



**BOARD OF DIRECTORS
MARCH 25, 2004**

**SUBJECT: HOLLYWOOD & VINE STATION
TRANSIT-ORIENTED JOINT DEVELOPMENT PROJECT**

**ACTION: APPROVE CONCEPTUAL SITE PLANS AND APPROVE FINDINGS
AND STATEMENT OF OVERRIDING CONSIDERATIONS**

RECOMMENDATION

APPROVE:

- A) Conceptual site plans by Legacy Partners/Gatehouse Capital (Legacy/Gatehouse) for joint development at the Hollywood and Vine Metro Rail Station (Attachment A);
- B) A modification of the previously approved land swap to allow the MTA to swap airspace and subterranean space in return for additional in-fee ownership of parcels along Vine Street as described in the discussion section of this Board Report.
- C) Findings and Statement of Overriding Considerations, in accordance with the California Environmental Quality Act (CEQA) (Attachment B).

ISSUE

In June 2003, the Board authorized the CEO to enter into a Joint Development Agreement (JDA) with Legacy/Gatehouse to construct a mixed-use redevelopment at the Hollywood and Vine Metro Rail station site (Proposed Redevelopment). Staff is in the process of completing negotiations of the definitive terms of the joint development and ground lease agreements. (See Next Steps.) Because Legacy/Gatehouse had not finalized the conceptual site plans at that time, the terms in the June 2003 Board approval required Legacy/Gatehouse to submit the final conceptual site plan and conceptual hotel plan (collectively the "Final Conceptual Plans") for subsequent Board approval. Legacy/Gatehouse has submitted the plans in Attachment A to fulfill this requirement. The proposed uses for the site are the same as in the June 2003 Board submittal with minor modifications in the density and layout.

Legacy/Gatehouse engaged a team lead by Roschen Van Cleve Architects in conjunction with Perkins & Will-Busby Architects, Elkus/Manfredi and MVL Partners to prepare the revised architectural and site plans. Legacy/Gatehouse has negotiated financial and other business terms with the City of Los Angeles Community Redevelopment Agency (CRA). The CRA and the Los Angeles City Council have approved the Disposition and Development Agreements (DDAs) between CRA and Legacy and Gatehouse. These DDAs spell out all of the business and financial terms between the City and the developers for the project. The DDAs are based on the conceptual site plans recommended for approval in this Board Report.

The CRA is the lead agency with respect to providing environmental approvals for the Proposed Redevelopment and has completed its approvals. The CRA and Legacy/Gatehouse have requested that MTA consider the environmental documents for the Proposed Redevelopment and adopt appropriate Findings and Statement of Overriding Considerations since MTA may be considered a responsible agency under CEQA. This is because MTA will be issuing leases and granting air rights for the development, subject to the approval by the CEO of the final negotiated terms of the agreements. MTA/County Counsel have reviewed the environmental documents prepared for the Proposed Redevelopment and are satisfied that they meet State environmental guidelines.

POLICY IMPLICATIONS

The recommended action is consistent with the MTA's Joint Development Policies and Procedures. The revised conceptual site plans are consistent with the goals to promote and enhance transit ridership, enhance and protect the transportation corridor and its environs, enhance the land use and economic development goals of surrounding communities and conform to local and regional development plans, and generate value to the MTA based on a fair market return on public investment.

OPTIONS

One option would be to not approve the Final Conceptual Plans. Staff is not recommending this as the Final Conceptual Plans are consistent with the development concepts previously approved by the Board. The Final Conceptual Plans accommodate the MTA's bus layover needs, provide good pedestrian flow to the portal, and enhance the station site.

FINANCIAL IMPACT

The recommended action will not impact the MTA's FY04 budget. Ultimately, development of the MTA-owned properties will result in revenues to the MTA.

DISCUSSION

The Final Conceptual Plans are environmentally cleared for up to 400 residential units (300 apartments/100 condominiums), 400-room hotel, and 100,000 square feet of retail and restaurant uses. However, the Redevelopment will consist of 262 apartment units, 96 condominium units, 300-room hotel, and 67,700 square feet of retail and restaurant uses, including a 45,000 square foot grocery store. This is slightly denser than previously indicated and includes 12 additional apartments, 46 additional condos, and 28,000 square feet of additional retail.

Legacy/Gatehouse are proposing 1160 parking spaces for the development in up to three levels below grade level. Signage of approximately 4,000 to 6,000 square feet would be provided. (See conceptual site plans and elevation in Attachment A.) The Proposed Redevelopment will encompass 4.3 acres and will include most of the block bordered by Hollywood Boulevard, Vine Street, Argyle Avenue and Selma Avenue. MTA owns 2.8 acres of this site.

Refinements to the Final Conceptual Plans from the previous development concept include creating a larger open plaza in front of the subway portal, extending the hotel farther south along Argyle, separating the bus layover spaces from the motor court for the hotel and condos, and shifting the location of the loading docks for the retail and the hotel. The hotel will have a large walk-through lobby connecting the Hollywood Boulevard frontage to the motor court entrance at the center of the site. This will direct pedestrian flow from the residential and hotel uses through the center of the site to the portal. Ground floor retail along Vine Street will create continuous store fronts along that street. Retail uses will surround the subway portal plaza and reach up to Hollywood Boulevard. The condominiums will occupy the airspace above the Hollywood Boulevard retail and the hotel lobby. The height of the hotel is approximately ten stories and the condominium building is approximately thirteen stories. The apartment units will be in five-story buildings.

Bus Layover

The MTA bus layover area will be located off-street at the southeast corner of the site at ground floor level. Boarding and alighting for the Hollywood Boulevard bus lines will remain on Hollywood Boulevard as requested by MTA Operations. A boarding and alighting area for other MTA lines as well as City of Los Angeles DASH service will be located on Argyle Avenue just south of Hollywood Boulevard. MTA Bus Operations staff have reviewed and approved the size and location of the layover and boarding/alighting areas.

Land Swap

Legacy/Gatehouse are proposing a slightly different land swap than previously approved by the Board. The original concept was for the MTA to swap a parcel on Hollywood Boulevard beneath the proposed condominium building for another parcel of similar size on Vine Street that the Developer would acquire from a third party.

The condominiums have subsequently evolved from a stand-alone building into an integrated structure above parts of the hotel and retail. City of Los Angeles Department of Building and Safety requirements do not permit a building to straddle land that is partly owned and partly leased. Legacy/Gatehouse now propose that the MTA convey fee interest in airspace over the condominium parcels and subterranean rights under the condominium parking to Legacy/Gatehouse but retain fee ownership of the ground parcel. In exchange, the MTA will receive fee ownership of six parcels on the site that the MTA does not now currently own. The negotiated ground lease rent will remain the same as previously approved. In terms of square footage, the MTA will exchange air and subterranean rights over 1.09 acres for 1.47 acres of additional in-fee ownership of parcels along Vine Street. MTA's financial advisor on this Proposed Redevelopment has reviewed this revised concept and concurs that it is a fair exchange of value.

CEQA

Legacy/Gatehouse are required to obtain environmental approval under CEQA from the lead agency, the CRA. On March 13, 2003, CRA certified and approved the Final Environmental Impact Report for the Hollywood Redevelopment Plan Amendment dated February 3, 2003 (SCH No. 1985052903) (the "Plan Amendment EIR") for the Hollywood Redevelopment Plan (the "Redevelopment Plan"). CRA also approved Findings and a Statement of Overriding Considerations and a Mitigation Monitoring Program for the Plan Amendment EIR (collectively the "EIR Documents"). Copies of the EIR Documents are available upon request. The Redevelopment Plan covers approximately 1,100 acres located within the Hollywood community of the City of Los Angeles and is generally bounded by La Brea Avenue on the west, Serrano Avenue on the east, Franklin Avenue, the Hollywood Freeway, and Hollywood Boulevard on the north, and Fountain Avenue and Santa Monica Boulevard on the south. The Redevelopment Plan area and features are more particularly described in the EIR Documents.

On December 4, 2003, CRA approved an Addendum to the Plan Amendment EIR (the "Addendum"), which analyzes the environmental impacts of the Proposed Redevelopment, and Findings and a Mitigation Monitoring Plan (collectively the "Addendum Documents"). Copies of the Addendum Documents are also available upon request.

From the time that CRA approved the Addendum Documents, an attorney for several property owners (the "Property Owners") sent one letter dated December 11, 2003 to CRA and another separate letter dated December 31, 2003 to the City of Los Angeles City Council collectively claiming that the environmental approvals are inadequate and that those certain property owners were denied the opportunity to participate with the redevelopment (collectively the "Claims Letters"). To respond to the factual assertions of the Claims Letters, CRA commissioned its EIR Consultants to respond. In all, three response letters were submitted. The Claims Letters are also available upon request.

The Claims Letters present numerous legal and factual assertions in support of their claims that are too numerous to set forth here. However, one issue warrants discussion. The Claims Letters criticize the characterization of the Plan Amendment EIR as a "project EIR" when the draft Plan Amendment EIR was identified as a "program EIR." A "program EIR" is typically

used for an agency program or series of actions that can be considered one large project. It allows an agency to analyze the then-known environmental impacts and defer speculation on other impacts until they become defined by subsequent designs. Whereas, a “project EIR” analyzes the impacts of a specifically designed project. Public Resources Code Section 21090(a) allows a redevelopment plan, such as the Plan Amendment, to be characterized as either a “program EIR” or “project EIR.”

Even if the Plan Amendment EIR were a “program EIR”, CEQA Guidelines Sections 15168(c) and (c)(2) provide that a follow-on “project EIR” is unnecessary unless there are new significant environmental impacts or a significant increase in the severity of any significant impact identified in the “program EIR.” Here, the Addendum adequately analyzed the impacts of the Proposed Redevelopment and finds that neither condition exists. Accordingly, a further “project EIR” or any other type of EIR is not warranted.

On January 13, 2004, the City of Los Angeles City Council considered the Addendum Documents, Claims Letters, and Response Letters and found that they are adequate and approved the development agreement between the CRA and Legacy/Gatehouse. On approximately January 12, 2004, the Property Owners filed a lawsuit against the CRA challenging its approval of the Addendum Documents. It appears that CRA will proceed with the Proposed Redevelopment as it vigorously defends the lawsuit.

MTA Legal Counsel has reviewed the environmental documents and concur that they have been prepared appropriately and in accordance with CEQA requirements.

MTA’s role in the Proposed Redevelopment may qualify it as a responsible agency under the California Environmental Quality Act (“CEQA”) because MTA is approving the Final Conceptual Plans and conveying and leasing MTA’s property to Legacy/Gatehouse. Accordingly, the Board should:

A) consider the Addendum Documents, Claims Letters, and Response Letters pursuant to CEQA Guidelines Section 15096(a);

B) find that the Response Letters adequately respond to the factual assertions in the Claims Letters that the Addendum is inadequate;

C) find that no subsequent or supplemental EIR is required pursuant to Public Resources Code Section 21166 and CEQA Guidelines §§ 15162 or 15163;

D) consider the environmental effects of the Proposed Redevelopment, pursuant to CEQA Guidelines Section 15096(f);

E) find that changes or alterations have been required in, or incorporated into, the Proposed Project that avoid or substantially lessen a number of the significant environmental effects as identified in the Addendum Documents, pursuant to CEQA Guidelines Section 15091(a);

F) find that the economic, legal, social, technological or other benefits of the Proposed Project outweigh the unavoidable adverse environmental effects as identified in the Addendum Documents, pursuant to CEQA Guidelines Section 15093;

G) find that there are no feasible alternatives or feasible mitigation measures within the power of MTA that would substantially lessen or avoid any significant environmental effect of the Proposed Project, pursuant to CEQA Guidelines Section 15096(g)(2); and

H) find that the Addendum Documents are adequate under CEQA.

Attachment B sets for the specific findings and statement of overriding considerations that the Board should approve in order to comply with CEQA.

NEXT STEP (S)

Complete negotiation of the definitive terms of the Joint Development Agreement, the ground leases with Legacy and Gatehouse, the conveyance to Gatehouse of the condominium air rights, and related agreements covering reciprocal rights on the various parcels and common areas. These agreements shall be consistent and comply with the approvals of the Board of Directors of June 2003 and the actions taken as a result of the Recommendations of this Board Report, and are subject to the final approval of the Chief Executive Officer. The JDA will be effective only upon completion of negotiations, final approval of the Chief Executive Officer, and execution by all of the parties. All other agreements will be effective only upon close of the escrow provided for in the JDA, subject to all of the parties meeting and complying with all of the contingencies in the JDA and the execution of all of the related agreements. MTA staff will monitor the progress of Proposed Redevelopment and implement any additional review in accordance with the terms of the Board approved Joint Development Agreement.

ATTACHMENTS

- A. Conceptual Site Plans and Elevations
- B. MTA Findings and Statement of Overriding Considerations

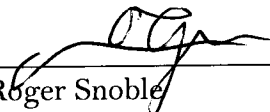
Prepared by: Fiona F. Schneider, Transportation Planning Manager,
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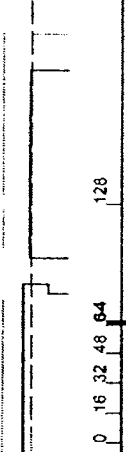
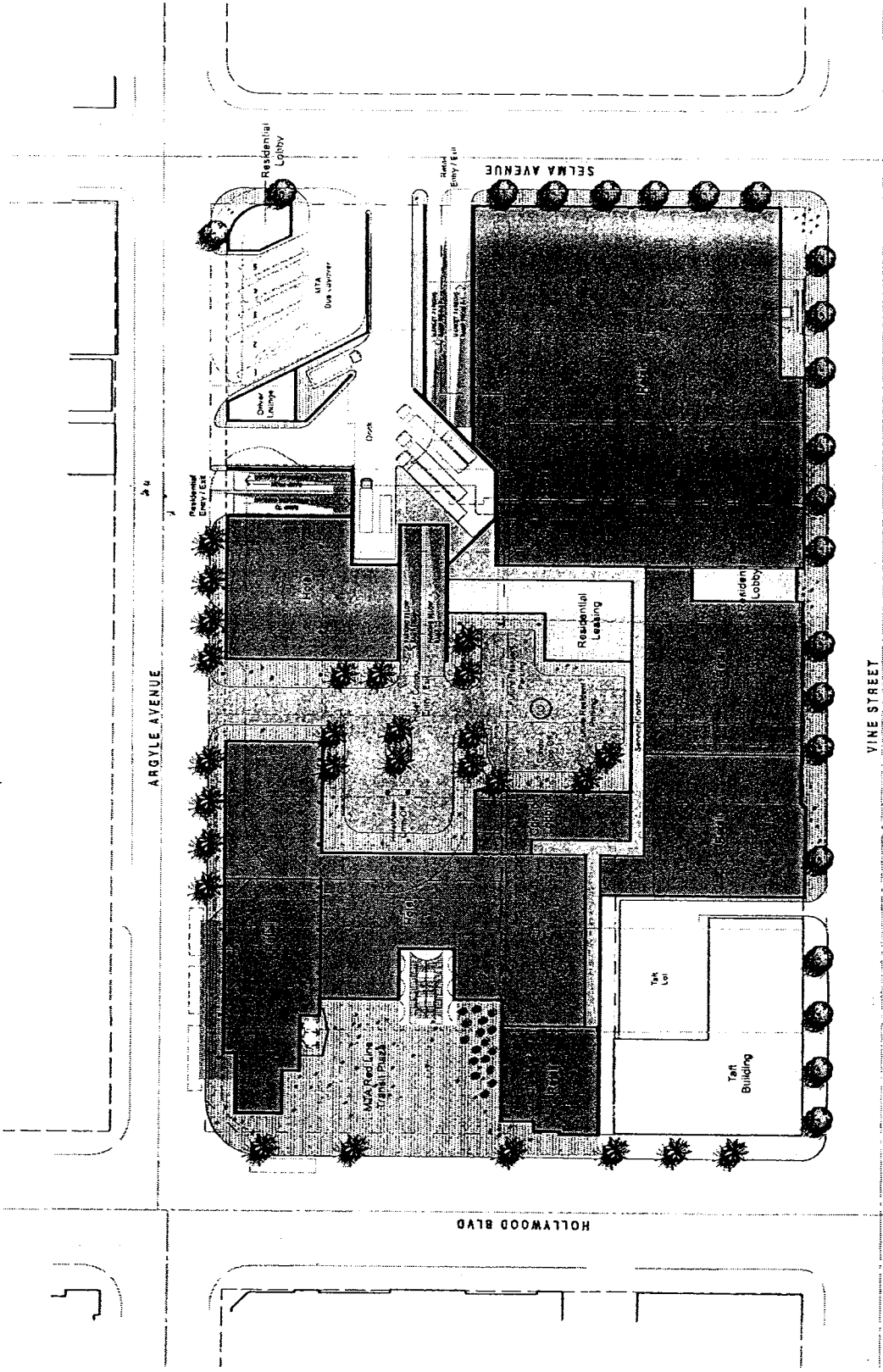
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Typical Floor Plan



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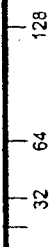
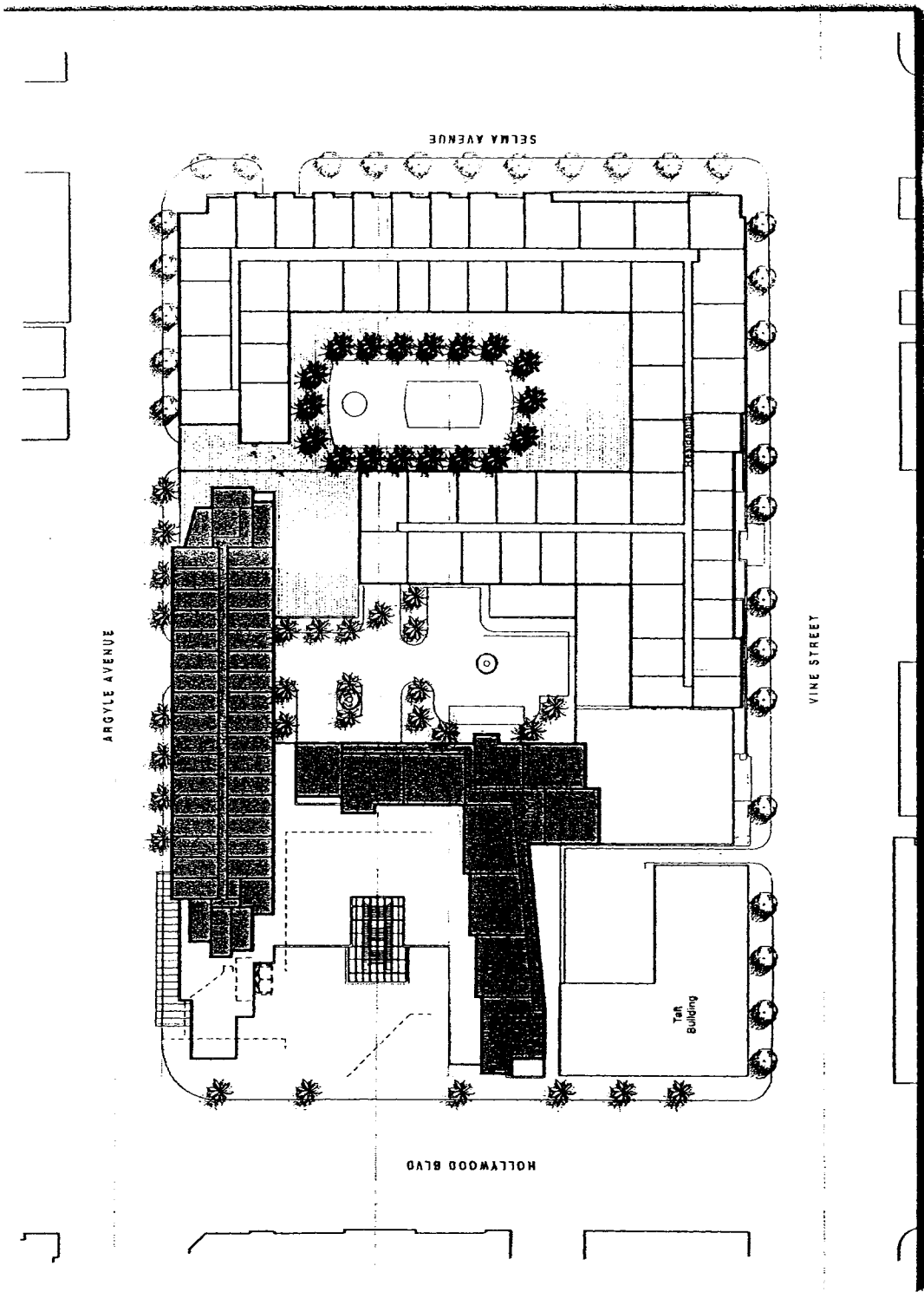
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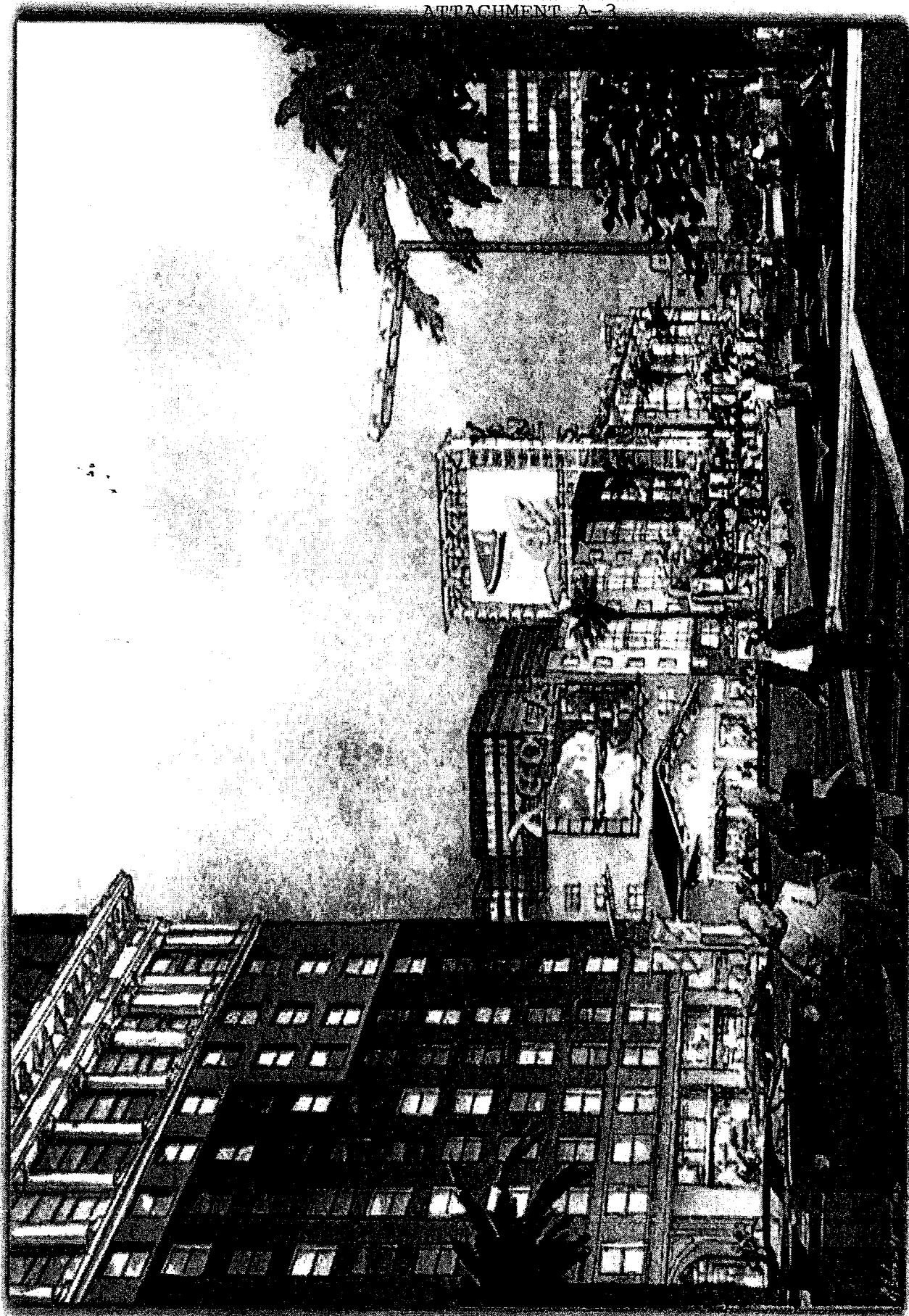
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OCTOBER 20, 2003

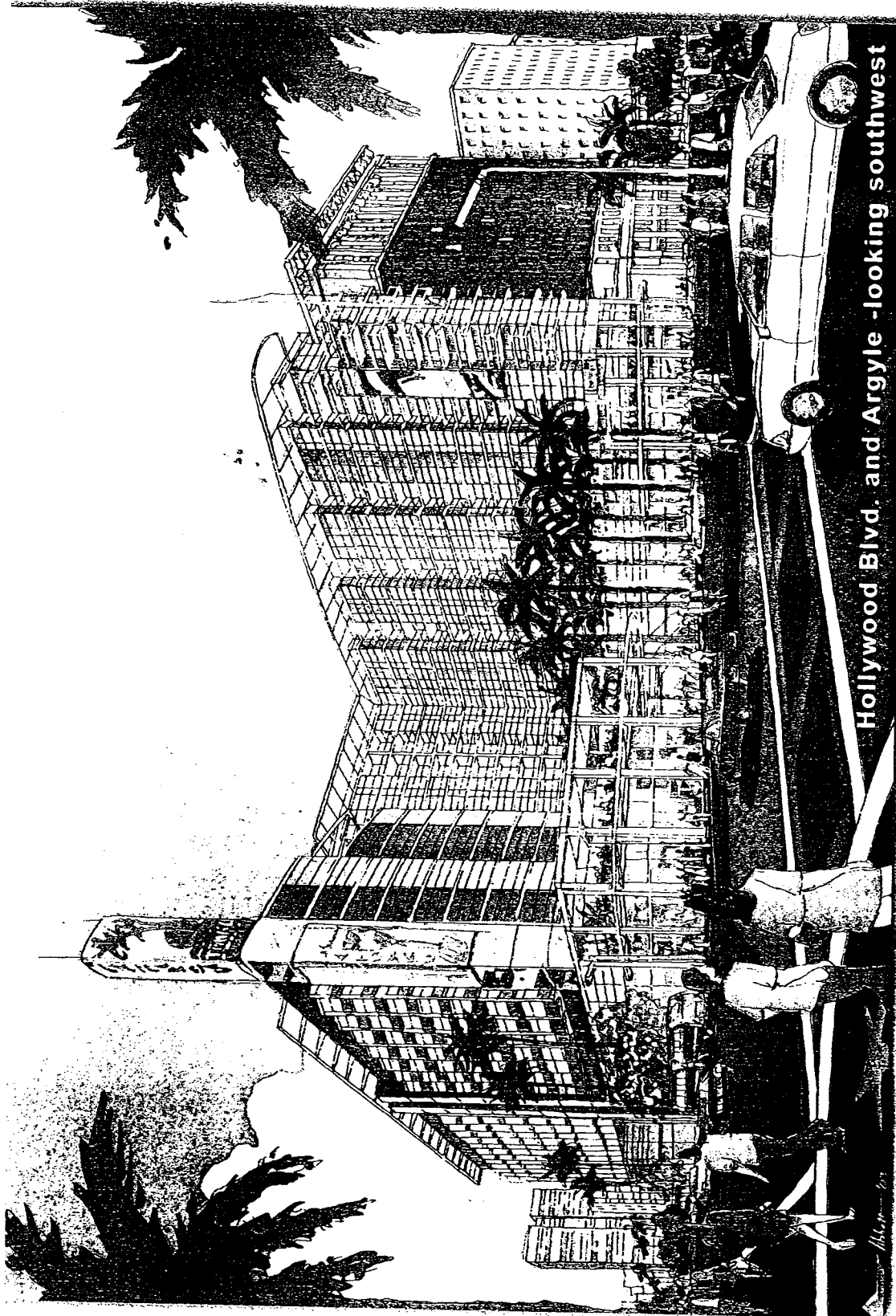
Hollywood and Vine

Legacy Partners
Gatehouse Capital





Vine Street and Hollywood Blvd.
-looking southeast



Hollywood Blvd. and Argyle - looking southwest

Legacy Partners
Gatehouse Capital

Hollywood and Vine

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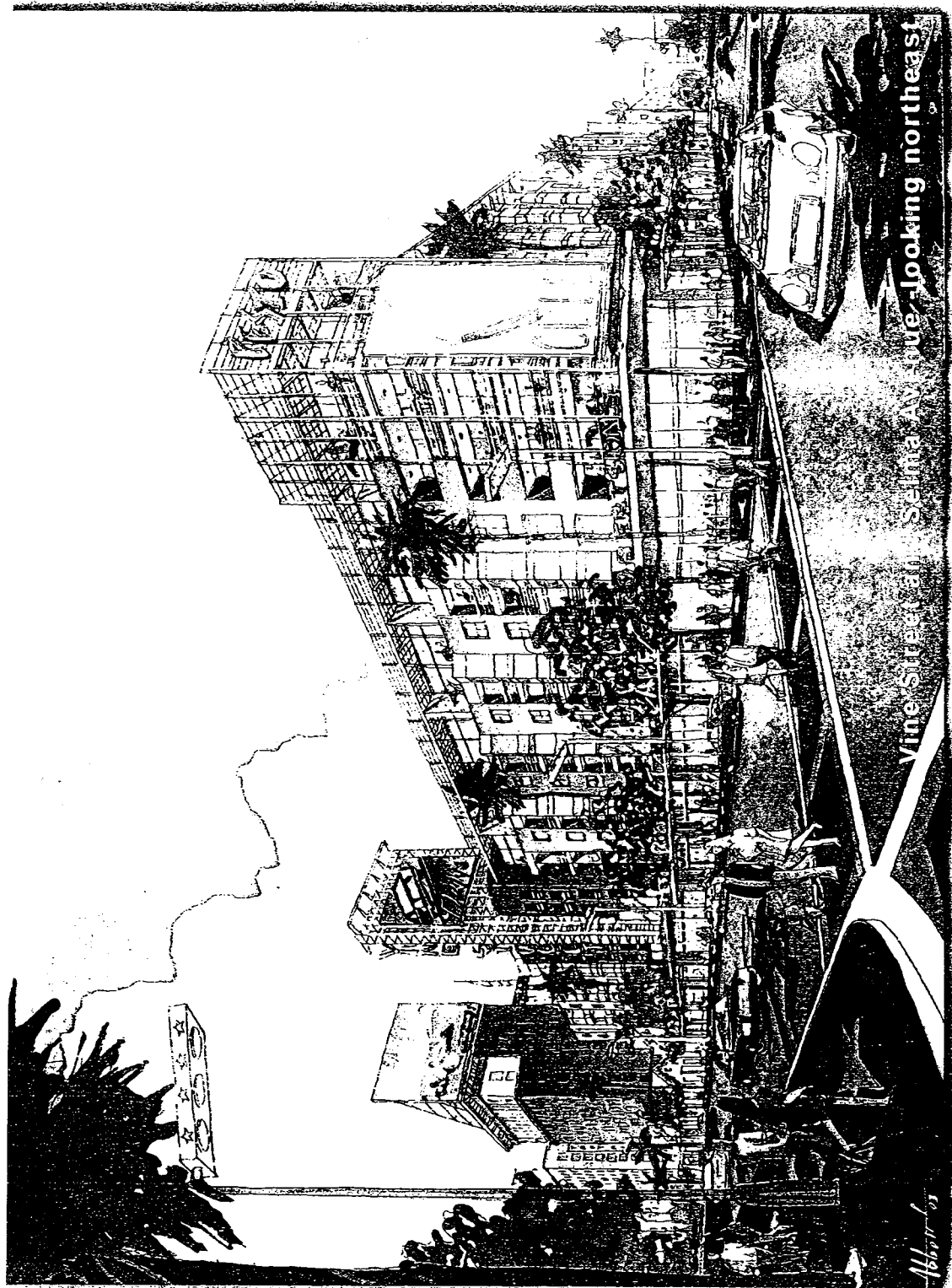
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October 20, 2003

Hollywood and Vine

Legacy Partners Gatehouse Capital



Vine Street and Selma Avenue - looking northeast



Hollywood Blvd. and Vine Street
-looking southeast

Hollywood and Vine
 Legacy Partners
 Gatehouse Capital

October 20, 2003

ROSENER VAN LEEDE ARCHITECTS

PERKINS
& WILHELM - RUFFALO ASSOCIATES ARCHITECTS

ELI KUSZMANI REDESIGN
 2001-2002
 2003-2004





Vine Street and Hollywood Blvd.
-looking southeast

Hollywood and Vine

Legacy Partners
Gatehouse Capital

October 29, 2003

ROSEBER VAN CLEYE ARCHITECTS

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FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS**FINDINGS**

As part of the MTA Board's approval of the conceptual site plans of the developer, Legacy Partners/Gatehouse Capital, the MTA Board makes these findings and statement of overriding considerations with respect to the "Proposed Redevelopment," which would be developed on an approximately 4.27-acre site located at the southeastern corner of the intersection of Hollywood Boulevard and Vine Street. The Proposed Redevelopment does not include the Taft Building located at the southeastern corner of Hollywood and Vine, but does include the remainder of the block bounded by Hollywood Boulevard, Vine Street, Selma Avenue and Argyle Avenue. The Proposed Redevelopment site presently contains approximately 70,000 square feet of older buildings, along with surface parking lots. The Hollywood/Vine Metro Rail Red Line station is located at the northeastern corner of the Proposed Redevelopment site, at the southwest corner of the intersection of Hollywood Boulevard and Argyle Avenue.

The Proposed Redevelopment would consist of removing most existing on-site structures and construction of a new mixed-use development consisting of up to 400 residential units (300 apartments/100 condominiums), up to 400 hotel rooms and up to 100,000 square feet of retail and restaurant uses, including a 45,000 square foot grocery store. Up to approximately 1,300 parking spaces would be included in the Proposed Redevelopment in an underground parking structure. Signage of approximately 4,000 to 6,000 square feet would be provided.

The Proposed Redevelopment would also include an intermodal transit facility that would provide an off-street location for public transit bus parking, with pedestrian connections provided to facilitate interaction between the bus and rail transit systems. Under the Proposed Redevelopment, the existing MTA "Kiss and Ride" drop-off area would be removed, and existing bus layover facilities would be moved from a surface lot at the northwest corner of Argyle and Selma Avenues to off-street at the southeast corner of the site at ground floor level.

On March 13, 2003, CRA certified and approved the Final Environmental Impact Report for the Hollywood Redevelopment Plan Amendment dated February 3, 2003 (SCH No. 1985052903) (the "Plan Amendment EIR") for the Hollywood Redevelopment Plan (the "Redevelopment Plan"). CRA also approved Findings and a Statement of Overriding Considerations and a Mitigation Monitoring Program for the Plan Amendment EIR (collectively the "EIR Documents"). The Redevelopment Plan covers approximately 1,100 acres located within the Hollywood community of the City of Los Angeles and is generally bounded by La Brea Avenue on the west, Serrano Avenue on the east, Franklin Avenue, the Hollywood Freeway, and Hollywood Boulevard on the north, and Fountain Avenue and Santa Monica Boulevard on the

south. The Redevelopment Plan area and features are more particularly described in the EIR Documents.

The MTA may be a responsible agency under the California Environmental Quality Act ("CEQA") with respect to the Proposed Redevelopment. Accordingly, the MTA Board:

A) has considered the CRA's Addendum to the Hollywood Redevelopment Plan Amendment EIR dated November 10, 2003 (the "Addendum"); CRA's Findings and Mitigation Monitoring Program for the Addendum; the claims made in the letters from Mr. Jack H. Rubens, Esq. of Sheppard Mullin Richter & Hampton LLP dated December 11, 2003 and December 31, 2003 to the Board of Commissioners Community Redevelopment Agency, respectively; the response letters dated December 22, 2003 and January 12, 2004 from CRA's EIR Consultants, Christopher A. Joseph & Associates; and the response letter dated January 12, 2004 from Crain & Associates (the "Response Letters"), pursuant to California Code of Regulations ("CEQA Guidelines") Section 15096(a) (collectively the "Addendum Documents");

B) hereby finds that the Response Letters reasonably consider and respond to the claims made in Mr. Rubens' letters; and hereby finds and relies upon the Response Letters' conclusions that the Addendum properly analyzes the impacts of the Proposed Redevelopment, and confirms that the Proposed Redevelopment does not create any new significant impact, nor substantially increase the severity of an impact disclosed in the Plan Amendment EIR;

C) hereby finds and determines, based on substantial evidence in the record, that no subsequent or supplemental EIR is required pursuant to Public Resources Code Section 21166 and CEQA Guidelines §§ 15162 or 15163, and that an Addendum to the Plan Amendment EIR is the proper environmental review. The Addendum was prepared under the authority of CEQA Guidelines § 15164(a), which requires a lead agency to prepare an addendum to a previously certified EIR if some changes or additions are necessary, but none of the conditions described in CEQA Guidelines §§ 15162 and 15163 calling for preparation of a subsequent or supplemental EIR have occurred;

C) has considered the environmental effects of the Proposed Redevelopment as set forth in the Addendum Documents, pursuant to CEQA Guidelines Section 15096(f);

D) hereby finds that changes and alterations have been required by CRA and incorporated into the Proposed Redevelopment which avoid or substantially lessen the significant environmental effects as identified in the Addendum Documents, pursuant to CEQA Guidelines Section 15091(a)(1);

E) hereby finds that certain economic, legal, social, technological or other benefits of the Proposed Redevelopment outweigh the unavoidable adverse environmental effects, all of which are identified in the Addendum Documents, pursuant to CEQA Guidelines Section 15093;

F) hereby finds that there are no feasible alternatives or feasible mitigation measures within the power of MTA that would substantially lessen or avoid any significant environmental effect of the Proposed Redevelopment as indicated by the Addendum Documents, pursuant to CEQA Guidelines Section 15096(g)(2); and

G) hereby finds that the Addendum Documents are adequate under CEQA for approval of the Proposed Redevelopment..

STATEMENT OF OVERRIDING CONSIDERATIONS

Consistent with the CRA's Statement of Overriding Considerations for the Addendum and pursuant to CEQA Guidelines Section 15096(h), the MTA Board hereby determines that the Proposed Redevelopment will have the benefits as set forth in the Addendum Documents, including but not limited to revitalizing the area surrounding the Hollywood/Vine station of the Metro Red Line by providing a four-star hotel, quality housing and retail; eliminating blight at the Proposed Redevelopment's site by removing unsightly surface parking lots and dilapidated buildings and restoring historical significant building features; increasing tourism by the draw of a four-star hotel; increasing infill residences with the new apartments and condominiums; and increasing ridership on mass transit by integrating the Proposed Redevelopment with the Hollywood/Vine station by placing housing and jobs next to mass transit. These benefits outweigh the unavoidable significant impacts of the Proposed Redevelopment as described in the Addendum Documents.