

MEMORANDUM

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**DATE:** SEPTEMBER 15, 2011 BH1050  
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**TO:** CRA/LA BOARD OF COMMISSIONERS

**FROM:** CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

**STAFF:** JENNY SCANLIN, ACTING REGIONAL ADMINISTRATOR  
JOSH ROHMER, ACTING PROJECT MANAGER  
DENNIS HANCE, PRINCIPAL PLANNER

**SUBJECT:** **Grand Avenue Apartments (Parcel M2).** Schematic Design drawings for a mixed-use tower consisting of 258 residential units and 7,000 square feet of commercial space at 237 South Grand Avenue in the Bunker Hill Redevelopment Project Area  
DOWNTOWN REGION (CD 9)

**RECOMMENDATION**

That the CRA/LA Board of Commissioners approve the Schematic Design Drawings for the Grand Avenue Apartments, located at 237 South Grand Avenue in the Bunker Hill Redevelopment Project Area.

**SUMMARY**

The proposed Grand Avenue Apartments project is located on Bunker Hill Parcel M-2, at 237 South Grand Avenue between Second and Third Streets. The proposed project is Phase IIB of the larger Grand Avenue Project which is designed to transform the civic and cultural districts of downtown Los Angeles into a vibrant new regional destination by showcasing entertainment and cultural venues, restaurants, mixed use retail and housing, quality public space, and public parking.

The proposed Grand Avenue Apartments complex is designed as a 19-story tower above three levels of parking. The project when constructed will have approximately 258 rental units including 53 studio, 134 one-bedroom, and 71 two-bedroom apartments ("Project"). Fifty-two (52) of the units, distributed proportionately across the unit types and throughout the building, will be set aside for rental to low-income households. The building facade will be precast and texturally similar and complementary to the design of the adjacent Broad Museum, currently being constructed just north of the Project site on Parcel L. The two buildings will eventually be connected by way of a public plaza bridging General Thaddeus Kosciuszko ("GTK") Way at the level of Upper Grand Avenue, to be designed over the next year. The Project will also improve regional accessibility to Bunker Hill by providing a public staircase and elevator from the future Metro Regional Connector light rail station on Hope Street up to the level of Upper Grand Avenue and the public plaza (Attachment A – Location Map).

The onsite parking will be housed in a three-level garage structure under the tower, extending vertically from the grade at lower Grand Avenue to the level of Upper Grand Avenue. The parking will therefore not be visible to pedestrians on Upper Grand Avenue or the GTK Plaza

The Project is Phase IIB of the Grand Avenue Project (“GAP”), and the third element of the GAP to begin construction, after the Civic Park began construction in early 2010 and the Broad Museum began construction in May 2011. The Broad Museum and related public improvement including a 370-space parking garage, the GTK Way public plaza, and Grand Avenue streetscape improvements together comprise GAP Phase IIA. Phase I of the GAP, a large mixed-use development on Parcel Q featuring retail, market-rate and affordable housing, a five-star hotel, and potentially office space, is currently on hold due to the economic situation and lack of available financing.

Acclaimed architectural firm Arquitectonica was selected through a request for proposals by The Related Companies to design the mixed-use tower. Schematic Design plans were submitted to CRA/LA staff for review on August 1, 2011. CRA/LA staff finds that this well-designed project will enhance the Grand Avenue location by providing much-needed affordable and market rate rental housing opportunities on Bunker Hill, and will also provide additional retail/restaurant opportunities and enhance Grand Avenue as a pedestrian-friendly model for cultural and a mixture of land uses. Approval of the Schematic Design Drawings by the CRA/LA Board would be consistent with the Schedule of Performance adopted for the Project, The Bunker Hill Redevelopment Plan, the CRA/LA Downtown Design Guidelines, and the Second Amended Development and Disposition Agreement between the Los Angeles Grand Avenue Joint Powers Authority and Grand Avenue LA, LLC (“DDA”).

### **PREVIOUS ACTIONS**

February 1, 2007 – Board and subsequent Council approval on February 13, 2007 of the EIR, DDA, ground leases, and various legal agreements for the Grand Avenue Project (Council File #07-0332.)

April 21, 2011 – Board and Subsequent Council approval on May 10, 2011 of Second Amended DDA and various legal agreements, and transfer of \$5,626,000 to the Grand Avenue Authority to fund affordable housing on Parcel M-2 (Council File #10-1256.)

### **DISCUSSION AND BACKGROUND**

#### **Location**

The Grand Avenue Apartments will be located on Bunker Hill Parcel M-2, on the block bounded by Hope Street, General Thaddeus Kosciuszko (GTK) Way, Grand Avenue, and Third Street in the Bunker Hill Redevelopment Project Area.

#### **Developer Entity**

Grand Avenue LA, LLC was selected by the Grand Avenue Joint Powers Authority to develop the Grand Avenue Project after a public process in 2004. The Related Companies is the controlling member of Grand Avenue LA, LLC. The Related Companies (“Related”) is a real estate development and property management company specializing

in large-scale residential and mixed use properties, with projects across the country, concentrated in New York City, Boston, California, Florida, and abroad in China and the Middle East.

#### Description and Project Context

The proposed Grand Avenue Apartments will be in a 19-story tower above three levels of parking under the tower, extending vertically from the grade at lower Grand Avenue to the level of Upper Grand Avenue. The parking will not be visible to pedestrians on Upper Grand Avenue or the GTK Plaza. The project will house 258 residential units consisting of 53 studios, and 134 one-bedroom, and 71 two-bedroom apartment units. Unit sizes vary from 530 to 670 square feet for studios, 740 to 900 square feet for one-bedroom units and 950 to 1,040 square feet for two-bedroom units. Three penthouse units would range in size from 1,450 to 1,890 square feet. Several residential amenities are to be included in the Project including a fitness center (2,880 square feet) with an outdoor pool, a technology center (1,400 square feet), a small theater for residents only (620 square feet), three separate landscape outdoor seating areas with fireplace and barbecues, a yoga area, dog run and a rooftop terrace with a party room (1,530 square feet), bar area, and barbecue pavilion. In addition to the private residential amenities, the Project will also include a café and restaurant of approximately 7,000 square feet with ample outdoor seating opportunities affording views of the Broad Museum across the shared plaza area, and other parts of Grand Avenue. In addition, approximately 1,000 square feet on the ground floor along the plaza has been identified as alternate commercial space. This space will initially be used as the development's leasing office, but may in the future be reconfigured to provide additional commercial retail amenities on the Plaza.

The residential tower will be located at the west end of the Site, maintaining view corridors to the Broad Museum, and allowing the plaza to wrap around the building and create public and private areas (Attachment B – Site Plan). The building facades are textural and complementary to the aesthetic of the Broad Museum. The façade design is a playful contrast between the animated window openings within the taut edges of the building. The grid of window openings is eroded at the lower east corners and the upper west corners highlighting the restaurant location and the roof terrace. The overall effect complements the textural facades of the museum. Also, a light gray precast and blue glass are used to harmonize with the Museum design (Attachment C – Elevations).

A stairwell and elevator will be provided along the western end of the property, along Hope Street, that will afford pedestrians and visitors connection to the shared plaza area, offsetting the grade separations of Hope Street and Grand Avenue and providing direct access to the planned Metro Regional Connector light rail station at Second and Hope Streets. The plaza, which will extend over the existing GTK Way, is currently being designed by Diller Scofidio + Renfro, architects of the Broad Museum. Upon completion in the next year the landscaped plaza is expected to accommodate additional outdoor dining areas, and it will dramatically separate both buildings by forming an additional tie to Grand Avenue with its enhanced streetscape, wider sidewalks, and cultural and retail activity.

The pedestrian entrance to the residential lobby portion of the Project and the commercial spaces will be provided off the plaza. Vehicular ingress and egress for the residents and patrons will be off Hope Street. Approximately 308 on-site and off-site parking spaces will be provided for the project.

The Project's landscaping will complement the geometry of the building façade and provide a framework for outdoor functions that include seating areas, barbecue zones and

water features. Landscape material may include stone and concrete pavers, steel and concrete planters, drought tolerant planting palettes that include Timber bamboo, dense hedge plantings various succulents, and mat-like ground cover. Shade trees will be situated in specific gathering zones throughout the Project.

The Schematic Design Drawings show that the Project will comply with the letter and intent of the Downtown Design Guidelines, adopted by the City to prioritize pedestrian orientation, quality streetscapes and an attractive public realm. Sidewalks will be a minimum of 15 feet and when the large public plaza is constructed the average sidewalk width between Parcel M2 and Parcel L of the Broad Museum will surpass on average of 25 feet. The Schematic Design Drawings are also consistent with the Scope of Development of the DDA between the Los Angeles Grand Avenue Joint Powers Authority and Grand Avenue LA, LLC.

#### Project History

The Project is located on CRA/LA owned Parcel M-2. Originally, Parcel M-2, the adjacent Parcel L (also CRA/LA owned), and the airspace over GTK Way were intended to be developed as the commercial and residential Phase II of the larger Grand Avenue Project approved in 2007. Due to the current economic conditions and the sluggish retail market, the Phase II uses have proven the most economically viable, and so Phase IIA and Phase IIB will join the Civic Park as the first portions of the Grand Avenue Project to have broken ground. The Phase I development on Parcel Q is currently on hold.

The adjacent Broad Museum will consist of two components, the Museum and the Parking Facility, integrated into one unified structure. The Museum will be constructed atop the three-story, approximately 370-space parking facility that will be built at grade on Lower Grand Avenue. The Museum facility at the level of Upper Grand Avenue will contain 120,000 square feet on three levels, including gallery space, archival space for the Broad's collection of over 2,000 pieces of contemporary art, a public lecture hall, conference rooms, and on the top floor a sky-lit, 40,000 square foot gallery. Construction is to be completed in 2013.

#### Community Benefits

The proposed project will create additional well designed market rate and affordable housing opportunities in the Bunker Hill and greater Downtown area. It will also provide additional retail and dining venues for residents and visitors, and enhance the pedestrian experience along Grand Avenue by providing additional landscaping, wider sidewalks, seating areas, stone paving and water features.

#### Findings

CRA/LA staff has reviewed the Schematic Design Drawings which include floor plans, elevations, features in public areas, landscape features and major building material and colors under consideration and find them to be sufficient. Staff therefore recommends approval of the Schematic Design Drawings for The Grand Avenue Apartments, as submitted in accordance with the DDA. Staff will continue to work over the next few months with the Project architects to further refine the stairwell access off Hope Street, the Plaza area and the streetscape along Grand Avenue.

Council Member Jan Perry of District Nine is supportive of the project and requests the approval of the CRA/LA Board of Commissioners.

ECONOMIC IMPACT

<b>Summary: Estimated Economic Impacts</b>	
<b>Estimated Construction Jobs Created:</b>	<b>677</b>
<b>Total Estimated Permanent Jobs Created:</b>	<b>6</b>
<b>Estimated Gross Property Tax Increment (TI) Revenue:</b> <i>(Year 1 of Tax Increment Generated including pass-throughs)</i>	<b>\$528,000</b>
<b>Estimated Net Present Value (NPV) of Affordable Housing Property TI Revenue:</b> <i>(25% set-aside towards the CRA/LA Low and Moderate Income Housing Fund through the last Tax Increment Receipt Date for the Project Area)</i>	<b>\$816,000</b>
<b>Estimated NPV of Net Property TI Generated:</b> <i>(Revenue to the CRA/LA Project Area through the last Tax Increment Receipt Date)</i>	<b>\$1,689,000</b>
<b>Estimated NPV of Utility User Tax Revenue:</b> <i>(Revenue to the City of Los Angeles through the last Tax Increment Receipt Date for Project Area)</i>	<b>\$632,000</b>
<b>Estimated NPV of Sales Tax Revenue:</b> <i>(1% portion of taxable sales to the City of Los Angeles through the last Tax Increment Receipt Date for Project Area)</i>	<b>\$160,000</b>
<b>Estimated NPV of Business Tax Revenue:</b> <i>(Revenue to the City of Los Angeles through the last Tax Increment Receipt Date for Project Area)</i>	<b>\$3,000</b>
<b>TOTAL TAX REVENUES</b>	<b>\$ 2,484,000</b>

Note: All net present values are calculated through the final year of tax increment receipt for the corresponding project area. All values are rounded.

The figures provided in the table about are for estimation purposes only; actual fiscal impact or job creation may be higher or lower than these estimates. Standardized formulas were used to generate these figures and are based on accepted econometric practices and basic tax calculations taken from research performed by a variety of sources, including the Los Angeles Economic Roundtable, California Redevelopment Association, International Council of Shopping Centers, US Department of Housing and Urban Development, CRA/LA, and the City and County of Los Angeles.

SOURCE OF CRA/LA FUNDS

No additional CRA/LA funds are required for this action.

PROGRAM AND BUDGET IMPACT

The recommended action is consistent with the Proposed FY2012 Budget and Work Program pending Council action, relating to the Bunker Hill Project Area. There is no impact on the City’s General Fund.

ENVIRONMENTAL REVIEW

On November 20, 2006, the Grand Avenue Authority certified the Final EIR for the Grand Avenue Project, made Environmental Findings, adopted Mitigation Measures and a Statement of Overriding Considerations in connection with the approval of the Grand Avenue Project. Analysis for the three phase project included environmental evaluation for up to 850 housing units on Parcels M2 and L (Broad Museum) On February 1, 2007; the CRA/LA Board of Commissioners reviewed and considered the environmental effects of the Grand Avenue Project prior to approving the DDA.

An Addendum to the certified EIR was prepared for certain revisions, including the Broad Museum, as part of Grand Avenue Phases IIA and IIB. The 2010 Addendum analyzed potential environmental effects which may be associated with the revisions. The 2010 Addendum concluded that the proposed revisions would not require substantial revisions to the Final EIR. The CRA/LA Board of Commissioners adopted 2010 Addendum on July 15, 2010. No further environmental review is required for the recommended actions.

Christine Essel  
Chief Executive Officer

By:

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Dalila Sotelo  
Deputy Chief Executive Officer

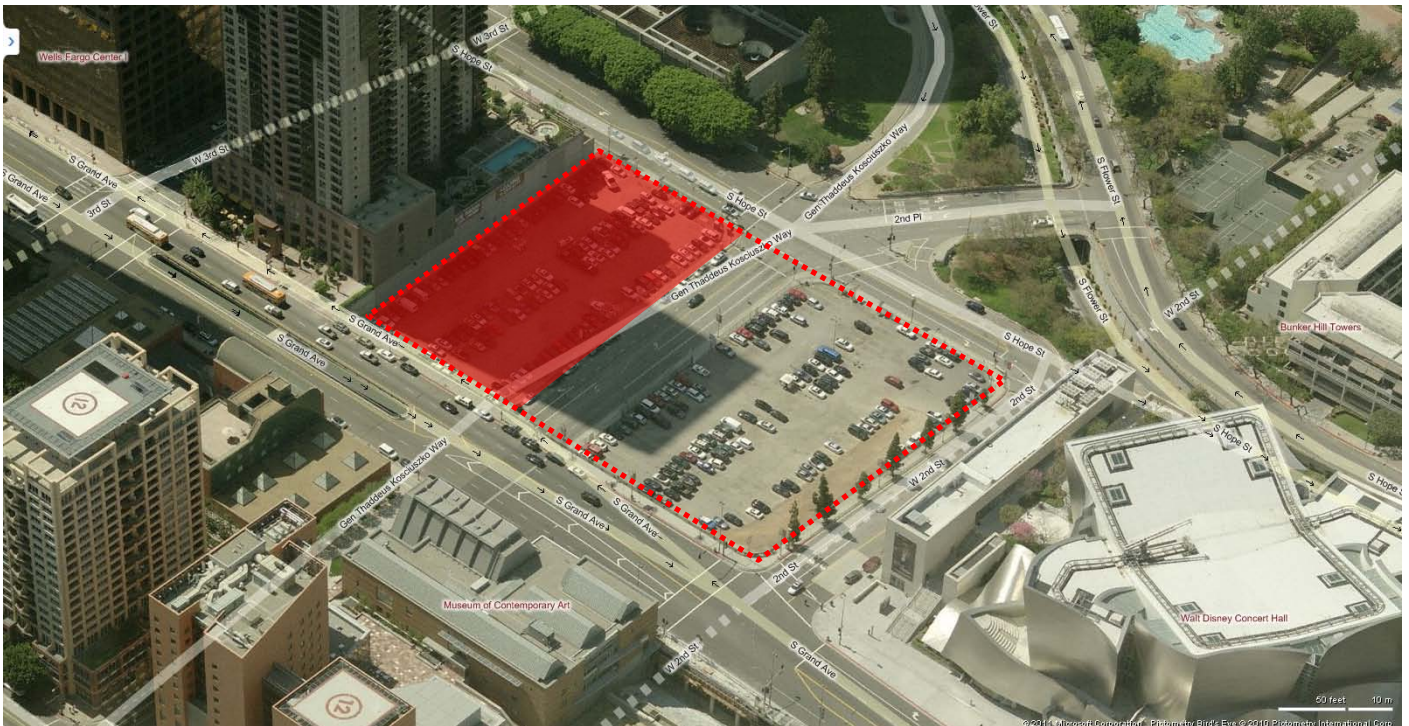
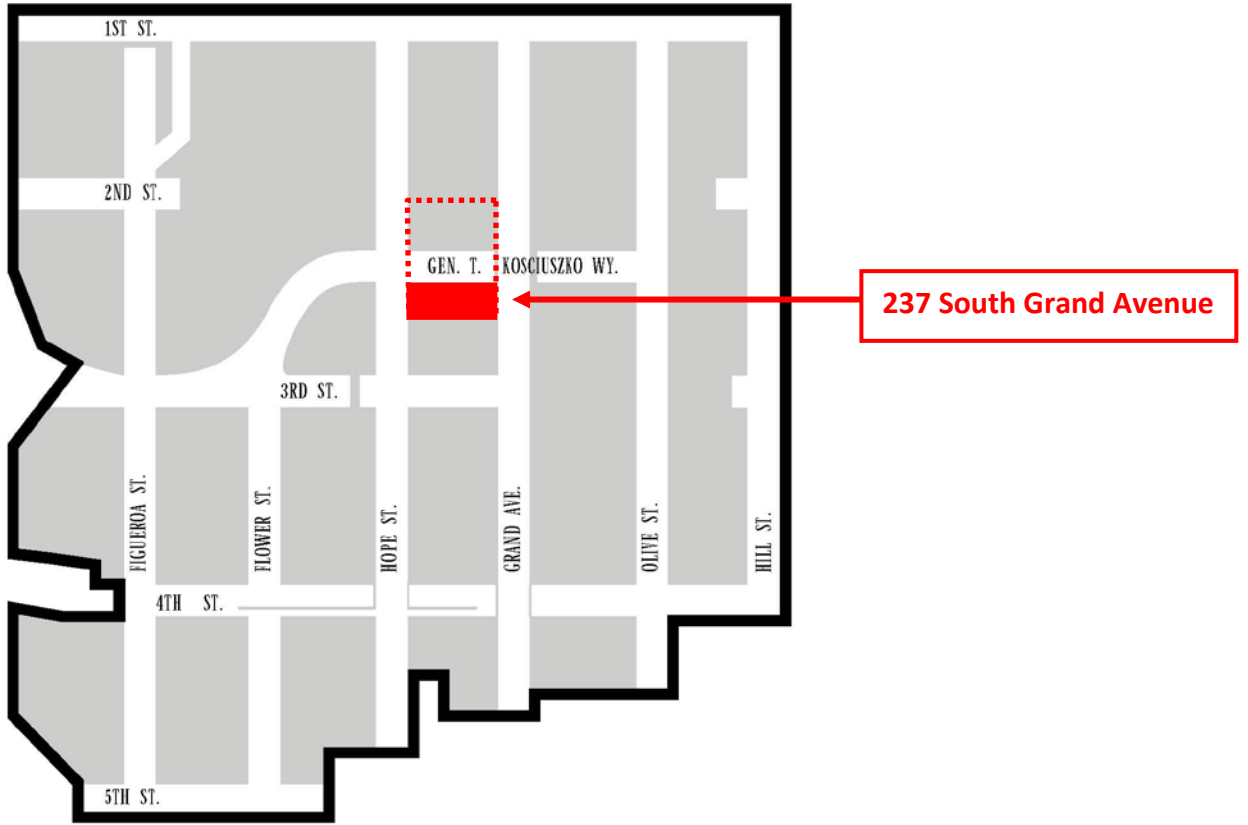
There is no conflict of interest known to me, which exists with regard to any CRA/LA officer or employee concerning this action.

Attachments

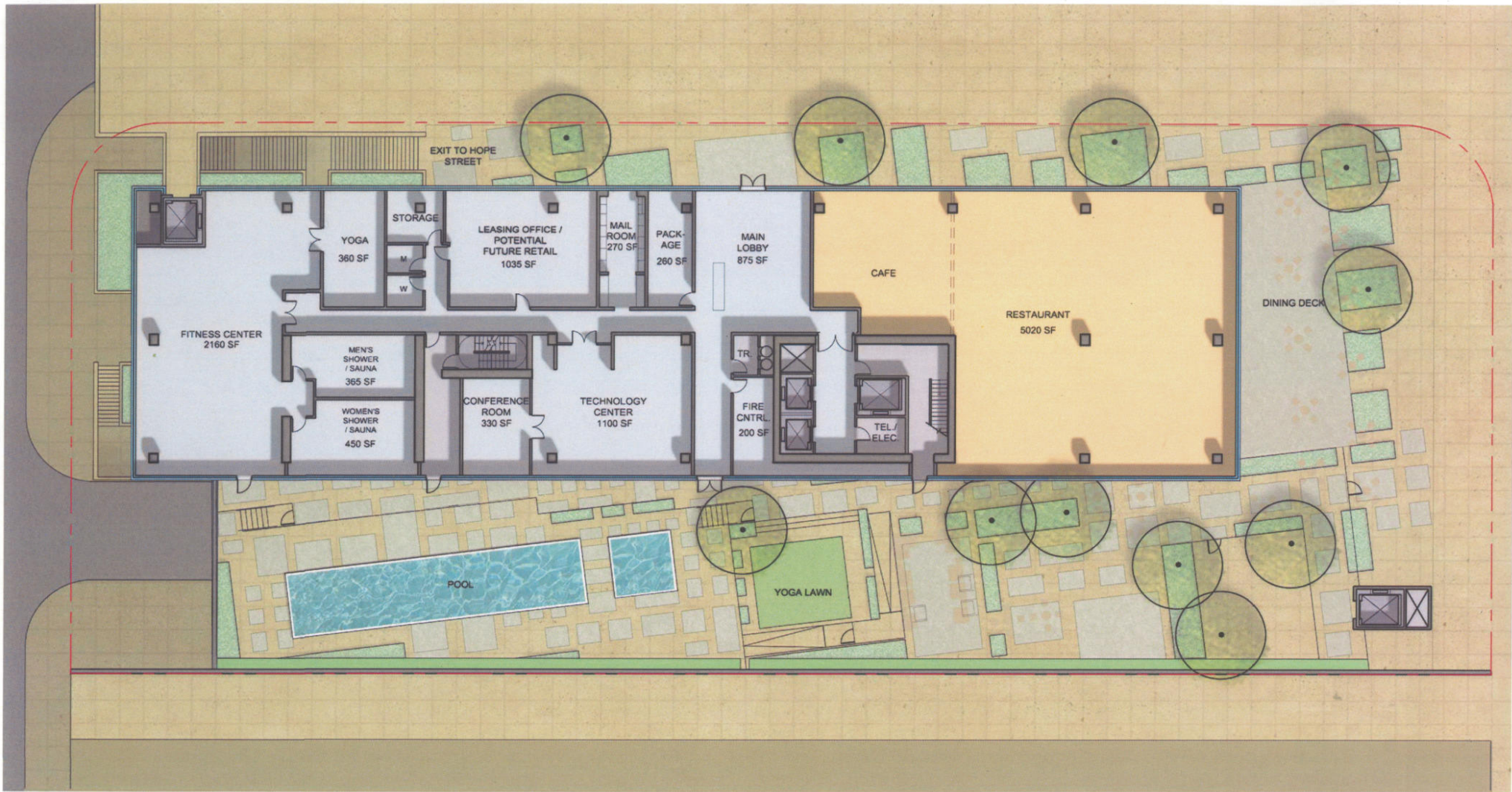
Attachment A: Location/Site Map  
Attachment B: Site/Floor Plans  
Attachment C: Elevations

ATTACHMENT A: Site Location  
Parcel M-2  
237 South Grand Avenue

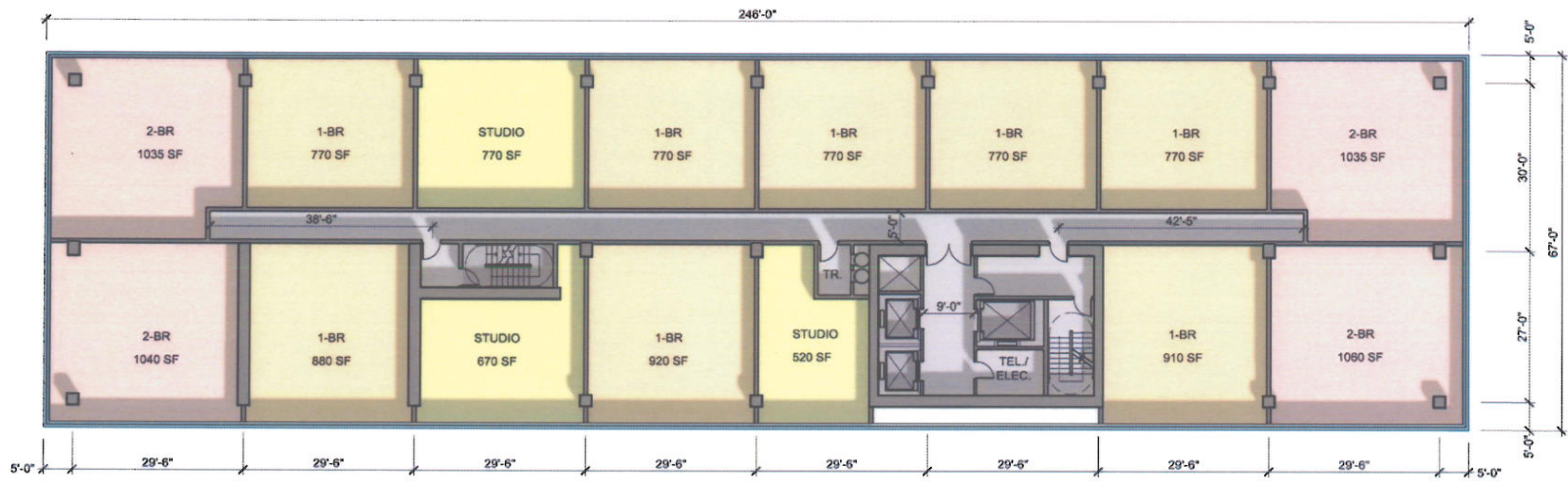
**Bunker Hill Redevelopment Project Area**

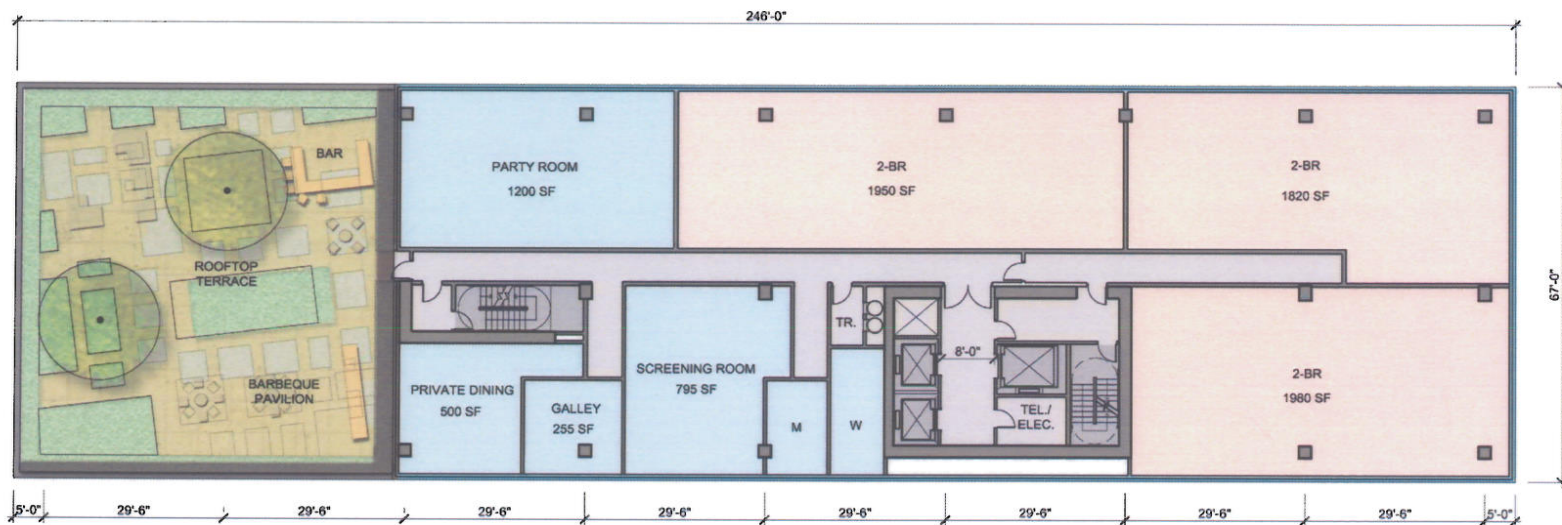


Site aerial, looking west







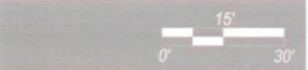




**ARQUITECTONICA**

**RELATED**

GRAND AVENUE PARCEL M  
LOS ANGELES, CALIFORNIA  
2011.08.22



NORTH ELEVATION

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