

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, 416-440 W. Pico Blvd – Non-Monetary Action.**
Consideration of City of Los Angeles Mitigated Negative Declaration Env-2013-166-MND and approval of a residential land use on commercially designated parcel and density variation to allow up to 162-units in a mixed-use development located at 416-440 W. Pico Boulevard 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-2012-1666-MND-REC1 ("MND"), pursuant to California Environmental Quality Act ("CEQA") Guidelines set forth in California Code of Regulations Section 15096(f);
2. Conditionally approve a Residential Use on a property designated for Commercial Use by the City Center Redevelopment Plan ("Redevelopment Plan"), located at 416-440 W. Pico Boulevard, to allow a development of up to 162 apartment units and 13,200 square feet of ground floor commercial uses (collectively, the "Project"); and
3. Approve a density variation of 47,818 square feet, pursuant to Sections 512.6 and 520 of the City Center Redevelopment Plan ("Redevelopment Plan"), by making the necessary determinations which will permit the development of a 7-story, mixed-use development with 162 apartment units and 163 parking spaces located at 416-440 W. Pico Boulevard ("Project Site").

SUMMARY

The developer, Onyx East Apartments, LLC, is requesting that CRA/LA approve (1) a residential use on four commercially designated parcels and (2) a density variation of 47,818 square feet 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 the residential uses and to approve density variations of less than 50,000 square feet.

Pursuant to Section 14.5.7 of the City of Los Angeles Municipal Code ("Municipal Code"), which authorizes the Director of the City of Los Angeles Department of City Planning ("DCP") to approve transfers of less than 50,000 square feet of floor area, DCP approved the Proposed Project on October 24, 2013. As a condition of that approval, the Project proposes a public benefit equivalency of approximately \$715,886, details of which are covered in the "Community Benefits" section of this memorandum.

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, a vision long held by the City of Los Angeles.

The CRA/LA-DLA has the discretion under Section 512.4, 512.6 and 520 of the Redevelopment Plan to grant a Density Variation for projects if the CRA/LA determines that (1) the application of certain provisions of the Redevelopment Plan would create an unnecessary hardship on the Project; (2) there are exceptional circumstances that apply to the property or Project that do not apply generally to other properties having same standards, restrictions and controls; and (3) permitting a variation will not be materially detrimental to the public welfare, contrary to the objectives of the Redevelopment Plan, or injurious to improvements in the area. These determinations can all be met and a Density Variation will allow the Proposed Project to move forward expeditiously.

DISCUSSION & BACKGROUND

Location

The Project Site consists of four separate lots, all of which are currently improved as a surface parking lot with two one-story buildings that include a small take-out restaurant on the northwest corner. 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, which is in the southwest portion of Downtown Los Angeles, and 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 Guide 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 Onyx East Apartments, LLC represented by Daniel and Benny Taban ("Developer"). The Developer is connected to Jade Enterprises, a commercial property owner with significant holdings in the Fashion District. Onyx will be their first Downtown residential project. The Developer is concurrently applying for entitlements to construct a separate mixed-use project directly across the street.

Description, Project Context and Project History

The Developer proposes to construct a new seven story, 145,339 square-foot mixed-use building fronting along Pico Boulevard consisting of 13,200 square feet of ground floor commercial space for retail and/or restaurant uses and six levels of 162 apartment units. The 162 apartment units consist of 71 studios, 63 one-bedroom units, 22 two-bedroom units and six 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 are the leasing office, residential elevator lobby, mail room, Wi-Fi lounge and 13 parking spaces located to the rear of the commercial retail units. Indoor residential amenities for the project include a fitness center, club house and business lounge. 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 14,432 square feet, approximately 82% of the required Open Space under code. Developer was granted a variance from the City. Parking for this building will be located at-grade and within two subterranean levels, providing for 150 residential parking spaces and 13 at ground floor to service the commercial uses. At-grade parking is located to the rear of the commercial space and residential amenities 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, a variance has been approved for the residential parking from the City of Los Angeles as the Project is only providing 87% of the code requirement.

The parcels for the Project Site encompass a net site area of 32,507 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 97,521 square feet. Approximately 47,818 square feet of additional floor area is needed for the building on Pico Boulevard as proposed.

Findings to Allow Residential Use on Project Site

Pursuant to Section 503.6 of the Redevelopment Plan, the CRA/LA may permit appropriately designed and properly located Residential facilities within areas designated Commercial, upon the Governing Board making the four Findings below. Based on the facts listed below, staff recommends that the Governing Board make these five Findings and approve the Proposed Project's residential uses on the Project Site.

1. Promote community revitalization.

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.

2. Promote the goals and objectives of the Redevelopment Plan.

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.

3. Be compatible with and appropriate for the Commercial uses in the vicinity.

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.

4. Include amenities which are appropriate to the size and type of housing units proposed.

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 17% 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 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.

5. Meet design and location criteria required by the CRA/LA.

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.

Findings to Allow Density Variation of 49,893 Square Feet

Section 512.6 of the Redevelopment Plan authorizes the CRA/LA to permit increased floor area of less than 50,000 square feet of floor area which may be effectuated by variation as allowed in Section 520 of the Redevelopment Plan, upon the Governing Board making the two Findings below. Based on the facts listed below, staff recommends that the Governing Board make these two Findings and approve the density variation of 49,893 square feet for the Proposed Project.

1. The application of certain provisions of this Plan would result in practical difficulties or unnecessary hardships which would make development inconsistent with the general purposes and intent of this Plan.

Section 512.1 of the Redevelopment Plan provides for a 3:1 floor area ratio (FAR) for properties located south of Pico Boulevard, subject to exemption set forth in the balance of Section of 512, including 512.6, which provides a transfer of floor area by variation for transactions of less than 50,000 square feet. The Developer indicates that limiting

development of the Proposed Project to a 3:1 FAR would result in practical difficulties or unnecessary hardships which would make development inconsistent with the general purpose and intent of the Redevelopment Plan since a smaller project would be economically not viable as well as (as stated below) not fully consistent with the goals of the Redevelopment Plan.

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. Permitting a variation will not be materially detrimental to the public welfare or injurious to property or improvements in the area or contrary to the objectives of this Plan or the applicable Community Plan.

An Initial Study and Mitigated Negative Declaration ("MND") have been prepared for the Proposed Project, and were adopted by the City Planning Department on December 12, 2013. The MND determined that there would be no significant impacts to the surrounding environment as a result of the project and has set forth mitigation measures designed to ensure the project's compatibility with the immediate and surrounding 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 north and east of the Project Site, and adds to the promotion of Downtown as a highly urbanized, 24/7 Central City.

Community Benefits

The City of Los Angeles Municipal Code ("Municipal Code") Section 14.5.7(A)(3)(b)(1) stipulates that as a condition of approval of the transfer of less than 50,000 square feet of floor area, the transfer shall provide public benefits equivalent in value to the dollar amount otherwise required for a Public Benefit Payment, in conformance with Section 14.5.9 of the Municipal Code. The formula for such a payment is based on the value of the land at sale (if purchase took place within 18 months of the submittal of an application for Floor Area) or a Fair Market Value appraisal. In this instance, a Fair Market Value appraisal was submitted and validated by a third party appraiser. 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 47,818 square feet results in a public benefit equivalency of approximately \$715,886 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 \$175,258; 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:

- \$10,000 to Metro Charter School to fund operations for the afterschool program from the end of the school day until 6 pm.
- \$10,000 to California Hospital Medical Center for Venice Hope Recreation Center and Park to fund maintenance, operations and programming.
- \$89,486 to City of Los Angeles for architectural design, hardscape, landscape, lighting, paint and signage improvements at Pershing Square
- \$60,991 to the South Park Business Improvement District for the installation of attractive hardscape, landscape, lighting and directional signage on Flower Street between 12th Street and Pico Boulevard to improve pedestrian experience for public accessing the Pico Station.
- \$370,151 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. Denial of the variation would deprive the South Park Area of the proposed and future public benefits generated by the proposed project.

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 416-440 W PICO BOULEVARD PROJECT IN THE CITY CENTER REDEVELOPMENT PROJECT

WHEREAS, Onyx East Apartments, LLC, the project applicant, proposes to develop a seven-story building consisting of 162 residential dwelling units and 13,200 square feet of ground floor restaurant/retail at 416-440 w. Pico Boulevard ("Project"); and

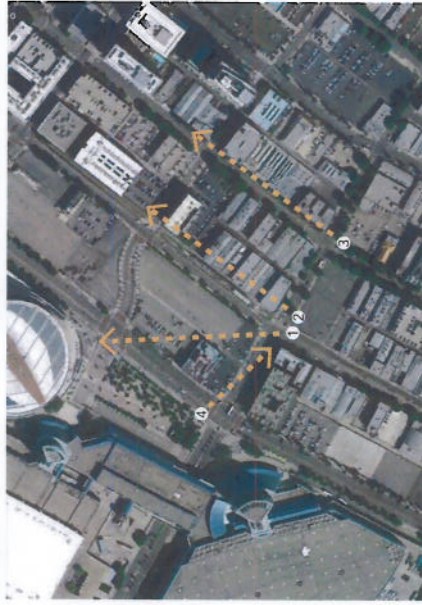
WHEREAS, the City of Los Angeles ("City") was the lead agency under the California Environmental Quality Act ("CEQA") for the Project and prepared a Mitigated Negative Declaration, Env-2012-1666-MND ("MND"), for the Project; and

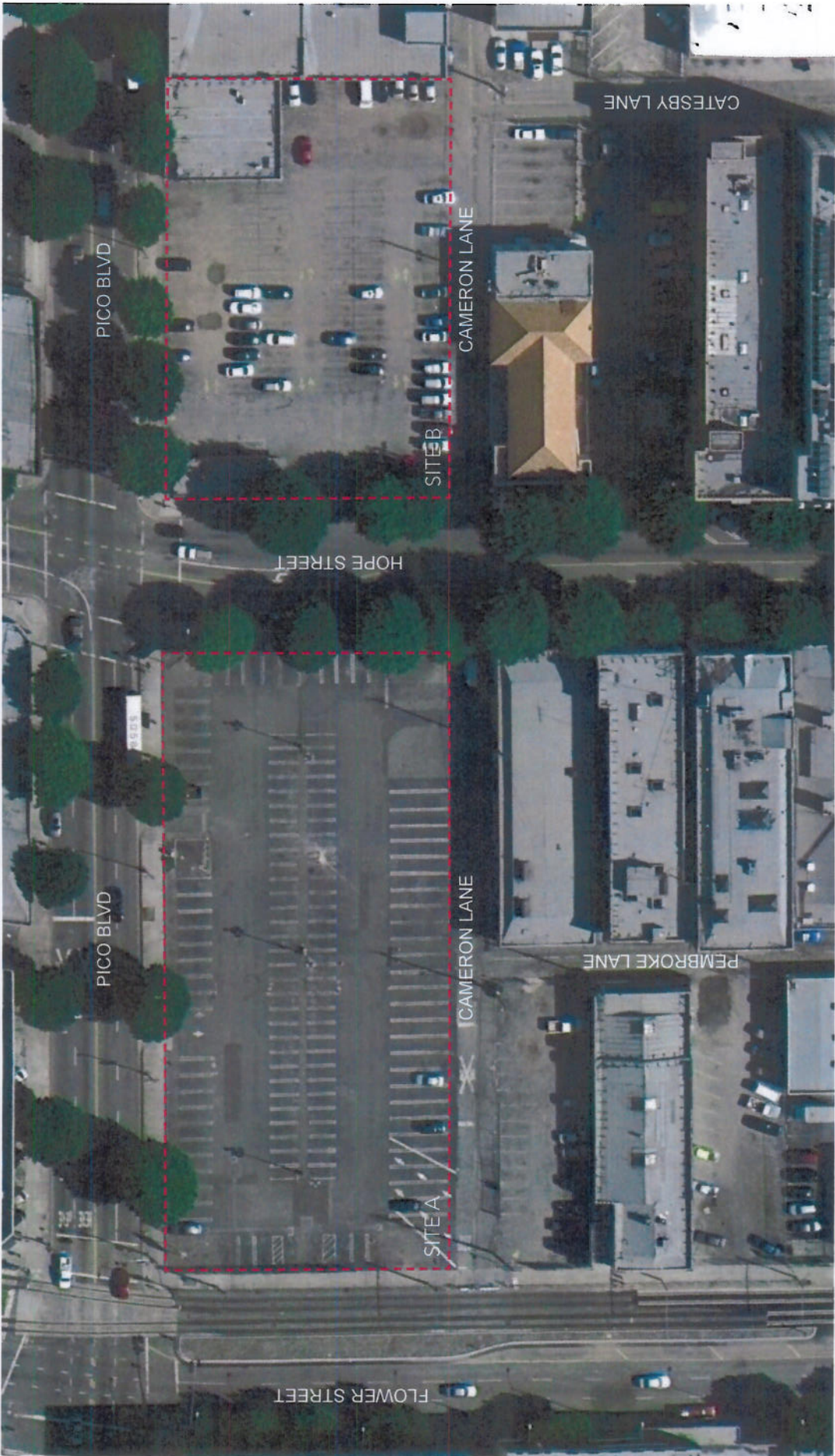
WHEREAS, on December 12, 2013, the MND for the Project was adopted and the Project was approved by the City of Los Angeles.

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:









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Los Angeles, California
Original Submission: June 11, 2012 / Second Revision: September 06, 2012

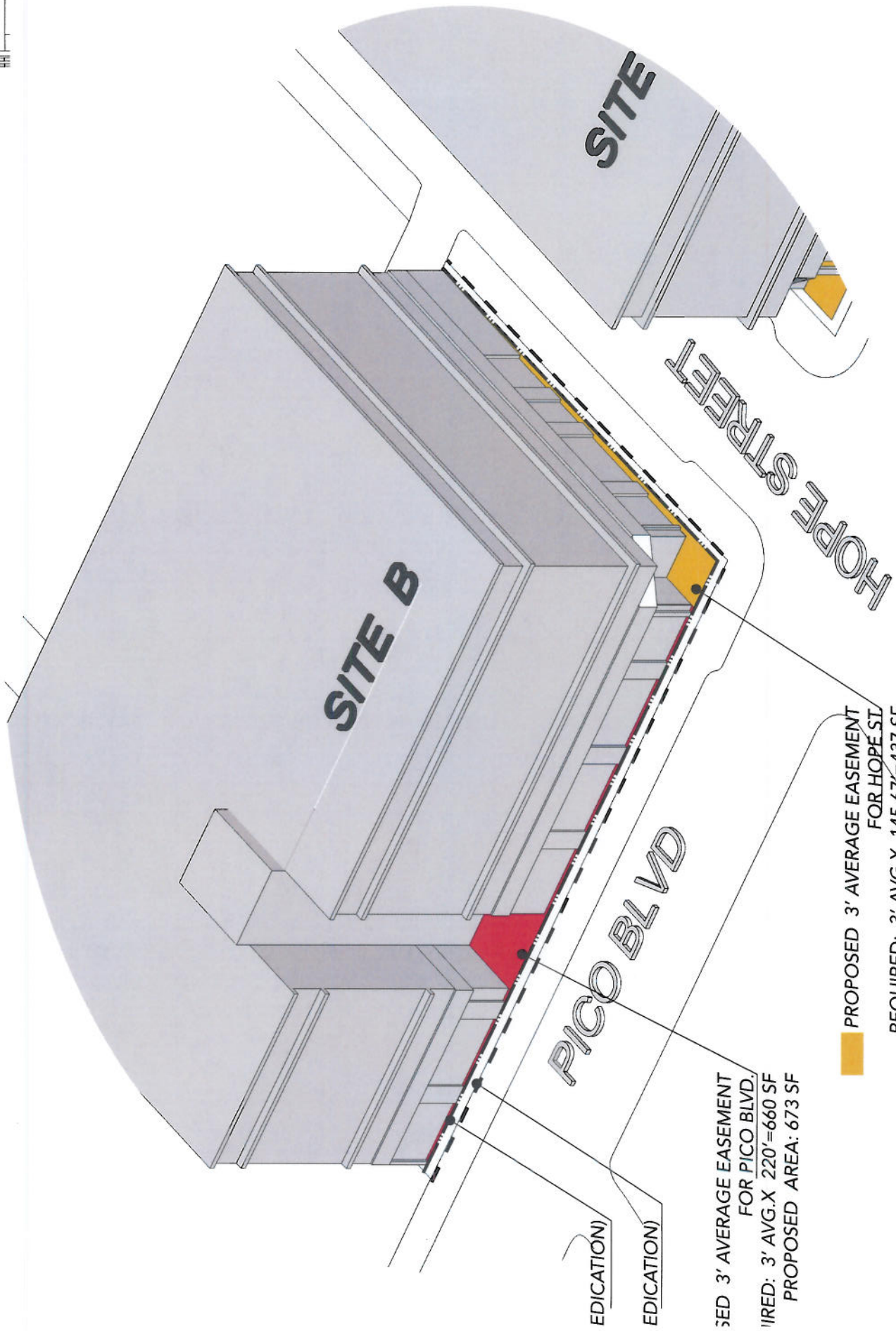
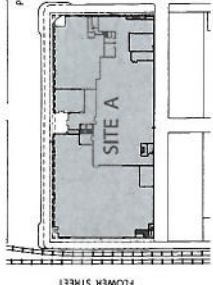
SITE B HOPE CORNER VIEW



Los Angeles, California Original Submission: June 11, 2012 / Revision: April, 2013

2013-0991

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PROPOSED 3' AVERAGE EASEMENT
FOR PICO BLVD.
REQUIRED: 3' AVG.X 220'=660 SF
PROPOSED AREA: 673 SF

PROPOSED 3' AVERAGE EASEMENT
FOR HOPE ST.
REQUIRED: 3' AVG.X 145.67'=437 SF
PROPOSED AREA: 440 SF

SITE B ENTRANCE COURT VIEW

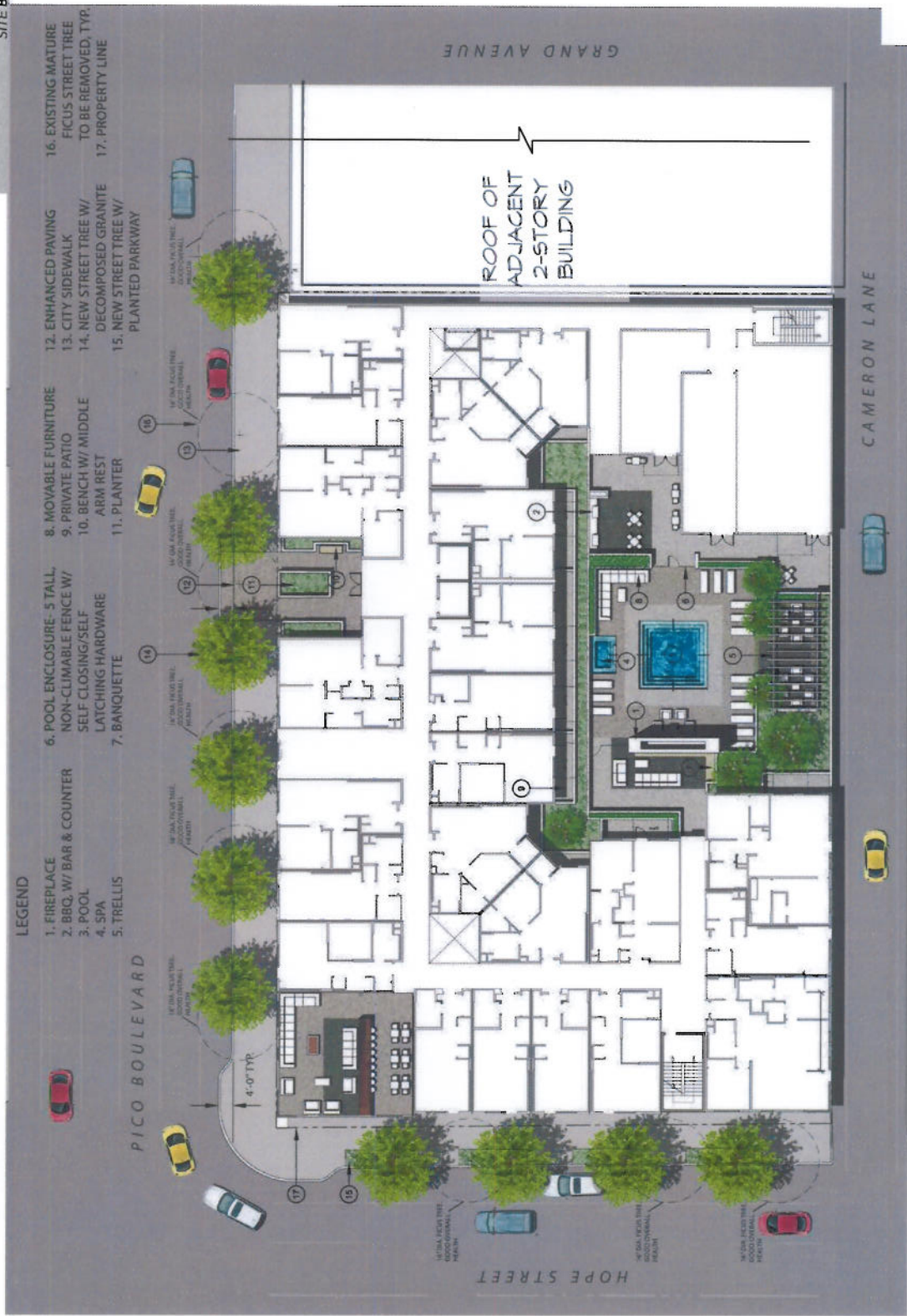


Los Angeles, California Original Submission: June 11, 2012 / Revision: April, 2013

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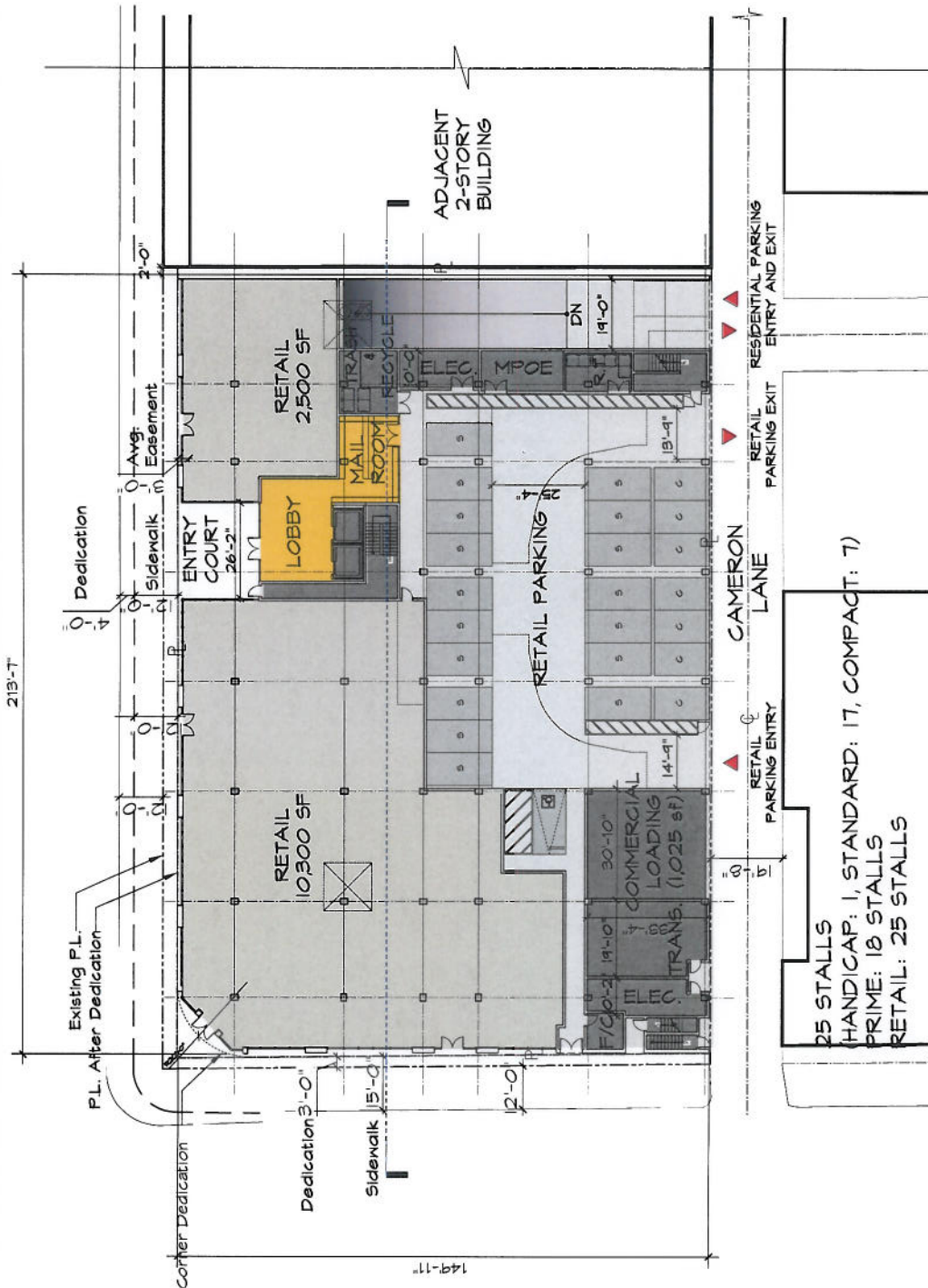
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NTS

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25 STALLS
(HANDICAP: 1, STANDARD: 17, COMPACT: 7)
PRIME: 18 STALLS
RETAIL: 25 STALLS



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



