

TRANSMITTAL

To:

THE COUNCIL

Date: 3/13/2018

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garceiti', is written over the printed name.

(Ana Guerrero) for

ERIC GARCEITI
Mayor

CITY OF LOS ANGELES

CALIFORNIA

JAN PERRY
GENERAL MANAGER

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT



ERIC GARCETTI
MAYOR

1200 W. 7TH STREET
LOS ANGELES, CA 90017

March 7, 2018

Council File: 11-0054-S3
Council District No.: 8
Contact Person & Extension:
Samuel Hughes, (213) 744-9723

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Mandy Morales, Legislative Coordinator

AUTHORIZATION TO PREPARE AND EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT (ENA) WITH 94B, LLC FOR THE CITY OWNED PROPERTY LOCATED AT 94TH STREET AND SOUTH BROADWAY

The General Manager of the Economic and Workforce Development Department or designee, respectfully requests that your office review this transmittal and forward to the City Council for further consideration.

RECOMMENDATIONS

The General Manager of Economic and Workforce Development Department (EWDD) or designee, respectfully requests that the Mayor and City Council:

1. AUTHORIZE the General Manager of EWDD, or designee, with the assistance of the City Attorney, to prepare and execute an Exclusive Negotiating Agreement with 94B, LLC., to effectuate the sale of 9402-9422 South Broadway (The Property);
2. INSTRUCT the General Manager of EWDD, or designee, to negotiate, prepare and report to Council the terms of a Disposition and Development Agreement (DDA) and the terms of any additional documents necessary to effectuate the sale of 9402-9422 South Broadway; and
3. AUTHORIZE the General Manager of EWDD, or designee, to make technical corrections or adjustments that may be required and are consistent with this action, subject to the approval of the CAO.

FISCAL IMPACT STATEMENT

The proposed actions regarding the ENA for the sale of The Property have no impact on the General Fund. Sales proceeds will be deposited into the Low and Moderate Income Housing Fund. In accordance with State law, assets acquired with housing funds must be used for housing and housing-related support, or can be sold for other purposes if the sale proceeds are deposited into the City's Low and Moderate Income Housing Asset Fund to further the City's affordable housing goals.

SUMMARY

The subject site was owned by the City of Los Angeles' Redevelopment Agency (CRA/LA) and was transferred from CRA/LA's successor organization to the City's Housing and Community Investment Department (HCID) as a Housing Asset. HCID determined that the property was more appropriate for potential economic development, as opposed to housing, and on October 24, 2016, the City Council authorized the Mayor to transfer the real property located at 9402-9422 South Broadway, Los Angeles, CA, 90003, Assessor's Parcel Number 6053-006-926, to EWDD through a MOU and its first Amendment for potential economic development opportunities (C.F. 12-0049-S5).

EWDD issued a Request for Proposals (RFP) on August 1, 2017, seeking developments that would complement the needs of the community, while being economically self-sustaining. Although the RFP indicated a preferred development of market rate housing, respondents were encouraged to propose creative uses for the site that contemplated an understanding of the unique urban fabric of the neighborhood, maximized community benefits and were financially feasible.

After evaluating the RFP responses based on the selection criteria and totaling the scores, 94B, LLC scored the highest and is the selected developer. The proposed development by 94B, LLC supports and enhances the economic and business environment in the community as a whole through a mixed-use project consisting of 160 units of market rate housing, a full-service grocer, a hydroponic farm and food related retail spaces.

The recommendations in this report are for the authorization to prepare and execute an ENA with 94B, LLC, and to request assistance from the City Attorney to prepare other transactional documents for the City to enable the sale of the site to 94B, LLC. Future approvals by the City Council and the Mayor will be required to authorize the execution of such other transactional documents and adoption of the forthcoming sale ordinance.

BACKGROUND

Developer

94B, LLC is a project specific entity, formed by the partnership between Datum Development, LLC and investment partner Bollenbach Investments, LP. Together they comprise the primary ownership entity for the proposed project. Additional key members of the Development team are Community Health Councils and Morphosis Architects. 94B, LLC and its assembled team are uniquely able to achieve the goals

sought by the City given their collective experience of 150 years developing high quality projects in close partnership with both public and private organizations across Southern California.

Proposed Project

The proposed development by 94B, LLC supports and enhances the economic and business environment in the community as a whole through a mixed-use project consisting of 160 units of market rate housing, a full-service grocer, a hydroponic farm and food related retail spaces.

Property

Vacant since 1993, the property is located in Council District (CD) 8 at the southeast corner of 94th Street and South Broadway and consists of an approximately 88,000 square foot vacant land site, zoned C-2 and RD1.5-1 for commercial/multi-family residential. The corner lot is approximately 73 percent of the whole parcel as identified within the Los Angeles County Assessor's records.

This property, along with adjacent parcels, was home to the Broadway Hospital, serving South Los Angeles residents until the hospital shuttered in 1988. The subject property, part of a larger portfolio of properties, consisting of approximately 4.2 acres, was acquired by the CRA/LA in the early 1990's with the intent to develop affordable housing. Over the past two decades, approximately two of the original 4.20-acres acquired have been developed with three affordable housing projects, the most recent being AMCAL housing's 49-unit Broadway Villas Senior Project constructed in 2015. The Property is tied to the adjoining Broadway Villas Senior Project through approved entitlements (CPC-2011-1450-DB) and its acreage was used to calculate the density bonus allowing AMCAL housing to develop the 49-units.

In 2010, the Site was re-envisioned to incorporate a full-service grocery store on the commercial corner, creating an active mixed-use concept serving the immediate affordable housing developments and the community at-large (C.F. 11-0054-S3); however, this vision did not materialize. In 2013, the site was acquired by the City through its HCID as part of a State-sanctioned Housing Asset transfer from CRA/LA. In 2014 HCID, with EWDD's assistance, began discussions with Numero Uno Markets to fulfil the original supermarket concept conceived in 2010; however, the parties were unable to reach an agreement.

In May 2016, the City Council and the Mayor adopted the Asset Management Strategic Planning Framework for the evaluation of City properties for economic development uses (C.F. 12-1549-S3). In the Framework, economic development properties are to be managed by EWDD and other departments as necessary to manage their solicitation and disposition. Such properties are not subject to the Administrative Code provisions for surplus properties.

On August 11, 2017, EWDD released a RFP for The Property. The RFP notice was posted to the Los Angeles Virtual Business Assistance Network, the EWDD website, as well as a private real estate development opportunity website, to ensure the broadest reach possible. In response to the RFP, EWDD received proposals from three (3)

developers: Nvision Development Group, LLC. (Nvision), LINC Housing Corporation (LINC), and 94B, LLC.

On November 2, 2017, a panel consisting of staff from three City departments (CAO, EWDD and Planning) convened to review, score, rank and recommend a developer. In addition to the standard submission requirements, the scoring criteria included an evaluation of: 1) Development Team Qualifications and Finance Capacity; 2) Development Program, Design and Concepts; 3) Financial Feasibility of the Proposed Project; and 4) Community Experience. After reviewing and evaluating the proposals based on the above-mentioned criteria, out of a possible 100 points, 94B, LLC (mixed use market rate housing along with a food hub) scored the highest with an average score of 94, followed by LINC with 77 (mixed use affordable housing and commercial kitchen) and Nvision with 70 (mixed use affordable housing, grocery and urban farming). After evaluating the responses based on the selection criteria and totaling the scores, 94B, LLC is the selected developer. To proceed, it is necessary to enter into an ENA with 94B, LLC.



JAN PERRY
General Manager

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