

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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DATE: MARCH 2, 2017

TO: GOVERNING BOARD

FROM: STEVE VALENZUELA, CHIEF EXECUTIVE OFFICER

STAFF: BARRON MCCOY, CHIEF OPERATING OFFICER
CRAIG BULLOCK, SPECIAL PROJECTS OFFICER

SUBJECT: **LAND USE APPROVAL– Non-Monetary Action.** Approval of a density bonus for the construction of a residential development located at 11042 - 11050 W. Hartsook Street in the North Hollywood Redevelopment Project Area and authorization to execute an owner participation agreement.

RECOMMENDATIONS

That the Governing Board take the following action:

1. Approve a density bonus of up to 25% to allow the construction, maintenance and operation of a residential development consisting of 48 residential units, including two (2) Very Low Income units, one (1) Low Income unit, one (1) unit with Mobility Accessibility Features and one (1) unit with Hearing/Vision Accessibility Features; and,
2. Authorize the Chief Executive Officer, or designee, to execute an owner participation agreement (OPA) to effectuate the construction, maintenance and operation of a residential development, as required by the North Hollywood Redevelopment Plan.

SUMMARY

Hartsook/Vineland Holding Company, LLC (Developer), a multi-member LLC with AFSCO Development Inc as its member and representative, is requesting that CRA/LA approve a density bonus of up to 25% to allow for the construction of a 48-unit residential development (Project) in the North Hollywood Redevelopment Project Area.

The Project consists of the construction of a 40,345 square foot residential development on three (3) parcels, totaling 26,223 square feet (.60 acre), consisting of 48 residential units, including two two (2) Very Low Income units, one (1) Low Income unit, one (1) unit with Mobility Accessibility Features, one (1) unit with Vision/Hearing Accessibility Features, 53 parking spaces, 53 bicycle parking spaces and 4,950 square feet of open space.

The CRA/LA Governing Board has the discretion under Sections 602.1 of the North Hollywood Redevelopment Plan (Plan) to authorize new housing to be developed with more dwelling units per gross acre than otherwise permitted by Section 602 of the Plan, provided that established criteria are satisfied.

The project is located within the High Medium Residential designation of the Plan which allows up to 60 units per gross acre. Given the property's lot size, 36 residential units can be constructed by-right. The Developer is permitted to construct an additional two (2) Very Low Income units and one (1) Low Income unit, as a function of the AB 2222 density program, which would be an additional 8%. The Developer is requesting a density bonus of 25% to construct nine (9) residential units not otherwise permissible by Section 602 of the Plan.

The Los Angeles Housing, Community and Investment Department issued an AB2222 Determination Letter on December 21, 2016. It was determined that the two (2) Very Low Income units and one (1) Low Income units would be a density bonus. This density bonus maintains the level of affordable housing at the site since an equal number of units were demolished.

In consideration of the recommended discretionary action, Successor Agency staff requested and the Developer agreed to incorporate enhanced accessibility features within the project. Specifically, the Developer has agreed to include mobility and sensory units. The number of accessible units was determined based on the 25% density bonus being granted. The recommended density bonus yields nine (9) additional units; therefore, the requirements are for one (1) unit or 5% with Mobility Features and one (1) unit or 2% with Vision/Hearing Features.

DISCUSSION & BACKGROUND

Location

The project site (Attachment A, Site Map) is approximately 26,223 square feet (0.60 acre) in size, consisting of three (3) adjacent parcels fronting on Hartsook Street. To the north of the project site is a mix of single family homes constructed in the 1930s and 1940s. To the south of the project site is multi-family buildings constructed in the 1980s and 1990s. To the west of the project site will be a 61 unit multi-family building. East of the project site will be a 144 unit multi-family building. The project site consists of a triplex constructed in 1931, a church constructed in 1924 and parish house constructed in 1926.

Developer Entity

AFCO Development Co., representing Hartsook/Vineland Holding Co., LLC, member of the Inc. was established 27 years ago. They design, develop and construct their projects. They have carried out projects from the inception of producing architectural plans through construction. The AFCO Development Co. is responsible for over 30 commercial, mixed-use and residential developments in Los Angeles.

Project Description

The Developer proposes to construct one, four-story residential development consisting of 48 residential units, including three (3) very low income units, one (1) units with Mobility Features, one (1) units with Vision/Hearing Features, 66 vehicular parking spaces, 53 bicycle parking spaces and 4,950 square feet of open space.

The Project consists of eighteen (18) studios, twenty-four (24) one-bedroom and six (6) two-bedroom units. The Los Angeles Housing, Community and Investment Department (HCID) will select the three (3) units to be made affordable to very low income households for a period of not less than 55 years. The residential amenities will include a 2,350 square foot landscaped courtyard, 650 square foot recreational area and a dog run. In addition, each unit will have its

own private outdoor space. The Project Site is located less than ½ mile from NoHo Arts District and the Metro North Hollywood Red and Orange Line Stations serving the San Fernando Valley and Greater Los Angeles Area.

Basis for Approval

Section 602.1 of the Plan authorizes residential developments, with more housing units per gross acre than otherwise permitted by Section 602, subject to the Developer entering into an OPA. The Plan seeks to achieve greater flexibility in housing design and well planned neighborhoods, offering variety in housing and environment to all socio-economic groups and to provide the most appropriate use of land through special methods of development. The Plan refers to these units as Density Bonus Units, which are separate and distinct from density bonus units available to a developer by participating in the State density bonus program (AB 2222). Authorization for additional units may be granted provided that:

- a. *No parcel shall be developed at a residential density which exceeds by more than 25% the density limitations for that parcel as set forth in Section 602.*

The proposed development will not exceed the allowable density limitations of 25%. The addition of the two (2) Very Low Income and one (1) Low Income unit is not a discretionary action as defined by AB 2222.

- b. *The Agency shall not authorize and approve more than 1,500 bonus units.*

Since the adoption of the Amended Plan in 1997, the CRA/LA has approved 192 Density Bonus units.

- c. *The Agency shall review the proposed development to ensure that the units have adequate floor area and living spaces in order to avoid excessively dense development.*

Staff has reviewed the proposed Project and determined that it is not excessively dense. The Project meets or exceeds City requirements for unit size, open space and parking. The Project's density is within the density allowed by the R4 city zoning.

- d. *The Agency shall impose such other conditions as are necessary to ensure that the development will contribute to the desirable residential environment including adequate open space and long term neighborhood stability.*

Following its review, staff determined that the proposed development will contribute to achieving a desirable residential environment in the project area. The Project features a range of unit types (studios to two-bedroom units), of which three (3) will be restricted to households with very low incomes. The Project therefore meets the needs of various household sizes and income levels to satisfy the Plan's goals and objectives. In addition, the Project reflects a high level of architectural design that will enhance the aesthetics of the neighborhood.

In addition, staff requested and the Developer has agreed to execute and record a Housing Accessibility Covenant, pursuant to which the Developer has agreed to construct and maintain one (1) unit with Mobility Accessibility Features and one (1) unit with Vision/Hearing Accessibility Features.

- e. *Density Bonus Units shall not be authorized or approved in residential areas with "Low" designation.*

The Project Site is located in the area designated for High Medium development.

- f. *Primary consideration shall be given to providing bonus units in areas served by transit facilities.*

The Project Site is less than ½ mile away from the Metro Orange and Red Line stations, serving the San Fernando Valley and Greater Los Angeles Area. In addition, Metro buses 224 and 656 (Lankershim Boulevard) and 152 (Vineland Avenue) 156 and 183 (Magnolia Boulevard) are all within walking distance of the Project Site.

SOURCE OF FUNDS

No funding is required for this action.

ROPS AND ADMINISTRATIVE BUDGET IMPACT

The approval of density bonus units 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 has not taken all the necessary steps to formally assume the CRA/LA's land use authority which would effectuate such a transfer. The Department of City Planning has been advised of and concurs with the recommended actions in this memorandum. 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 project is exempt from CEQA pursuant to Section 15332 (In-fill Development). The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations. The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses. The project site has no value, as habitat for endangered, rare or threatened species. Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality. The site can be adequately served by all required utilities and public services.



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 – Site Map

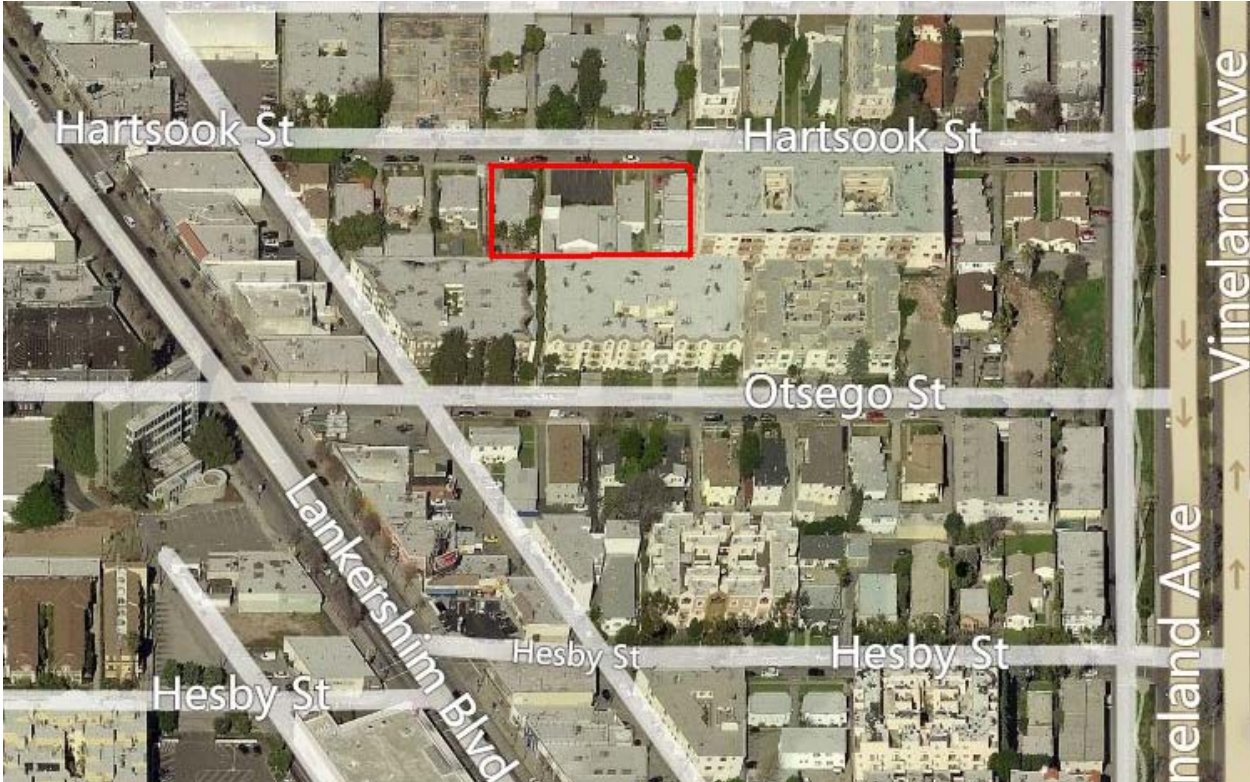
Attachment B – Project Renderings

Attachment C – Owner Participation Agreement

Attachment E – Accessible Housing Covenant

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

Attachment A



CRA/LA, A DESIGNATED LOCAL AUTHORITY
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Attachment B



ATTACHMENT C

LAND USE OWNER PARTICIPATION AGREEMENT

Development Project: Hartsook/Vineland Holding Co., LLC
Location: 11042 – 11050 W. Hartsook Street
Redevelopment Project Area: North Hollywood
Assessor Parcel Number: 2353-007-008, 2353-007-009
Legal Description: See Attachment “A”

This Land Use Owner Participation Agreement (“OPA”) dated as of March __, 2017 is entered into by and between Hartsook/Vineland Holding Co., LLC (“Applicant” or “Participant”) and CRA/LA, A Designated Local Authority (“CRA/LA” or “Agency”) with reference to the property at 11042-11050 W. Hartsook Street in the North Hollywood Redevelopment Project Area.

RECITALS

- A. Applicant proposes to redevelop the Property through the construction of a 4-story residential development of approximately 40,345 square feet and 45’ in height, consisting of 48 residential units, including two (2) Very Low Income units, one (1) Low Income unit, one (1) units with Mobility Features, one (1) units with Hearing/Vision Features, 53 vehicle parking spaces and 53 bicycle parking (“Project”). The Project is located within the North Hollywood Redevelopment Project Area (“Project Area”) and the North Hollywood-Valley Village Community Plan area (“Community Plan”).
- B. The site is located in a High Medium Residential designation of the North Hollywood Redevelopment Project Area that allows for developments of up to 60 units per gross acre.
- C. Section 602.1 of the Plan authorizes, subject to an OPA, residential developments, with more housing units per gross acre than otherwise permitted in Section 602, but not greater than 25%, to achieve greater flexibility in housing design and well planned neighborhoods offering variety in housing and environment to all socio-economic groups and to provide the most appropriate use of land through special methods of development. The Plan refers to these units as Density Bonus Units, which are separate and distinct from density bonus units attained by a developer participating in the State density bonus program (AB 2222). Authorization may be granted provided that:
 - a. No parcel shall be developed at a residential density which exceeds the by more than 25% the density limitations for that parcel as set forth in Section 602.
 - b. The Agency shall not authorizes and approve more than 1,500 bonus units.
 - c. The Agency shall review the proposed development to ensure that the units have adequate floor area and living spaces in order to avoid excessively dense development.

- d. The Agency shall impose such other conditions as are necessary to ensure that the development will contribute to the desirable residential environment including adequate open space and long term neighborhood stability.
 - e. Density Bonus Units shall not be authorized or approved in residential areas with "Low" designation.
 - f. Primary consideration shall be given to providing bonus units in areas served by transit facilities.
 - g. In no case shall this provision preclude residentially designated property from being developed to the density permitted in Section 602.
- D. A CRA/LA staff review of the Project and plans submitted was completed. It is staff's belief that the Plan's requirements have been satisfied.

E. The CRA/LA Governing Board has made the following findings and determinations:

1. The proposed Project conforms to the North Hollywood-Valley Village Community Plan as determined by the City of Los Angeles.
2. The requirements of Section 602.1 of the Plan have been satisfied in the following matter:
 - a. *No parcel shall be developed at a residential density which exceeds by more than 25% the density limitations for that parcel as set forth in Section 602. The two (2) Very Low Income units and one (1) Low Income unit is a density bonus (AB 2222) and not a discretionary action.*

The development will not exceed a density level of 25% of the allowable density prescribed by Section 602 of the Plan.

- b. *The Agency shall not authorize and approve more than 1,500 bonus units.*

The Agency has not authorized and approved more than 1,500 bonus units within the North Hollywood Redevelopment Project Area. As of October 1, 2016, the CRA/LA has approved 192 Density Bonus units since the adoption of the Amended Plan in 1997.

- c. *The Agency shall review the proposed development to ensure that the units have adequate floor area and living spaces in order to avoid excessively dense development.*

Staff has reviewed the Project and has determined that it is not excessively dense. The Project meets or exceeds City code on unit

size, open space and parking. The Project's density is below the limits of the R4 zone.

- d. *The Agency shall impose such other conditions as are necessary to ensure that the development will contribute to the desirable residential environment including adequate open space and long term neighborhood stability.*

Staff has reviewed the Project and has determined that the development will contribute to achieving a desirable residential environment. The Project features a range of units ranging from studio to 2-bedroom units, of which three (3) will be restricted to individual and families of very low income. The Project meets the needs of various family sizes and income levels to satisfy the Plan's goals and objectives.

In addition, the Project will include accessibility units for individuals/families with special needs. These units will be memorialized through an Accessible Housing Covenant.

- e. *Density Units shall not be authorized or approved in residential areas with "Low" designation.*

The Project Site is located in the area designated for High Medium Residential developments.

- f. *Primary consideration shall be given to providing bonus units in areas served by transit facilities.*

The Project Site is approximately ½ mile away from the Metro Orange and Red Line stations, serving the San Fernando Valley and Greater Los Angeles Area. In addition, Metro buses 224 and 656 (Lankershim Boulevard) and 152 (Vineland Avenue) 156 and 183 (Magnolia Boulevard) are all within walking distance of the Project Site.

NOW, THEREFORE, in consideration for and as a condition of CRA/LA's exercise of its discretionary approval to allow the Project to be constructed with Density Bonus units, as defined in Section 602.1 of the Plan, Participant hereby agrees to comply with the following terms and conditions:

1. Compliance with Criteria – Participant shall develop, maintain and operate the Project in compliance with all applicable ordinances and regulations of the City of Los Angeles as they now exist or as they are amended from time to time.
2. Participant Indemnity – Participant shall indemnify, defend (with counsel approved by the CRA/LA) and hold harmless CRA/LA and its appointed and elected officers, Governing Board and Oversight Board, employees, agents, consultants and contractors (collectively, “Indemnitees”) from and against any and all liabilities, losses, costs, expenses (including reasonable and actual attorney fees and litigation costs), claims, demands, actions, suits, causes of actions, writs, judicial or administrative proceedings, penalties, fines, orders, judgments and damages (collectively, “Claims”) which arise in connection with, relate to, are caused by or alleged to be caused by: (i) approval of this OPA; (ii) performance of this OPA by Participant or any of its contractors or sub-contractors; and/or (iii) rehabilitation, operation, maintenance of management of the Project improvements, whether or not any insurance policies are determined to be applicable to such Claims. Additionally, Participant shall immediately pay upon Indemnitee’s demand any amounts owing under this Indemnity. Participant’s duty to indemnify includes the duty to defend Indemnitees or, at their choosing, to pay their reasonable and actual defense costs in any court or administrative action or other proceedings brought by any third party arising from the development of the Project on the Property. The Indemnitees may make all reasonable decisions with respect to their representation in any legal proceeding, including but not limited to, selection of their counsel. Notwithstanding the above, Participant’s obligations under this Indemnity shall not apply to Claims solely from the gross negligence or willful misconduct of the Indemnitees.
3. Permitted Transfers – Subject to the CRA/LA’s prior written consent, which shall not be unreasonably withheld, conditioned or delayed, Participant may assign this Agreement and its rights and ongoing obligations hereunder, provided that the assignee expressly assumes the ongoing obligations of Participant hereunder, and further provided that Participant may change the operator or operators of the Project’s components without notice to or consent of CRA/LA. Upon any such assignment by Participant and assumption by the assignee, or upon Participant’s transfer of its interest in the Property, Participant shall be fully relieved from any further liability hereunder. Nothing contained herein shall restrict or limit Participant’s rights to transfer its interest in the Property to any other party.
4. Termination of the Agreement – Participant shall have the right to terminate this Agreement at any time upon at least thirty (30) days prior written notice and/or prior to the commencement of construction of the Project. In the event that Participant terminates the Agreement, the Property shall be restricted to a density of 60 units per gross acre.

SIGNATURE PAGE FOLLOWING

IN WITNESS WHEREOF, the Parties have executed this OPA as of the date written above.

**CRA/LA, A DESIGNATED LOCAL
AUTHORITY**

HARTSOOK/VINELAND Holding Co., LLC



Steve Valenzuela
Chief Executive Officer

Name: Mark BoTour

Title: Manager

APPROVED AS TO FORM:

GOLDFARB & LIPMAN, LLP

By: _____
Thomas Webber
CRA/LA Legal Counsel

ATTACHMENT A

Legal Description

All that certain real property situation in the County of Los Angeles, State of California, described as follows:

Lot 9, and 10 and 11 in Block 2 of Hartsook Tract, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 56, Page 74, in the office of the County Recorder of said County.

Assessor's Parcel Number (APN): 2353-007-008, 2353-007-009

ATTACHMENT B

Property Map

