



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. **R 23 - 0417**
NOV 03 2023

REPORT RE:

DRAFT ORDINANCE AUTHORIZING THE EXECUTION OF THE DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LOS ANGELES AND THE CITY MARKET OF LOS ANGELES, INC., A CALIFORNIA CORPORATION, RELATING TO REAL PROPERTY IN THE CENTRAL CITY COMMUNITY PLAN AREA, LOCATED AT 1057 S. SAN PEDRO STREET AND ANCILLARY LOCATIONS

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

On June 19, 2020, the Mayor vetoed a development agreement between the City and The City Market of Los Angeles, Inc., which had been approved by the City Council on June 9, 2020 (the June 2020 Development Agreement) for property located at 900-1080 South San Julian Street, 901-1075 South San Pedro Street, and 1100-1118 South San Julian Street. The veto was based on inconsistencies between the versions approved by the City Planning Commission and the City Council's Planning and Land Use Committee, which could have led to the redirection of allocated public benefits away from local homeless services, affordable housing, and infrastructure. The veto requested revisions which would restore those public benefits.

On August 18, 2022, the City Council requested the City Attorney prepare and present a final revised Development Agreement between the City and The City Market of Los Angeles, Inc., which included revised public benefits. Pursuant to the request, this Office has prepared and now transmits for your consideration the enclosed draft

ordinance, approved as to form and legality, and the Development Agreement, in a form this Office can approve.

Background

The current proposed Development Agreement has a project to redevelop an approximately 10-acre site across portions of four blocks in Downtown Los Angeles (the Project). The anticipated build out timeline for the Project is a 25-year period and will include the construction of approximately 945 multiple residential dwelling units, approximately 210 hotel rooms, approximately 294,641 square feet of commercial (including medical and general office) and manufacturing uses, approximately 224,862 square feet of retail floor area (including restaurants, bars, event space, wholesale uses, and a cinema with approximately 744 seats), and approximately 312,112 square feet of corporate/educational campus floor area. The Project also includes approximately 3,670 parking spaces in above and below grade parking structures. Proposed building heights would range from three stories to thirty-eight stories. This project description has remained substantively unchanged since the original 2017 CPC approval and 2020 City Council approval; but for changes to the affordability level of the housing set-asides, as set forth below.

The June 2020 Development Agreement required 10% of the first half of the housing units produced by the Project to be set aside as units for persons making 150% of the Area Median Income (AMI) (i.e., 10% of 945/2, or 47 units), and 10% of the second half of the units to be provided (again, 47 units) by the Project at 120%, for a total of 94 units set aside for persons making well above the AMI.

Under the current proposed Development Agreement, the Developer is required to provide 5% of the total Project units (i.e., 47 units) at Low Income and 5% (i.e., 47 units) at Moderate Income. In compensation for offering this deeper affordability, the current Development Agreement omits the payment of \$3.92 million to the CD14 Affordable Housing Trust Fund that was previously required under the June 2020 Development Agreement.

The current proposed Development Agreement will require the Developer 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. These payments are the same as were originally approved by the City Planning Commission. Additionally, the Developer will be required to make a \$1,000,000 contribution to the Department of Recreation and Parks for Pershing Square.

City Planning Commission Action and Findings

On November 9, 2017, the City Planning Commission recommended approval of a prior version of the Development Agreement. However, as described above, the City Council has modified the terms of the 2017 CPC approved version. For that reason, the Planning Director, on behalf of the City Planning Commission, disapproved the 2020 proposed ordinance, and has also disapproved the ordinance authorizing the current version of the Development Agreement. Because the Planning Director recommends against approval of the current ordinance, Charter Section 558 requires a two-thirds vote of the City Council to adopt the proposed ordinance. Should the City Council adopt the proposed ordinance, the City Council may comply with the provisions of Charter Section 558 and the Government Code by adopting the findings prepared by the Department of City Planning, that were adopted by the Planning and Land Use Committee on June 19, 2018, or by making its own findings.

California Environmental Quality Act (CEQA)

On November 9, 2017, the City Planning Commission took the following action under CEQA:

Found, based on the independent judgment of the decision-maker, after consideration of the whole of the administrative record, the project was assessed in The City Market Los Angeles EIR, No. ENV-2012-3003-EIR (SCH No. 2013021046) certified on November 9, 2017; and pursuant to CEQA Guidelines Sections 15162 and 15164, no subsequent EIR negative declaration, or addendum is required for approval of the project.

In adopting the proposed ordinance and approving its related Development Agreement, the City Council must make the appropriate finding under CEQA. In complying with this obligation, the City Council may make the same finding set forth immediately above, or make new findings.

Government Code Requirements for Notice and Hearing

Before taking action on either the draft ordinance or the Development Agreement, the City must comply with the provisions of Government Code Sections 65867, 65090 and 65091. Those sections require, among other things, notice and a public hearing. In addition, the City's development agreement procedures state that the City Council shall not take any action on any development agreement prior to the expiration of a 24-day notice.

Council Rule 38 Referral

Pursuant to Council Rule 38, copies of the draft ordinance and the Development Agreement were sent to the Department of Building and Safety, to the Department of Recreation and Parks, and to the Housing Department with a request that all comments, if any, be directed to your Honorable Body or your Committees at the time this matter is considered.

Recommended Actions

If the City Council wishes to approve the proposed ordinance and most recent Development Agreement, it may:

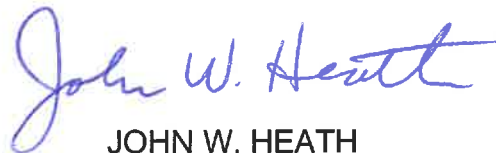
- (1) Find, based on the independent judgment of the decision-maker, after consideration of the whole of the administrative record, the project was assessed in The City Market Los Angeles EIR, No. ENV-2012-3003-EIR (SCH No. 2013021046) certified on November 9, 2017; and pursuant to CEQA Guidelines Sections 15162 and 15164, no subsequent EIR negative declaration, or addendum is required for approval of the project; and
- (2) Previously have approved all the related entitlements; and
- (3) Adopt, by a minimum two-thirds vote, the enclosed draft ordinance authorizing the execution of the Development Agreement.

If you have any questions regarding this matter, please contact Deputy City Attorney Laura Cadogan Hurd at (213) 978-8177. A member of this Office will be present when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



JOHN W. HEATH
Senior Assistant City Attorney

JWH/LCH:sp
Transmittal

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