

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to proposed First Amendment to Option Agreement (Contract No. C-125178) for Bunker Hill Parcel Y-1 located at 361 South Hill Street.

Recommendations Council action:

1. APPROVE the form of the First Amendment to the Option Agreement between the City of Los Angeles and the Community Redevelopment Agency Los Angeles (CRA/LA), A Designated Local Authority or CRA/LA-owned property recognized as Bunker Hill Parcel Y-1 and as provided substantially in conformance with the draft included as Attachment A to the April 12, 2021 Chief Legislative Analyst (CLA) report, attached to the Council File, and subject to the review and approval of mutual parties' legal counsel as to form and legality.
2. AUTHORIZE the Mayor, or designee, to execute the First Amendment to the Option Agreements for Bunker Hill Parcel Y-1 (Contract No. C-125178); and, REQUEST that the Mayor transmit to CRA/LA for further consideration.

Fiscal Impact Statement: The Chief Legislative Analyst reports that approval of the recommendations contained in the April 12, 2021 report, attached to the Council File, 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 May 11, 2021, your Committee considered an April 12, 2021 CLA report relative to proposed First Amendment to Option Agreement (Contract No. C-125178) for Bunker Hill Parcel Y-1 located at 361 South Hill Street. According to the CLA, on January 8, 2015, the City and the CRA/LA, A Designated Local Authority, entered into an Option Agreement that allows the City the right to market and the option to purchase Bunker Hill Parcel Y-1 located at 361 South Hill Street (Property) in Downtown Los Angeles (C.F. 14-0425). The Option Agreement describes the process by which fair market value (FMV) is determined for the Property which results in the final purchase price. The process was conducted in early 2017 and resulted in a FMV of \$45.7 million. Also in 2017, the City conducted and concluded a Request for Qualifications and a Request for Proposals process to solicit development interest for the Property.

On December 13, 2017, the City Council approved the selection of Angels Landing Partners (Developer) as the preferred developer of the Property following a competitive selection process. On March 28, 2018, the City and Angels Landing Partners, LLC (Developer) entered into an Exclusive Negotiation Agreement (ENA) for the Angels Landing project (Project), a 1.2 million square foot mixed-use development (Council File

No. 14-1174-S4; Contract No. C-131103). The Developer's response to the RFP included a purchase price of \$50 million for the Property, \$4.3 million above the 2017 FMV. Under the ENA, however, the final purchase price would be determined by the FMV process prescribed in the Option Agreement or \$50 million, whichever was greater. In January 2020, the Developer requested that the City pursue an amendment to the Option Agreement to establish a fixed purchase price of \$50 million. Establishing a fixed purchase price would improve the Developer and City's ability to assess the economic feasibility of the Project and not be subject to fluctuations in the real estate market that may adversely impact the Project. In May 2020, the City, in support of the Developer and Project, made a request to the CRA/LA to amend the Option Agreement to establish price certainty for the Property. Such an amendment is subject to the approval of the City Council and the governing bodies of the CRA/LA. Therefore, Council action is needed to approve the form of the First Amendment to the Option Agreement and authorize the Mayor to execute the document and request that it be transmitted to CRA/LA for consideration by its governing bodies. After consideration and having provided an opportunity for Council action, the Committee moved to recommend approval of the recommendations contained in the CLA report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

COUNCILMEMBER	Vote
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	YES
HARRIS-DAWSON:	YES

ARL

5/11/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-