



**PLANNING AND PROGRAMMING COMMITTEE
NOVEMBER 15, 2006**

SUBJECT: 1ST AND SOTO JOINT DEVELOPMENT

ACTION: AUTHORIZE THE EXECUTION OF AN EXCLUSIVE RIGHT TO NEGOTIATE FOR THE DEVELOPMENT OF METRO PROPERTIES ADJACENT TO THE METRO GOLD LINE 1ST AND SOTO STATION.

RECOMMENDATION

Authorize the Chief Executive Officer to enter into an Exclusive Right to Negotiate (ERN) with the developer "A Community of Friends" (1st and Soto LLC) to develop a mixed use project (as described in Attachment A) on Metro properties adjacent to the Metro Gold Line Soto Station (Attachment B). The 1st and Soto LLC team was selected as the most qualified in response to RFP: 01JD 2005 Central Area/1st and Soto (the "RFP").

ISSUE

In February 2006 Metro received four proposals in response to the RFP for the development of Metro properties located at the Metro Gold Line East Los Angeles Extension 1st and Soto station area (Soto Station). The teams associated with the three highest ranking proposals received for the Soto Station site were interviewed. After completion of the interviews the proposal evaluation team (PET) recommended the 1st and Soto LLC team as the firm and proposal most responsive to the RFP guidelines and criteria (Attachment F). The recommended proposal includes retail space, a childcare center, and an affordable housing element in its overall development plan.

BACKGROUND

Metro issued its above-referenced RFP for the development of six separate development sites in October 2005, consistent with the Metro Board-adopted joint development guidelines. Four of the six properties received development proposals. The potential development sites included properties at three Metro Gold Line East Los Angeles extension stations, two Metro Red Line stations and one bus layover area. Over two hundred national and local development and development industry related firms were notified by mail of the RFP and there were more than 80 downloads of the RFP from the Metro website. Metro held a pre-proposal conference at the Metro Headquarters Building on Monday November 14 in the Gateway Plaza Room on the 3rd floor. A list of the properties receiving development

proposals and the recommended firms is included (Attachment D). A separate board report will be submitted for each development site.

The PET chosen to evaluate the Soto Station Site consisted of three Metro staff members, one person from the City of Los Angeles Housing Department and one from the Community Redevelopment Agency and were assisted by an outside real estate financial consultant.

Each proposal developer team submitted a site-specific development concept along with sufficient information to demonstrate necessary development experience, capabilities and financial resources to complete the project and enable Metro to award an exclusive right to negotiate (ERN) for development of the site. The intent of the RFP was to select a qualified firm(s) to negotiate for a development responsive to the guidelines adopted by Metro and conforming to the RFP requirements.

The Soto Station site received four diverse proposals, however from the initial review and analysis of the proposals forward, the recommended developer – A Community of Friends” (1st and Soto, LLC) - was consistently identified by the PET as having the preferred development approach, mix of uses and understanding of the needs in the area, and the recommended firm was consistently scored superior by all PET members. The proposed uses are specifically tailored to the local community and contain primarily local community oriented uses (housing and small/local retail as well as a child care center).

Proposed Use:

The project consists of forty-six affordable housing units, a childcare facility and a community-oriented retail center.

Parcel 1: First floor will include retail uses (approximately 8,500 sq. ft.), 7 residential units, community room, conference room and preschool/childcare facility. The second and third floors will each contain 17 additional apartment units - total 41 apartment units in the project, including 1, 2, 3, and 4 bedroom units. The project also includes 85 subterranean parking spaces. The development is envisioned as an all affordable housing facility and will require public subsidy.

Parcel 2: Retail uses on the first floor (approximately 6,000 sq. ft.) and office space on the second floor (approximately 11,500 sq. ft.) with 10 parking spaces on this site.

FINANCIAL IMPACTS

Funding for the efforts supporting joint development activities are budgeted in (**Real Property Management & Development budget**). This development will produce annual revenue starting upon commencement of construction in 2009.

SELECTED TEAM MEMBERSHIP

The proposal was presented by:
Genette Foster, Project Manager

A Community of Friends is a not-for-profit firm with an extensive list of members and advisors (Attachment E).

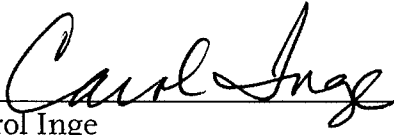
NEXT STEPS

Staff will negotiate terms and conditions with the selected firm and return to the Metro Board for a request to enter into a Joint Development Agreement and Land Lease.

ATTACHMENTS

ATTACHMENT A: Conceptual Rendering
ATTACHMENT B: Metro Owned Property, 1st and Soto
ATTACHMENT C: Proposals and Recommended Development Firms
ATTACHMENT D: Proposal Evaluation
ATTACHMENT E: List of Community of Friends Membership
ATTACHMENT F: Summary of Development Guidelines

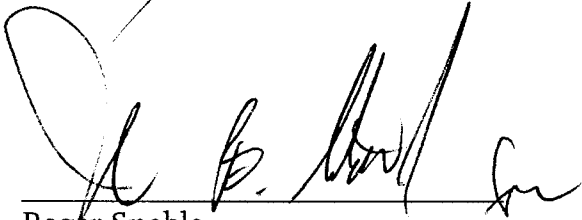
Prepared by: Diego Cardoso, Director, Central Area Team
Robin Blair, Transportation Planning Manager



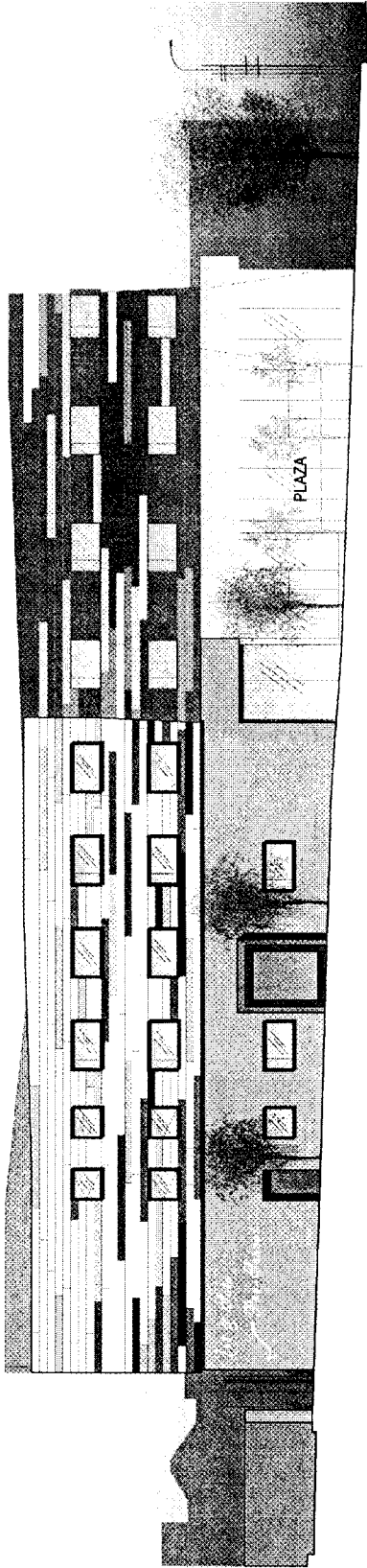
Carol Inge
Chief Planning Officer



Roger Mollere
Executive Officer, Real Property Management & Development

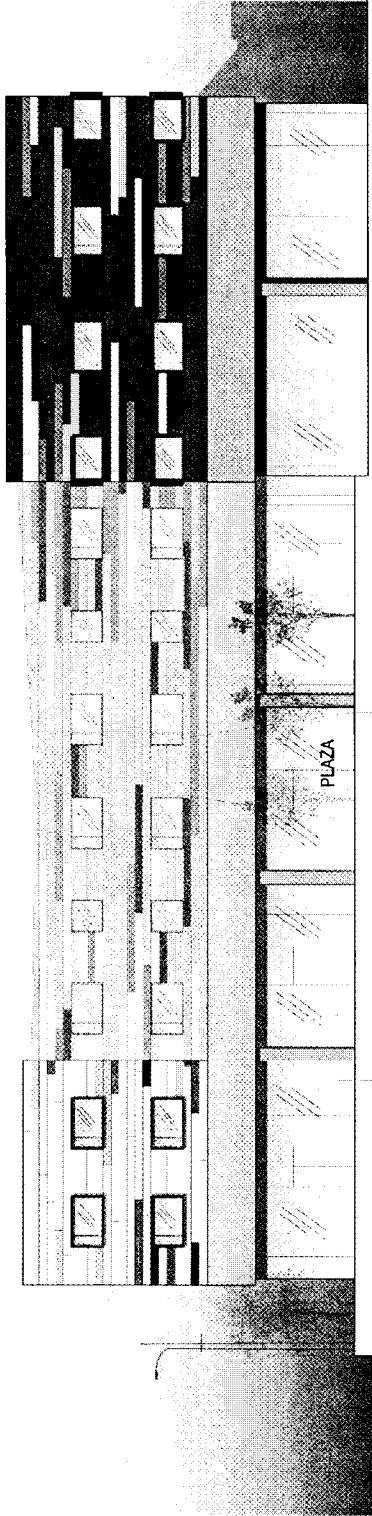


Roger Snoble
Chief Executive Officer



EAST ELEVATION

ESCALATOR SHAFT



NORTH ELEVATION

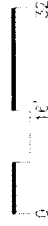
ESCALATOR SHAFT

SCHEMATIC ELEVATIONS

1ST & SOTO

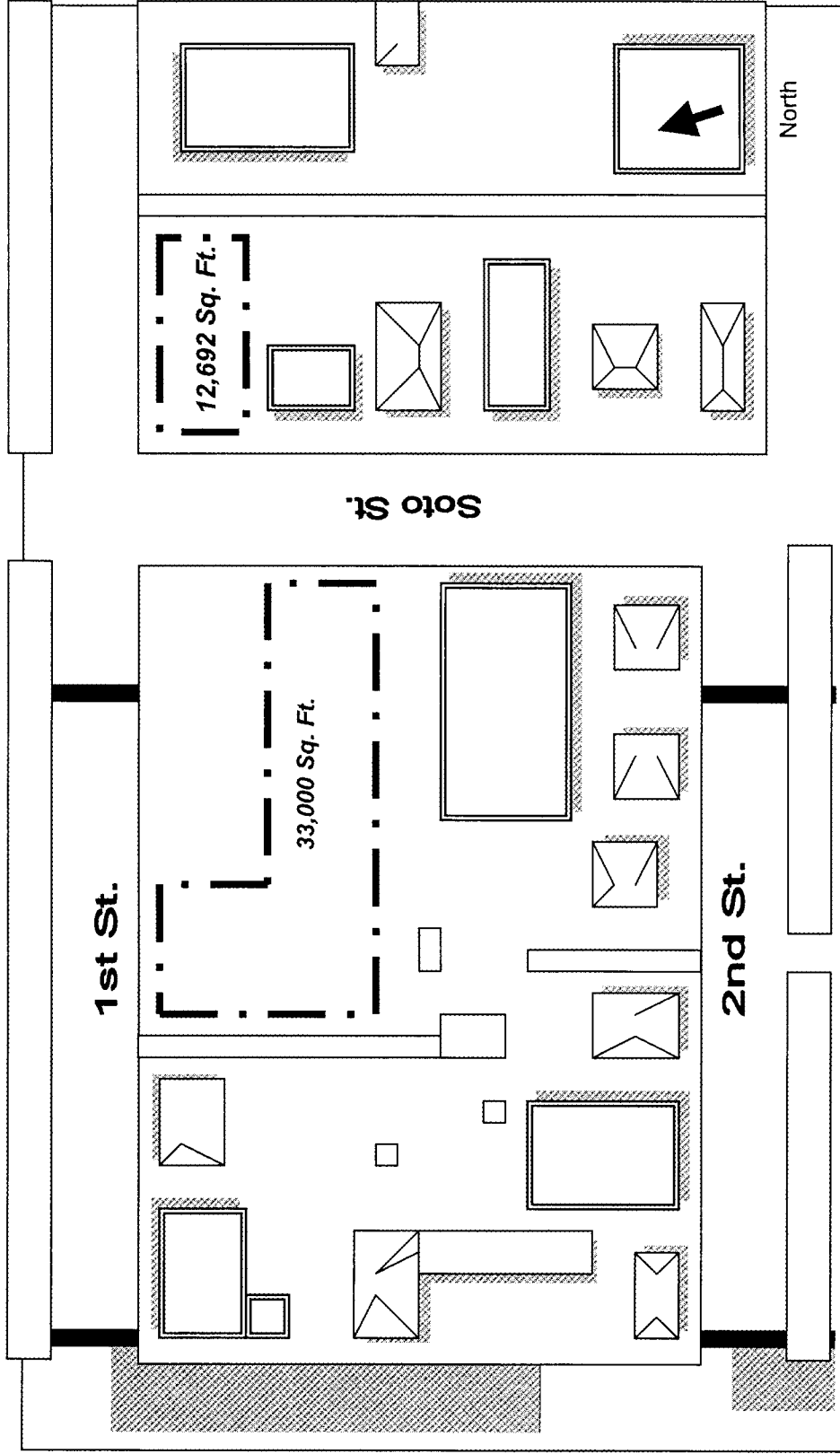
A Community of Friends **gonzalezp.o.p.a.t.f.**

February 17, 2006



ATTACHMENT B

METRO Property



1st / Soto Development Site

Los Angeles County Metropolitan Transportation Authority



Metro

ATTACHMENT C

PROPOSALS AND RECOMMENDED DEVELOPMENT FIRMS

SUBMITTAL SUMMARY

Metro received the following proposals in response to the RFP:

<u>Development Site</u>	<u>Responses</u>	<u>Recommendation for ERN</u>
1 st and Boyle	9	JSM/Polis/Barrio
1 st and Soto	4	A Community of Friends
Temple/Beaudry	1	Neimman Properties/Polis
1 st and Lorena	1	A Community of Friends
Vermont/Sunset	0	none
Vermont/Beverly	0	none

1ST AND SOTO- METRO GOLD LINE –EASTSIDE EXTENSION

Presented to Board December 7, 2006

RECOMMENDED FIRM: A Community of Friends

Two parcels:

Parcel 1: .46 acres (20,000 square feet)

Parcel 2: .29 acres (12,600 square feet)

Proposed Use:

Project includes Retail Space, Preschool and affordable housing units.

Parcel 1: First floor will include retail uses, 7 residential units, community room, conference room and preschool. Both the second and third floors will have 17 additional apartment units (each floor) for a total 41 apartment units. The project includes 85 subterranean spaces. The affordable housing units will require public subsidy.

Parcel 2: Retail space on the first floor and office space on the second floor with 10 parking spaces on this site.

TEMPLE AND BEAUDRY – BUS LAYOVER

Presented to Board January, 2007

One parcel:

1.2 acres (53,000 square feet)
.25 acres private property (additional)

RECOMMENDED FIRM: Niemann Properties, Inc and Polis Builders

Proposed Use:

Metro bus lay-over plaza/facility with parking for 24 buses and ancillary Metro staff accommodations including restrooms. The housing and commercial project will be five stories containing 145 residential units (affordable) over three levels of parking with 300 plus parking spaces for residential, retail (11,436 sf on ground floor) and Metro uses. A 1/6-sixth acre adjacent parcel (privately owned) will be included in the project. Public subsidy required for the housing component.

1st AND LORENA – METRO GOLD LINE EASTSIDE EXTENSION

Presented to Board January, 2007

RECOMMENDED FIRM: A Community of Friends

One parcel:

.8 acres (34,494 square feet)

Proposed Use:

Project includes Housing and Retail including: 64 parking spaces in basement level. Ground floor will include retail space, two community rooms, restrooms, and a manager's office. Second floor will have 22 and the third floor will have 21 apartment units (affordable). Public subsidy is required.

VERMONT/SUNSET- METRO RED LINE

RECOMMENDED FIRM: No proposals submitted for this site.

One parcel:

.5 acres (23,000 square feet)

VERMONT /BEVERLY- METRO RED LINE

RECOMMENDED FIRM: No proposals submitted for this site

One parcel:

.5 acres (23,176 square feet)

ATTACHMENT D

PROPOSAL EVALUATION

The Proposals were evaluated consistent with criteria listed in the RFP. Each proposal was reviewed by the five Proposal Evaluation Team (PET) members and a real estate financial consultant. The blended scores were averaged and assigned a color as listed below. The PET requested that the three highest ranking teams participate in an interview and completed its evaluation of presentations on Monday, August 22, 2006. The results of the evaluations are summarized below.

The highest ranking firm was recommended for award.

RANGE

Excellent

91-100

A comprehensive and thorough proposal of exceptional merit with one or more major strengths. No weaknesses or only minor correctable weaknesses exist.

Very Good

71-90

A proposal which demonstrates over-all competence. One or more major strengths have been found, and strengths outbalance any weaknesses that exist. Any major weaknesses are correctable.

Good

51-70

A proposal which shows a reasonably sound response. There may be strengths or weaknesses, or both. As a whole, weaknesses, off-set by strengths do not significantly detract from the offer's response. Major weaknesses are probably correctable.

Fair

31-50

A proposal that has one or more weaknesses. Weaknesses have been found that outbalance any strengths that exist. Major weaknesses can probably be improved, minimized, or corrected.

Poor

0-30

A proposal that has one or more major weaknesses which are expected to be difficult to correct, or are not correctable.

Community of Friends

Strengths

- Developer proposed a well thought out mixed-use development, which included retail, special needs housing, office space and a pre-school.
- The project mix was well thought out with a good architectural design.
- Developer has experience in developing special needs housing and operating pre-school facilities as well as doing the necessary community outreach.
- The developer owns and operates a similar project in Lincoln Heights.
- This proposal meets the community's suggestions for commercial uses on this site, while including a preschool and affordable housing units.
- The multi bedroom floor plans of the housing units are responsive to the spatial needs of families.

Weaknesses

- The developer has limited experience in developing retail space.
- The developer specializes in special needs housing with limited range in the various mixes identified in this project.

JSM / Polis / Barrio (1st and Boyle Ltd.)

Strengths

- Development team includes members with experience in planning transit-oriented projects.
- The proposal includes retail, which is needed in the area.
- Barrio Planners has a strong history of involvement in this community.
- The development team has the capacity to complete its proposal.

Weaknesses

- The proposal did not include any housing.
- The developers cited the Adelante study as the basis for excluding housing. However, the study was prepared in 1999, and it is not clear whether it has been updated.
- The proposed retail tenants included ordinary chain stores, which do not appear unique to Boyle Heights.
- Parking for both Parcels 1 and 2 was located behind Parcel 1. Developer proposed a pay parking area, but did not adequately provide evidence that the area would support a pay-for-parking lot.
- Surface parking spaces may not be the "highest and best use" of this property.
- The developer is not tailored to this site, but emphasized a necessary relationship with the 1st/Boyle proposal.

East LA Community Corporation / Southern California Housing Development Corporation

Strengths

- The developer submitted a well prepared proposal, albeit with some references to Mariachi Plaza.
- ELACC has experience in the development and sale of “for-sale” housing. The co-developer, Southern California Housing Development Corporation, has experience with developing multifamily rental housing.
- SCHDC provides financial capacity to complete the proposed project.
- ELACC has a good history of community involvement. Additionally, ELACC has prior experience in providing homeownership orientations and workshops.

Weaknesses

- The developer did not provide sufficient evidence that the development of 32 land lease condos were feasible on this site.
- The developer did not communicate a clear marketing plan for the affordable housing units.
- The proposal was not detailed or tailored to this site, but instead just transferred ideas from the 1st/Boyle proposal.
- The retail orientation on Parcel 2 faces Soto Street, but it might make more appropriate to face 1st Street given that 1st Street is the commercial corridor; whereas Soto Street is more residential.

Kawada Company of America, LTD.

Strengths

- The developer proposed an ambitious and dense mixed-use development.
- The architects, Pugh-Scarpa and Eastman Perkin, were very impressive.
- Great architectural designs.

Weaknesses

- The developer did not adequately demonstrate the development experience of projects at this scale.
- The financial information was not consistent with the proposal are required additional Metro projects to complete.
- The proposed development, an eight-story structure, was out of scale with the community.
- The proposal was for limited size and number of housing units

ATTACHMENT E:

LIST OF COMMUNITY OF FRIENDS MEMBERSHIP

**A COMMUNITY OF FRIENDS
BOARD OF DIRECTORS
(As of October 1, 2006)**

<p>Philip N. Feder, Esq. (PRESIDENT) Partner Paul, Hastings, Janofsky & Walker LLP 515 S. Flower Street, 25th Floor Los Angeles, CA 90071-2228</p>	<p>Detrich B. Allen General Manager Los Angeles Environmental Affairs Department 200 N. Spring Street, Room 2005 Los Angeles, CA 90012</p>
<p>Michael S. Linsk (1st VICE PRESIDENT) Managing Director FTI Consulting 633 W. Fifth Street, 16th Floor Los Angeles, CA 90071</p>	<p>David Clinton Student, and ACOF Resident 1140 N. Gower Street, #102 Los Angeles, CA 90038</p>
<p>Sean L. Leonard (2nd VICE PRESIDENT) S.L. LEONARD & Associates, Inc. 2510 Las Posas Road, Suite G-453 Camarillo, CA 93010-3496</p>	<p>Helena L. Jubany, AIA Principal Jubany Architecture 3951 Medford Street Los Angeles, CA 90063</p>
<p>James Preis (TREASURER) Executive Director Mental Health Advocacy Services, Inc. 3255 Wilshire Blvd., Suite 902 Los Angeles, CA 90010</p>	<p>Jeff Ong-Siong, CPA Partner RBZ LLP 11755 Wilshire Blvd., 9th Floor Los Angeles, CA 90025</p>
<p>Marc Binenfeld (SECRETARY) 140 Barlock Avenue Los Angeles, CA 90049</p>	<p>Dora Leong Gallo Chief Executive Officer A Community of Friends 3345 Wilshire Blvd., Ste. 1000 Los Angeles, CA 90010 (213) 480-0809 ext. 230 (213) 480-1788 (fax) Email: dgallo@acof.org</p>
<p>Maria Cabildo (ASSISTANT SECRETARY) Executive Director East LA Community Corporation 530 South Boyle Avenue Los Angeles, CA 90033</p>	

ATTACHMENT F:

SUMMARY OF DEVELOPMENT GUIDELINES

**SITE 2: 1ST AND SOTO-
METRO GOLD LINE –EASTSIDE EXTENSION**

Two parcels:

- Parcel 1: .46 acres (20,000 square feet)
- Parcel 2: .29 acres (12,600 square feet)

The developable parcels are located on the southwest and southeast corners of 1st and Soto Streets. The surrounding land use is predominately residential. Neighborhood serving commercial uses and community facilities extend west of the parcel, along 1st Street.

**Conceptual Development Guidelines
First and Soto Station Area**

Site Conditions

The First and Soto Station Area consists of several parcels with a combined area of approximately 1.42 acres. Soto Street cuts through the parcels, making it easy to group the properties into two clusters. The first group of parcels is just less than one acre (.93) and is located on the southwest corner of 1st and Soto Streets. The station entrance will be located within this parcel, next to 1st Street. An alley runs through the west portion of the property. The second property is across the street (.29 acres), on the southeast corner of 1st and Soto Streets and abuts an alley on the east end of the property.

The First/Soto Station site's salient demographic characteristics are described below:

- A dense population of 28,900 (2000 Census Study, two census tracts)
- 94% of the residents are Hispanic.
- 19% of the housing is owner-occupied
- 81 % of the housing is renter-occupied
- 71 % of the housing inventory is more than 40 years old

Area Plans and Zoning

CENSUS TRACT: 2043.000 and 2044.200
C2 Commercial (along frontage)
RD Restricted Density Multiple Dwelling (rear of property)

Background

The Eastside Gold Line planning work included a task called "Eastside Gold Line Community Linkages Program". The purpose of the program is to identify, plan and implement urban design concepts and strategies to maximize integration of the light rail stations/transit service with the communities that it will serve. This integration is achieved through careful design of pedestrian improvements, crosswalks, bicycle access and amenities, streetscape improvements, way finding signage, traffic calming strategies and tree plantings along pedestrian corridors. One element of the program included a task to address future development around stations was Metro owns property that could be used for future joint-development.

Staff and consultants conducted analysis, meet with community stakeholders and conducted community presentations to review recommendations. The Eastside Review Advisory Committee endorsed the Eastside Conceptual Development Guidelines.

Community Vision

The Community Linkages Program of the Metro Gold Line Eastside Extension generally recommends commercial/retail oriented to transit users and integrated with the Gold Line Station. Community residents also indicated the need to preserve and enhance the plaza and open space around the station portal.

Area Context

Located within the Adelante Eastside Community Redevelopment Zone, the 1st and Soto property sits at the intersection of two commercial corridors. Soto Street is home to a number of thriving businesses and multi-family dwellings. First Street is lined with a combination of commercial activity, small family restaurants and public facilities. The 1st and Soto parcels are walking distance from a library, government offices and numerous youth oriented organizations.

Development Guidelines

This site's development scenario consists of a retail transit oriented development. Since the parcels are small, the development concept envisions a total of 8,100 square feet of new businesses that would cater to future transit patrons and the broader neighborhood. Mixed use housing/commercial is a possibility.

Commercial/Retail

Commercial and retail businesses could include small eateries and retail, with outdoor eating and seating areas, creating pedestrian activity at the transit plaza. The area has high pedestrian activity and the development of a retail center with small commercial uses would be appropriate at the station site.

Parcel (1) includes 100 feet of frontage along Soto Street and 200 feet of frontage along the southern edge of the transit plaza.

Parcel (2) has 150 feet of frontage along 1st Street and 80 feet of frontage on Soto Street. Planned vents and exiting stairs will be located on Parcel 2.

The 1st and/Soto light rail station is a below-grade station, currently under construction and scheduled to be open to the public in December 2009. The developable areas are located on the southwest and southeast corners of 1st and Soto Streets. Transit-oriented commercial uses are recommended for these parcels. There will remain a high level of bus stop activities at these locations. Neighborhood serving commercial uses and community facilities extend west of the site(s) along 1st Street. The land uses immediately adjacent to the parcel(s) include commercial uses along the frontage of 1st Street and residential uses to the west, south and east of the parcels.

The site is anticipated to be available for construction after June 2009. Some potential to develop portions of the properties near December 2008 may exist with coordination with the existing construction needs and use.

