

MOTION

On June 19th 2020, the Mayor vetoed a development agreement, which had been approved by City Council on June 9, 2020, (“the June 2020 DA”) for the property located at 900-1080 South San Julian Street, 901-1075 South San Pedro Street, 1100-1118 South San Julian Street, etc, Council File Nos. 18-0174 and 18-0174-S2, known as the City Market Project, due to inconsistencies between the City Planning Commission and PLUM versions of the development agreement which could have led to the redirection of allocated public benefit away from local homeless services, affordable housing, and infrastructure. The veto requested revisions which would restore these needed public benefits.

The June 2020 DA required 10% of the first half of the housing units produced by the project (47 units) to be set aside as units for persons making 150% of the Area Median Income (“AMI”), and 10% of the second half to of the units be provided (47 units) of the project at 120% AMI, for a total of 94 units set aside for persons making well above the median income. On May 20th of this year, the Developer offered to provide 5% (47 units) of the total project units at Low Income and 5% (47 units) at Moderate Income during all phases of the project. In compensation for offering this deeper affordability the Development Agreement will be revised to omit the payment of \$3.92 million to the CD14 Affordable Housing Trust Fund. The Developer shall still be required to make payments to the CD14 Public Benefit Trust Fund as follows: (a) \$1,960,000 for Homeless Health Services; (b) \$1,960,000 for street improvements; and (c) \$1,960,000 for Public Transportation, for a total payment of \$5,880,000. The Developer shall also be required to make a \$1,000,000 contribution to the Department of Recreation and Parks for Pershing Square. The due date for payment of these remaining public benefits shall be at the time the Developer pulls building permits.

Units set aside for low income tenants are defined as units for families earning between 51-80% of AMI and units set aside for moderate income tenants are defined as units for families earning 81-120% of AMI. The City's 2021-2029 Regional Housing Needs Assessment (RHNA) states that the City must aim to produce 260,000 units for households earning less than 120% AMI.

In order for the City to meet its RHNA goals, every opportunity must be taken to set aside affordable units at the time of project approval and units must be targeted to income levels which are at or below median. Converting 94 units of the project in question from 120%/150% AMI to low and moderate AMI housing furthers this goal. The City is better served by requiring onsite affordable units in market rate development projects over payments to the City of Los Angeles, as the provision of onsite units in market rate projects provides affordable housing faster than payments.

I THEREFORE MOVE the City Attorney to prepare and present a final revised Development Agreement between the City and The City Market of Los Angeles, Inc, and accompanying authorizing ordinance, which makes the above changes in setting affordability levels of the project at 5% Low Income and 5% Moderate Income for all phases of the project, deletes payments to the Affordable Housing Trust Fund, revises the due date for payment of the other public benefits for the time of building permits, and specifies which City projects within proximity to the project site will be the recipient of all other public benefits.

PRESENTED BY:

KEVIN DE LEÓN  
Councilmember, 14<sup>th</sup> District

SECONDED BY:

ORIGINAL

JUN 14 2021