

ECONOMIC DEVELOPMENT AND JOBS and GOVERNMENT OPERATIONS COMMITTEES REPORT relative to the development of the Lanzit Industrial Site located at 10901 South Clovis Avenue.

Recommendations for Council action:

1. AUTHORIZE the Interim General Manager, Economic and Workforce Development Department (EWDD), to negotiate and execute an Exclusive Negotiating Agreement (ENA) for a 12 month period with the option to be extended for an additional 12 months, depending on the time securing project entitlements, with SoLa Impact to construct a modular housing manufacturing facility, a vocational school, a technology and manufacturing center for youth, and open space at the following locations:
  - a. 1090 South Clovis Avenue
  - b. 10901 South Clovis Avenue
  - c. 10921 South Clovis Avenue
  - d. 10930 South Clovis Avenue
  - e. 10931 South Clovis Avenue
2. AUTHORIZE the interim General Manager, EWDD, in consultation with the General Manager, Los Angeles Housing Department or their respective designees to make technical corrections or adjustments that may be required and are consistent with this action.
3. DECLARE, based on the findings contained in the April 20, 2026 Municipal Facilities Committee (MFC) report, attached to the Council File, that the City-owned property is "exempt surplus land" for the purpose of the Surplus Land Act under Government Code Sections 54221(f)(1)(J)(ii)(1) and Government Code Sections 54221(f)(1)(J)(ii)(III), and which property is also exempt from the rules regulating the use of the property for affordable housing, based on the findings regarding the required use of the property for economic development purposes.

Fiscal Impact Statement: The MFC reports that there is no General Fund impact as a result of the recommendations contained in the April 20, 2026 MFC report, attached to the Council File.

Community Impact Statement: None submitted.

Summary:

On May 19, 2026, the Government Operations (GO) Committee considered an April 20, 2026 MFC report relative to the development of the Lanzit Industrial Site located at 10901 South Clovis Avenue. According to the MFC, located in Watts, 10901 South Clovis Avenue, commonly referred to as the Lanzit Industrial Site, was used as a storage, maintenance and sign-painting yard by the California Department of Transportation (CalTrans) from 1947 to 1991. In 1994, the City of Los Angeles purchased the property from CalTrans for \$3.2 million.

The site was purchased with Community Development Grant Block Grant (CDBG) funds that were previously allocated for a "South Central Industrial Park" (Council File No. 88-2251-S4). Council intended to use the property for the purpose of job creation in order to address unemployment and under-employment in the South Los Angeles area.

The site is currently vacant and unused. There are homeless encampments outside the property line. The property's land use designation is Limited Industrial and the property is zoned M1-1-CPIO. The Southeast Los Angeles Community Plan CPIO went into effect in 2018, and provides a variety of allowable uses at the Lanzit Industrial site (located in Subarea K). Any and all uses under zoning designation M-1 (light industrial) will be allowed by right.

After having completed a Request for Proposals process, SoLa Impact was selected to develop the Lanzit site; SoLa Impact is a developer, owner, and operator based in South LA that invests in affordable housing predominantly in low-income BIPOC communities, providing access to fair, equitable, and affordable housing to California residents. Founded by Martin Muoto, SoLa has been recognized as a large Section 8 housing provider and a leader in urban revitalization. The company's funds (totaling over \$470 million of equity) invest exclusively in minority communities, combining strong financial returns with measurable social impact.

SoLa Impact has completed over 30 projects across South Los Angeles, Compton, Watts, and the Crenshaw Corridor. SoLa Impact developed The Beehive in 2019 - the nation's first-ever campus for Opportunity Zone businesses - transforming a 92,000 sq. ft. industrial site in South Central into a thriving complex of offices, job training centers, and community-serving enterprises.

SoLa's property management arm currently operates over 1,500 affordable and workforce housing units. Approximately 87% of their residents are formerly homeless. The SoLa Impact proposal is called "The Honeycomb", based on the Model/Z Factory, another SoLa project which is a manufacturer of affordable housing in Watts. The Honeycomb will convert the 9-acre Lanzit Industrial Site into a 175,000 square foot state-of-the-art modular housing manufacturing campus that will include an expansion of the existing and successful Model/Z factory and corporate offices, the Model/Z Vocational School, a Technology and Manufacturing Center for youth, and open space.

The Honeycomb facility will design and assemble housing units that can be transported to building sites across Southern California and beyond. By centralizing and streamlining

construction in a factory setting, the construction time and cost can be significantly reduced, cutting project timelines by 40% or more, compared to traditional building methods.

The factory is anticipated to produce up to 4 units per day that community developers can deploy to address the region's housing shortage. Model/Z will serve as the template for both the schedule and the financing structure. Model/Z's mission is to address the crisis of affordable housing, and homelessness in America. Designed and led by former SpaceX engineers and automotive executives, Model/Z uses AI and volumetric modular manufacturing to deliver affordable housing at significantly lower cost, reduced time, and minimal waste.

As Model/Z ramps up its unit production, it seeks to expand its facility capacity to The Honeycomb and to replicate its success on the Honeycomb campus. The development schedule and financing model of the Honeycomb will follow the Model/Z template. Model/Z executed the lease for the site in Fall 2023 and renovations were completed within four months of lease execution. Production began in January 2024 and started operating at full capacity within three months. Financing for factory renovations and initial operations included \$19 million in New Market Tax Credits (NMTCs). All other funding was sourced privately from venture capital investors. The factory has created over 300 full-time positions paying at least Airport Living Wage, with approximately 75% of the positions filled by residents of surrounding low-income neighborhoods. After consideration and having provided an opportunity for public comment, the GO Committee moved to recommend approval of the recommendation contained in the MFC report.

Subsequently, also on May 19, 2026, the Economic Development and Jobs (EDJ) Committee also considered this matter and after consideration and having provided an opportunity for public comment, the EDJ Committee moved to concur with the GO Committee. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

**COUNCILMEMBER VOTE**

PADILLA: YES  
LEE: YES  
JURADO: YES

## Economic Development and Jobs Committee

<b>COUNCILMEMBER</b>	<b>VOTE</b>
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PRICE:	YES
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SOTO-MARTINEZ:	YES
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JURADO:	YES
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NAZARIAN:	YES
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PARK:	ABSENT
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5/20/26

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**