

**Board Report**

File #:2016-0074, **File Type:**Agreement**Agenda Number:**8

**PLANNING AND PROGRAMMING COMMITTEE
MARCH 16, 2016****SUBJECT: 1ST AND SOTO JOINT DEVELOPMENT PROJECT****ACTION: AUTHORIZE EXECUTION OF EXCLUSIVE NEGOTIATING AGREEMENT****RECOMMENDATION**

AUTHORIZE Chief Executive Officer (CEO) to execute an Exclusive Negotiating Agreement (ENA) with **East Los Angeles Community Corporation (ELACC) and Bridge Housing for properties at 1st and Soto**, for 18 months, with an option to extend up to 30 months.

ISSUE

At the November 2015 board meeting of the Planning and Programming Committee, the joint development team was authorized to extend for six months the "Short Term" Exclusive Negotiating Agreement ("Short Term ENA") with Bridge/ELACC for property at 1st and Soto (the "Site") in order to continue the community outreach process for a proposed mixed-use affordable housing project on the Site. Since November, the community outreach process has been comprehensive and successful. On December 3, 2015, the Boyle Heights Neighborhood Council (BHNC) approved having the project move forward and enter into an ENA with Metro.

DISCUSSION**Background**

In December 2013 the Joint Development team issued separate Requests for Proposals ("RFPs") for three Metro-owned sites in Boyle Heights. The 1st and Soto site was one of the three, and the Board authorized a "Short Term" ENA with the Bridge/ELACC team in March 2015. Since that time, and in cooperation with Abode communities (Developer for a nearby Metro-owned site), BRIDGE/ELACC and Metro Joint Development staff have conducted extensive outreach through a series of community meetings, workshops and focus groups. They have also met with individual stakeholder groups. Below is an outline of activities:

1. An Affordable Housing Workshop 101 was held on May 7, 2015 at Casa del Mexicano in Boyle Heights. Over 200 members of the community attended the workshop;
2. A series of focus group meetings were held between June 16 and June 23, 2015:

- Tenant Focus Group - June 16, Boyle Heights City Hall
- Community Organizations - June 16, Boyle Hotel, Boyle Heights
- Small Business Owners and Street Vendors - June 17, Sol y Luna Apartments, Boyle Heights
- Arts/Culture/History Groups - June 17, Sol y Luna Apartments, Boyle Heights
- Youth and Education Groups - June 23, Sol y Luna Apartments, Boyle Heights
- Home Owners and Commercial Property Owners - June 23, Sol y Luna Apartments, Boyle Heights

3. An interactive community workshop was held on August 13, 2015 at PUENTE Learning Center in Boyle Heights. The purpose of the workshop was to present findings from the community-based focus groups and to provide additional input.

Each of the developers has been meeting with individual stakeholders in the community and has been fine-tuning their projects to better reflect stakeholder feedback. On December 3, 2015, the BHNC approved having the Bridge/ELACC project move forward and enter into an ENA with Metro.

The Development Site

The Site includes two Metro-owned parcels (Attachment A) with a total of 1.38 acres. Parcel 1 is situated next to the Metro Gold Line Soto station on the southwest corner of 1st and Soto streets. The vacant portion of Parcel 1 totals 0.63 acres, is generally flat and rectangular in shape. The Soto station is part of Parcel 1 and includes a large plaza providing access to the portal. The plaza and portal encumber approximately 0.64 acres. Parcel 2 is located across the street to the east, on the southeast corner of 1st and Soto streets and totals 0.29 acres.

The proposal from ELACC and Bridge includes a mixed-use housing development, Los Lirios, on Parcel 1 and is comprised of 65 affordable housing units - a mix of studios, 1, 2 and 3 bedroom units- and ground floor retail. This project will serve families with incomes between \$13,050 and \$51,500 with rents between \$435-\$1079, or between 30% and 60% of area median income. Additionally, the developer has been working with Metro operations staff to evaluate the feasibility of utilizing some of the plaza area closest to the proposed project for outdoor space/ landscaping so long as it does not present a conflict to the operation of the station.

On Parcel 2, ELACC has proposed relocating the historic Peabody/Werden house currently located across the street at 2407 1st Street. The current location of the house is property also owned by ELACC, and is part of a larger site entitled and financed for developed of 50 affordable housing units - the Cielito Lindo development. Construction will begin in the immediate future. The Peabody/Werden house is a 3,593 sq.ft two-story residence originally constructed in 1894. It is a unique blend of the Queen Anne and Colonial revival styles and recorded in the California State Historic Resources Inventory. Preserving this structure is important to the community which is home to many historical structures from this time period. Metro is in the process of granting a one-year license to ELACC to permit the temporary relocation of the house to Parcel 2. The ultimate objective would be to restore the house as a community space which would have programs geared toward the needs of the residents of the Los Lirios project. Also being explored is inclusion of a community garden/plaza with public art display project. The feasibility of the restoration and adaptive reuse of the structure would be determined during the ENA phase.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety. Metro's operations staff will continue to review and comment on the proposed development to ensure that the proposals have no adverse impact on the station, portal and public areas on Metro's property.

FINANCIAL IMPACT

Funding for joint development activities related to the ENA, and the proposed project, is included in the FY16 budget in Cost Center 2210 (New Business Development), under Project 610011 (Economic Development). In addition, the ENA will require a non-refundable fee of \$50,000 as well as a \$50,000 deposit to cover third party expenses during the negotiation.

Impact to Budget

Metro project planning activities and related costs will be funded from General Fund local right-of-way lease revenues and any deposits secured from the Developers, as appropriate. Local right-of-way lease revenues are eligible for bus/rail operating and capital expenses. Execution of the ENA will not impact ongoing bus and rail operating and capital budget, Proposition A and C and TDA administration budget or Measure R administration budget.

ALTERNATIVES CONSIDERED

The Board could choose not to proceed with the recommended action and could direct staff to (a) not enter into an ENA with BRIDGE/ELACC, (b) not proceed with the proposed project, or (c) not proceed with the proposed project and seek new development options via a new competitive process.

Staff does not recommend proceeding with these alternatives because the recommended action moves forward the project at 1st and Soto which has been the subject of 12 months of focused community outreach, and has support from the community to enter into the next phase of negotiations.

NEXT STEPS

Upon approval of the recommended action, Metro will execute the ENA with Bridge/ELACC. The ELACC team, together with the joint development staff, will continue the outreach and community engagement process on the design of the project, ground floor uses and the potential for restoration of the Peabody/Werden house and pursue negotiation of terms for a Joint Development Agreement (JDA) and Ground Lease. If successful, staff will return to the Board with the recommended terms for a JDA and Ground Lease.

Attachments:

Attachment A - 1st and Soto Development Site

Attachment B - Peabody/Werden House Relocation Site Plan

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