle parking per the Los Angeles Municipal Code, and improving the pedestrian network. Parking for residents will be "unbundled" from the residential units, meaning parking spaces will be a separate charge from rent thus encouraging households to go car-free. These Project attributes reflect best practices in transit-oriented development, design, and management, and collectively will encourage transit utilization. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These recommendations support the Metro Vision 2028 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 Project will deliver several community benefits, including transit-accessible affordable housing and new commercial/community space.

ALTERNATIVES CONSIDERED

The alternative to Board approval would result in the current ENA expiring in August 2026. As a result, further negotiations with the Developer would be discontinued, the Project's creation of 234 new income-restricted housing units would not occur, causing delays to the Board's JD 10K Program.

A 2012 development proposal on top of the Metro plaza was found financially infeasible due to physical site limitations associated with station infrastructure. The Developer's ownership of adjacent properties allows for cohesive upgrades to the maintenance, operations, and security of the plaza.

NEXT STEPS

Upon approval of the recommended action, staff will execute an amendment to extend the term of

the ENA for one year. Staff will continue working with the Developer to finalize negotiations on the key terms and conditions of the JDA and GL, secure environmental approvals and return to the Board for approval of JDA and GL terms. In addition, there will be Developer-led community outreach efforts regarding the Project in advance of a future Board action to consider the JDA and GL term sheet.

ATTACHMENT

Attachment A - Site Map

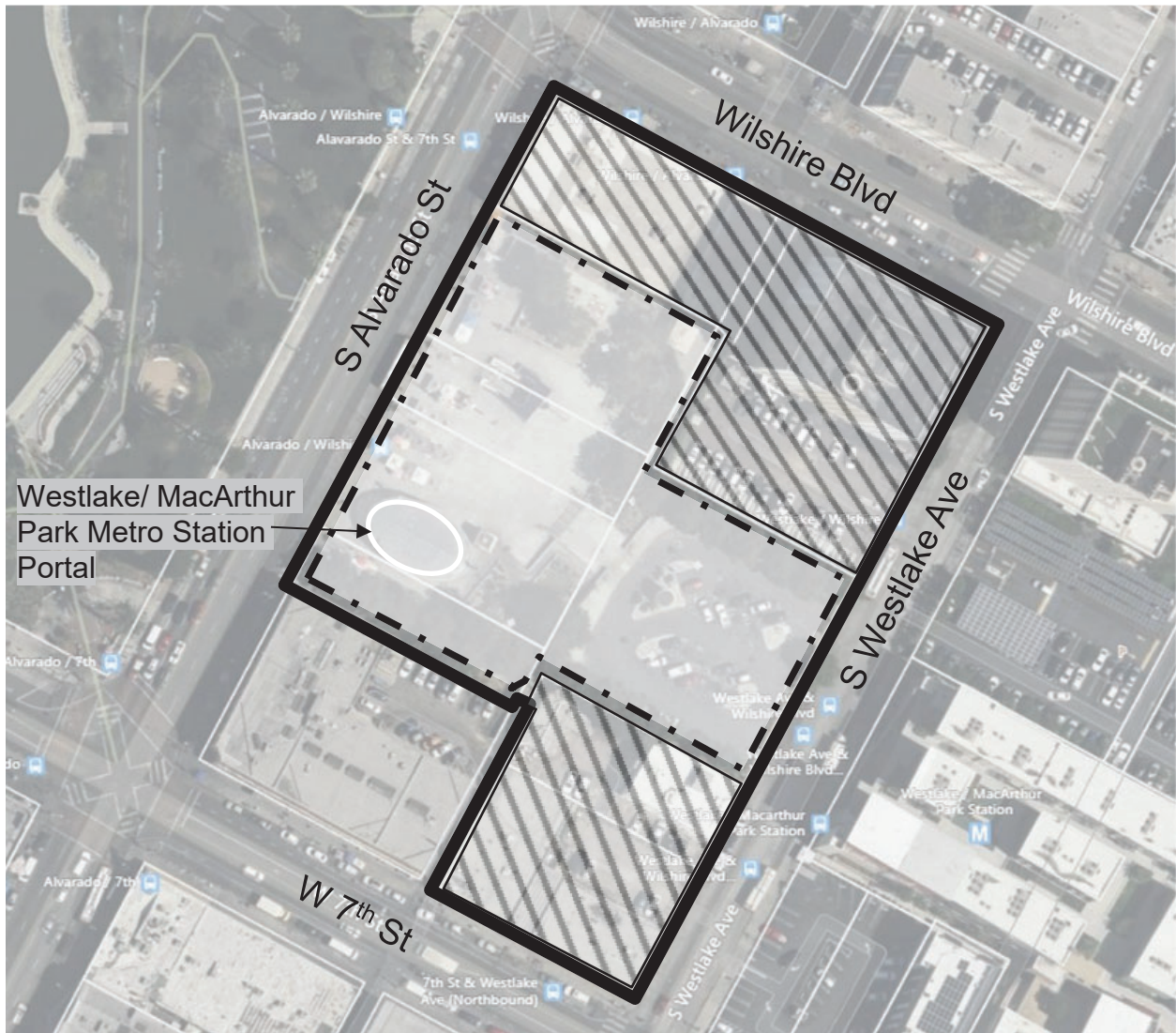
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Stephanie Wiggins
Chief Executive Officer

Attachment A - Site Map



Project Site



Metro-owned property



Developer-owned property



Next stop: building communities.

Westlake/MacArthur Park Station
Joint Development

Planning & Programming Committee

April 15, 2026

Legistar File #2026-0022



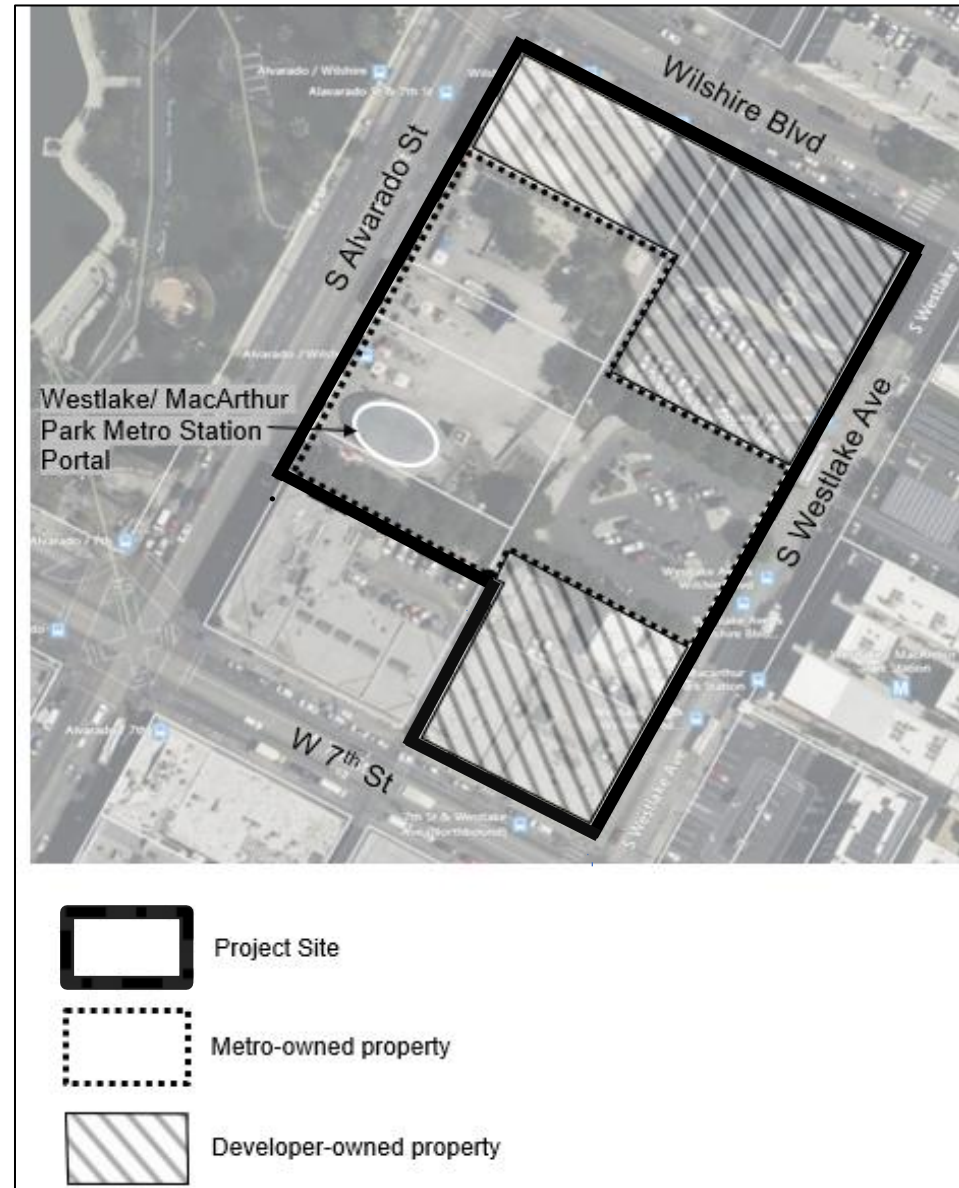
Recommendation

CONSIDER:

AUTHORIZING the Chief Executive Officer (CEO), or designee, to execute an amendment to the Exclusive Negotiations and Planning Agreement (ENA) with Walter J Company (Developer) to extend the term for one year for the joint development of 1.8 acres of Metro-owned property at the Westlake MacArthur Park (B/D) Line Station (Station) in the City of Los Angeles (City).

Project Site Overview

- > The Joint Development consists of 1.8 acres of Metro Plaza and contribution of 1.63 acres of Developer-owned property.
- > The total Project site is 3.43 acres.
- > Developer: Walter J. Company



Proposed Project Overview & Programming

Housing Units:

- > 668 dwelling units, including 234 income restricted units:
 - 36 units for seniors (15% to 50% AMI)
 - 66 units for households (30% to 50% AMI)
 - 66 units for households (50% to 80% AMI)
 - 66 units for households (120% to 150% AMI)

Commercial & Retail:

- > 172,187 sq. ft. (up to)
- > 300 Room Hotel

Amenities:

- > Vendor space
- > Community Retail
- > Local food services



Project Milestones/Progress Made

Schematic Design Approval by Metro

- > Obtained late 2025

City Land Use Entitlements

- > Received February 2026

Financial offer to Metro

- > Finalize appraisal mid-2026

Draft Terms of Joint Development Agreement and Ground Lease

- > Negotiations on-going



Developer conducted extensive outreach:

- > 33 community outreach events
- > 4 project workshops
- > 8 Project Advisory Task Force meetings
- > 26 separate meetings with community groups, including various tenants' rights organizations

Next Steps

Upon Board approval:

- > Parties will execute the ENA Amendment
- > Metro staff and Developer will negotiate a term sheet for the Joint Development Agreement and Ground Lease, including financial offer, and terms of plaza maintenance, operations and security
- > Metro staff will return to the Board with a request to consider an approval of the JDA and GL terms and any environmental approval actions required under CEQA