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June 21, 2022

VIA ELECTRONIC MAIL
Hon. Gilbert Cedillo, Chair
Los Angeles City Council
Housing Committee
c/o City Clerk
200 North Spring Street
Los Angeles, CA 90012
(Armando.Bencomo@lacity.org)

Re: Item No. 5 of the Housing Committee Meeting for June 22, 2022, Council Files 22-0664 and 21-0305 – Proposal to Issue Funding Award and City Support Letters To Reese Davidson (Venice Median) Project without Final Plans, Entitlements or Proof of Proper CEQA Exemption (VTT-82288; ENV-2018-6667-SE; CPC-2018-7344-GPAJ-VZCJ-HD-SP-SPP-CDP-MEL-SPR-PHP; Related Council File Nos. 21-0829, 21-0829-S1 and 22-0496)

Dear Chair Cedillo and Housing Committee Members:

This firm represents the Coalition for Safe Coastal Development ("Coalition") and its supporting organizations and individuals.

INTRODUCTION.

The City Council is **now asked to award City funding and write letters of support for the ill-conceived and troubled Reese Davidson Project.** See attached copy of Housing Department "corrected" report at **Exhibit 1**. This ask by the Housing Department is inappropriate for a project that has no final entitlements from the City or Coastal Commission.

The Mayor and City Council should **stop wasting taxpayer paid affordable housing funds and staff time/resources on this Project** unless:

(1) its actual parking garage designs for both east and west sites are completed,

(2) the developer group applies for and the City Council grants land use entitlements for the Project the developer/LADOT actually intends to build, but only after this City Council properly informs itself of the soil hazards, seismic liquefaction, massive remedial grading,

methane, dewatering, flood risks, and emergent groundwater risks from sea level rise associated with the project location, and identifies the escalated cost of these issues if the Project is even feasible over a minimum useful life,

(3) the developer group applies for its required state permit and the California Coastal Commission reviews the Project and, if it is willing to approve government investments at a site with such high risks of abandonment in as little as 20 to 40 years due to high ground water and flooding issues, the Commission's project conditions are imposed on the Project's Disposition and Development obligations (including Commission parking price limits, Canal Access requirements that restore the losses proposed by the developer, and City/developer indemnification and responsibility to pay the full cost of demolition and removal of the building if sea level rise requires retreat due to flooding and groundwater rise).

In other words, why would the City Council vote to waste taxpayer funds and resources on a Project whose City-approved plans dated May 12, 2021 are NOT going to be built as approved on December 1, 2021, and for which the Project has not completed either the City's entitlement process for the plans it intends to build, nor the entitlement process of the California Coastal Commission?

Last week, both Councilmembers Busciano and Koretz cast "No" votes against further advancing this Project. Those votes were responsible and fact-based given the documented problems with the Project. Additionally, Councilmember Price recused himself after earlier in the week voting in favor of an aspect of this Project (without disclosing the nature of his disqualifying interest in the Project). Over 1,000 residents of Venice have sent correspondence to the City Planning Department opposing this Project location and overblown commercial mixed-use concept. They want homeless issues addressed, but not with some gold-plated Project concept never properly vetted regarding hazardous soil and seismic conditions that call into question the feasibility of the public parking garage and housing surrounding it.

Voters recently spoke at the ballot box. Opinion surveys and the vote itself demonstrate voters do not think City officials are going in the right direction with projects like this. As further detailed herein, <u>if the City Council persists in shoving forward a Project that does not even meet the threshold requirements for state funding programs, the City has failed to proceed in accordance with law.</u>

HOW CAN THE CITY COMMIT FUNDS TO A PROJECT THAT SO FAR HAS BEEN UNABLE TO PUBLICLY REPORT IT HAS OBTAINED FLOOD INSURANCE? HAS LADOT SOUGHT FLOOD INSURANCE FOR ITS PARKING GARAGE OR WILL THE CITY'S TAXPAYERS ASSUME THE RISK OF PREMATURE ABANDONMENT AND DEMOLITION IN A SEA LEVEL RISE ZONE?

City Hall observers are alarmed by actions of the Mayor's office (who oversees the Chief Administrative Officer) and the Housing Department (also under the supervision of the Mayor). Community leaders were shocked when Councilmember Bonin and former CAO, Miguel Santana, first proposed this location, Parking Lot No. 731 in Venice, for consideration. The location is one block from the beach, and had a measured groundwater level of 10 feet as stated in the original Request for Qualifications and Proposals (and as little as 7 feet when drilled by the Soils Engineer in August 2017). With this extremely high ground water condition, **known to the City before the location was proposed for affordable housing construction**, the reality of facts on the ground will likely doom this Project site based upon current sea level rise models,

thus far, ignored by the City.

That reality may already exist even though the Mayor (acting through the CAO) and Councilmember Bonin refuse to acknowledge those facts: the site was already identified at risk of flooding on a regular basis, and the revised 2021 flood maps show large portions of the site, including the streets surrounding it, in a mapped FEMA flood risk zone. Even more reason for caution is that there is a growing consensus in Washington DC that commercial buildings placed in mapped flood zones should not be eligible for any subsidized flood insurance backed by the federal government. See June 13, 2022 new article on these latest proposals at **Exhibit 2**:

> "The Biden administration is proposing a massive overhaul of federal flood insurance that **would prevent the government from insuring newly built homes in flood-prone areas** and would drop coverage for homeowners who receive repeated claims payments.
>
> The administration also is proposing a nationwide disclosure law that would require homebuyers and renters to be told about a property's flood history before they buy or lease a residence. And **no new federal flood insurance policy could be written for any commercial building, regardless of its location or construction date**." (Emphasis added.)

It is reasonably foreseeable that the requirements of investors, banks, and state/federal funding agencies requires the Project to have flood insurance and not be located in an environmentally troubled location. It is unlikely Reese Davidson or the LADOT garage within it will qualify for flood insurance, or will keep it very long.

The June 13, 2022 Geodynamics Inc. report submitted to City Council a week ago, points out troubling failures of the developer/LADOT to review and update the building and parking garage foundation designs in accordance with required health and safety building codes and maps now applicable to this site. (**Exhibit 3**.) As this report points out, the approved May 12, 2021 building plans include underground parking levels and other structures on both the east and west side **that have not been properly analyzed** for seismic liquefaction mitigations, nor emergent ground water impacts within a 20-40 year time period – well before even the 55-year affordable housing covenant on the property expires, let alone the 99-year "free" lease of the land to the developer the City Council just authorized last week.

Certain City officials can delude themselves that this Project is an "affordable housing project" for at least 55 years because there will be a recorded covenant sitting at the County Recorder's office – however, climate change on the ground predicts this is NOT a 55-year affordable housing project. Climate change will prevail over a document sitting in the County Recorder's office. It may be as little as 20 to 40 years before the site becomes uninhabitable and standard Coastal Commission project conditions require the building and LADOT garage be torn down. City Council has not adequately informed itself on these issues because the Mayor sought and obtained a CEQA exemption for supportive housing activities – an exemption that has been unlawfully expanded to include all of the unnecessary-to-supportive-housing add-ons to the Project such as the commercial spaces and the vanity lookout tower.

The CEQA process would have provided the City Council with this sort of critical Project feasibility information early in the process. By failing to follow the most basic public health and safety reviews as this Project morphed and grew, the City staff has failed the public and this City Council. Councilmembers have not been given an accurate picture of the true risks at this location or a realistic assessment of the potential taxpayer losses stemming from a poor decision to move forward without all required disclosures of risk information.

If the Project has obtained flood insurance from an insurance company, ask the developers to confirm it publicly. If the developers have no flood insurance, ask why.

While City staff has told the City Council that the prior studies they relied upon were the "best scientific information at that time," such excuses for failure to consider the newest FEMA flood maps, or to conduct required health and safety reviews, are unacceptable. City staff, and even this City Council, could pretend the latest sea level rise models and FEMA flood maps do not exist, but the federal and private flood insurance companies, investors, banks, state and federal funding agencies, as well as the Coastal Commission are unlikely to ignore the realities of the troubled Project location.

Thus, if after all this time, the developer has been unable to obtain flood insurance, that ought to be one of many warning bells for this City Council. It is time to join the growing list of City Councilmembers to tell this Project to go to the end of the affordable housing pipeline list until these critical Project feasibility issues are resolved – if at all.

WHY HAS THE CITY HOUSING DEPARTMENT STARTED CLAIMING THAT THE COASTAL COMMISSION "REQUIRED" THIS HOUSING PROJECT TO CONTAIN THOUSANDS OF SQUARE FEET OF COMMERCIAL SPACE UNRELATED TO PROVIDING SUPPORTIVE HOUSING?

The creation of a mixed-use commercial land use designation and zoning was at the discretionary request of Councilmember Bonin and the developer. It was not required. The statements in the Staff Report dated May 19, 2022 that the commercial component was "required" by the California Coastal Commission is incorrect and false. Policy I B1 of the Venice Coastal Land Use Plan states: "Mixed use residential-commercial development shall be encouraged in all areas designated on the Land Use Policy Map for commercial use." The developer and Councilmember Bonin proposed to add the commercial elements to the Project and pursuant to that discretionary desire, sought City Council amendments to the Land Use Policy Map to remove the Open Space and residential land use designation and replace it with Neighborhood Commercial. Thus, the City and developer voluntarily added the commercial elements to what could and should have been only a residential project focused on homelessness.

The City has insisted throughout the planning entitlement process that the commercial elements of the project are "part of the supportive housing project" for the purpose of exempting the commercial portions of the Project from otherwise mandatory environmental review under CEQA. Having used this sham claim that all the elements of the project are part of the supportive housing project in order to claim exemption from environmental review, the City now seeks to discard that improper CEQA argument to inconsistently urge that the commercial portions of the Project are NOT part of the project for the purposes of calculating the total average unit cost. These arguments are inherently contradictory and expose the lie that the

commercial elements of the Project were exempt from environmental review.

WHY IS THE HOUSING DEPARTMENT NOW CLAIMING THE DEVELOPER IS INCURRING AN EXTRAORDINARY $319,125 EXPENSE FOR "ENVIRONMENTAL REMEDIATION" WHEN THE CITY PLANNER CONFIRMS THAT HE IS UNAWARE THAT ANY PHASE I OR PHASE II ENVIRONMENTAL SITE ASSESSMENT WAS PERFORMED? DO TOXIC SOILS EXIST UNDER THE SITE OF THE LADOT GARAGE AND THE CITY COUNCIL HAS NOT BEEN INFORMED BEFORE ISSUING PROPERLY CONDITIONED LAND USE ENTITLEMENTS?

The Housing Department summary of the Reese Davidson Project (p. 3 of 3) also claims that the developer is incurring an extraordinary "environmental remediation" cost of $319,125. What is the nature of this remediation? The Housing Department report does not say. City Planning has confirmed that the City Planning file does not contain a Phase I and Phase II Environmental Site Assessment (ESA) of potential hazardous contamination at the site. If no hazardous soil conditions have been investigated on the Project site (at least in connection with the land use entitlement review), why is the Housing Department using the term "environmental remediation" to describe work needed to ready the Project site for construction. And precisely where is the location of the required "environmental remediation"? Do toxic soil conditions that trigger jurisdiction and review by the Department of Toxic Substances Control exist where the LADOT public parking garage is proposed? If so, are LADOT officials informed of this condition? No budget for "environmental remediation" appears in a draft cost estimate for the LADOT parking garage, other than $495,000 for a passive methane dispersion system underneath the parking garage, so one would assume a similar passive system beneath the remainder of the developer-controlled buildings would be much more than $495,000.

The Housing Department report raises more questions than it answers. It raises the specter of toxic soil conditions, and a legal obligation to report the condition to the Department of Toxic Substances Control. This was a condition predicted in the SWAPE report attached to previous correspondence from Channel Law Group, due to the previous land use as a rail right of way where spills of oils and chemicals were commonplace, and another previous land use involving gasoline dispensing. SWAPE recommended that a Phase I ESA be performed in order to determine if any environmental remediation of onsite conditions were required. Once again, this Project needs a proper public health and safety review before it can prudently be placed into the affordable housing pipeline. City funds should not be committed until the Project's safety is ensured for both residents of the site and the LADOT parking garage.

WHAT IS THE TRUE COST PER UNIT FOR THIS PROJECT?

The cost of developing at this ill-conceived and troubled location is what it is. It is improper for the City/developer to deliberately omit from the Project pro forma all the Project's costs and all the Project's financial contributions.

The Coalition supports its calculations with evidence and documents from the City itself:

Development Cost per Table 2 Housing Report (Residential only): $79,809,094

Development Cost for Commercial only per Pro Forma for DDA:	$7,060,445
Cost of LADOT Parking Garage/Debt Service (MICLA reports):	$19,490,000
Cost of Known LADOT Studies for Public Garage (Public email):	$68,000
Value of Land Lease Donated by City Based on Comparable Sales:	$60,000,000
(Residential lots across the street selling for $1.7 mil. each 1,700,000 X 40 lots = $68 mil., say $60 mil. to round down to be conservative for partial lot donations)	
Fully Known Cost of the Reese Davidson Project:	$166,427,539
Number of units 140, but divide by number of affordable units 136	/136
Actual Cost per Affordable Unit of Housing Produced	**$1,223,732**

The Coalition observes that the cost of developing at this problematic site is what it is. However, the Housing Department Report publicly claims the "Total Development Cost per Unit" at Reese Davidson is only $570,065. Housing Department's methodology is devoid of rational calculation as shown below.

WHY HAS THE HOUSING DEPARTMENT USED MISLEADING AND INCORRECT DATA TO DERIVE THE $570,065 TOTAL DEVELOPMENT COST PER UNIT FOR REESE DAVIDSON?

Both the May 26, 2022 and June 6, 2022 Housing Department reports signed by the General Manager contains basic math problems and misleading information to suppress the Actual Project Cost and Actual Cost Per Unit of Affordable Housing shown above. Table 2 on page 5 of the Report at **Exhibit 1** is misleading. The Department inserted the developer's claimed residential construction cost even though during the land use entitlement process the City insisted the commercial elements were an indispensable part of the supportive housing project so it all qualified for an exemption from environmental review. Thus, Table 2 in the Housing Report uses the term "Total Development Cost" to describe its use of only the developer's pro forma estimate of Total ***Residential*** Development Cost, without disclosing the omission of the $7,060,445 cost of the commercial elements added to the buildings.

Although Table 2 lists for all of the projects the total number of units in the projects, it fails to set forth in a separate column the number of affordable units after deducting for the on-site manager units. The Reese Davidson has 4 manager units, meaning the divisor must be 136 affordable units, not the 140 that the Housing Department used to derive its misleading Total Development Cost per Unit of $570,065. Thus, in Table 2, the Housing Department has used incomplete and improperly derived dividends and divisors to derive artificially reduced figures for Total Development Cost per Unit for the Reese Davidson Project.

WHY HAS THE HOUSING DEPARTMENT SIGNED OFF ON A STAFF REPORT THAT CHERRY PICKS ADDITIONAL COSTS IT UNILATERALLY CLAIMS SHOULD BE DEDUCTED TO DERIVE AN EVEN LOWER TOTAL DEVELOPMENT COST PER UNIT?

The Housing Department Report attaches a staff report for each project including the

Reese Davidson. This three-page report also makes misleading claims and continues to divide development cost estimates by 140 instead of the proper 136 affordable units proposed for the Project in detailed affordable unit charts on page 2 of 3. See **Exhibit 1** highlights of incorrect or misleading information and assertions. For instance, the Housing Department report, contrary to the June 3, 2022 CAO report on the DDA proposal, uses parking space numbers for the two garages in the Project inconsistent with the approved project plans. The significance of these misstatements and the CAO's silence on the errors repeated in this report is analyzed below.

The staff report persists in the baseless claim that the Coastal Commission "required" the commercial elements of the Project. This issue was analyzed above.

The staff report discloses that ownership of the Project will devolve to two unknown Private Equity "Limited Partners" who will own 99.99% of the Project and the developers, as "General Partner" will own just one-one hundredth of a percent of the Project. The implication of this structure is analyzed below.

Finally, in an astonishing section entitled "High-Cost Justification" the Housing Department staff cherry picked additional project costs it claims are "several extraordinary costs that are impacting the cost of development," and on the basis of the perception that these particular costs are "extraordinary" in staff's judgment, the City asserts they ought to just be deducted too -- as if they don't exist, in order to derive an even lower cost per affordable unit to proclaim to the world.

Based upon this ridiculous assertion, the Housing Department staff claims the Commercial Project costs of $7,060,445, the environmental remediation of $319,125, the relocation of the existing residents on-site of $400,000, and the prevailing wage requirements of $8,600,000[1] ought to just be backed out of the "Total Development Cost" to derive something it calls the "cost of the Residential Component per unit." After dividing all of these costs by 140 units instead of the 136 affordable units proposed, the Housing Department staff asserts the per unit cost of its revised Residential Component would be "$503,500 per unit." That anyone could make these assertions with a straight face is incredible. The Department staff acts as if real costs can be ignored in its decision making.

The City Council is not served well by such Monopoly Money Gamesmanship. This is a very high-cost Project. There is no justifying the Housing Department's "justification" analysis. The Emperor has no clothes. This will go down in history as the highest cost affordable housing in the nation of its era, sited on groundwater saturated beach front property and likely to be invaded by sea level rise long before its affordable housing covenant expires on paper.

IN THIS CASE WHERE THE CITY DONATES PUBLICLY-OWNED REAL ESTATE TO THE PROJECT, THE RECENTLY REVEALED ORGANIZATIONAL CHART SUGGESTS THE CITY IS ABOUT TO TRANSFER A 99.9% OWNERSHIP INTEREST IN THE 99-YEAR LEASE TO BENEFICIAL CONTROL OF THE PRIVATE EQUITY

[1] It was impossible to discern how the Housing Department staff estimated $8,600,000 was "approximately 15% of the Residential Component construction costs" because the staff did not reveal its assumption of what the Residential Component construction costs were. This makes the entire exercise by staff even more arbitrary and capricious. A number was picked out of the air it seems.

INVESTORS.

The Project is the result of a competitive proposal process that remains hidden behind a wall of City refusals to produce copies of the competing proposals it received in response to its Request for Qualifications/Proposals for development of LADOT Parking Lot No. 731 at Venice Beach. Only bits and pieces of the Project concept have been released over the past few weeks to the public. The Housing Department staff report now discloses that the successful proposers to the City's original RFQ/P, Hollywood Community Development Corporation and Venice Community Development Corporation, have now formed a separate LLC to isolate their responsibility for the Project from their own organizations. The City says this is permissible because the LLC consists only of these two non-profit housing developers. The Coalition contends this structure lack accountability for the original responders to the RFQ/P.

But recently obtained organizational charts, and the Housing Department staff report now informs City Council that the ground leases will NOT be entered into between the City and this LLC composed exclusively of two non-profit corporations. Instead, the Housing Department staff report states:

> "Venice Dell GP, LLC will create two limited partnerships which will enter into two Ground Leases with the City as the Residential Lessee and Commercial Lessee. The Residential Limited Partnership will consist of Venice Dell GP, LLC as its Managing General Partner. A Limited Partner will be admitted into the Residential Limited Partnership prior to the construction loan closing. Ownership structure will consist of the following:
>
> 1. Venice Dell GP, LLC as Managing General Partner (0.01% ownership)
> 2. To-be-admitted Limited Partner (99.99% ownership)." See also **Exhibit 4.**

The Housing Department staff report fails to explain under what laws and authority, consistent with the original terms of the RFQ/P, a municipal corporation such as the City of Los Angeles may transfer an ownership interest in a 99-year lease to a Limited Partner, if that partner or the investors that compose that Limited Partner are for-profit entities. This overly complicated organizational structure was not contemplated or necessarily authorized by the original RFQ/P responded to by the two community development non-profits granted the Exclusive Negotiating Agreement and land use entitlements by the City. For the foregoing reasons, the organizational structure of the proposed Residential Component Limited Partner owning a 99-year leasehold appears problematic. Additionally, the Housing Department staff report did not report on how the structure of the Commercial Component will work. We assume the same concern applies with even greater force as the Commercial Component of the Project is unlinked from the environmental law exemption claimed by the City throughout the land use entitlement process. The separate status of the Commercial Component ownership rights only confirms objections to the City's assertions the commercial elements are part of the supportive housing project. They clearly are not as evidenced by the now revealed organizational structure.

WHY DID THE CAO ISSUE A JUNE 3, 2022 CORRECTION REPORT REGARDING THE NUMBER OF PARKING SPACES IN THE TWO PROJECT GARAGES FOR THE APPROVAL OF THE DDA, BUT NOW REMAINS SILENT AS THE HOUSING DEPARTMENT CONTINUES TO USE PARKING SPACE NUMBERS THE CAO PREVIOUSLY CLAIMED WERE IN ERROR?

On June 9, 2022, the Homelessness and Poverty Committee of this City Council was asked to hastily and inappropriately approve an incomplete Disposition and Development Agreement ("DDA") for portions of the Project. See Council File No. 22-0496. Over objections from the Venice Neighborhood Council and other community organizations and individuals, the City Council, with questions and reservations, voted in a split vote to authorize the Housing Department to commence entering into a binding Disposition and Development Agreement. On June 15, 2022, without any public comment or discussion, the City Council in a split vote approved moving forward with a DDA based upon the May 12, 2021 approved plans (which are not intended to be actually built by the developer/LADOT). On this day, Councilmember Price did not recuse himself from participating in decision making about this Project.

These City Council actions approved a CAO report dated June 3, 2022 in Council File No. 22-0496, that recommended that a previous Housing Department report and CAO report be set aside and a revised report be adopted to correct aspects of the parking spaces in the two garages on west and east sides of the Project site. As pointed out in the Channel Law Group comment letters of June 7 & 9, 2022, the Housing Department had proposed a DDA Term Sheet calling for only 244 parking spaces in the east site LADOT public parking garage instead of the 252 parking spaces required in the May 12, 2021 plans approved by City Council for the Project. We pointed out that the CAO failed to explain the reason for this discrepancy in parking space numbers. Later designs of the LADOT parking garage that remain undisclosed by the developer and LADOT, and which are in flux today, show only 244 parking (undisclosed plan) spaces will be provided once the developer/LADOT requests further changes to the plans and entitlements for the Project. The CAO knew that DDA Term Sheets, that are relied upon by third parties like investors and banks, had to reflect the approved plans, not some future yet to come.

The current City Council File No. 22-0664 related to the City now directly funding certain affordable housing pipeline projects, contains four City staff documents:

(1) The original Housing Department report, dated May 26, 2022, reports on three projects, including Reese Davidson. This report was signed by Ann Sewell, Housing Department General Manager.
(2) The corrected Housing Department report, dated June 6, 2022, deletes references to the Parkview Project in certain tables and mathematical adding errors. The corrected report did NOT correct errors and continued to misstate information about the Reese Davidson Project as detailed herein. **Exhibit 1.**
(3) The Housing Department transmittal letter signed by Ann Sewell adopted the information in the "corrected" report, including the misinformation about Reese Davidson.
(4) The CAO's report dated June 14, 2022 recommends that the original Housing Department report be set aside and filed, and instead adopt the corrected Housing Department Report.

The corrected June 6, 2022 Housing Department report placed into Council File No. 22-0664, issued three days after the CAO's June 3, 2022 report placed into Council file 22-0496 correcting the number of parking spaces in the DDA Term Sheet from 244 spaces to 252 spaces, persisted in reporting to this City Council that the number of LADOT parking spaces provided will be only 244 spaces. **The two "corrected" reports in these two Council Files contradict**

each other. Now the Housing Department will begin negotiating a DDA with an official term sheet providing numbers of parking spaces for both parking garages on the Project site in the approved plans for the Project, which at the same time the Housing Department will start funding the Reese Davidson Project and writing letters of support to state and federal funding agencies with materially different parking plans and space numbers.

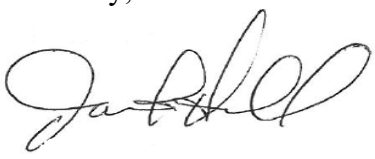
If the CAO thought it was required to correct the DDA Term Sheet report in Council File No. 22-0496 that is seen by investors and banks, why has the CAO remained silent and failed to correct ongoing misstatements of fact in the two Housing Department reports in Council File No. 22-0664 for the City's own funding programs? **Are the public and governmental funding agencies, including this City Council, to receive incorrect information while only investors and banks will receive the corrected information in the DDA Term Sheet?** Ultimately, the City's dissemination of false information about the Project makes it complicit with misstatements pushed by the developer and its allies. It is the City government's role to sift the wheat from the chaff and use/report accurate information. Eventually, misinformation will be revealed to the detriment of the credibility of the City in the eyes of the State Department of Housing and Community Development and similar funding agencies.

CONCLUSION

The Coalition objects to the Project and the proposed actions of the Housing Department. Moreover, Coalition hereby adopts all project objections, comments, and all evidence/studies submitted in support of project objections, and specifically requests that the City print out or attach to the Council file each and every hyperlinked document cited in all comment letters in the administrative record for this Project. Additionally, because the proposed Housing Department actions are related to the Project entitled by the City Council, we incorporate by reference the entire contents of City Council Files Nos. 21-0829 and 21-0829-S1. Additionally, please confirm that the City Clerk has placed an accurate and complete copy of all of our correspondence, including this letter, in each of the following City Council Files: No. 22-0496, No. 21-0829, No. 21-0829-S1, and No. 22-0664.

I may be contacted at 310-982-1760 or at jamie.hall@channellawgroup.com if you have any questions, comments or concerns.

Sincerely,



Jamie T. Hall

Encl. Exh. 1 – Housing Department Report
Exh. 2 – Proposed Ban of Commercial Buildings in Flood Zones
Exh. 3 – June 13, 2022 Geodynamics, Inc. review of Reese Davidson reports
Exh. 4 – Project Organizational Partnership Structures

Exhibit 1

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles

Eric Garcetti, Mayor

LOS ANGELES HOUSING DEPARTMENT
1200 West 7th Street, 9th Floor
Los Angeles, CA 90017
Tel: 213.808.8808

housing.lacity.org

Corrected version

May 26, 2022

Council File: 21-0305
Council Districts: Citywide
Contact Persons: Yaneli Ruiz: (213) 808-8951
Timothy Elliott: (213) 808-8596

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR AUTHORITY TO ISSUE FUNDING AWARDS AND SUPPORT LETTERS TO EXISTING AFFORDABLE HOUSING MANAGED PIPELINE PROJECTS APPLYING TO THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE IN 2022 ROUND 2 AND VARIOUS ACTIONS RELATED TO OTHER EXISTING AHMP PROJECTS

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests authority to approve the recommendations contained in this report related to projects approved by Council and Mayor in September 2021 to be admitted into LAHD's Affordable Housing Managed Pipeline program (AHMP). A total of four projects are included in this transmittal; requested funding is required for the projects to apply to other leveraging sources.

Two projects will apply to the California Tax Credit Allocation Committee (CTCAC) for 9% Low Income Housing Tax Credits (LIHTC) on June 30, 2022. LAHD will issue LIHTC local agency tie-break letters to accompany the applications for the projects applying in the Los Angeles Geographic Apportionment set-aside. One project will apply for tax-exempt bonds and 4% LIHTC in the second round of 2022 with a deadline of July 7, 2022. Another project will apply to the Multifamily Finance Super NOFA administered by the California Department of Housing and Community Development (HCD) with a deadline of June 28, 2022.

RECOMMENDATIONS

I. That the City Council, subject to the approval of the Mayor:

A. AUTHORIZE, the General Manager of LAHD, or designee, to issue a funding recommendation letter for each project requesting new funds as identified in Table 1 of this report, subject to the following conditions:

i. The final funding commitment will not exceed the amount listed;

ii. The project sponsor must apply to the CTCAC in the next available LIHTC allocation round, or the Multifamily Finance Super NOFA; and,

iii. The disbursement of LAHD funds will occur only after the sponsor obtains enforceable commitments for all proposed funding;

B. AUTHORIZE the General Manager of LAHD, or designee, subject to review and approval of the City Attorney as to form, to negotiate and execute acquisition/ predevelopment/ construction/ permanent loan agreements with the legal owner of each applicable project identified in Table 1, which receive awards from the proposed leveraging sources, subject to the satisfaction of all conditions and criteria contained in the LAHD Pipeline application, this transmittal, and the LAHD Award Letter (if applicable);

C. AUTHORIZE the General Manager of LAHD, or designee, to execute subordination agreements of the City's financial commitment, wherein the City Loan and Regulatory Agreements are subordinated to their respective conventional or government funded construction and permanent loans, as required;

D. AUTHORIZE the General Manager of LAHD, or designee, to allow the transfer of the City's financial commitment to a limited partnership or other legal entity formed solely for the purpose of owning and operating the project in accordance with City and Federal requirements;

E. AUTHORIZE the General Manager of LAHD, or designee, to issue CTCAC tie-breaker letters to the 9% LIHTC projects in the Geographic Apportionment set-aside, as identified in Table 2 of this report;

F. AUTHORIZE the General Manager of LAHD or designee to:

i. Obligate funds for the projects listed below:

TABLE 1 – Funding Recommendations			
Project Name	**Fund No**	**Account**	**Amount**
	HOME		
Third Thyme	561	43N008	$1,500,000.00
	561	43S800	$4,500,000.00
First Street North- B Phase (aka Go For Broke- South)	561	43S800	$1,085,346.20
	561	43T800	$3,719,853.80

First Street North- A Phase (aka Go For Broke North)	561	43T800	$12,000,000.00
Venice Dell/ Reese Davidson	561	43T800	$746,878.20
	561	43V010	$1,382,925.00
	561	43V800	$2,170,196.80
Sub-Total			**$27,105,200.00**
	Linkage Fee		
First Street North- B Phase (aka Go For Broke- South)	59T	43S723	$2,000,000.00
First Street North- A Phase (aka Go For Broke North)	59T	43S723	$2,000,000.00
Venice Dell/ Reese Davidson	59T	43S723	$2,000,000.00
Sub-Total			**$6,000,000.00**
	CCW		
Third Thyme	521	43VC04	$3,500,000.00
TOTAL			**$36,605,200.00**

G. AUTHORIZE the Controller to establish a new appropriation account 43VC04 – Third Thyme and appropriate $3,500,000 within Central City West Housing Trust Fund No. 521.

H. AUTHORIZE, the General Manager of LAHD, or designee, to prepare the Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions;

I. AUTHORIZE the General Manager of LAHD, or designee, to execute on behalf of the City, an Amendment to the Affordable Housing and Sustainable Communities Program (AHSC) Joint Application Agreement for the Parkview Affordable Housing project; and,

J. AUTHORIZE the General Manager of LAHD, or designee, to sign, on behalf of the City, all required legal documents for the Parkview Affordable Housing project's application to the California Housing Accelerator (CHAP) program administered by the California Department of Housing & Community Development, included but not limited to a Standard Agreement, Disbursement Agreement, and others.

BACKGROUND

The City's Affordable Housing Managed Pipeline was established by the Mayor and City Council in June 2013 (C.F. No. 13-0824). The Mayor and City Council authorized LAHD to issue a Call for Projects to enable open competition of new projects selected for the LAHD AHMP on an ongoing basis. In the same year, the CTCAC established a new set-aside for projects located within the City of Los Angeles boundaries. LAHD recognized the opportunity to set forth clear recommendations for local LIHTC priorities and established the selection process for management of the 9% LIHTC in the City of Los Angeles geographic set-aside.

2021 Notice of Funding Availability

On April 6, 2021, the Mayor and City Council approved the 2021 LAHD Affordable Housing Managed Pipeline Program Regulations and the release of the 2021 Notice of Funding Availability (NOFA) to solicit new affordable housing projects for admittance into the LAHD Pipeline (C.F. No. 21-0305). In drafting the regulations, LAHD's main three goals were to; 1) encourage applicants to implement cost reduction measures in order to reduce overall total development costs, 2) target "ready to start" projects in order to move housing developments through the pipeline at a faster pace, and 3) implement the Enhanced Accessibility Program (EAP). The EAP is a program to encourage developers to incorporate enhanced accessibility features in the design of the proposed housing developments.

A total of 17 projects were admitted into the AHMP program as a result of the 2021 NOFA. The AHMP program currently has a total of 23 projects; 10 projects are in construction and the remaining 13 are in predevelopment. Attachment A is a proposed LIHTC calendar for the AHMP projects.

Funding and Tax Credit Recommendations

To note, one of the most important features of the AHMP program is the ability to leverage and attract the investment dollars of other public and private entities for the development of affordable housing within the City, based on the ability to coordinate the development process of AMHP projects. Consistent with this authority, LAHD issues funding award letters and/ or tax credit tie-break letters for these projects, as applicable. CTCAC's regulations state that a letter of support from the local jurisdiction will serve as the first tie-breaker in the Geographic Apportionment set-aside.

Two projects; Third Thyme and First Street North- B phase, will apply to the CTCAC 2022 Round 2 competition. Based on CTCAC guidelines, one project is eligible to apply for the nonprofit and special needs set-asides and will automatically compete in each category. The other project will apply and compete in the City of Los Angeles Geographic Apportionment set-aside. LAHD recommends issuing a tax credit tie-break letter of support for the project applying under this category. The deadline for the CTCAC 2022 Round 2 is June 30, 2022.

One project, Venice Dell (aka Reese Davidson Community), will apply to the Multifamily Finance Super NOFA administered by the California Department of Housing and Community Development with a deadline of June 28, 2022. The project applied to the AHMP as two separate phases, however, since admittance to the AHMP, the project has now combined the two phases and will apply as one large development.

One project, First Street North- A phase, will simultaneously apply to the CTCAC for 4% LIHTC and to the California Debt Limit Allocation Committee for tax-exempt bonds. The CTCAC and CDLAC deadline is scheduled for July 7, 2022. This project is a site contiguous to a site that is applying to the 9% LIHTC and therefore the financing recommendation is required at this time as well.

LAHD recommends awarding a total of $36,605,200 in gap financing. Table 2, below, lists the projects and the funding amounts. The four projects will provide a total of 493 affordable multifamily housing

units throughout the City. Out of the 493 units, 180 units are set aside as supportive housing (SH) for homeless individuals and families. The four projects have a combined total development cost of approximately $255.7 million, leveraging an estimated $219 million from other public and private funds. Attachment B includes detailed staff reports for each project.

TABLE 2 – FUNDING RECOMMENDATIONS

Project Name	CD	Project Type	Total Units	SH Units	LAHD Award	Total Development Cost	TDC/ Unit
Nonprofit and Special Needs Set-aside							
Third Thyme	13	New Construction	104	52	$9,500,000	$48,357,456	$464,976
City of Los Angeles Geographic Set-aside							
First Street North- B Phase (aka Go For Broke- South)	14	New Construction	68	16	$6,805,200	$40,654,806	$606,789
CDLAC/ 4% LIHTC							
First Street North- A Phase (aka Go For Broke North)	14	New Construction	181	44	$14,000,000	$86,869,539	$479,942
HCD Multifamily Super NOFA							
Venice Dell (aka Reese Davidson Comm)	11	New Construction	140	68	$6,300,000	$79,809,094	$570,065
TOTAL			**493**	**180**	**$36,605,200**		

**Please see Staff Reports for additional details for each project.*

Various actions related to projects in the AHMP program

Parkview Affordable Housing

The Parkview Affordable Housing project applied and was admitted to the AHMP in September 2021. Subsequently, the project applied to the California Housing Accelerator Project Solicitation Tier 1 (CHAP) program made available through the Coronavirus State Fiscal Recovery Fund (CSFRF), established by the federal American Rescue Act of 2021 (ARPA) and administered by the California Department of Housing and Community Development (HCD). In February 2022, the project was awarded an amount up to $40,221,773. The CHAP requires a co-sponsor in connection with an existing HCD commitment must also become a co-Sponsor to the CHAP program by executing the Standard Agreement.

The Parkview Affordable Housing project consists of a total of 127 units (126 affordable units plus one manager's unit). Out of 127 units, 31 units are reserved for homeless individuals and families and the project has been awarded project based vouchers for these 31 units. The project has three other awards from the HCD; TOD, IIG and AHSC. Therefore, the LAHD recommends approving the co-sponsorship of the CHAP award and the execution of all related legal documents.

FISCAL IMPACT

There is no impact to the General Fund. The recommendations in Table 1 of this report will authorize LAHD to fund a total of four new developments with a combined total of 493 affordable housing units with $36,605,200 direct funding from non-General Fund sources.

Los Angeles Housing Department
Affordable Housing Managed Pipeline (AHMP)
LOW INCOME HOUSING TAX CREDIT PROPOSED CALENDAR

MAY 2022

	9% LIHTC		
2021 ROUND 1	**2021 ROUND 2** (Previously Admitted)	**2022 ROUND 1** (March 1, 2022 application)	**2022 ROUND 2** (Tentative June 2022 application)
	NONPROFIT SET-ASIDE		
	4507 Main St. CD 9, 61 units EAH Housing Inc.	Miramar Gold CD 13, 94 units West Hollywood Comm Housing	Third Thyme CD 13, 104 units West Hollywood Comm Housing
	SPECIAL NEEDS SET-ASIDE		
		Alvarado Kent Apartments CD 13, 81 units SRO Housing Corporation	
	CITY OF LOS ANGELES GEOGRAPHIC SET-ASIDE		
LOS LIRIOS CD 14, 64 units BRIDGE Hsg/ ELACC	Court Street CD 13, 46 units Meta Housing Corp.	Kite Crossing CD 11, 102 units Community Corp of Santa Monica	First Street North- B phase (aka Go For Broke Apartments South) CD 14, 65 units LTSC Community Development Corp
LORENA PLAZA CD 14, 49 units A Community of Friends	Jordan Downs Area H2A CD 15, 76 units BRIDGE Housing		
	4% LIHTC		
		March 2022 Application	Tentative July 2022 Application
		Luna Vista Apartments CD 6, 73 units Hollywood Community Housing Corp	First Street North- A phase (aka Go For Broke Apartments North) CD 14, 176 units LTSC Community Development Corp
			The Arlington CD 10, 84 units Arlington Heights LP (Thomas Safran & Associates Dev, Inc)
			Crocker (Umeya) Apartments CD 14, 175 units Crocker Apartments (LTSC)
	HCD Super NOFA		
			Venice Dell (aka Reese Davidson Comm – Phase I – RDC West) CD 11, 63 units Hollywood Community Housing Corp
			Menlo Avenue Apartments CD 1, 128 units Omni America LLC
	HCD California Housing Accelerator Program		
			Parkview Affordable Housing CD 9, 127 units Parkview Affordable Housing LP (Thomas Safran & Associates Dev, Inc)

This chart is published in accordance with the Affordable Housing Managed Pipeline Program regulations; Section 7 – Project Readiness.

STAFF REPORT
As of: May 19, 2022

VENICE DELL – REESE DAVIDSON COMMUNITY
2100 S. Pacific Ave.,
125, 128, 200, 208, 212, 216, 302 and 319 E. Venice Blvd.
Los Angeles, CA 90291
New Construction
140 Units
Council District 11

Project Description

Venice Dell/Reese Davidson Community is located at located at 2100 South Pacific Avenue (West Building) and 125, 128, 200, 208, 212, 216, 302 and 319 East Venice Boulevard (East Building) will be a mixed-use two structure new construction on either side of the Grand Canal with Venice Dell GP, LLC as the developer. The Project will consist of 140 residential units, comprised of 89 studios, 25 one-bedroom units, 26 two-bedroom units, and 4 two-bedroom manager's units.

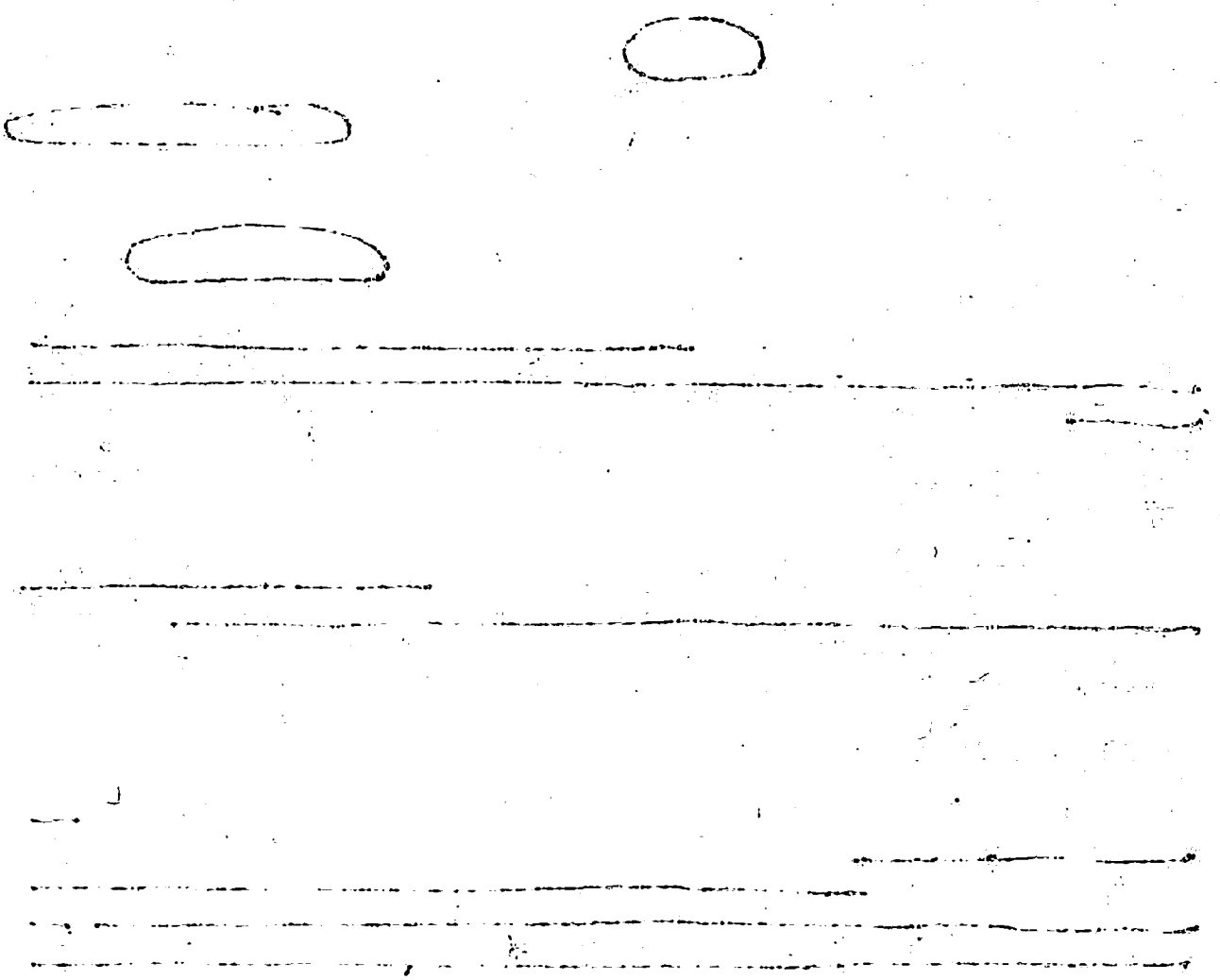
The West Building will include a 105-space four-level parking garage with three stories of residential/commercial improvements wrapping the parking garage. The East Building will include three-stories of residential/community art space wrapping a 244-space public parking garage (Public Parking Garage) that will be developed through a separate agreement between the developer and the City.

The Project will provide a total of 140 residential units consisting of 136 affordable units of which 68 units will be permanent supportive housing (PSH) units and 34 units will have an artist preference (Residential Component). The Project will also include 6,220 square feet of commercial space that has been required by the California Coastal Commission (Commercial Component). The commercial space will include retail space facing Pacific Avenue, a cafe facing the Grand Canal on the west side of the canal, and approximately 3,155 square feet will be located facing the Grand Canal on the east side of the canal that will be reserved for community artist studio space.

The entire site (Site) is owned by the City of Los Angeles and the City will ground lease the Site to the developer through two ground leases (Residential and Commercial Components). However, the City will retain the land under the Public Parking Garage as well as the airspace, and will be responsible for funding, constructing, and operating the Public Parking Garage.

Borrower and Proposed Ownership Structure

Venice Community Housing Corporation and Hollywood Community Housing Corporation have formed Venice Dell GP, LLC, a limited liability company, which is a joint venture that will be the developer for the Project. Venice Dell GP, LLC will create two limited partnerships which will enter into two Ground Leases with the City as the Residential Lessee and Commercial Lessee. The Residential Limited Partnership will consist of Venice Dell GP, LLC as its Managing General



Partner. A Limited Partner will be admitted into the Residential Limited Partnership prior to the construction loan closing. Ownership structure will consist of the following:

1. Venice Dell GP, LLC as Managing General Partner (0.01% ownership)
2. To-be-admitted Limited Partner (99.99% ownership)

Population Served

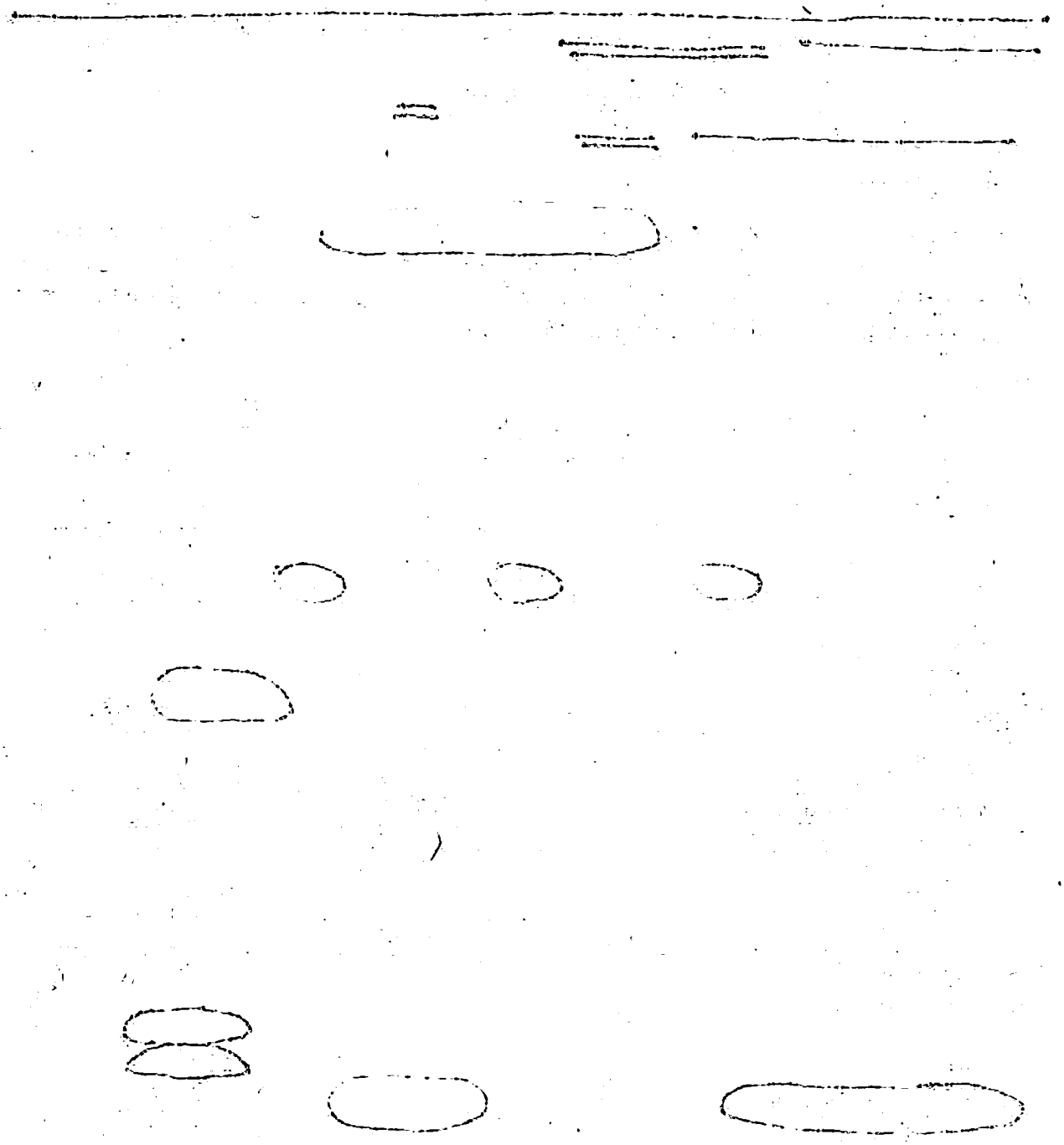
The 140-unit Project will provide 136 affordable housing units, of which 68 units will be designated for homeless individuals and families, 34 units will be targeted to low income artists, 34 units will be designated for very-low and low income families and individuals and four two-bedroom unit will be set aside for the onsite managers.

Affordability Structure

Unit Type	30% AMI	50% AMI	Mgr	Total
Studio	42	47	0	89
1-Bdrm	15	10	0	25
2-Bdrm	11	11	4	26
Total	68	68	4	140

Permanent Funding Sources

Permanent	Total Sources	Per Unit	% Total
LAHD-AHMP	$6,300,000	$45,000	7%
LAHD-AHMP Accrued Deferred Interest	96,771	691	0%
Tax-Exempt Bonds Permanent Loan	5,488,000	39,200	6%
4% Federal Tax Credit Equity	34,671,072	247,651	40%
HCD – MHP/VHHP	30,763,696	219,741	35%
HCD – IIG	7,500,000	53,571	9%
FHLB – AHP Loan	1,250,000	8,929	1%
Contributed Developer Fee	800,000	5,714	1%
Deferred Developer Fee	0	0	0%
TOTAL	**$86,869,539**	**$620,597**	**100%**
Residential Component	**$79,809,094**	**$570,065**	**92%**
Commercial Component	$7,060,445	$50,432	8%



Funding Uses

Uses of Funds	Total Uses	Cost/Unit	% TDC
Acquisition Costs	$30,000	$214	0%
Direct Construction Costs	60,204,440	430,032	69%
Remediation Allowance	319,125	2,279	0%
BIP Parking Payment to DOT*	$1,294,656	$9,248	1%
Permanent Relocation Costs	400,000	2,857	0%
Architecture & Engineering	4,263,040	30,450	5%
Construction Interest Fees & Expenses	4,932,581	35,233	6%
Permanent Financing Costs	86,160	615	0%
Legal Costs	195,000	1,393	0%
Capitalized Reserves	888,209	6,344	1%
Permits & Local Fees	1,358,928	9,707	2%
Developer Fee	3,300,000	23,571	4%
Contingency Costs	6,395,816	45,684	7%
Other Project Costs	4,115,114	29,394	5%
Total	**$86,869,539**	**$620,597**	**100%**
Residential Component	**$79,809,094**	**$570,065**	**92%**
Commercial Component	$7,060,445	$50,432	8%

High-Cost Justification

The development budget includes commercial costs of $7,060,445 or $50,432 per unit. The Residential Component of the Project is estimated to cost $79,809,094 or $570,065 per unit. It should be noted that the Project is incurring several extraordinary costs that are impacting the cost of development. The budget includes a $319,125 allowance for environmental remediation ($2,279 per unit), $400,000 for permanent relocation costs ($2,857), the Commercial Component is required by the Coastal Commission estimated at $7,060,445 ($50,432 per unit) and includes the $1,294,656 payment for the 27 BIP spaces that are required by the Coastal Commission, and the City, State and Federal prevailing wage requirements add approximately 15% to the Residential Components construction costs, or an estimated $8,600,000 ($61,429 per unit).

If the remediation costs, Commercial Component, permanent relocation costs, 15% prevailing wage increase, totaling approximately $16,379,570, or $117,000 per unit (rounded), is deducted from the total Project costs, the cost of the Residential Component would be $503,500 per unit, which is lower than the average cost of projects previously assisted by the City.

Funding Recommendation

An LAHD funding award of up to $6,300,000 is recommended. LAHD is using the Keyser & Marston land development reports as a source for the funding recommendation. LAHD funds will represent $45,000 per unit or 7% of the total development cost. The LAHD funding is leveraged with tax-exempt bonds, 4% tax credit equity, as well as funding described above.

Prepared by: Los Angeles Housing Department

Exhibit 2

Biden admin: Stop flood insurance for new, risky homes

By Thomas Frank | 06/13/2022 06:56 AM EDT



Justin Douglas stands in the doorway of a flooded house in Givhans, S.C., after record rainfalls in 2015. Joe Raedle/Getty Images

Advertisement

The Biden administration is proposing a massive overhaul of federal flood insurance that would prevent the government from insuring newly built homes in flood-prone areas and would drop coverage for homeowners who receive repeated claims payments.

The administration also is proposing a nationwide disclosure law that would require homebuyers and renters to be told about a property's flood history before they buy or lease a residence. And no new federal flood insurance policy could be written for any commercial building, regardless of its location or construction date.

The proposals, contained in a 104-page legislative package (https://subscriber.politicopro.com/eenews/f/eenews/?id=00000181-693e-dbda-a1d9-edff4ae60000) sent recently to congressional leaders, are the most dramatic attempt to restructure the government's National Flood Insurance Program since its creation in 1968.

Suggested Articles

The NFIP provides most of the nation's flood insurance, covering nearly 5 million properties. It also has historically charged discounted premiums that do not reflect the actual flood risk of properties. The discounted rates have been criticized for encouraging development in flood-prone areas and discouraging property owners from undertaking flood protection.

The administration's plan could significantly slow coastal development by preventing the NFIP from insuring new construction in areas that are known to be at risk of flooding.

Development in flood-prone areas still would be allowed, but property owners would have to buy flood coverage from private-sector insurers — which likely would be more expensive than NFIP policies — or go without insurance.

"This means ending the federal subsidy for new construction," former Federal Emergency Management Agency Administrator Craig Fugate said, referring to the discounted premiums. FEMA runs the insurance program.

Fugate supported the proposal, saying it would result in insurance premiums that reflect flood risk more accurately.

"Let private sector price it, market it, and if you can't afford private-sector prices for flood insurance, maybe you shouldn't be building there," Fugate said. "If you're really going to be serious about addressing climate impacts, you've got to price the risk."

The Biden administration said in its legislative package that ending NFIP coverage for new buildings in flood zones would create "an inventory of new flood risk properties that private property insurance companies could compete for in a marketplace without a subsidized government program."

Fugate also supported the proposal to bar new NFIP policies for any commercial building.

"The thing about commercial buildings is, why are you as a taxpayer underwriting flood risk to Amazon?" Fugate said, referring to the world's largest retailer.

The legislative package taken together marks an effort to transform the NFIP from a taxpayer-subsidized program to an entity that acts more like an insurance company and declines to cover high-risk policyholders.

Each of the administration's proposals requires approval by Congress, which has in recent years been unwilling to make major changes to the NFIP.

"I continue to be skeptical that there's much movement for significant reform in Congress," said R.J. Lehmann, a flood insurance expert at the International Center for Law & Economics. "The voices that are opposed are much louder and more organized than the voices for reform."

Lehmann called the administration's package "clearly a move in the right direction."

The Senate Banking Committee, which oversees the NFIP, is holding a hearing Thursday on the flood program.

The biggest policy shift would require the NFIP to drop coverage for property owners who receive multiple claims payments. The NFIP has never denied flood insurance to anyone. But that practice has led the program to pay tens of billions of dollars in claims on properties that have been flooded more than once and has discouraged the owners from protecting their homes from flood damage.

"The availability of flood insurance creates a moral hazard," the administration wrote in its legislative package. "The NFIP must have better tools to address insured structures that have experienced multiple flood claims."

The administration's proposal would force the NFIP to drop coverage on properties that receive four claims payments, each worth at least $10,000.

The proposal marks a much more aggressive approach to so-called repetitive-loss properties. Administrations since the 1990s have dealt with the properties by prioritizing them for mitigation projects that involve either selling a home to the government for demolition or elevating a structure above flood level. But the mitigation programs have made only a small dent in the number of properties that receive multiple claims payments.

Fugate, the former FEMA administrator, said the new strategy would force owners of flood-prone homes to "take action by either accepting a

Suggested Articles

buyout, doing an elevation or losing their insurance."

"This is good government," said Fugate, who ran FEMA during the Obama administration.

The Biden administration also would create a nationwide requirement that property owners and landlords disclose flood risk to prospective homebuyers and tenants.

The proposal effectively would remove a patchwork of state flood disclosure laws that leave people in wide swaths of the country — including Florida and New Jersey — with no formal mechanism for knowing the flood history or flood risk of a property they might buy or rent.

The administration proposal would require the disclosure of any previous flood damage, flood insurance claim or requirement to have flood insurance.

"That's a big plus," said Joel Scata, a climate attorney with the Natural Resources Defense Council and expert on disclosure policies. "One of the main issues with flooding in the United States is there's a significant lack of transparency about flood risk."

FEMA would enforce disclosure by requiring counties and municipalities that participate in the federal flood insurance program to have disclosure policies in effect, either through local or state laws. Almost every U.S. county and municipality with flood exposure is part of the NFIP.

Both Scata and Lehmann, the insurance expert, said the disclosure proposal could gain support in Congress, where lawmakers have sponsored bipartisan measures to establish a disclosure requirement.

"Realtors seem to be open to negotiation on some sort of flood disclosure," Lehmann said, adding that real estate websites have started to include flood risk information on properties. "That information is becoming more available, but certainly it should be available to every homeowner."

The administration also is asking Congress to cancel the NFIP's $20.5 billion debt to the U.S. Treasury and to create a subsidy program to help low- and moderate-income households buy flood insurance.

The NFIP borrowed money from federal taxpayers after Hurricanes Harvey, Irma and Maria caused massive flood damage in 2017, and the program did not have enough money in reserves to pay insurance claims. The administration said the debt is "beyond the ability of NFIP policyholders to repay" and is forcing policyholders to pay $400 million a year in interest to the Treasury.

The administration's legislative package was written by Alice Lugo, the assistant secretary for legislative affairs at the Department of Homeland Security, which oversees FEMA. The package was sent to legislative leaders on May 11 and was posted on FEMA's website on June 3, according to FEMA.

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Exhibit 3

June 13, 2022

Mr. Jamie T. Hall, Esq.
Channel Law Group, LLP
8383 Wilshire Blvd., Suite 750
Beverly Hills, CA 90211

SUBJECT: Geotechnical and Coastal Engineering Review of Submitted Documents Regarding The Proposed Reese Davidson Community, Venice Area of The City of Los Angeles, California, Council File Nos. 22-0496, 21-0829, 21-0829-51.

Dear Mr. Hall:

INTRODUCTION

At your request and authorization, we reviewed geotechnical and coastal documents as well as plans (see attached list of references) related to the proposed Reese Davidson Community in the Venice area of the City of Los Angeles. This letter report focuses on the coastal and geotechnical engineering conditions at the project site, and how those conditions could affect the proposed development and surrounding areas. The focus of our review was to evaluate/check conformance of the submitted reports and documents with applicable codes, geotechnical guidelines, and standards of practice, as related to the proposed development at the site.

Project Location

The project site is in the Venice Community of Los Angeles on the coastal plain adjacent to the Venice canals. The project site is bordered by North Venice Boulevard (Blvd.) on the northwest, South Venice Blvd. on the southeast, Dell Avenue (Ave.) on the northeast, and South Pacific Ave. on the southwest. The Grand Canal waterway extends northwest-to-southeast across the property northeast of Pacific Ave. See the Geocon West, Inc. (2017) Figures 1 and 2 maps for reference. The street addresses associated with the project site area: 2102-2120 South Pacific Avenue, 116-128 East North Venice Boulevard, 125 East South Venice Boulevard, 200 East North Venice Boulevard, 2-4-216 & 302 East North Venice Boulevard, 2116 South Canal Street, 301-319 East South Venice Boulevard.

Project Background

It is understood that the proposed project consists of two 3- to 4-story mixed use buildings/housing units and parking structures at the locations stated above. A large portion of the development will consist of two parking garages. The west garage is proposed to provide parking for all residential and commercial uses through the site at approximately 103-108 spaces. The east garage is proposed to provide replacement of 196 parking spaces, 27 Beach Impact spaces, 2 canal access spaces and a varying number of additional spaces. For instance, the east public parking garage holds approximately 233-252 parking spaces surrounded by the mixed-use/housing structures. The most recent plans (February 2022) show parking spaces will be floor level single spaces and mechanical vehicular lifts on two of the three floor levels.

The site is located in several hazard zones, as designated by federal, state and local hazard zone maps: flooding (FEMA, 2021), liquefaction (CGS, 1999), tsunami (CGS, 2021), and methane (GWI, 2017). These hazard zones are also indicated on a parcel-by-parcel basis on

the City of Los Angeles Planning Department Zone Information and Map Access System (ZIMAS) online (http://zimas.lacity.org/).

Site Geology and Setting

The underlying soils at the project site (Roffers and Bedrossian, 2010) consist of the following mapped geologic units: alluvial valley deposits (map symbol Qa) at the surface underlain by young alluvial fan deposits (Qya). There is likely some scattered artificial fill (af) with a possible concentration at the northeast end of the project site. Qa is generally unconsolidated sand, silt, clay, and gravel with sandy sediment being more predominant. Qya is typically unconsolidated to slightly consolidated clay silt, sand, and gravel. The depth and characteristics of these formations can be interpreted in the GWI (2017) Borings 1-5. Groundwater was observed by GWI at is between 7.0 to 12 feet below grade at the time of drilling (GWI 2017).

Geology, hydrology, and geotechnical-related hazard zones impacting the site are coastal flooding, sea level rise, tsunami, methane, shallow groundwater, strong seismic earthquake shaking, liquefaction potential and related hazards (example: lateral spreading, seismic settlement and surface manifestation in the form of sand boils, fissures and loss of bearing).

History of Geotechnical/Coastal Engineering Review

Technical review of the Project site began August 28 and 29, 2017 with drilled borings and obtaining soil samples at five locations on the Project Site. On October 11, 2017, a soils report prepared by GWI was submitted to the City for review. On July 17, 2018, the Grading Division of the Los Angeles Department of Building and Safety (LADBS) issued a Soils Report Review letter for the Project. On July 31, 2018, GWI filed with the City its Response to the Soils Report Review letter and made minor changes to the report. On August 12, 2018, LADBS issued a City Soils Report Approval Letter for the Project.

After project application with architectural plans dated December 2018, a coastal engineering report was prepared by GeoSoils, Inc. (GSI, 2020) examining the effects of sea level rise and coastal flooding on the project site. Revised plans dated May 12, 2021 were attached to the City Planning Recommendation Report prepared for review of the Project by the City Planning Commission. The May 12, 2021, plans are the planning entitlement plans, as confirmed by a Report of the Chief Administrative Officer dated June 3, 2022, according to the client group.

We are informed by the client group that additional discretionary planning approvals are foreseeable. The client reports that after the City Council granted project approvals on December 1, 2021 for the Project using May 12, 2021 design plans, alternative architectural plans were prepared for the LADOT public parking garage on the east site that, among other things, remove the subterranean parking level.

The client was unable to confirm that the GWI Soils Report (2017) has been updated given that it is now 3.5 years old, or that the GeoSoils, Inc. report (2020) has been reviewed/approved in accordance with the City's Flood Hazard Management Ordinance and LADBS Bulletin P/BC 2020-064 (2020). We also were unable to confirm any further City reviews since the August 12, 2018 Soils Report Approval Letter the client provided us.

FINDINGS

Geotechnical Engineering

We have reviewed the following geotechnical documents, which were previously reviewed and approved by the City of Los Angeles:

- GWI (2017) "Proposed Mixed-Use Development, 2102-2120 S Pacific Ave, 116-128 E North Venice Blvd, 204-216 E North Venice Boulevard, 302 E North Venice Blvd, 125 E South Venice Blvd, 301-319 E South Venice Boulevard, and , 2106-2116 S Canal Street, Venice, California, Tract: Short Line Beach Subdivision No. 1, Block: 9, Lots: 1-6, 36-42, (ARB: 1-3), LT 42 (ARB 1-3), Block: 12, Lots: 1-2, Block: 14, Lots: 1, 7-12, Project No.: A9657-06-01, dated October 11, 2017.
- City of Los Angeles (LADBS Grading Division), Soils Report Review Letter, dated July 17, 2018.
- GWI (2018) "2102-2120 South Pacific Avenue, 116-128 East North Venice Boulevard, 125 East South Venice Boulevard, 200 East North Venice Boulevard, 204-216 & 302 East North Venice Boulevard, 2116 South Canal Street, 301-319 East South Venice Boulevard, Lots: FR1, 2-6, FR7, LT42 (ARB 1-3), 36 (ARB 1-2), 37, 38 (ARB 1-3), 39-41 // FR1-FR6, 7-12, // ARB D//FR1,7-13, Tract: Short Line Beach Subdivision No. 1 (M P2-59), Block: 9// 12// --// 14, Project No.: A9657-06-01, dated July 31, 2018.
- City of Los Angeles LADBS Grading Division, Soils Report Approval Letter, dated August 10, 2018.

Based on our review, it seems that the approved geotechnical reports are based on plans that do not include subterranean parking, as it was not included in the project description of the GWI report, although plans approved by the City include subterranean parking. We have the following items related to geotechnical issues that were not completely addressed by the above reports. Regardless of the configuration of the current approved plans, with or without the subterranean garage, our comments on the technical reports still apply, particularly with respect to liquefaction. It is our professional opinion that the geotechnical report needs to be updated, and these items need to be further evaluated and addressed. Accordingly, additional mitigation measures should be recommended as appropriate for conformance with applicable codes and guidelines.

1. The project plans appear to have changed significantly with respect to the proposed foundation level (now includes subterranean parking) and the geotechnical report is out of date according to the "Limitations and Uniformity Conditions" specified by GWI (2017) as follows (*emphasis added*):

   "1. The recommendations of this report pertain only to the site investigated and are based upon the assumption that the soil conditions do not deviate from those disclosed in the investigation. If any variations or undesirable conditions are encountered during construction, *or if the proposed construction will differ from that anticipated herein*, Geocon West, Inc. should be notified so that supplemental recommendations can be given. The evaluation or identification of the potential presence of hazardous or corrosive materials was not part of the scope of services provided by Geocon West, Inc."

   "2. The findings of this report are valid as of the date of this report. However, changes in the conditions of a property can occur with the passage of time, whether they are due to natural processes or the works of man on this or adjacent

properties. In addition, changes in applicable or appropriate standards may occur, whether they result from legislation or the broadening of knowledge. Accordingly, the findings of this report may be invalidated wholly or partially by changes outside our control. Therefore, this report is subject to review and should not be relied upon *after a period of three years.*"

2. The approved project plans are dated May 12, 2021, show that a subterranean level is proposed. We understand that the May 12, 2021, plans are attached as Exhibit A to the land case approval in Council Nos. 21-0829 and 21-0829-S1. Hence, the project geotechnical consultant, GWI needs to address excavation and, dewatering and shoring to support the proposed excavation for the proposed subterranean level as well as the over-excavation below foundations level. Orthogonal cross sections through the buildings need to be provided. The sections should depict existing and proposed grade, existing and proposed improvements within close proximity to excavation areas, excavation limits, geotechnical borings, interpreted geologic/soil layers, and groundwater depth.

3. GWI recommends in the geotechnical report dated October 11, 2017, page 2 that "*Once the design phase and foundation loading configuration proceeds to more finalized plan, the recommendations within this report should be reviewed and revised, if necessary. Any changes in design, location, or elevation of any structure, as outlined in this report should be reviewed by this office Geocon should be contacted to determine the necessity for review and possible revision of this report*." The submitted geotechnical investigation report (GWI, 2017) and response (GWI, 2018) are over one year old. Since the approval of these reports, the City of Los Angeles adopted the 2019 edition of the California Building Code (CBC). The 2019 edition of the CBC updated and revised the seismic design parameters relative to corresponding 2016 edition values used by GWI (GWI 2017, page 6). As such, GWI needs to provide an updated report to address 1) changes in geotechnical conditions at the site; 2) changes in the proposed development plans relative to plans used in the preparation of the 2017 and 2018 geotechnical reports including approved plans that show a proposed subterranean parking garage; and 3) changes in applicable codes and geotechnical guidelines particularly in seismic parameters.

4. Based on liquefaction analyses performed by GWI, potentially liquefiable soils (including soft clayey soils) are at (subterranean parking) or very close to (at level parking) the finish grade. GWI evaluated the potential for post-liquefaction settlement. As per the State of California Special Publication 117A (SP-117A), all hazards associated with liquefaction potential including lateral spreading (towards an open face, and on sloping ground) and surface manifestation in the form of sand boils, fissures, and loss of bearing, must also be considered. Please note that Borings 1 and 4 (used for liquefaction analyses) indicate a high potential for liquefaction of earth materials (including the potential liquefaction of soft clay) immediately below the currently recommended depth of over-excavation. As per Ishihara charts (Ishihara 1985), there seems to be a high potential for surface manifestation in the form of sand boils, fissures and loss of bearing to develop due to liquefaction potential of some of the underlying layers. There could also be a potential for lateral sliding towards adjacent open channels such as the Grand Canal and needs to be evaluated, and additional recommendation measures provided as appropriate.

5. Log of B-1 shows loose to very loose sandy soils from about 6-14 feet below existing grade. Log of B-4 shows "very soft clay with sand" from about 4.5 to 15 feet below the existing grade. Yet, GWI recommends on page 10 that "*Deeper excavation should be conducted as needed to remove any encountered fill or soft soils as necessary at the direction of the Geotechnical Engineer*". But based on available data from drilled borings as discussed above, very loose and soft materials are expected to be encountered at the GWI's

recommended depth of over-excavation of a minimum of 6 feet below grade, down to at least 14 feet below existing grade. This will require excavation below the anticipated groundwater table (between 7 to 12 feet below grade). Therefore, additional recommendations for dewatering and shoring design should be provided based on the proposed project plans and proposed subterranean parking garage.

6. GWI recommends mat foundations to be designed for a maximum bearing pressure of 4250 pounds per square foot (psf) and estimated static settlement at ¾ inch, and differential settlement at 0.4 inch. Considering the anticipated large and deep stress field associated with mat foundations, the estimated static settlement appears to be low and should be supported with calculations. GWI's assertion that the static settlement should be rapid and take place shortly after the application of loads needs to be verified with testing (example: time rate of consolidation of the "very soft" clayey soils encountered in Boring 4) and analyses.
7. GWI states that it reviewed DOGGR records for location of recorded abandoned oil wells on the site, noted the presence of some nearby wells within 300 feet of the site and indicated that wells are sometimes mislocated or the records may be incomplete. Where present, old, abandoned oil wells must be exposed and tested to determine if they have been abandoned properly or if there are methane leaks present. Based on our experience in Venice Beach (e.g., performing a well location study for the Venice Forced Main for the City of Los Angeles), these studies are typically completed before project design is finalized. The project design team should review available aerial photographs (including investigating if oblique aerial photos of the site are available on the Marina del Rey Historical Society website https://www.marinadelreyhistoricalsociety.org/oil-boom-1929-1930/) and consider whether a geophysical survey of the site is warranted to identify the presence of any potentially unmarked wells which may have a significant impact on design or construction.
8. GWI noted the site is in a city-designated Methane zone, that there is potential for methane on the site, and recommended that if a methane study is required, qualified methane consultant should perform it. The methane study should be performed in the planning stage, since the results of this study likely require changes in project design that affect planning approval. If methane mitigation is required, this may affect the proposed depth and configuration of the foundation system as well as at graded facilities/space.

Coastal Vulnerability – Flooding Assessment

General discussion

The project site is in the Venice Beach Local Coastal zone and will be subject to Local Coastal Plan/Local Implementation Plan when the City of Los Angeles completes the plan updates and certification. Plan preparation is in progress as of the date of this review, according to the Venice Beach Local Coastal zone website. GSI prepared a report addressing the potential site hazards due to sea level rise and existing coastal flooding hazards (GSI, 2020). Other applicable references and guidelines for the region, as well as references utilized by GSI (2020), were reviewed. Commentary below is organized and provided in order from statewide policies, to local, site-specific reports and plans, with review comments on the GSI report. A list of the references reviewed or referred to is included in the References section.

The term "flooding" is used to describe a temporary, time limited presence of surface water on the site, whereas "tidal inundation" is used to indicate a permanent , long-term presence of water. When discussing elevations with respect to flooding and inundation, the reference datum is extremely important for accurate comparison relevant elevations of the proposed

development to published maps and studies. NOAA Base Flood maps use North American Vertical Datum 1988 (NAVD88).

The site is located approximately 750 feet from the beach (oceanside edge of beach front parking lot) bounded by North and South Venice Boulevards, between Pacific Avenue and Dell Street. The east parcel is separated from the west parcel by the Venice Grand Canal.

Review of State, Regional and Local Coastal Hazard References.

California Coastal Act

There is no current certified Local Coastal Plan (LCP) for Venice Beach, as of June 2022. We are unaware of any specified project life for the Venice Beach area, although GSI (2020) refers to a project life span of 75 years. During our technical meetings with the California Coastal Commission (CCC) staff (as part of review work for other coastal communities), the CCC staff has stated clearly that their standards do NOT include a specified project life, rather they re-emphasized projects should be designed to conform to Coastal Act Policies (Sections 30235, 30253 and 30610(g)), i.e., 1) to minimize risks to life and property in areas of high geologic, flood or fire hazards and 2) designed to be constructed without contributing to erosion or instability, or require protective devices that would alter landforms.

The significance of these policies to this project at 200 N. Venice Boulevard is that minimizing risks in design should include avoidance, i.e. finish floor elevations sufficiently high enough to avoid flooding now as well as in the future due to predicted changes in site conditions, and to avoid construction vulnerable to flooding (i.e. the proposed underground parking 10 to 15 feet below mapped flood elevations, where flood waters can enter via subterranean ingress and egress).

Tsunami Hazard Maps

Statewide mapping (CGS 2022), regional (Moffat & Nichol, 2007) and the Venice Sea Level Rise Vulnerability Assessment study (Moffat & Nichol, 2018, referred to as the Venice SLR Study, 2018) indicate that the site is a tsunami hazard zone. A tsunami is a long wavelength ocean wave generated by sudden displacement of the seafloor normally by earthquake faulting, volcanism, or a large submarine landslide. Initially the tsunami creates a drop in water level at the shoreline, followed by a rapid rise with attendant run up on the shore, surges into shallow coastal inlets and harbors, and substantial rising of the water in deeper water ports and harbor areas. Tsunami damage is by far the more serious of the two wave types with damages caused in water surging in and out, and debris colliding with fixed structures.

Moffatt & Nichol (2007) developed a tsunami model for the Long Beach (POLB)/Los Angeles (POLA) Port Complex that considers local sources to generate a tsunami wave from a magnitude seven earthquake on the Santa Catalina fault and is generally applicable to the project site. They indicate that this is a reasonable maximum for future events. Their model incorporates ground surface configurations, bathymetry, and the interaction of the diffraction, reflection, and refraction of the tsunami wave within the POLB/POLA complex to predict tsunami water levels.

The California Geological Survey Tsunami Hazard Area Maps (CGS, July 2021 update for Los Angeles County) indicate the project site is within a tsunami hazard zone. The tsunami wave height would depend upon the source location but could be tens of feet depending upon the tsunami source event and tidal levels (based on Moffat & Nichol, 2007). GWI (2017) indicates there is a potential for tsunamis to impact the site. Currently the proposed project parking and residential structures appear to be at 5 to 7 feet above MSL (mean sea level) based on the

Venice CA USGS (1981) topographic map . Tsunami wave height predictions for POLB are presented in the Port Complex model (Moffat & Nichol, 2007; Figure 4-1) suggest tsunami wave heights of up to 2.8 meters (~9.3 feet) for a large earthquake on the Catalina fault. If the tsunami were coincident with a 5- to 7.5-feet high tide (an unlikely event) the tsunami elevation could reach more than 15 feet in elevation and would flood the project site.

Venice Sea Level Rise Vulnerability Assessment (Moffat & Nichol 2018)

The Venice SLR Study (2018) was completed after the California Coastal Commission (CCC) adopted its draft "Sea Level Rise Policy - Original Guidance August 2015", but shortly before the Science-based updates were adopted in November 2018. Both the Venice SLR Study and the CCC SLR Policy (2018) rely on the same scientific reports published by the Ocean Protection Council (and referenced in both documents). The Venice SLR Study evaluated four different sea level rise (SLR) scenarios for Venice Beach, as shown on Table 4.1 (page 11) of the study, which are a subset of the SLR scenarios presented in the CCC SLR Guidance. These SLR scenarios were modeled for sea level rise impacts on the California coastline and coastal communities by a partnership between the United States Geologic Survey (USGS) and other academic and research groups collectively called "Our Coast Our Future." The model results were first presented in 2012 for portions of the California Coastline as the CoSMoS model (https://ourcoastourfuture.org/about/), referred to hereafter as the OCOF Hazard Map. The model was expanded to cover southern California in 2018 (CoSMoS v 3.0) and central California in 2020. The Venice SLR Study utilized the OCOF Hazard Map model in evaluating the impacts of sea level rise on the community. (NB: The OCOF Hazard Map model is just one of three coastal flooding models available online but the most widely used. This review only looked at the OCOF Hazard Map, as this model was the one that was utilized in the Venice SLR Study (2018) and by GesoSoils, Inc. (2018), the project coastal engineering consultant).

Based on a review of the Venice SLR Study and comparison with the current OCOF Hazard Map model, it appears that in addition to potential flooding by rain events, coastal flooding of the project is due to inundation from the canals, but not from the beach or ocean side. The canals are fed by the main Ballona Lagoon canal along Pacific Avenue, connected to the Marina del Rey channel under Via Marina between Pacific Avenue and Via Donte (see Figure 3.5, Venice SLR Study). There are two tide gates that are owned and operated by the City of Los Angeles, to prevent flooding during astronomical high tides, and mute the effects of tides to allow for better drainage. It appears none of the SLR flooding models account for the presence of these tide gates. The FEMA (2018) flood maps do not account for these structures either as at the time of the study (2018) these two structures (the Marina del Rey Tide Gate and Washington Tide Gate) were not certified by FEMA as flood control infrastructure. This means that the presence of the tide gates (and potential flood protection) was not incorporated into the FEMA flood model.

Under the SLR scenarios evaluated in the Venice SLR Study (2018), we reviewed the site vulnerability based on the OCOF Hazard map, with respect to the effects of sea level rise on shoreline position, wave action, flooding, and impact of sea level rise on depth to groundwater. Our summary is as follows:

1. Shoreline Position: The position of the shoreline does not change under the four SLR scenarios, which is typical of an already developed coastline. The assumption in the assessment is that mitigation measures will be implemented to protect existing development in this area (e.g., beach nourishment, coastline protection, protective structures)

2. Wave Action: None of the SLR scenarios result in wave action on or near the project site because the shoreline position is fixed. Even if the shoreline position were to advance, it is unlikely wave action would affect the site.

3. Coastal Flooding due to SLR: The four SLR scenarios evaluated in the Venice SLR Study were modeled utilizing the OCOF Hazard map, and the effect of surface flooding on the site is described as:
    a. 2040 to 2080, 1.6 feet, SLR – no flooding, not flood prone.
    b. 2060 to 2100+, 3.3 feet SLR - eastern edge of property flood prone (occasional).
    c. 2080 to 2100+, 4.9 feet SLR - entire site flood prone.
    d. 2090 to 2100+, 6.6 feet SLR - entire site flooded, up to 8.2 feet deep.

    The above summarizes flooding at the surface of the site. Once flood waters reach the site, any subterranean structures will very likely be flooded. Flood duration can also be modeled utilizing the OCOF Hazard Map and becomes an issue when the 6.6 feet SLR scenario is modeled, whether for the annual, 20-year or 100-year flood. In all storm scenarios, once SLR reaches 6.6 feet or higher, the site floods and the flooding is of a duration longer than 18+ hours.

4. Effect of SLR on depth to groundwater: Currently, as observed in the GWI (2017) report, groundwater is between 7 to 12 feet below grade. When comparing the site-specific observations of the OCOF Hazard map groundwater model (utilizing the more permeable option to represent the sandy nature of the soils under the site), groundwater in this area at present has been modeled as very shallow on the western lot (0-1m, or 0 to 3.3 feet) to shallow on the eastern lot (1-2m, or 3.3 feet to 6.6 feet). By comparison, the GWI (2017) borings show current groundwater appears to be slightly deeper at 7 to 12 feet. When applying the SLR scenarios evaluated by the Venice SLR Study, SLR is modeled as affecting the groundwater table causing it to become “emergent” (i.e., at the ground surface) under all scenarios (i.e., at a SLR of 1.6 feet, potentially by 2040, groundwater will be close to the ground surface). Given that the actual groundwater table has been observed to be deeper than the OCOF Hazard model depicts, it may be that emergent groundwater will be delayed until a higher sea level rise occurs (higher than 1.6 feet). As the model shows, by 2040 to 2060, if sea level rise occurs as the scientific models adopted by the CCC predict, the effects will likely cause groundwater to rise to the within 3 feet of the ground surface, if not to the ground surface. If at some point in the future groundwater is affected by SLR such that it becomes emergent, the site will be inundated, whether the tidal gates prevent tidal inundation or not. According to this model, current groundwater levels near Sherman Canal are emergent without sea level rise (OCOF Hazard Map model 2022, groundwater conditions module, options: permeable soil, no sea level rise) and anecdotal evidence on at least one construction site on Sherman Canal appears to confirm this present condition.

<u>FEMA Flood Zone maps (release date April 21, 2021), Base Flood Elevation (BFE)</u>

In April 2021, FEMA updated the Flood Maps for the County of Los Angeles. These maps depict regional flooding based on topography and specific storm return periods. The site is mapped partially within Zone AE BFE of eight (8) feet NAVD88). (See Figure 1 appended). This means that at present, the site has a 1% chance of flooding to this level annually. Typical project design standards are that the lowest horizontal structural member should be two (2) feet above the BFE. A summary of areas with a 1% annual chance of flooding are as follows:

- Eastern lot (between Dell Avenue and Grand Canal) – the lot boundaries are outside Zone AE (e.g., not subject to flooding), but the surrounding surface streets are flooded to elevation 8 feet NAVD88.
- Western lot (between Pacific Avenue and Grand Canal) – the center of the lot (high point above elevation 8 feet NAVD88) is outside flood zone AE, but the edge of lot and all surrounding access streets are mapped in flood Zone AE.
- As noted by M&N (2018) the FEMA flood maps in 2018 did not take into account any protection from the City of Los Angeles operation of the Marina del Rey Tide Gate and Washington Tide Gate, as they were not certified by FEMA as flood control infrastructure. Whether the 2021 updated FEMA map accounts for these tide gates should be determined, but it appears it does not.
- In general, the area is low-lying and flood prone, with little natural topographic gradient to provide adequate drainage. In addition, both the inflow and outflow of any surface waters are limited by the capacity of the canals, and operation of the tide gates. This means that in times of heavy rainfall, flooding and high tides, drainage of the site may be slow and may need to be actively managed with respect to timing of flood water ejection from the site (by pumping or gravity) and coordinated with the operation of the tide gates.

<u>GeoSoils, Inc. (GSI) Sea Level Rise commentary for the project (December 28, 2020)</u>

GeoSoils, Inc. (GSI, 2020) provided a report that evaluated the vulnerability of the project site to sea level rise, and commented on tsunami hazard, coastal flooding and FEMA flood maps. The Planning Department summarized the report in their report to City Planning Commission dated May 27, 2021(page F-49):

> "A Sea Level Rise Report was prepared by GeoSoils, Inc., dated December 28, 2020. The report analyzes current flood hazards, potential for future flooding due to sea level rise, and the risk of tsunami. Based on a study of the best available science and the latest SLR projections, the report estimates the maximum (0.5%) SLR over the next 75 years would be 5.6 to 6.15 feet. While the site is not currently vulnerable to flooding, sea level rise would increase the vulnerability of the site to flooding. The report estimates that SLR would need to be more than 6 feet before the buildings may be subject to flooding. The Coastal Storm Modeling System (CoSMoS) was utilized to analyze the project's vulnerability to flood hazards, considering a scenario of a minimum 6.6-foot sea level rise and a 100-year storm scenario. Based on this scenario, the proposed development could potentially be affected by flooding because of SLR, however, the potential for such flooding in severe storm events is likely to increase towards the end of the project life (based on a typical development life of 75 years). No subterranean levels are proposed, and the project is conditioned to require the lowest finished floor (FF) elevation (not garage floor) should be 2 feet, or more, above the street flow line until reaching elevation 11 feet NAVD88, and for street flow lines above +11 feet NAVD88 the FF elevation should be a minimum of 1 foot above the flow line or that the first floor and foundations be waterproofed. Furthermore, the Project is limited to the site, would not impact emergency access along North and South Venice Boulevard, and is subject to the regulations of the Flood Hazard Zone Specific Plan."

GSI (2020) discussed site vulnerability due to flooding, and specifically addressed the effect of sea level rise on the site. In general, the report provides a sufficient discussion of the effects of

sea level rise on the site with respect to flooding and sources of flooding. The report concludes that the site is not vulnerable to flooding from wave action, or shoreline advance, but may be subject to inundation by tsunami. The site is vulnerable to flooding from the Ballona Lagoon via the canals and relies on City of Los Angeles effective operation of two tide gates (as described in the Venice SLR Study, 2018). However, GSI's conclusions are based on outdated project plans, and outdated FEMA flood maps (2016 as opposed to the updated 2021 maps). The report needs to be updated utilizing current FEMA flood maps, current project plans, and provide recommendations in accordance with the current California Building Code (CBC 2019, including July 2021 supplemental Appendix G – Flood Proof Construction). Additionally, GSI concludes that sea level rise will not impact groundwater levels on the site significantly, however, as previously discussed, this conclusion is not supported by the OCOF Hazard Map model during the life of the project.

In accordance with the City of Los Angeles Flood Hazard Ordinance, it appears the GSI (2020) report should have been forwarded to Bureau of Engineering for review (LADBS Information Bulletin P/BC 2020-064).

Based on our review of the above referenced documents and the GSI (2020) report, we have the following items related to sea level rise and coastal flooding that were not completely addressed by the above report. It is our professional opinion that the GSI report needs to be updated, and these items need to be further evaluated and addressed. Accordingly, additional mitigation measures should be recommended as appropriate for conformance with applicable codes and guidelines. Our comments are:

1. The GeoSoils Inc report on Sea Level Rise concludes that the site is not vulnerable to flooding. GSI (2020) references outdated FEMA Flood maps and the report findings and conclusion should be updated to reflect the newest maps released April 21, 2021. The project site is in a FEMA (2021) identified flood zone (AE) and has been identified as subject to potential future flooding because of sea level rise (depending on project life and risk aversion level). All finished floor elevation (FFE) recommendations should be updated and revised as appropriate as it appears the lowest design FFE (8.25 feet NAVD88) as stated by GSI (2020) is only 0.25 feet above the base flood elevation of 8 feet NAVD88 of the site and surrounding streets.
2. GSI utilizes a project life of 75 years and concludes that the referenced FFE are adequate to protect against flooding, based on evaluating several different scenarios for flooding. A reference should be provided for the selected project life standard of 75 years; however, the client group has informed us that the developer seeks a 99-year lease. The project design flood scenario and the basis for the project life should be clearly identified in the conclusions of the updated report so there is no ambiguity about the design basis for recommended FFE. Additionally, the project life span and evaluation should incorporate a construction period into the life of the project to evaluate flooding exposure due to projected SLR.
3. While GSI (2020) concludes that SLR will not impact the groundwater table at the site, based on attenuation, the OCOF (also known as CoSMoS) Hazard model for groundwater indicates the site may be impacted at a SLR threshold within the project lifespan. If subterranean construction is proposed, the project team should consider whether permanent dewatering will be necessary, and groundwater monitoring would be prudent as part of site maintenance.
4. Exhibit B Garage plans (dated May 12, 2021, currently approved) indicate that there is a subterranean garage as part of the project design, which is approximately 8-10 feet below grade (wall height unspecified). Given the location, shallow groundwater and

potential existing and future flood characteristics of the site, the project design team should consider alternatives to below ground construction. It appears that based on source of flooding (potentially affected and by tide gates controlled by the City of Los Angeles), that once flooded, there may be limited options for discharge of flood waters in the subterranean parking.

5. The project design team (civil, structural, and geotechnical engineers and project architect) should review the updated GSI report (once completed) and incorporate potential impacts of SLR on the project design and recommendations. Impacts from SLR include flooding of the lower floors of the project below FEMA Base Flood Elevation of 8.0 feet NAVD88, future potential flooding due to SLR, and impacts of the rise in groundwater table and documented corrosive soils on subsurface structures (including utilities), foundation, drainage facilities and pavements for the life of the project. Based on the approved project plans, it appears that the project as designed does not conform to CCC adopted Coastal Act Policies (Sections 30235, 30253 and 30610(g)), i.e., to minimize risks to life and property in areas of high geologic, flood or fire hazards as well as CBC2019 Supplement July 2021, Appendix G - Flood Resistant Construction.
6. The site may be affected by tsunami depending on the return period and model utilized. CalOES models a 1000-year return period, while the USGS model utilizes a 200–240-year return period, with different site exposure potential. The applicable risk scenario required by City Planning standards should be clearly identified, and site exposure and recommendations (including evacuation notices) should be clearly communicated and included in the project plans and conditions.
7. It is not clear whether the report by GSI (2020) or any report on flood susceptibility (by the project civil engineer) has been reviewed by the Bureau of Engineering as required by the Flood Hazard Ordinance and LADBS Bulletin 20-064. The anticipated flood elevation(s) and basis for their determination should clearly be indicate in the Planning phase so that acceptable finish floor elevations can be established that avoid flooding, and other flood proofing or flood avoidance mitigation measures can be incorporated into the design for both present and future flood elevations during the life of the project.

CONCLUSIONS

Based on our review of the referenced documents as discussed in the forgoing observations, we have the following conclusion summary:

- Based on our review, it seems that the technical reports for this project (both geotechnical and coastal engineering) are based on plans that do not include subterranean parking, as it was not included in the project description of the GWI or GSI report, although plans approved by the City include subterranean parking. Our review comments were not completely addressed by the above reports. Regardless of whether the approved plans contain a subterranean garage or not, our comments on the technical reports still apply.
- Potentially liquefiable soils underlie the site. Whether subterranean parking or surface parking level is proposed, the proposed mitigation measures are not likely to be adequate to reduce liquefaction related hazards at the site to an acceptable level as required by applicable codes. Specifically, the proposed mitigation measures do not address or mitigate the potential for surface manifestation and lateral spreading hazards. These hazards could impose significant instability and damage to the project and need to be evaluated and mitigated in conformance with codes and guidelines.

- Additional recommendations will be required to address subterranean parking (if proposed) including construction dewatering and excavation/shoring recommendations, and possibly permanent dewatering. If a subterranean level is proposed and six feet of overexcavation below the foundations is required as recommended by the GWI, then about 15 feet of excavation will be required. This will likely require extensive dewatering and shoring, which can be costly and require logistical considerations as well.
- The estimated static settlement by GWI (2017) appears to be low considering the recommended bearing pressure for the design of the mat foundation. Calculations of static settlement under the recommended bearing pressure under prevailing geotechnical conditions were not provided and need to be performed.
- A methane study should be performed in the planning stage to verify the feasibility of the project. The results of this study may require changes in project design that affect planning entitlement approval.
- The project design team (civil, structural, and geotechnical engineers and project architect) should review the updated geotechnical and sea level rise reports and incorporate the updated information and recommendations into the project plans, as appropriate.
- The project site is in a FEMA identified flood zone (AE) and has been identified as subject to potential future flooding because of sea level rise. Mitigation measures should be incorporated into project design and approvals to conform to Coastal Act Policies (Sections 30235, 30253 and 30610(g)), i.e., to minimize risks to life and property in areas of high geologic, flood or fire hazards.
- The Venice Community and the project site are within a tsunami hazard area as defined by the state and could be subject to wave heights of several tens of feet. This is discussed in the GSI (2020) report but not disclosed or mitigated in the GWI (2017) report.

REFERENCES CONSULTED/CITED

Project-Related Geological/Structural Studies/City Reviews

Geocon West, Inc. (2017) "Proposed Mixed-Use Development, 2102-2120 S Pacific Ave, 116-128 E North Venice Blvd, 204-216 E North Venice Boulevard, 302 E North Venice Blvd, 125 E South Venice Blvd, 301-319 E South Venice Boulevard, and, 2106-2116 S Canal Street, Venice, California, Tract: Short Line Beach Subdivision No. 1, Block: 9, Lots: 1-6, 36-42, (ARB: 1-3), LT 42 (ARB 1-3), Block: 12, Lots: 1-2, Block: 14, Lots: 1, 7-12, Project No.: A9657-06-01, dated October 11, 2017.

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Geocon West, Inc. (2018) "2102-2120 South Pacific Avenue, 116-128 East North Venice Boulevard, 125 East South Venice Boulevard, 200 East North Venice Boulevard, 204-216 & 302 East North Venice Boulevard, 2116 South Canal Street, 301-319 East South Venice Boulevard, Lots: FR1, 2-6, FR7, LT42 (ARB 1-3), 36 (ARB 1-2), 37, 38 (ARB 1-3), 39-41 // FR1-FR6, 7-12, // ARB D//FR1,7-13, Tract: Short Line Beach Subdivision No. 1 (M P2-59), Block: 9// 12// --// 14, Project No.: A9657-06-01, dated July 31, 2018.

City of Los Angeles LADBS Grading Division, Soils Report Approval Letter, dated August 10, 2018.

GeoSoils, Inc, Sea Level Rise Hazard Discussion for Reese Davidson Community, 2102-2120 S. Pacific Avenue, 116-302 E. North Venice Blvd, 2106-2116 S. Canal Street, and 319 E. South Venice Blvd, dated December 28, 2020.

Project-Related Planning/Administrative Reports

City of Los Angeles Planning Department Recommendation Report, Case CPC-2018-7344-GPAJVZCJ-HD-SP-SPP-CDP-MEL-SPR-PHP, 200 N. Venice Boulevard (Prepared for City Planning Commission dated May 27, 2021).

City of Los Angeles, Report of The Office of The Chief Administrative Officer, CAO File No. 0220-00540-1608, Council File No. 22-0496, Council District: 11, dated June 3, 2022. (Prepared for City Council Homelessness and Poverty Committee)

Project Plans

Architectural Plans by Eric Owen Moss Architects, Sheets 1-20, dated December 12, 2018. (Initial entitlement plans, Version 1.)

Architectural Plans by Eric Owen Moss Architects, dated May 12, 2021 (Approved Project Plans attached to Report of Chief Administrative Officer, CAO File No. 0220-00540-1608).

Architectural Plans by Eric Owen Moss Architects, Sheets A1.01, A1.02 and A1.03, -20, dated October 20, 2021. (no reference datum).

Architectural Plans by Eric Owen Moss Architects, East Garage (4 sheets) dated February 7, 2022, Proposal Phased Construction Plan dated January 2020, and Draft Parking Garage Memorandum dated March 9, 2022.

State/Regional Studies

Moffatt & Nichol, 2007, Tsunami Hazard Assessment for the Ports of Long Beach and Los Angeles, Final Report, April 2007, M&N File: 4839-169.

City of Los Angeles Coastal Vulnerability Assessment, Venice Beach, by Moffat & Nichol, dated May 25, 2018.

California Coastal Commission, 2018, Sea Level Rise Policy Guidance, Interpretive Guidelines for Addressing Sea Level Rise in Local Coastal Programs and Coastal Development Permits, adopted November 7, 2018.

Our Coast Our Future Hazard Map (online at https://ourcoastourfuture.org/hazard-map/). Accessed June 6, 2022.

State/Regional Maps and Standards

FEMA Base Flood maps, dated April 21, 2021 (NAVD88 datum)

California Building Standards Commission, 2019, California Building Standards Code, http://www.bsc.ca.gov/codes.aspx.

California Geological Survey, Department of Conservation, 2008, Special Publication 117A, Guidelines for Evaluating and mitigating Seismic Hazards in California.

California Geological Survey, Department of Conservation, 2010, Geologic Compilation of Quaternary Surficial Deposits in Southern California, Onshore Portion of the Long Beach 30' X 60' Quadrangle, Special Report 217, Plate 8 (https://www.conservation.ca.gov/cgs/publications/sr217#longbeach)

California Geological Survey (CGS), 2013, The SAFRR Tsunami Scenario—Physical Damage in California, United States Geological Survey (USGS) Open-File Report 2013-1170-E and CGS Special Report 229, Porter, K and others, 180 pp.

California Geological Survey, Department of Conservation, 2022, California Tsunami Area Hazard Area Maps, (https://www.conservation.ca.gov/cgs/tsunami/maps/los-angeles). Accessed June 6, 2022.

Southern California Earthquake Center (SCEC), 2002, Recommended Procedure for Implementations of DMG Special Publication 117, Guidelines for Analyzing and Mitigating Landslide Hazards in California, In California Implementation Committee: T. F. Blake Chair, T. F. Blake, R. A. Hollingsworth, and J. P. Stewart Editors.

Local Ordinances/Plans

City of Los Angeles, Venice Local Coastal Plan (online at https://planning.lacity.org/plans-policies/community-plan-update/venice-local-coastal-program) Accessed June 6. 2022.

City of Los Angeles, (1-31-2022) Flood Hazard Management Ordinance, LADBS Information Bulletin P/BC 2020-064 (effective 4-19-2021, revised 1-31-2022).

City of Los Angeles, (1-31-2022) Contents of Reports for Submittal to LADBS Grading Division, LADBBS Information Bulletin P/BC 2020-113 (effective 01-01-2020).

CLOSURE

This report has been prepared for the sole use and benefit of our client. The analysis, results, and conclusions were prepared in general compliance with normal industry practice in the City and County of Los Angeles County. The intent of the report is to advise our client of geotechnical and coastal engineering conditions at the subject site, and the possible effects of these conditions on the proposed development and surrounding properties. It should be understood that the geotechnical engineering and engineering geologic consulting provided represents professional opinions and the contents of this report are not perfect. Any errors or omissions noted by any party reviewing this report should be reported to Wilson Geosciences Inc. and Geo-Dynamics, Inc. in a timely fashion. Only the client can authorize subsequent use of this report. No warranty is either expressed or implied.

Please contact the undersigned if you have any questions.

Sincerely,

GEODYNAMICS, INC

Ali Abdel-Haq
Principal Engineer
P.E. 46989, G.E. 2308
(805) 496-1222

WILSON GEOSCIENCES INC

Kenneth Wilson
Principal Geologist
P.G. 3175, C.E.G. 928
(626) 482-8262

EXP. 2-28-23

Lauren Doyel
Principal Engineer
P.E. 61377, G.E. 2981
(805) 496-1222

Attachments

Figure 1. – FEMA Flood Map (April 21, 2021) excerpt for project site.
Reviewer CVs

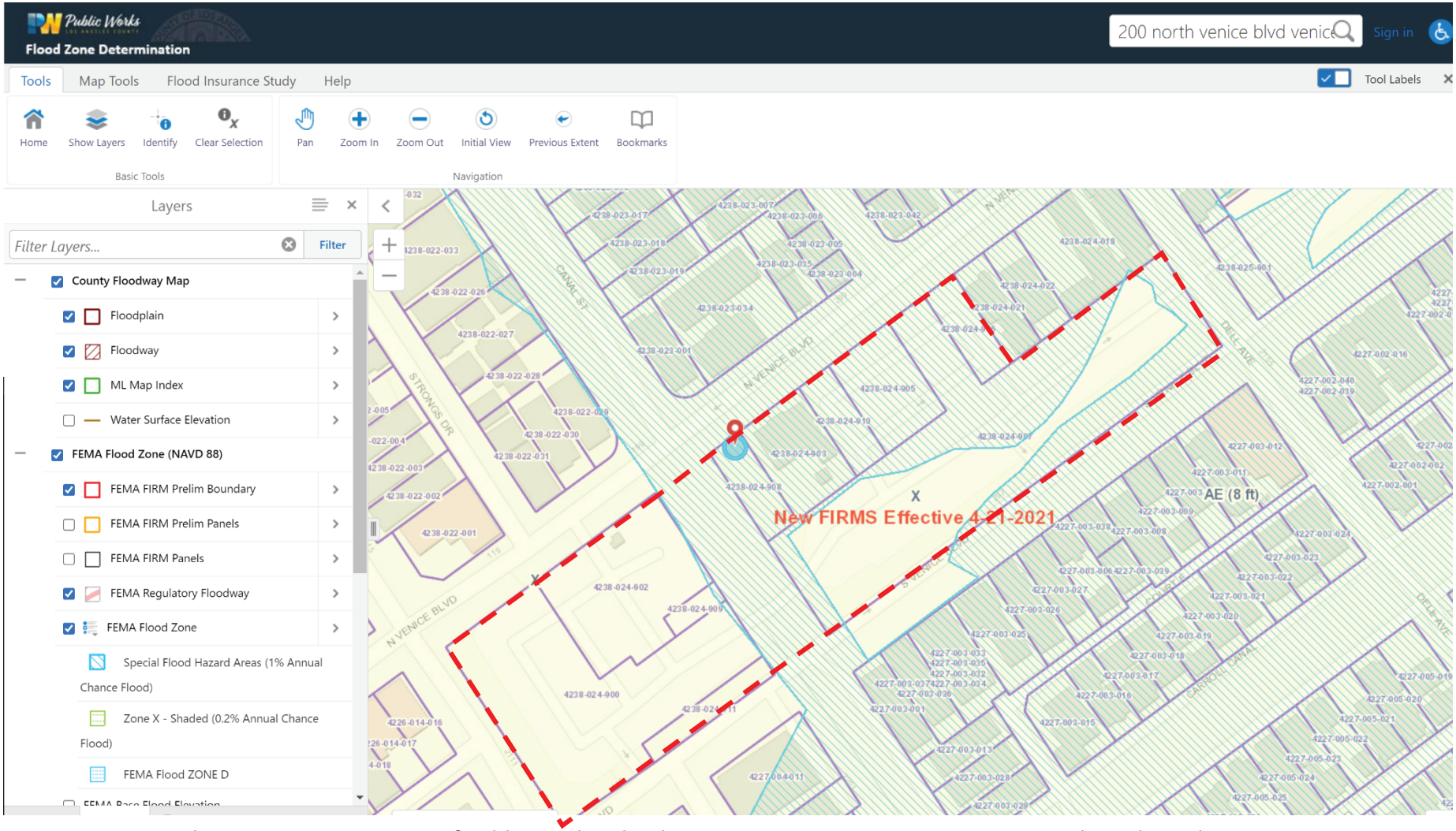


Figure 1. Los Angeles County, Department of Public Works, Flood Zone Determination; 200 N. Venice Boulevard, April 21, 2021. FEMA Flood Zone AE, minimum base flood elevation (BFE) 8 ft NAVD88. Project site outline by red dashed line.

Ref: https://apps.gis.lacounty.gov/dpw/m/?viewer=floodzone

EDUCATION

Extension Courses in Environmental Engineering, UCLA, 1989-1991
M.S. Engineering (Geotechnical), University of Ohio, 1987
B.S. (Civil Engineering), The University of Nottingham-England, 1983
Advanced Level in Mathematics & Physics, Swindon College-England, 1980.

REGISTRATIONS

Geotechnical Engineer, California, GE#2308
Professional Engineer (Civil), California, CE#46989

PROFESSIONAL HISTORY

GeoDynamics, Inc., Thousand Oaks, Principal Engineer, 2005-present
Bing Yen & Associates, Inc., Camarillo, Principal Engineer, 2000-2005
Leighton and Associates, Inc., Westlake Village, Senior Project Engineer, 1999-2000
Gorian & Associates, Inc., Senior Project Engineer, 1997-1999
Burns & McDonnell, Senior Project Engineer, 1994-1997
Gorian & Associates, Inc., Senior Project Engineer, 1989-1994
Ensotech, Inc., Senior Project Engineer, 1987-1989

AFFILIATIONS

American Society of Civil Engineers (ASCE), Member

REPRESENTATIVE EXPERIENCE

Mr. Abdel-Haq has over 34 years of professional experience in geotechnical engineering in the State of California, and 3 years of experience on projects throughout the United States. His project experience includes field explorations, laboratory testing, engineering analyses, and construction observations, of various types of projects including hillside land development, commercial and industrial buildings, landslides, theme parks, schools, water tanks, airport facilities, wastewater treatment plants, transmission and distribution lines, and power generator facilities. Mr. Abdel-Haq has managed multiple projects with an emphasis on client and project management particularly on meeting project schedules and budgets. Recently,

Mr. Abdel-Haq provided assistance to the City of Camarillo in the aftermath of the Camarillo Springs Debris Flows of 2014 and 2015. He also provided a rapid-response assessment of debris flow hazards throughout the City of Agoura Hills, California following the Woolsey Fire of 2018.

Mr. Abdel-Haq has performed geotechnical and coastal engineering reviews for over 18 years for various projects for the cities of Simi Valley, Calabasas, Agoura Hills, Rosemead, Palmdale, Moorpark, Santa Clarita, County of Santa Barbara, Hidden Hills and Malibu. He also performed third party reviews of projects for private consultants. He has also served as a geotechnical engineer on several public work projects for municipalities in Southern California, and other parts of the United States including City of Laramie Waste Water Treatment Plant, City of Laramie-Wyoming, clay liner design for lime storage ponds, City of Liberty Waste Water Treatment Facility, Liberty-Missouri, and Doris Drain Channel Improvement, Ventura County, California.

He evaluated the potential for liquefaction and associated hazards at numerous projects including large tract home developments where high liquefaction potential is known to exist, or is suspected. Projects included Simi Village, Tracts 4923, 5164 and 5113 (Simi Valley, California), North Shores at Mandalay Bay, Tract 4424 (Oxnard, California), Tract 44986 (Santa Clarita, California), Mission Bell Plaza Shopping Center and Tracts 5147 (Moorpark, California).

He provided extensive slope stability analyses for hillside developments that included landslides and required mitigation measures to comply with regulatory agencies requirements. One of the largest projects he managed and designed was Tract 46018, Plum Canyon area in the City of Santa Clarita, California. This project involved grading over 11 million cubic yards of soil as part of two deep landslide stabilization plans. Mr. Abdel-Haq has worked on other tract home developments that required landslide analyses and mitigations efforts including Tract 48307 in Palmdale, California, Tract 5164 in Simi Valley, California, and Tract 35998 in Los Angeles County, California.

Mr. Abdel-Haq performed foundation investigations for a wide variety of projects including industrial buildings, Multi-story buildings and parking garages, bridges, water tanks, transmission and distribution, power lines and power substations, retaining walls, several rides at Six Flags Magic Mountain, Navy Facilities, evaluated foundation settlement due to noise vibration (Hush House), and airport facilities.

PUBLICATIONS

Abdel-Haq, A and Hryciw, R. D. (1998). "Ground Settlement in Simi Valley following the Northridge Earthquake." Journal of Geotechnical and Geoenvironmental Engineering, Vol. 124, No. 180-89.

KENNETH WILSON

Principal Engineering Geologist

EDUCATION

University of California at Riverside, B.S. Geological Sciences, 1967
University of California at Riverside, M.S. Geological Sciences, 1972

PROFESSIONAL REGISTRATIONS

Professional Geologist, California, #3175 [Issued 1-08-1974; Expires 2-28-2023]
Certified Engineering Geologist, California, #928 [Issued 1-08-1974; Expires 2-28-2023]

PROFESSIONAL SUMMARY

Kenneth Wilson is responsible for management, technical supervision and performance of engineering geology, geotechnical, environmental impact, and environmental geology projects, and is a Professional Geologist (#3175) and Certified Engineering Geologist (#928) in California. He performs and supervises environmental assessments for commercial, industrial and government projects covering the disciplines of hydrogeology, engineering geology, geology, hydrology, seismicity, tectonics, faulting, mineral resources, and waste management. Geotechnical studies include fault evaluations, ground failure assessments, slope stability and foundation materials characterization, liquefaction potential, flooding hazards and site selection. The emphasis of his work is on defining geologic and geotechnical conditions, and hazards, which may affect the feasibility and design of any type of development project. Mr. Wilson has over 30 years of technical performance and project experience in critical facilities studies, radioactive/mixed/hazardous waste management, energy plant site licensing, impacts to surface and groundwater resources, waste disposal site development, dams and reservoirs and numerous other engineered structures. Specialized experience is in engineering geology in support of geotechnical studies, site selection/evaluation, seismic safety, integration of multidisciplinary technical teams, project management, and EIRs, EAs, and EISs.

PROFESSIONAL EXPERIENCE

Wilson Geosciences, Engineering and Environmental Geology [1989-Present]

Principal Engineering Geologist: Responsible for all management, technical and marketing activities for engineering geology, environmental impact, and environmental geology projects. Performs and supervises environmental assessments for commercial, industrial and government projects covering the disciplines of hydrogeology, engineering geology, geology, hydrology, seismicity, tectonics, faulting, mineral resources, and waste management. Geotechnical studies include fault evaluations, ground failure assessments, slope stability and foundation materials characterization, liquefaction potential, flooding hazards and site selection.

The Earth Technology Corporation [1974-1989]

Corporate Vice President: Mr. Wilson worked from late-1987 to mid-1989 for the Chairman/CEO and the President/COO performing the following tasks: assisting in evaluation of several potential acquisitions; management of pre-acquisition due diligence; evaluation of four new office geographic expansion options; managed preparation of corporate health and safety program and H/S technical procedures. In 1989 was principal-in-charge for start-up of environmental engineering and hydrogeology portion of Technical Assistance Contract with DOE/Nevada Operations, Environmental Safety and Health Branch.

Vice President; Director, Program Management: Mr. Wilson reported to the President of the Western Division (1985-1987) and was responsible for business development, project execution and strategic planning for market areas related to radioactive (high, mixed, and low-level) waste management programs, energy and mineral resources, geophysics and offshore technology. Emphasis was on geosciences, engineering, environmental, and program management disciplines for site selection, site evaluation/characterization, site remediation and specialized advanced technology considerations in hydrologic modeling, rock mechanics testing and geophysical exploration.

Vice President, Associate and Senior Manager: Mr. Wilson had numerous challenging technical and management responsibilities and assignments during the period 1974-1988. There was a wide range of projects for which he had a technical role, either performance, supervisory, or management in scope. A substantial portion of the time he was Program Manager for the Missile-X (MX) ICBM, Siting and Characterization Studies in the Western and Midwestern United States: for United States Air Force, Ballistic Missile Office, and the Southern Region Geologic Project Manager (SRGPM) in Mississippi, Louisiana, Texas, Georgia, South Carolina, Virginia, Maryland for Office of Nuclear Waste Isolation (ONWI) and Office of

Crystalline Repository Development (OCRD). These projects were national in scope and involved most geologic, geotechnical, geophysical, environmental, and hydrologic disciplines

Converse Consultants (formerly Converse, Davis and Associates) [1970-1974]

Staff and Project Geologist: Conducted and supervised investigations in southern, central, and northern California, southern Nevada, and eastern Washington. Groundwater and related studies included permeability, transmissibility, and storage coefficient studies at Searles Lake, California; earth dam projects at Yucaipa, Littlerock, and Anaheim, California; groundwater contamination (hydrocarbons) evaluation in the Glendale, California area; wastewater and water treatment facilities in Solvang, Lompoc, Victorville, Thousand Oaks, and Sylmar, California. Numerous earthquake and fault risk studies were performed for earth dams and reservoirs, high-and low-rise buildings, hospitals and schools, proposed nuclear power plant sites, water storage tanks, and large-diameter pipelines. Landslide and other slope failure studies were performed in rock and soil terrains. Offshore studies planned and conducted include coastal geophysical (seismic reflection, side scan sonar, fathometer), sampling and scuba investigations near Monterey and Dana Point, California.

PROFESSIONAL ORGANIZATIONS

Member Association of Engineering Geologists, National and Southern California Sections

COURSES, SEMINARS, AND WORKSHOPS

Seismic Interpretation for Geologists, by the Oil and Gas Consultants International, Inc., Intensive Short Course, Houston, Texas

Engineering Geophysics Short Course, Colorado School of Mines, Office of Continuing Education, Golden, Colorado

Fundamentals of Ground-Water Monitoring Well Design, Construction, and Development, Las Vegas, Nevada

Field Practices for Collecting Representative Ground-Water Samples, Las Vegas, Nevada

New Developments in Earthquake Ground Motion Estimation and Implications for Engineering Design Practice, Applied Technology Council/U.S. Geological Survey, Los Angeles, California

Seismic Hazards Analysis, Course sponsored by Association of Engineering Geologists, Los Angeles, California

PROJECT-RELEVANT INDIVIDUAL PROFESSIONAL EXPERIENCE

Kenneth Wilson is responsible for management, technical supervision and performance of engineering geology, geotechnical, environmental impact, and environmental geology projects. He is a registered Professional Geologist (#3175) and Certified Engineering Geologist (#928) in California, and has a Master of Science degree from the University of California at Riverside. As indicated above, during his professional career, Mr. Wilson has worked as a staff and project engineering geologist (4 years) for Converse-Davis & Associates (now Converse Consultants), as a project and senior engineering geologist, project manager, and vice-president for Fugro-Earth Technology Corporation in Long Beach (15 years), and for Wilson Geosciences Inc. as principal geologist (30 years).

Kenneth Wilson has performed similar services in the southern California for each of the companies noted and his experience includes performance and management of small task orders and multi-million dollar/multi-year regional investigations. With WGI, approximately 60-percent of the firms work has been CEQA or NEPA-related. During his career, he has conducted technical investigations in onshore and offshore project environments, including subsurface sampling (e.g., drilling, cone penetration testing [CPT], and grab) and geophysics (e.g., offshore seismic reflection and side-scan sonar). Mr. Wilson's has a strong familiarity with the land- and offshore-based geophysical techniques/data (e.g., offshore Dana Point, Long Beach, Santa Barbara Channel, and Monterey Bay) and drilling/CPT methods often used to obtain relevant data to define subsurface conditions in port areas. He has prepared Geology and Soils sections of CEQA/NEPA documents and the equivalent of Special Environmental Studies (SES) report based on review of existing technical reports and maps and performance of field surveys under applicable environmental laws, regulations, and policies.

REPRESENTATIVE NEAR SHORE/MARINE PROJECTS CONSIDERING THE GEOLOGY AND SOILS TECHNICAL ISSUE AREAS:

Geologic Study for Air Products Pipelines in the Port of Long Beach, Carson, Wilmington, Ca Areas (Diaz-Yourman Associates)

They are basically looking for a geologic hazard evaluation for the six pipelines in the project area defined on the ROUTE MAP NO: 4052-EX-201. Perform a geohazards review along the pipeline locations as shown on the referenced map. Assess and analyze the geohazards associated with the designated pipeline routes for purposes of operations and risk management. Geohazards include assessment of a) geologic units, b) active, potentially active, or other fault crossings, c) liquefaction and d) lateral spreading. WGI will comment of the geologic/groundwater aspects of items c and d. WGI would provide the geologic input data any directly related geotechnical assessment of the pipeline locations.

Port of Los Angeles, City Dock No. 1--DEIR Geology and Soils Section (ICF Jones & Stokes)

Principal Engineering Geologist: Based on a field inspection, review of project area-specific data (subsurface and surface material descriptions, geotechnical reports) and local/regional data, Mr. Wilson prepared the Draft Environmental Impact Report Geology and Soils section.

Port of Los Angeles, West Basin EIR--Geology and Soils Section (Envicom Corporation)

Principal Engineering Geologist: Using project area-specific data (seismic reflection records and local geology mapping) and regional data, Mr. Wilson prepared the Geology and Soils section of the Environmental Impact Report.

Port of Long Beach, Cemera Long Beach LLC Construction Aggregate Terminal, 1710 Pier B Street, Long Beach—DEIR Geology and Soils Section (ICF Jones & Stokes)

Principal Engineering Geologist: Based on a field inspection, review of project area-specific data (subsurface and surface material descriptions, aerial photographs) and regional data, Mr. Wilson prepared the Geology and Soils section of the Environmental Impact Report.

Gerald Desmond Bridge, Long Beach—Analysis of Drilling Results (Diaz-Yourman Associates)

Principal Engineering Geologist: Boring logs and selected subsurface samples were used to define the subsurface geologic formation encountered during geotechnical drilling. A description of the nature, thickness, age, and hydrogeologic characteristics of the Gaspur aquifer were provided with this information from a directional drill site near the west side of the Gerald Desmond Bridge.

Port of Los Angeles, Dredging—On-site Operational Monitoring (Converse Consultants)

Field Engineering Geologist: Based on a review and analysis of existing offshore seismic reflection records and bottom drilling/sampling, Mr. Wilson monitored the dredging operation to determine the materials encountered and proper depths attained for a portion of the ship channel.

EDUCATION

M.S. Civil Engineering (Geotechnical), San Jose State University, 1998
B.S. Environmental Earth Sciences (Geology emphasis), Stanford University, 1984
Stanford Geological Survey, 1983

REGISTRATIONS

Geotechnical Engineer, California, GE#2981
Professional Engineer (Civil), California, CE#61337

PROFESSIONAL HISTORY

GeoDynamics, Inc., Thousand Oaks, Principal, 2018-present
Exponent, Inc., Los Angeles, Managing Engineer, 2017-2018
Leighton Group, Inc., Santa Clarita, Principal Engineer, 2012-2017
Fugro, Ventura, Senior Project, 2004-2006; Associate Engineer, 2007-2012
BTC Laboratories, Inc., Ventura, Chief Engineer, 2006
Bing Yen & Associates, Inc., Camarillo, Project Engineer, 1999-2004
Richard Meehan Associates, Palo Alto, Staff/Project Engineer, 1985-1999.

AFFILIATIONS

American Society of Civil Engineers (ASCE), Member, past President (VTA-SB)
California Marine Navigation Conference (CMANC), Member
International Association of Women (IAW), Member

REPRESENTATIVE EXPERIENCE

Ms. Doyel brings over 36 years of professional experience in peer review, geologic and geotechnical studies for land development, infrastructure, and construction projects in southern California. She has worked in multi-disciplinary services including onshore and offshore geotechnical exploration, design and construction, municipal services in community development and public works, as well marine survey, construction, and forensics. She also has experience working on port and coastal sites nationally and within U.S. Territories.

She has peer reviewed geotechnical and environmental investigations and reports for land development and forensic studies for over 30 years. She currently peer reviews for the City of Malibu (2018 to present) and has been a primary geotechnical and coastal engineering reviewer (1999 to 2012) for the City, as well as a half dozen other municipal and county agencies. This included assisting the City of Malibu by developing coastal engineering report standards and guidelines in support of the Local Coastal Program, including the incorporation of sea level rise into coastal engineering studies submitted to Malibu.

At present, she leads the geotechnical review and final building plan check review services for Woolsey Fire Rebuilds in the City of Malibu, and as well as for geotechnical, coastal engineering and environmental health. She is the primary contact for homeowners and Applicants who need assistance in understanding the Fire Rebuild process, and submittal requirements for Building Plan Check stage, and provides the Planning Department with pre-submittal project planning input for geotechnical and coastal engineering. She works closely with all City of Malibu departments, staff and consultants to move projects efficiently and smoothly through the review, plan check and approval process.

Throughout her career she has performed forensic investigations and analysis of landslides, building structures and man-made embankment failures for cities, insurers and private parties, including the Big Rock Mesa, Flying Triangle, and Love Creek landslides, the Linda Levee failure and Potrero Canyon park slope stabilization project. From 2000 to 2005, she was part of the geotechnical consulting team for the

City of Malibu Landslide Assessment Districts, responsible for installation and maintenance of, collection and interpretation of data from, and reporting and public presentation on slope monitoring and dewatering facilities intended to stabilize landslides with existing residential development. In 2018, she performed inspections and provided failure analysis for debris flows related to the fires and subsequent storms in southern California, including the Thomas, the Creek, the Skirball and the La Tuna fire, providing inspection and forensic reporting on over 50 properties affected by post-fire debris flows. She has also provided technical support for public agencies filing FEMA Disaster Assistance claims, including the Calle del Barco landslide (1998) and the Oroville Dam spillway damage (2018).

She has provided technical evaluation and design studies for a variety of onshore and coastal geotechnical infrastructure projects, and geotechnical oversight of construction for federal, state and local governments, universities, school districts, utilities and private parties. She has focused on public works infrastructure since 1999, from project review, planning and design studies through permitting and construction. She managed the site geotechnical characterization and reporting phase for the joint the Port of Los Angeles USACE Channel Deepening project, as well as the on-call geotechnical contract for the City and Port of Los Angeles. She developed and executed the geotechnical and environmental site characterization approach, investigation and reporting for Elderberry Reservoir (LADPW), Mockingbird Lake (City of Riverside) and Laguna Lake (City of San Luis Obispo), including recommendations for disposal of dredge spoils.

In April 2018, she co-presented a webinar "Ground Failures and Other Ground-Water Related Property Damage" as part of the online Lorman Technical training program (http://www.lorman.com/training/water-law/ground-failures-and-water-related-construction-losses).

CERTIFICATIONS

Certified, HUET and Marine Safety, 2016.
Certified, Slope Inclinometer Interpretation and Data Reduction, 2001.
Certified, Hazardous Waste Management, UCSC Extension, 1988.

SELECT PROJECT EXPERIENCE

PEER REVIEW

- **Geotechnical Engineering Peer Reviewer,** City of Malibu, CA (1999-2012, 2018-present).
- **Coastal Engineering Peer Reviewer**, City of Malibu, CA (2000-2012, 2018-present).
- **Coastal Engineering Peer Reviewer**, City of Dana Point, CA (2000-2004).
- **Geotechnical Engineering Peer Reviewer**, City of Agoura Hills, CA (1999-2004, 2018-present).
- **Geotechnical Engineering Peer Reviewer**, County of Ventura, CA (1999-2004).
- **Geotechnical Engineering Peer Reviewer**, City of Simi Valley, CA (1999-2004, 2018-present).
- **Geotechnical Engineering Peer Reviewer**, City of Santa Monica, CA (2001-2004).
- **Geotechnical Engineering Peer Reviewer**, City of Hidden Hills, CA (1999-2004, 2018-present).

FORENSICS (Geotechnical and Environmental)

- **Ladera Elementary School slope failure, Conejo Valley USD (2017).**
- **Westlake High School erosion and slope evaluation, Conejo Valley USD (2016).**
- **Potrero Canyon Park Slope Evaluation and Landslide #8 Repair, Pacific Palisades, CA (2014).**
- **Rambla Pacifico Emergency Access road Restoration, City of Malibu, CA.**
- **Calle Del Barco and La Costa Landslides, Malibu, CA.**
- **Love Creek Landslide, Ben Lomond, CA.**
- **Oddstad Boulevard debris flow, Pacifica, CA.**
- **Abalone Cove Landslide Technical Panel, Rancho Palo Verdes, CA.**

- **Big Rock Mesa Landslide, Los Angeles, CA.**
- **Flying Triangle Landslide, Rancho Palos Verdes, CA.**

Residential, Commercial and Industrial Facilities related to Insurance Claims, Southern California and Nationwide. Project Engineer, Manager and QA/QC Reviewer for geotechnical investigation of insurance claims for commercial, industrial and residential structures including expansive soil and rock, debris flow related to fire, storm drain and plumbing failures, backfill failure, settlement for multiple insurers. Field investigation, documentation, causation analysis and reporting, as well as remedial repair and mitigation of damage. Peer review of forensic damage reports.

Gas Explosions, Northern California, and Nevada. Project Engineer for field investigation and determination of cause of residential gas explosions, evaluation of gas migration, and effect of construction activities.

Montecito MudFlows, Residential and Public Infrastructure Damage Investigation, 2018. Project and Field Engineer for investigation and damage assessment of 40+ houses immediately after mudflows during evacuation conditions. Aerial photo analysis, field investigation, documentation of structure condition and damage, evaluation of mitigating and ed/or exacerbating conditions, causation evaluation and summary reports.

Evaluation of Commercial Structure Construction and Drainage, Oxnard, Santa Clarita and Goleta, CA. Evaluation of commercial structure concrete slab and flooring failure due to moisture intrusion and drainage. Principal Investigator for insurance companies and prospective property buyers.

North Central Animal Shelter, City of Los Angeles, CA. Project Engineer and Manager for geotechnical site characterization and settlement survey analysis to support significant renovation plans for an existing facility. The shelter was constructed on pile foundations over an old landfill, and experiencing ongoing settlement. Survey data provided to City of LA GEO to develop foundation repair recommendations.

Bombardier Storm Drain Backfill Investigation, Norwalk, CA. Project Engineer and Manager for detailed geotechnical investigation of storm drain backfill failure along residential streets (task order for County of Los Angeles).

Hawaiian Avenue Injection Well24B subsidence, Wilmington, CA. Project Engineer and Manager for detailed geotechnical investigation subsidence adjacent to injection well (task order for County of Los Angeles).

Calle Del Barco Landslide Litigation, City of Malibu, CA. Project Engineer responsible for execution of field phase of geotechnical field study of Calle Del Barco landslide, and responsible for technical summary and evaluation of land development and landslide history. Responsible for engineering analysis (slope stability) performed to support City of Malibu application over $500,000 FEMA funding for landslide repair (successful).

MUNICIPAL INFRASTRUCTURE (DESIGN AND CONSTRUCTION)

Venice Dual Force Main Alignment, Los Angeles, CA (2015). Project Manager and Geotechnical Engineer for a geotechnical and geophysical investigation of a two-mile long 54-inch outside-diameter sewer force main using micro tunneling and open trenching techniques. Field investigation utilized CPT exploration to gather subsurface stratigraphic information along the alignment to confirm subsurface conditions, as well as geophysical study to locate and confirm abandonment of DOGGR identified oil wells.

Road Rehabilitation and Construction projects, City of Oxnard. Project Engineer and Material Testing Laboratory. Projects include AC and PCC pavement reconstruction, pavement evaluation, construction testing and observation for various projects throughout the City including Esplanade Bus Stops, Victoria Avenue Median Strip, Oxnard Alleyway reconstruction, and Orchard Neighborhood Slurry Seal (Phase 1 and Phase 2).

Goleta Fire Station #10, City of Goleta, CA. Geotechnical Engineer of Record for geotechnical design study for a new fire station. Challenges include evaluation and mitigation recommendations for a 35-foot-high slope abutting railroad tracks in eroding marine terrace deposits. The slope repair is the most expensive and significant feature of the development, and current seismic codes result in high ground accelerations. The slope mitigation is an essential part of overall site design evaluation and recommendations due to limited space.

Agoura Road Widening Project, Construction Phase, City of Agoura Hills, CA. Project Manager and Geotechnical Engineer for construction phase of Agoura Road Widening Project, construction oversight and soils and material testing for 2.5-mile road widening project, including 5 retaining walls, cut, fill, utility relocation. Challenges include pavement section redesign utilizing geogrid to accommodate shallow utilities that could not be deepened, resulting in the project staying on schedule and saving the City over $200,000.

Central Park Development, Phase 4, Design and Construction, City of Santa Clarita, CA. Geotechnical Engineer of Record for design and construction Phase 4 of Central Park, the largest park in the City of Santa Clarita. Phase 4 included a new soccer field, expanded parking, and storm water retention facilities. Leighton provided geotechnical services during the design and construction of Central Park, including extensive geotechnical investigation to generate the geotechnical parameters for park design.

Oxnard Fire Station #8, City of Oxnard. Geotechnical Engineer of Record for geotechnical design study for a new fire station. Challenges include evaluation and mitigation of liquefaction due to dry sand settlement and high groundwater. Ground improvement was not an option due to limited budget and overexcavation was not an option due to shallow ground water and potential pumping. Recommendations were provided for a geogrid reinforced soil section under a rigid mat foundation.

County of Ventura, Bus Canyon Drain Culvert Geotechnical Study, Simi Valley, CA. Geotechnical Engineer and Project Manager for limited study to provide design parameters for replacements of box culvert along Arroyo Simi damaged due to settlement and poor concrete.

Burbank Water and Power Reservoir #2, Burbank, CA. Project Manager and Geotechnical Engineer for site characterization of subsurface conditions, evaluation of slope stability and seismic risk for slopes above and below an underground water reservoir.

TIWRP Blower Replacement Project Geotechnical Study, City of Los Angeles, CA. Geotechnical Engineer of Record for investigation to support new blower foundations for plant upgrades utilizing limited access CPT rig inside the blower building. The project was enhanced by utilizing previous investigations performed for the Channel Deepening project because of Ms. Doyel's knowledge and prior project experience within the Port of Los Angeles.

Termino Avenue Drain, Los Angeles County Department of Public Works, Alamitos Bay, Long Beach, CA. Project Manager and Engineer for geotechnical investigation for new storm drain outlet into Alamitos Bay, Long Beach. Special considerations include coffer dam and seepage analysis for outlet structure. Logistics included finding a cost-effective drilling platform in very shallow water (five feet or less) that could perform in situ geotechnical testing and sampling.

Geotechnical Design, Construction Management and Observation/Corral Canyon Road Repair, Malibu, CA. Project Manager and Engineer for repair of failed road section providing only access to over 200 homes in Los Angeles County.

Stormwater Treatment Plant, City of Malibu, CA. Project Manager and Engineer, geotechnical investigation for new pilot UV treatment system, which included pump stations, pipelines, treatment facility and outlet into Malibu Creek.

Exhibit 4

MEMORANDUM

To: HCID including Rick Tonthat, Magdalina Zakaryan and Gohar Paronyan

From: VCH & HCH, the co-developers of the Reese Davidson Community (RDC)

Cc: Azeen Khanmalek, Mayor's Office and Nicole Deddens at Bocarsly Emden.

Re: Legal entities and Ground Leases for RDC

Date: March 12, 2020

Representatives from VCH & HCH RDC met with Nicole Deddens, partner at Bocarsly Emden and Eugene Cowan, partner and tax attorney at Bocarsly Emden, on February 25, 2020 to discuss legal questions associated with the Reese Davidson Community (RDC). VCH/HCH's goal is to pro-actively identify potential issues and to resolve them as early in the process as possible.

During the monthly call between VCH/HCH and HCID, we raised the following topics. In response to Magdalina's request, HCHC has drafted the following memo. It is anticipated that HCID will forward this memo to the City Attorney's office. If the City Attorney would like to vet these issues with developer's counsel, they should contact the developer's counsel, Nicole Deddens at ndeddens@bocarsly and cc: Sarah Letts at sletts@hollywoodhousing.org.

Two topics which should be vetted early in the process are summarized below.

1. **Ownership Structure and Contracts**
    a. Bocarsly recommends the creation of 3 legal entities:
        i. Limited Partnership #1 (exact name TBD) to develop Phase 1 of the affordable housing and auxiliary spaces (i.e. commercial/residential parking & commercial);
        ii. Limited Partnership #2 (name TBD) to develop Phase 2 of the affordable housing and auxiliary spaces (i.e. the Gregory Hines Community Arts Center);
        iii. An LLC whose sole purpose will be to act as a turn-key developer of the City's Public Parking Structure. As envisioned, this LLC will enter into a Turnkey Development Agreement with the City.
    b. Potential 4th legal entity, perhaps an LLC, that will be responsible for physical improvements associated with the Canal, boat launch and bridge.

i. This 4th entity wasn't discussed with Bocarsly, but our insurance broker suggested it might be prudent to create an LLC whose sole purpose was to implement the physical improvements to the canal and bridge.

c. Contracts: After we create the legal entities, architects, engineers, contractors, and other vendors will enter into separate contracts with each entity. To illustrate this point, there will be at least 3 contracts with Eric Owen Moss Architects (EOMA), one with Limited Partnership #1, another with Limited Partnership #2 and a contract with the LLC for the Public Parking Structure.

i. Note that contracts with the architect, general contractor and the property management company MUST be separate for each Limited Partnership because each of these agreements will need to be assigned as collateral at construction loan closing. Said another way, if VCH/HCH default on the construction loan, these contracts must be assigned to the financing partners so they have the legal authority to direct the architect and general contractor to oversee completion of construction.

2. **Ground lease**

a. The original idea articulated by the City is as follows: *The ground lease will cover the full parcel, including area under the DOT parking. At some point after the ground lease is executed (either post completion or at perm conversion), the area under the DOT parking lot will be separated out from the legal description.*

b. According to Bocarsly Emden, this approach will not work. Each component of the project must be located on a separate legal parcel in order for the components to be separately owned and financed. The City can rely on California Government Code Section 66428(a)(2) which provides an exception to the Subdivision Map Act for "land conveyed to or from a governmental agency, public entity, public utility." As such, the City effectively can create legal parcels by recording memos of leases with a metes and bounds description and they did not have to go through a separate subdivision process. In particular, we will need two (2) ground leases – one for each housing phase.

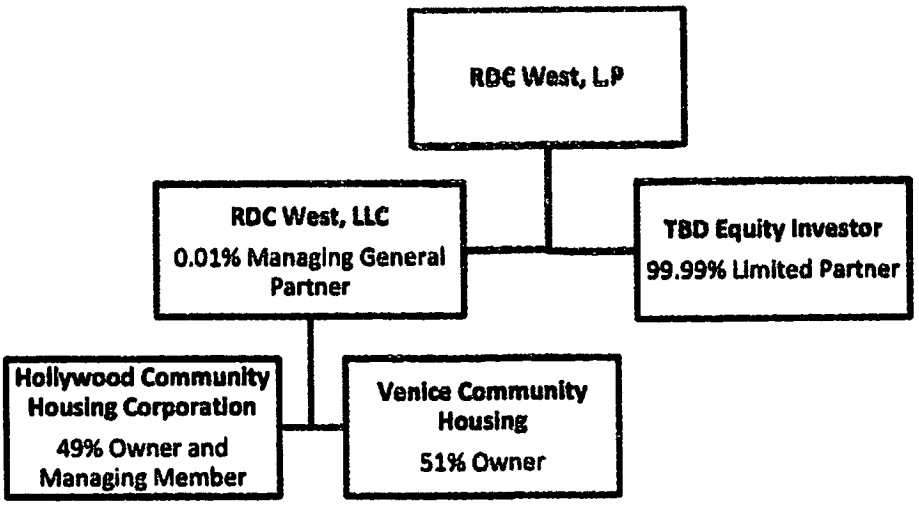
i. If we have one ground lease for the full site, the lender could use the entire parcel as collateral which the City will not want.

ii. According to Bocarsly, we need to have 2 separate ground leases from the beginning (i.e. on or before construction loan closing).

iii. The portion of the site with the public parking garage will not be included in either ground lease but the parking should be located on a separate legal parcel.

Reese Davidson Community
Draft Organizational Charts

PHASE I (West of Canal)



PHASE II (East of Canal)

