


0150-12913-0002

TRANSMITTAL

TO The City Council	DATE 4/20/26	COUNCIL FILE NO. 24-0403
FROM Municipal Facilities Committee	COUNCIL DISTRICT 8	

At its meeting held on April 16, 2026, the Municipal Facilities Committee (MFC) approved the attached Economic and Workforce Development Department (EWDD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize the declaration of 10900, 10901, 10920, 10921, 10930 and 10931 South Clovis Avenue as exempt surplus properties and allow EWDD to negotiate and execute an Exclusive Negotiating Agreement (ENA) with SoLa Impact for the development of the Lanzit site. The term of the ENA is one year, with a one-year option to extend.

Fiscal Impact: There is no General Fund impact as a result of the report recommendations.


for Matthew W. Szabo
City Administrative Officer
Chair, Municipal Facilities Committee

MWS:AW:05260131

CITY OF LOS ANGELES

CALIFORNIA

FREDERICK L. JACKSON
INTERIM GENERAL MANAGER



KAREN BASS
MAYOR

ECONOMIC AND
WORKFORCE
DEVELOPMENT
DEPARTMENT

444 FLOWER STREET
LOS ANGELES, CA 90071

April 16, 2026

Council File: 24-0403
Council District: 8
Contact Person: Fred Jackson
Fred.Jackson@lacity.org
Phone: (213) 744-9723

Matthew W. Szabo, Chair
Municipal Facilities Committee
200 N. Main Street, Suite 1500
Los Angeles, CA 90012

TRANSMITTAL: REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT WITH SOLA IMPACT FOR THE CITY PROPERTY LOCATED AT 10901 S. CLOVIS AVENUE AND ADJACENT PARCELS

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

SUMMARY

The recommendations in this report are for the authorization to negotiate and execute an Exclusive Negotiation Agreement ("ENA") with SoLa Impact ("Developer"), to construct a commercial project on City-owned parcels located at 10900 to 10931 S. Clovis Avenue in South Los Angeles ("Property"). Future approvals by the City Council and the Mayor will be required to authorize the execution of disposition documents.

RECOMMENDATIONS

1. AUTHORIZE the Interim General Manager of the Economic and Workforce Development Department ("EWDD"), to negotiate and execute an Exclusive Negotiating Agreement ("ENA") for a twelve (12) month period with the option to be extended for an additional twelve (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 (the "Project"), at 10900, 10901, 10920, 10921, 10930 and 10931 S. Clovis Avenue, APNs 6071-021-914, -915, and -916 ("Property");
2. AUTHORIZE the General Manager of EWDD, in consultation with the General Manager of LAHD, 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 herein, 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)(I) 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.

SITE HISTORY

In 1993, the City of Los Angeles acquired the Lanzit Industrial Site, a 9-acre parcel of industrially zoned property located at 10900 - 10931 S. Clovis Avenue in Southeast Los Angeles, with the intention of generating an economic development project that would benefit the local community. The Lanzit Industrial Site ("Lanzit"), is one of the largest unoccupied parcels of industrially zoned property in Southeast Los Angeles. It was originally used as a storage, maintenance and sign-painting yard by the California Department of Transportation (CalTrans) from 1947 to 1991. Despite several potential development opportunities, the site has remained vacant since its acquisition.

High quality employment opportunities are a high priority for the Southeast Los Angeles Community. This site was purchased with the use of Community Block Development Grant (CDBG) funding, awarded based on meeting the required CDBG National Objective for the creation of 170 Full Time Equivalent (FTE) permanent jobs. Given that the site was purchased using federal CDBG funds that require that 170 FTE jobs be created and maintained on the site, the City has sought exemption from the Surplus Land Act in order to develop it for its required use.

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.

BACKGROUND

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" (C.F. 88-2251-S4). The Los Angeles City 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.

Surplus Land Act

The California Department of Housing and Community Development (HCD) provided technical assistance to the City of Los Angeles at the request of the City Attorney's office regarding whether this site qualifies for an exemption to the Surplus Lands Act as amended by AB 1486 effective January 1, 2020 under Gov. Code section 54221(f)(1)(J)(ii)(I) or possibly 54221(f)(1)(J)(ii)(III). HCD staff concluded that the property (Lanzit Industrial Park) would qualify for the valid legal restriction exemption under those provisions. Per HCD staff, the next step is to submit an exempt surplus resolution to receive an HCD findings letter.

Environmental Clean-Up

The original Environmental Assessment (EA) conducted on the site identified soil contamination in the vicinity of an underground storage tank (UST) that was previously used to store kerosene and paint thinners. A soil remediation plan was implemented and the Los Angeles City Fire Department (LAFD) issued a case-closure letter dated February 13, 1995.

However, the EA also stated that there was a moderate potential for groundwater contamination, due to the UST leakage. The City issued a Groundwater Investigation report and identified groundwater contamination, specifically the presence of trichloroethene (or TCE, a common industrial solvent), at contamination levels considered to be moderate-to-heavy. The City subsequently authorized a series of additional testing and preparation of the environmental remediation work plan.

The remediation work commenced in November 2011 and the initial round was completed in January 2012; however, there is still on-going remediation work and monitoring being carried out at the site today, which will require \$250,000 to complete. Funding will be requested in the 2026-2027 budget.

In a meeting with the City's Bureau of Engineering (BOE), the Los Angeles Regional Water Quality Control Board (LARWQCB) indicated that they are considering case closure for groundwater, but they may have their soil vapor unit look at the case. The soil vapor unit may require shallow vapor sampling.

BOE staff have indicated that most of the remediation work specified by the approved work plan has been accomplished, and that site development can proceed during the remainder of the remediation. Existing monitoring wells and pipes can be moved, replaced or modified as long as the required notifications are appropriately provided to the LARWQCB or other appointed agency.

REQUEST FOR PROPOSALS

EWDD was directed to issue a Request for Proposals (RFP) to solicit ideas and teams for the development of the site. As part of the criteria of the RFP, the City considered uses that are both viable under the M-1 zoning designation and that meet the CDBG Job Creation National Objective. Emerging industries in Los Angeles were given additional consideration in the response process.

The RFP was issued on March 23, 2025 (RAMP ID 220772). There were two respondents, Watts Labor Community Action Committee and SoLa Impact. The evaluation criteria and scores are as follows:

Evaluation Criteria	Max Possible	WLCAC	SoLa
1. Development Team Qualifications	25	21.00	23.00
2. Proposed Development and Design	23	18.00	21.30
3. Community Benefits and Wage Standards	12	11.33	12.00
4. Financial Feasibility of Project	15	10.67	11.70
5. Job Creation	15	15.00	15.00
6. Interview	10	5.00	8.00
Total	100	81.00	91.00

The respondents were notified on September 19, 2025, and an appeal was received by WLCAC on October 9, 2025. WLCAC was notified that the appeal was denied on February 17, 2026.

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.

The site plan for the Honeycomb emphasizes urban design and sustainability. Public access to the site will be from the north at Clovis Avenue, with deliveries through a side entrance off 111th Place to maintain a separation between the industrial and commercial visitors. The Honeycomb

will incorporate sustainable design features, such as rooftop solar panels to power the factory, energy-efficient LED lighting and appliances, water-efficient fixtures and native landscape, and a stormwater management system to reduce runoff. Parking will be provided for employees (with electric vehicle charging stations to encourage clean transportation), and the design will also promote transit and bike access, given the site's proximity to Metro bus lines and the Watts community's bike network.

The green open space will be concentrated at the northwest corner of the site to create a natural buffer between the manufacturing activities and the adjacent residential neighborhood. This park will feature landscaped gardens and courtyards to serve as gathering spaces for the staff, visitors, and community members. The open space may be used to host community events such as job fairs. Security will be integrated with perimeter fencing and lighting that keeps the facility safe while maintaining a welcoming appearance. The final site plan will be in compliance with the Southeast Los Angeles Community Plan Implementation Overlay Subarea K and incorporate community input collected during the community engagement sessions.

Model/Z will also operate a workforce training center co-located onsite to provide free and subsidized training programs, apprenticeships, and upskilling opportunities for local residents, including those without prior manufacturing experience. SoLa Impact will partner with organizations including WorkSource California, LA Trade-Tech College, and community nonprofits to recruit and train workers from historically under-employed groups – such as youth, veterans, and the formerly incarcerated. The vocational program trains local residents with in-demand trade skills (e.g., welding certifications, OSHA safety training, CNC machine operation) that prepare them not only for jobs at The Honeycomb, but also for long-term careers in Los Angeles' growing green manufacturing and construction sectors. As an example, approximately 60% of vocational school graduates are offered positions in the Model/Z production line earning above the Airport Living Wage and are offered full benefits including health care, dental/vision care, 401K, etc.

FISCAL IMPACT STATEMENT

Approval of the recommendations in this report will not have an impact on the General Fund. The extent of any future impact on the General Fund is unknown at this time. A future report may request authority from the City Council and Mayor to execute agreements between the City and the Developer.

Frederick L. Jackson

Frederick L. Jackson (Apr 6, 2026 16:02:48 PDT)

FREDERICK L. JACKSON
Interim General Manager

FLJ:BLM