

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the selection of Angels Landing Partners, LLC (ALP) as the preferred development team to purchase and develop Angels Landing located at 361 South Hill Street (APN 5149-010-939).

Recommendations for Council, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. DETERMINE that the City-controlled property referred to as Angels Landing located at 361 South Hill Street (APN 5149-010-939; Angels Landing is an Economic Development property under the Asset Management Strategic Planning Asset Evaluation Framework.
2. APPROVE the selection of ALP as the preferred development team to purchase and develop Angels Landing in accordance with the terms of the Option Agreement, attached to the Council file, by and between the City of Los Angeles and the Community Redevelopment Agency Los Angeles (CRA/LA), A Designated Local Authority, dated January 8, 2015 (Contract No. C-125178).
3. INSTRUCT the Chief Legislative Analyst (CLA) and REQUEST the City Attorney, with the assistance of the City Administrative Officer (CAO) and Economic and Workforce Development Department (EWDD), to negotiate and execute an Exclusive Negotiation Agreement (ENA) with ALP, a joint venture between The Peebles Corporation, MacFarlane Partners, and Claridge Properties, to effectuate the purchase and sale of Angels Landing and incorporate requirements that the proposed project provide the City with certain community benefits.
4. INSTRUCT the CLA and CAO, with the assistance of EWDD, to report in regard to the:
 - a. Proposed term sheet for a Disposition and Development Agreement with ALP.
 - b. Proposed term sheet for a Purchase and Sale Agreement with CRA/LA for the purchase of Angels Landing.
 - c. Proposed term sheet for a Purchase and Sale Agreement with ALP for the subsequent sale of Angels Landing.
 - d. Terms for any other necessary documents to effectuate the purchase and sale to include a list of required community benefits.
5. AUTHORIZE and INSTRUCT the CLA to hire consultants necessary to evaluate the proposed Angels Landing development.
6. ACCEPT \$150,000 for consultant services from ALP to analyze and financing associated with this instruction.
7. REQUEST and AUTHORIZE the City Controller to deposit, appropriate, and expend all funds received as a result of this action in Fund 100/28, Contractual Services Account No. 3040; and, AUTHORIZE the CLA to make any technical corrections, revisions, or clarifications to the above instructions in order to effectuate the intent of this action.

Fiscal Impact Statement: The CLA reports that 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.

Community Impact Statement: None submitted.

Summary:

On December 12, 2017, your Committee considered a December 8, 2017 CLA report relative to the selection of ALP as the preferred development team to purchase and develop Angels Landing located at 361 South Hill Street (APN 5149-010-939). According to the CLA, on March 21, 2017, a Motion (Huizar - O'Farrell; Council File No. 14-0425-S4) was introduced instructing the CLA, with the assistance of the EWDD, CAO, and City Attorney, to serve as the lead City Department in soliciting development interest of real property located at 361 South Hill Street (APN 5149-010-939) in Downtown Los Angeles (Site). The Site is owned by CRA/LA, A Designated Local Authority, but controlled by the City through an Option Agreement dated January 8, 2015 (Council File No. 14-0425). The Option Agreement allows the City to market and develop the Site in a manner that is consistent with the redevelopment objectives of the Bunker Hill Redevelopment Plan and in a manner that best serves the needs of the City and affected taxing entities.

Through the EWDD, the City hired Jones Lang LaSalle as its consultant to assist in the public solicitation and evaluation process to identify and select a preferred development team for the Site. As a marketing strategy, the Site was branded "Angels Landing" to pay homage to the City and its neighboring parcel, the Historic Angels Flight. Marketing material was distributed on a global scale to draw as much interest as possible. On April 12, 2017, the City released a Request for Qualifications (RFQ) via its Los Angeles Business Virtual Network to seek qualified developers capable of building a product that not only meets the development potential of the Site, but also meets key City objectives. Responses were due on May 22, 2017, and the City received 10 qualified responses.

The Angels Landing Review Panel, comprised of representatives from various City Departments and the business community, evaluated and scored the proposals. The top four scored development teams were invited to participate in the next phase of the public solicitation process. On August 7, 2017, the City released a Request for Proposals (RFP) to the four selected development teams from the RFQ process. Responses were due on October 16, 2017, and the City received three qualified proposals:

- a. Angels Landing Development Partners, LLC
- b. Angels Landing Partners, LLC
- c. The Onni Group.

The same Angels Landing Review Panel that served during the RFQ process evaluated the proposals and interviewed the development teams on October 23, 2017. A community presentation was held the same night to allow the public an opportunity to comment on the proposed project concepts. At the conclusion of this process, ALP, received the highest overall

score of the three development teams.

ALP, which is joint venture of The Peebles Corporation, MacFarlane Partners, and Claridge Properties, is proposing to build a world-class mixed-use development (Project) consisting of two hotels, multifamily housing, condominiums, restaurant and retail spaces, open space, and a K-5 public charter school. Some of the key tenant partnerships include SBE as the hotel operator with two complementary brands, the SLS and Mondrian Hotels, and Los Angeles Academy of Arts and Enterprise as the public charter school operator. The Project looks to provide community benefits in the form of affordable housing opportunities, business opportunities for Minority and Women Business Enterprises, an academic institution, and a hospitality training program. During construction, the project would generate an estimated \$54.3 million in one-time fiscal impacts to the City and \$12 million in annual on-going revenue once the project reaches stabilization. The CLA has reviewed the recommendation provided by the Angels Landing Review Panel and recommends that Council select ALP to develop the Angels Landing Site and provide the CLA the authority to negotiate and execute an Exclusive Negotiation Agreement with ALP.

After further consideration and having provided an opportunity for public comment, the Committee move to recommend approval of the recommendations contained in the December 8, 2017 CLA report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



MEMBER VOTE

PRICE: YES

BUSCAINO: YES

HUIZAR: YES

ARL

12/12/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-