

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

M E M O R A N D U M

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CT6990
ROPS N/A

DATE: JANUARY 6, 2014

TO: GOVERNING BOARD

FROM: STEVE VALENZUELA, CHIEF EXECUTIVE OFFICER

STAFF: JENNY SCANLIN, SENIOR OPERATIONS OFFICER

SUBJECT: **Land Use Approval, 500-526 W. Pico Blvd and 1300 S. Flower Street – Non-Monetary Action.** Consideration of the City of Los Angeles Mitigated Negative Declaration Env-2013-1666-MND and approval of a Transfer of Floor Area Ratio to allow up to 248-units in a mixed-use development located at 500-526 W. Pico Boulevard and 1300 S. Flower Street in the City Center Redevelopment Project Area
DOWNTOWN REGION

RECOMMENDATIONS

That the Governing Board take the following actions:

1. Adopt a Resolution (Attachment A) certifying that the Governing Board has reviewed and considered the environmental effects of the proposed project as shown in the City of Los Angeles Mitigated Negative Declaration Env-2013-1666-MND ("MND"), pursuant to California Environmental Quality Act ("CEQA") Guidelines set forth in California Code of Regulations Section 15096(f);
2. Approve a Transfer of Floor Area Ratio of 86,466 square feet, pursuant to Sections 512.4 and 512.5 of the City Center Redevelopment Plan ("Redevelopment Plan") conditioned upon (a) payment of the Public Benefit Payment and TFAR Transfer Payment to the Public Benefit Payment Trust Fund and (b) compliance with urban design standards adopted for the area, permitting the development of a 7-story, mixed-use development with 248 dwelling units, 28,800 square feet of ground floor commercial and 299 parking spaces ("Project") located at 500-526 W. Pico Boulevard and 1300 S. Flower Street ("Project Site").

SUMMARY

The developer, Alpine Group LLC, is requesting that CRA/LA approve an 86,466 square feet Transfer of Floor Area Ratio to allow for the development of a mixed-use project located at the Project Site (Attachment B, Site Plan) pursuant to the City Center Redevelopment Plan. The CRA/LA has the authority under the Redevelopment Plan to approve density variations of 50,000 square feet or more under Sections 512.5 of the City Center Redevelopment Plan and Section 14.5.6.B of the Los Angeles Municipal Code.

Pursuant to Section 14.5.6.B of the City of Los Angeles Municipal Code ("Municipal Code"), which authorizes the CRA/LA-DLA to approve transfers of more than 50,000 square feet of floor area, the Project is requesting approval of a Transfer Plan for 86,466 square feet of Floor Area to

be purchased from the Los Angeles Convention Center's available Floor Area owned by the City of Los Angeles for \$432,332 ("TFAR Transfer Payment"). As a condition of that approval, the Project proposes a Public Benefit Payment of approximately \$935,514.

Staff believes the Project has achieved excellence in design, emphasizing green streetscapes and walkability principles. Providing a Density Variation for the Project will contribute to the creation of a livable and walkable Downtown Los Angeles where residents will live close to work, transit, and play.

The CRA/LA-DLA has the discretion under Section 512.4 and 512.5 of the Redevelopment Plan to grant a Transfer of Floor Area Ratio for projects if the CRA/LA determines that the Transfer of Floor Area Ratio meets the criteria in Section 512.4 and provisions of Article 4.5 of the Los Angeles Zoning Code. This Project meets the required criteria and a Transfer of Floor Area Ratio will allow the Proposed Project to move forward expeditiously.

DISCUSSION & BACKGROUND

Location

The Project Site consists of six separate lots on an approximately 1.12 acre site, all of which are currently improved as a surface parking lot. The parking lot is encumbered with a covenant to provide 154 parking spaces for the benefit of an office building six blocks to the north at 660 S. Figueroa Street. The Project Site is located north of the Santa Monica Freeway (I-10), on the south side of Pico Boulevard, a few blocks the east of the Los Angeles Convention Center and within one block of the Metro Station and Pico Boulevard and Flower Street (Pico Station) for the Metro Blue Line and Expo Lines.

The Project Site is located within the highly urbanized community of South Park, in the southwest portion of Downtown Los Angeles, which is comprised of a mix of entertainment, commercial and multi-family residential land uses. The Project Site is located within the boundaries of the Downtown Design Guidelines which seeks to promote walkability and livability in Downtown neighborhoods by emphasizing pedestrian orientation and street activation.

Developer Entity

The Developer and Site Owner is Alpine Group, LLC represented by Daniel Taban ("Developer"). The Developer is related to Jade Enterprises, a commercial property owner with significant holdings in the Fashion District. Onxy will be their first Downtown residential project. The Developer is concurrently applying for entitlements for construction of a separate mixed-use project directly across the street.

Description, Project Context and Project History

The Developer proposes to construct a new seven story, 232,501 square-foot mixed-use building fronting along Pico Boulevard consisting of two levels of parking below grade, 28,800 square feet of ground floor commercial space for retail and/or restaurant uses and six levels of 248 apartment units. The 248 apartment units consist of 114 studios, 82 one-bedroom units, 47 two-bedroom units and 5 three-bedroom units located on floors two through seven. Residential access is located on the north side of the building that leads into a residential elevator lobby and lounge. Also proposed on the ground floor is the leasing office, residential elevator lobby, mail room, 22,282 square feet of retail and 29 parking spaces located to the rear of the commercial retail units. The Project will also include a mezzanine level with an additional 6,518 square feet of retail. Indoor residential amenities for the project include a fitness center, club house, bike and personal storage areas. Outdoor residential amenities, such as a pool, spa and deck seating

area are located on podium level (second floor). The roof level will include a roof deck with a BBQ and seating areas. Total open space provided is 21,548 square feet, approximately 80% of the required Open Space under code, however, the City has approved a variance for this Project. Parking for this building would be located at-grade and within two subterranean levels, providing for 116 residential parking spaces, 154 covenanted commercial office parking and 29 at ground floor to service the commercial uses. At-grade parking is located to the rear of the commercial space and contained within the building. Access to the parking is proposed from the alley, Cameron Lane. Although the Project meets code requirements for its commercial parking spaces, the Project is only providing 44% of the code requirement for residential parking. On December 12, 2013, the City's Planning Commission approved a variance for the Project's residential parking.

The parcels encompassed by the Project have a net site area of 48,678 square feet. Based on an allowable floor area ratio ("FAR") of 3:1 (applicable to all parcels south of Pico Boulevard, pursuant to Section 512.1 of the Redevelopment Plan), the resulting allowable floor area for the Project Site is 146,035 square feet. Approximately 86,466 square feet of additional floor area is needed for the building on Pico Boulevard as proposed, which would raise the FAR to 4.78:1.

Findings to Allow Higher Maximum Floor Area

Pursuant to Section 512.4 of the Redevelopment Plan, the CRA/LA may permit Projects to exceed maximum Floor Area Ratios set forth in Section 512.1 as long as the Transfers of Floor Area are consistent with five criteria.

1. Higher Density Development is appropriate in terms of location, access, compatibility with other existing development, and consistent with purposes and objectives of the Redevelopment Plan.

The Proposed Project promotes community revitalization in the area by replacing parking lots with living quarters for those desiring to live in Downtown Los Angeles. The creation of neighborhood-serving commercial uses and residences along Pico Boulevard would open the sidewalks to pedestrians, thereby contributing to the walkability and pedestrian-orientation of Downtown streets. More walkable and people-populated streets promote a safe and secure environment, and project a positive image, further encouraging pedestrian activity, private investment and industry growth in the area. The Project further complements the City's investment in the Convention Center and LA Live, both important contributions to Downtown's viability and important to the expansion of a pedestrian-oriented environment in the South Park community.

The Proposed Project – a mixed-use apartment development – would be compatible with and appropriate for the existing South Park neighborhood, a mix of residences, neighborhood-serving commercial, and public facilities. The Proposed Project blends into the setting created by the nearby Los Angeles Convention Center, LA Live and active residential/commercial environment of South Park to the east of the Project Site, and adds to the promotion of Downtown as a highly urbanized, 24/7 Central City.

The Proposed Project meets the design criteria set forth in the Downtown Design Guidelines for the creation of ground-floor retail along Pico Boulevard, which will help to activate the sidewalks and encourage walkability. The Project employs wide landscaped sidewalks with visually penetrable courtyards which provide continual street activation. In addition, the street level experience will include landscape planters, bump outs along Pico Boulevard with significant greenway and trees, bicycle racks and creative exterior

lighting adding to the pleasurable experience of walking along these streets 24-hours a day. (Attachment C, Project Drawings) Equally important, the Proposed Project meets the location criteria required by the CRA/LA in that the Project Site is located in an area characterized as an urban neighborhood of a mix of residential and commercial uses, and is close to mass transit and to employment.

The Developer proposes to provide a range of amenities for the complex residents. Once completed, the building will provide such residential amenities as a function space, lounge, pool, spa, deck seating, and BBQ areas. The Project is one of the first to emphasize larger units, with 21% of the building dedicated to two- and three-bedroom units. This promotes Downtown's desire to become more appealing to families and encourage a continuum of living arrangements that allow people to take root in the neighborhood. Although the Project requests a variance for on-site Open Space and Residential Parking, it is providing significant Community Benefit contributions to surrounding parks, recreation space and improvements around the Pico Station thereby reinforcing the principals of Transit-Oriented Development and more communal concepts of Open Space.

The Proposed Project meets many of the goals and objectives of the Redevelopment Plan by eliminating and preventing the spread of blight and deterioration; furthering the development of Downtown as the major center of the Los Angeles metropolitan region; promoting the development and rehabilitation of economic enterprises including retail and other commercial uses; creating a modern, efficient and balanced urban environment, including a full range of around-the-clock activities and uses; achieving excellence in design; and providing medium-density housing close to employment.

Section 508.3 of the Redevelopment Plan states that the South Park Development Area is to achieve a mixed-use live/work community consisting of housing and commerce with open space. As indicated in this section, a major share of land use shall be devoted to housing. The identified appropriate land uses on private land include service establishments, retail/wholesale stores, high and medium density housing where compatible with existing and proposed development. The Project's proposed commercial uses and high-density housing will be consistent with the vision of the South Park Planning area as outlined in Section 508.3 to achieve a mixed-use live/work community. Limiting the project to a 3:1 floor area would result in a substantial reduction in the number of dwelling units which is inconsistent with the objective of the Plan to create high density housing in the South Park area.

2. Floor Area Ratios may only be transferred from parcels or portions thereof and to parcels or portions thereof which are within, respectively, the Historic Downtown, City Markets, or South Park Development Areas.

The Floor Area Ratio is being transferred from the Los Angeles Convention Center located in the South Park Development Area.

3. The Floor Area on any parcel shall not exceed the Floor Area Ratio set forth in the applicable City Zoning Ordinance in effect at the time the transfer is made.

The underlying zoning of [Q]R5-2D-O and height district classification allow a floor area ratio of 6:1 for this site; however the current zoning "D" development limitation applied to the site limits to a floor area ratio of 3:1. The proposed Transfer of Floor Area Ratio

allows the development to be built out at 4.78:1 without exceeding the Floor Area Ratio set forth in the applicable City Zoning Ordinance.

4. Transfers of Floor Area Ratio to parcels with reasonable proximity or direct access to a public or private rapid transit station shall be particularly encouraged.

The Project is across the street from the Pico Station, which provides access to the Metro Blue and Expo Lines operated by the Los Angeles County Metropolitan Transportation Authority (Metro). The Project Community Benefits Package includes enhancing pedestrian access to the Pico Station.

5. Transfers of Floor Area Ratio from parcels on which buildings of historic, architectural or cultural merit are located shall be particularly encouraged where the transfer can reasonably be expected to further the goal of preservation of such buildings.

Because the Floor Area Ratio Donor Site is the Los Angeles Convention Center this objective is not met through this particular transaction. However, the Community Benefits Package includes funding for the enhancement of Pershing Square, an important amenity to Downtown and adjacent to the Historic Core where many of the City's historic buildings are located.

Section 512.5 of the Redevelopment Plan allows for the effectuation of a Transfer of Floor Area if the Findings under Section 14.5.6(B)(2)(a) are made:

1. The increase in Floor Area generated by the proposed Transfer is appropriate with respect to location and access to public transit and other modes of transportation, compatible with other existing and proposed developments and the City's supporting infrastructure, or otherwise determined to be appropriate for the long-term development of the Central City;
2. The Project is consistent with the purposes and objectives of the Redevelopment Plan;
3. The Transfer serves the public interest by complying with the requirements of Section 14.5.9 of this Code; and
4. The Transfer is in conformance with the Community Plan and any other relevant policy documents previously adopted by the Commission or the City Council.

These findings are similar to those characterized in Section 512.4 of the Redevelopment Plan but include assurance that the Transfer serves the public interest through its Public Benefit Payment and is in conformance with the Community Plan. These additional findings can be made based on the information below:

Community Benefits (Section 14.5.9 & Section 14.5.10)

The City of Los Angeles Municipal Code ("Municipal Code") Section 14.5.7(B)(2)(b)(1) stipulates that as a condition of approval of the transfer of more than 50,000 square feet of floor area, the transfer shall provide for a Public Benefit Payment, in conformance with Section 14.5.9 of the Municipal Code. Additionally, because the Floor Area Ratio Donor Site is owned by the City of Los Angeles, a TFAR Transfer Payment is also required in accordance with the formula laid out in Section 14.5.10.

A Public Benefit must serve a public purpose, such as providing for affordable housing; public open space; historic preservation; recreational; cultural; community and public facilities; job training and outreach programs; affordable child care; streetscape improvements; public arts

programs; homeless services programs; or public transportation improvements in the area. The Proposed Project request of a TFAR by density variation of 86,466 square feet results in a public benefit equivalency of approximately \$935,514 that would be used for public benefits purposes in the area. The Project proposes enhanced, premium landscape and hardscape improvements in the public way along Pico Boulevard, Hope Street and Cameron Lane on the rear of the Project expecting to cost approximately \$254,026; remaining funds would be deposited in the City's Public Benefit Payment Trust Fund. The Developer has requested the ability to designate the recipients of the balance of funds under Section 14.5.9.B of the Municipal Code, with the approval of City Council. If approved, the Project proposes to provide the following benefits:

- \$15,000 to Metro Charter School for the afterschool program from the end of school until 6 pm.
- \$15,000 to California Hospital Medical Center for the Hope Street Family Center to fund maintenance and programming of the Venice Hope Park.
- \$116,939 to City of Los Angeles for architectural design, hardscape, landscape, lighting, paint and signage improvements at Pershing Square
- \$35,425 to the South Park Business Improvement District to design, install and maintain green space opportunities around the Pico Metro Stop at Flower Street between 12th Street and Pico Boulevard to improve pedestrian experience for public accessing the Pico Station.
- \$499,124 to L.A. Streetcar for organizational operating costs, preliminary design and engineering, and engineering of the Downtown L.A. Streetcar Project.

The public benefits created by the Proposed Project will advance the major objective of the Redevelopment Plan to eliminate and prevent the spread of blight and deterioration and to rehabilitate and redevelop the Project Area. Additionally under Section 14.5.10 the Developer will contribute \$432,332 into the Public Benefit Payment Trust Fund as a Transfer Payment. No Floor Area Rights will be transferred or vested until the Public Benefit Payment and Transfer Payment are paid in full. Payment must be made on or before the earlier of: (i) the issuance of a building permit for the Project or (ii) 24-months after the final approval of the Transfer and the expiration of any appeals or appeal periods for the Project.

Conformance with Community Plan and Other Policy Documents

This Project is harmonious with the General Plan, in that it locates housing near job and transit without impacting existing communities. The following discusses the project's consistency with various elements of the General Plan, including the Central City Community Plan, Housing Element and Transportation Element and the Downtown Design Guidelines.

Central City Community Plan

The Central City Community Plan recognizes the Central City is overwhelmingly a governmental, commercial and manufacturing center, and that residentially zoned land accounts for less than 5% of the total land area. However, the Plan also recognizes that the "continued economic and social viability of the Central City depends on the contributions of a stable population and vibrant, cohesive neighborhoods." One of the Plan's primary objectives is to facilitate the expansion of housing choices. This Project, indeed, promotes new housing opportunities for the area.

Objective 1-1: *To promote development of residential units in South Park.*

Objective 1-2: *To increase the range of housing choices available to Downtown employees and residents.*

With the development of 248 residential units in a high density area, the proposed Project fulfills the primary residential land use objective of the Community Plan. In support of this objective, the Community Plan seeks to “maintain zoning standards that clearly promote housing and limit ancillary commercial to that which meets the needs of neighborhood residents or is compatible with residential uses.” Two programs under this policy see to “designate the Land Use for South Park for residential in all future redevelopment plans” and “encourage residential development and promote transit-oriented, mixed-income and mixed-use neighborhoods downtown...”. The Project is designed to address several significant residential land use issues identified in the Community Plan:

- Create a significant increase in housing for all incomes, particularly of middle income households.
- Lack of sufficient housing investment to achieve a “Critical Mass” in some underserved areas like South Park.
- Lack of neighborhood-oriented businesses to support residential uses.
- Lack of a strong sense of neighborhood identity.

Housing Element Objectives

The project is consistent with the following stated objectives of the Housing Element:

Objective 1.1: *Encourage production and preservation of an adequate supply of rental and ownership housing to meet the identified needs of persons of all income levels and special needs.*

Objective 2.3: *Encourage the location of jobs, housing, and services in mutual proximity. Accommodate a diversity of uses that support the needs of the City’s existing and future residents.*

The proposed Project will provide current and future downtown employees with housing at a premium location. The proposed Project will add 248-units to the Downtown housing stock and will be part of an emerging pedestrian-oriented district encouraging the use of mass transit. The Project is located on the Metro Blue and Expo Lines as well as the DASH and other MTA bus lines.

Transportation Element Objectives

The objectives outlined in the Land Use-Transportation Policy within the Transportation Element are as follows:

1. To focus future growth of the City around transit stations.
2. Increase land use intensity in transit station areas.
3. Reduce reliance on automobiles.
4. Create a pedestrian-friendly environment.

The Land-Use Transportation Policy defines a Primary Influence Area as the area within one-half mile radius of a transit station. These areas are identified as compatible with higher density and intensity of land use because of this close proximity. The Project is located in such an area and proposes a pedestrian-oriented environment by developing an enhanced streetscape plan with bulbouts, improved lighting and pathways between the Project and the Pico Station. New residents are anticipated to utilize the easy access to public transit, removing their need to rely

on an automobile. Additionally the Project proposes to contribute a significant amount of its Public Benefit Contribution to the LA Streetcar, further encouraging local transit options.

Downtown Design Guide & Street Standards

The Downtown Design Guide and Street Standards were adopted by City Council on April 24, 2009 as a General Plan Amendment to the Central City Community Plan. The Guide contains standards for sustainable design, sidewalks and setbacks, ground floor treatment, parking and access, massing and street wall, on-site open space, architectural design, streetscape improvements and signage. As conditioned, the Project complies with the requirements of both the Downtown Design Guide and Street Standards.

SOURCE OF FUNDS

No funding is required for this action.

ROPS AND ADMINISTRATIVE BUDGET IMPACT

The approval of a density variation constitutes a "Land Use Function" as defined under Section 34173(i) of Assembly Bill 1484. On June 20, 2013 the Governing Board approved a resolution authorizing the transfer of all land use plans and functions of the successor agency to the City of Los Angeles pursuant to Section 34173(i) of the Health and Safety Code. To date, the City of Los Angeles has not taken action to formally request the CRA/LA-DLA's land use authority which would effectuate such a transfer. It is anticipated that the City Council will take appropriate actions sometime in early 2014. The Department of City Planning has been advised of the actions in this memorandum and concurs with recommendations. This action is a land use approval and will not impose a financial obligation on the CRA/LA for purposes of the ROPS.

ENVIRONMENTAL REVIEW

The City of Los Angeles is the lead agency for the Proposed Project for purposes of the California Environmental Quality Act (CEQA). The City of Los Angeles, acting through its Planning Department adopted a Mitigated Negative Declaration on December 12, 2013. The CRA/LA Governing Board's responsibility, as a Responsible Agency in connection with its consideration of residential land use approvals for the Project, is to consider the environmental effects of the Project as shown in the MND prepared by the City of Los Angeles as the lead agency prior to acting on the Proposed Project and to approve the attached Resolution.



Steve Valenzuela
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 – Resolution
- Attachment B – Location Map
- Attachment C – Project Drawings

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

Attachment A

RESOLUTION NO. _____

A RESOLUTION OF THE CRA/LA, A DESIGNATED LOCAL AUTHORITY (SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA), CERTIFYING THAT IT HAS REVIEWED AND CONSIDERED THE CITY OF LOS ANGELES MITIGATED NEGATIVE DECLARATION, FOR THE 500-560 W. PICO BOULEVARD PROJECT IN THE CITY CENTER REDEVELOPMENT PROJECT

WHEREAS, Alpine Group, LLC, the project applicant, proposes to develop a seven-story building consisting of 248 residential dwelling units and 28,800 square feet of ground floor restaurant/retail at 500-560 W. Pico Boulevard ("Project"); and

WHEREAS, the City of Los Angeles ("City") was the lead agency under the California Environmental Quality Act ("CEQA") for the Project and prepared a Mitigated Negative Declaration, Env-2012-1666-MND ("MND"), for the Project; and

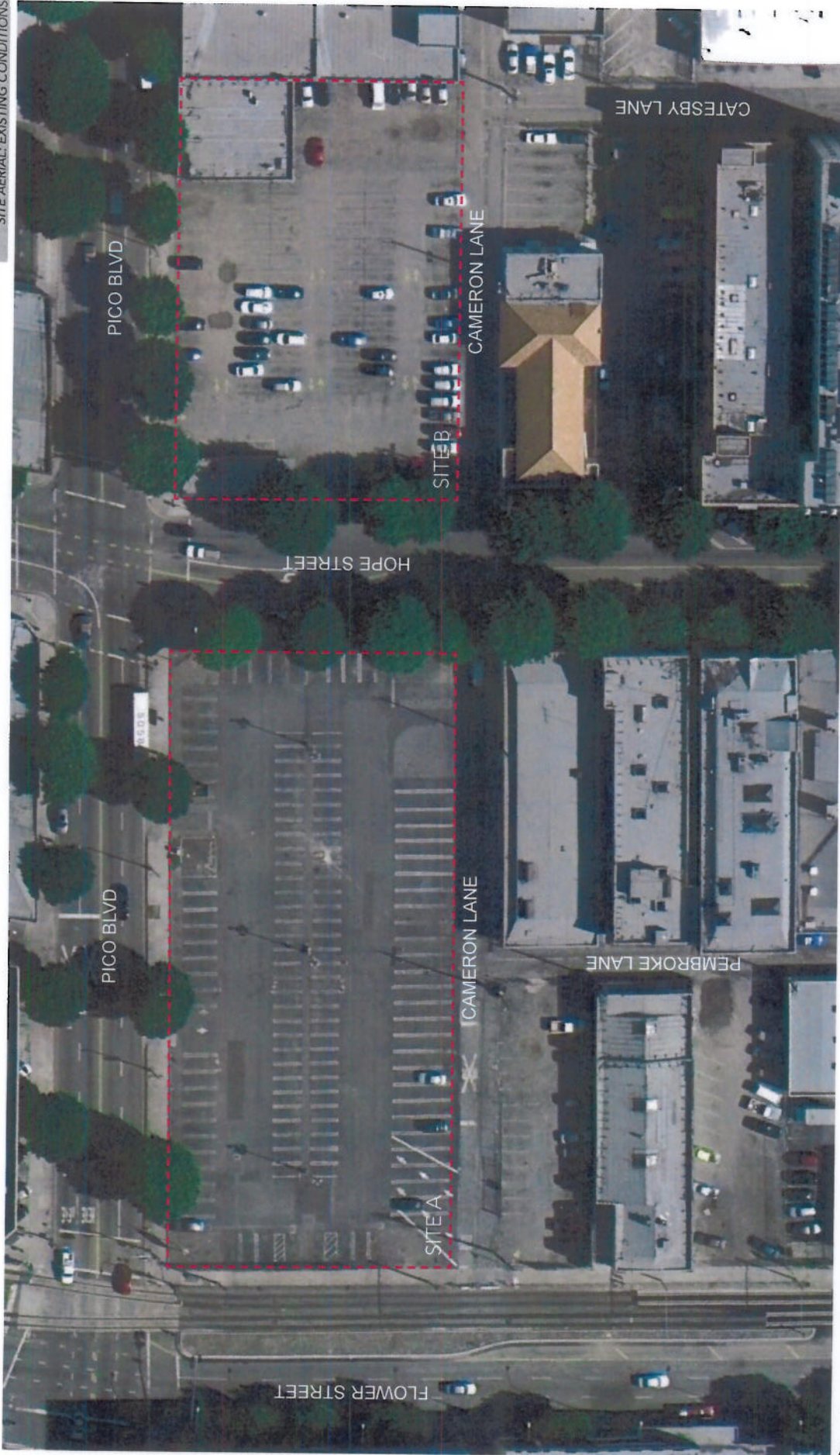
WHEREAS, on December 12, 2013, the MND for the Project was adopted and the Project was approved by the City of Los Angeles.

NOW, THEREFORE, BE IT RESOLVED by the CRA/LA, a Designated Local Authority (Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, California), as follows:

1. The CRA/LA Governing Board's discretionary approval is required to construct a residential use on a commercially-designated property for the Project.
2. Accordingly, the CRA/LA is a Responsible Agency pursuant to CEQA (Public Resources Code Section 21069, State CEQA Guidelines Section 15381). As a Responsible Agency, the CRA/LA Governing Board considered the environmental effects of the Project as shown in the City of Los Angeles' MND. (State CEQA Guidelines Section 15096.)
3. The CRA/LA has mitigated the impacts of those parts of the project which it is approving by adopting the Mitigation Monitoring Program prepared and adopted by the City.
4. Based on such review and consideration, the CRA/LA Governing Board hereby determines:
 - a. No substantial changes are proposed in the Project that will require major revisions to the MND;
 - b. No substantial changes have occurred with respect to the circumstances under which the Project is being undertaken that will require major revisions to the MND; and
 - c. No new information of substantial importance to the Project, which was not known or could not have been known at the time the MND was prepared, has become available.

ADOPTED:





Los Angeles, California
Original Submission: June 11, 2012 / Second Revision: September 05, 2012



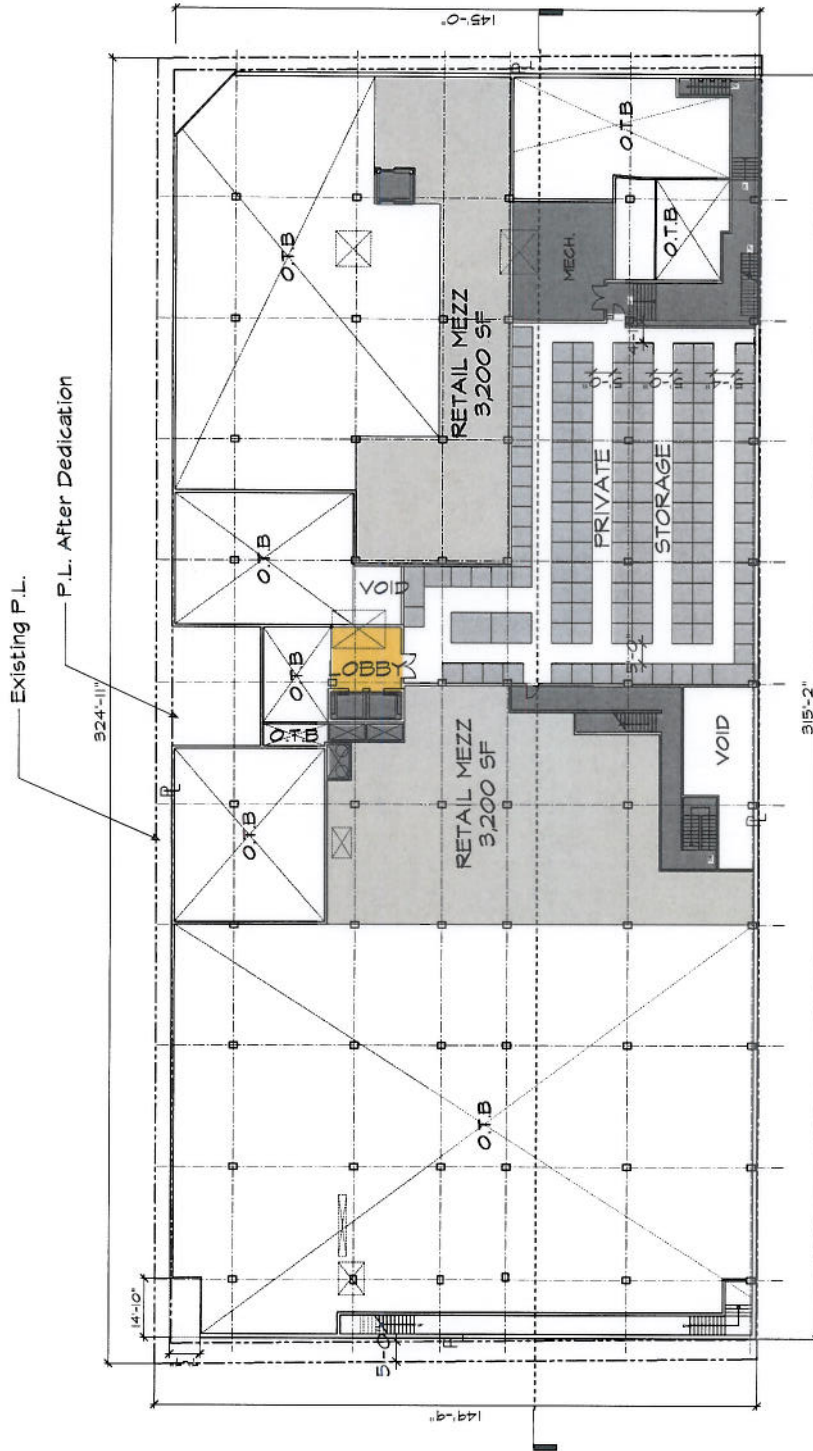






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