

#4
Paul Hastings

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Deputy: APPELLANT

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March 1, 2011

74638.00010

BY HAND DELIVERY AND EMAIL

Planning and Land Use Management Committee
Honorable Ed Reyes, Chair
Honorable Jose Huizar
Honorable Paul Krekorian
200 North Spring Street
Los Angeles, California 90012

Re: Wilshire Grand Redevelopment Project – CPC-2009-3416-DA-TDR-CUB-CU-
CUW-ZV-SN-ZAD-SPR-GB; ENV-2009-1577-EIR-GB

Dear Councilmembers:

We represent Hanjin International Corporation (the “Applicant”) with respect to the Wilshire Grand Redevelopment Project at 930 Wilshire Boulevard (the “Project”).

This letter responds to the February 25, 2011 letter submitted on behalf of 1000 Wilshire by JMBM regarding the TFAR application, which is one of the Project approvals before the PLUM Committee on March 1, 2011.

I. THE APPRAISAL REPORT RELIED UPON BY THE DEPARTMENT OF CITY PLANNING PROPERLY ESTABLISHES THE VALUE OF THE PROJECT SITE.

The City of Los Angeles commissioned the Appraisal Report by Hammad & Associates dated as of December 11, 2009 (the “Appraisal”) in connection with a proposed vacation and sale of a fee simple interest in land in Francisco Street (including surface and subsurface rights) immediately adjacent to the Project Site. The Appraisal complies with the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute. As noted in the Appraisal, it establishes the fair market value of the land under market conditions as of the Appraisal date based on direct sales comparisons. Based on comparable sales, the Appraisal established that the fair market value of the land was \$180 per square foot.

As recognized by the Appraisal, the appraised land would have the identical zoning (C2-4-D) and the identical development potential as the Project site. As such, the fair market value of the appraised land is identical to the fair market value of the Project site. For this

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reason, the Appraisal constitutes a valid determination of the fair market value of the Project Site and was properly utilized by the Department of City Planning in establishing the fair market value of the Project site for purposes of the TFAR application.

II. THE CITY COUNCIL HAS THE AUTHORITY TO APPROVE THE TFAR APPLICATION.

1000 Wilshire erroneously argues that the City lacks the authority to approve a transfer of floor area rights at the Project Site due to the fact that the Central Business District Redevelopment Area expired on July 18, 2010.

The City Council's authority to transfer floor area remains in effect pursuant to LAMC Article 4.5, notwithstanding the expiration of the Redevelopment Area. Section 14.5.6 establishes that the City Council has the "authority to grant transfers of development rights." With the expiration of the Redevelopment Area, the Department of City Planning properly processed the application for the transfer of floor area rights in accordance with the requirements of Article 4.5 by submitting the TFAR application to the City Planning Commission for its approval and recommendation. Based on the City Planning Commission's recommendation of approval of the TFAR application, the application is properly before the City Council. In addition, the actual transfer of floor area will be implemented under Article 4.5, as amended, by Ordinance 181574.

Moreover, the City Planning Commission approved the amendments to the TFAR statutes in Article 4.5 on May 13, 2010 and the City Council approved the same amendments on July 15, 2010. The approval and recommendation of the City Planning Commission took place after the City Council had approved the TFAR amendments. The report of the City Attorney approving the amendments as to form and legality was transmitted to the City Council on January 11, 2011 and the City Council voted final approval of Ordinance 181574 on January 28, 2011. The ordinance posted by the City Clerk on February 15, 2011, and becomes effective on March 27, 2011. The Applicant's TFAR application was properly processed pursuant to the pending statutory amendments. Of course, if the Applicant elects to postpone the City Council approval of the TFAR application until after March 27, 2011, the approval will also be consistent with the amendments to the TFAR ordinance.

III. THE TFAR APPLICATION IS COMPLETE

A. The Planning Department File Contains the Final TFAR Application Dated November 22, 2010.

1000 Wilshire argued incorrectly that an application marked "working draft" was not valid. However, 1000 Wilshire failed to note that the final TFAR application was

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submitted on November 22, 2010 and can be found in the Planning Department's case file. A copy of the final application is attached.

B. The TFAR Application Includes a Valid Appraisal.

As discussed above, the Appraisal establishes the fair market value of the Project site. The TFAR application was originally filed in October 2009 and the Appraisal was submitted in December 2009. The City Council is acting within its discretion to determine that the fair market value as set forth in the December 11, 2009 Appraisal remains in effect as of the November 22, 2010 application date. Clearly, economic conditions have not improved in any material manner from December 2009 to November 2010 and there is no need for the City Council to obtain a new appraisal. If anything, land values have continued to decline after the December 2009 Appraisal and the appraised value is higher than the fair market value of the Project site in November 2010 or now. Finally, for the reasons discussed above, the Appraisal properly established the value of the Project site by using the fee simple interest in the land adjacent to the Project site as the basis for the appraisal.

C. The Appraisal Supports the Fair Market Value of the Project Site and the TFAR Payment.

1000 Wilshire argues that the Appraisal, which used valid direct comparable sales as the basis for its valuation, does not establish the fair market value of the Project site because the County Tax Assessor's website shows the Project site's land value as \$34.95 million.

Even if such information is correct, the Tax Assessor's land value cannot be used to establish fair market value. The Tax Assessor's listing of land value is not based on an appraisal, does not represent the fair market value and is not adjusted to reflect changes in market conditions. The Tax Assessor's land value is based on an arbitrary allocation between land and improvements established at the last change in ownership (which occurred in 1989).

IV. THE PROJECT'S IN-KIND PUBLIC BENEFIT CONTRIBUTION IS APPROPRIATE AND CONSISTENT WITH THE TFAR ORDINANCE.

Section 14.5.10.B allows up to 50% of the Public Benefit Payment to be made by the direct provision of Public Benefit, which specifically includes "public open space." The Applicant proposes to provide an approximately one-quarter acre outdoor plaza which will include landscaping, lighting, public art, a water feature and outdoor retail and dining areas. The plaza will be located the corner of 7th Street and Figueroa Street, directly opposite the Metro subway station. The plaza will be a public gathering space that clearly

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meets the criteria for a Public Benefit. The cost to construct the plaza, including the land value, exceeds 50% of the Public Benefit Payment. Furthermore, the Project would meet the applicable open space requirements without the plaza and, contrary to 1000 Wilshire's assertion, the City is not giving credit for items that would be required anyway.

For these reasons, we respectfully request that you approve the TFAR application for the Project.

Sincerely,



Mitchell B. Menzer
of PAUL, HASTINGS, JANOFSKY & WALKER LLP

cc: Council President Pro Tempore Jan Perry
Greg Fisher, Planning and Transportation Deputy, Office of President Pro
Tempore Jan Perry
Marie Rumsey, Planning Deputy, Office of President Pro Tempore Jan Perry
Kevin Keller, Department of City Planning
Shana Bonstin, Department of City Planning
Jay Kim, Department of Transportation
Tomas Carranza, Department of Transportation
Michael Bostrom, Esq., Deputy City Attorney
Laura Cadogan, Esq., Deputy City Attorney
Ayahlushim Hammond, Thomas Properties Group
Benjamin Reznik, JMBM
Rebecca Valdez, Chief Planning Deputy, Office of Council Member Reyes
Tara Devine, Director, Planning and Economic Development, Office of Council
Member Huizar
Daniel Brumer, Director of Planning and Land Use, Council Member Krekorian
Kenneth T. Fong, Esq. Deputy City Attorney

**TRANSFER OF FLOOR AREA RIGHTS ("TFAR") APPLICATION
AND TRANSFER PLAN**

LOS ANGELES COMMUNITY REDEVELOPMENT AGENCY (THE "AGENCY")

APPLICANT NAME: Hanjin International Corporation c/o Thomas Properties Group, Inc.

APPLICANT MAILING ADDRESS: 515 South Flower Street, Sixth Floor, Los Angeles, CA 90071

PROJECT ADDRESS: 930 Wilshire Boulevard, Los Angeles, CA 90071

DATE SUBMITTED: November 22, 2010

1. PROJECT LOCATION, SIZE AND ZONING

1.1 Legal Description of Proposed Receiver Site¹
Please attach separate pages if necessary.

Lot(s), Block(s), Tract(s): Please see Exhibit A attached hereto for legal description.

Assessor's Parcel Number(s): 5144-008-020 and 5144-008-021

1.2 Proposed Receiver Site and Project² Size

Lot Area (sq. ft.):³ 117,962

Buildable Area (sq. ft.):⁴ 184,408

Total Floor Area of Proposed Improvements (sq. ft.):⁵ 2,397,304

Estimated Floor Area Ratio (upon completion):⁶ 13.00:1

1.3 Proposed Receiver Site Zoning and Planning Information

Radius Map: Please see Exhibit B.

Zoning: C2-4D (and C4-4D in the east half of Francisco Street proposed for subsurface vacation)

Additional Zoning Information: "D" Limitation denotes a development limitation, which, subject to certain exceptions, limits the Floor Area to six times the Buildable Area of the Site. The Project is subject to such exception and the Floor Area can be increased to 13 times the Buildable Area of the site.

General Plan Land Use: Regional Center Commercial

Community Plan Area: Central City Community Plan

Agency Project Area: Central Business District Redevelopment Project Area

Specific Plan Area: None

Height District: 4D

By-Right-Floor Area Ratio:⁷ 7.73:1

2. PROJECT DESCRIPTION

Check all that apply: Residential Only Mixed Use⁸ Apartment Hotel⁹

Briefly describe the nature of the Project (*Applicant may attach additional sheets if necessary to complete the written description of the Project and such exhibits as it deems appropriate (e.g., plot plan, site plan, elevation sketches, landscaping plans, site survey, site photographs)*)

The Project would include the demolition of all existing structures, including existing subterranean parking, and redevelopment of the Project Site with a maximum of 560 hotel rooms and/or condo-hotel units, 100 residential units, 1,500,000 square feet of office uses, and 275,000 square feet of amenity areas including, but not limited to, project-serving retail and restaurant uses, conference and meeting rooms, ballrooms, spa, fitness center, and other ancillary hotel, residential, and office areas. The Project Site would be developed with an approximately 65-story structure, no more than 1,250 feet in height ("Building A"), an approximately 45-story structure, no more than 750 feet in height ("Building B"), and an approximately six-story podium structure, no more than 168 feet in height ("Podium"). The Project would be constructed over eight levels of subterranean parking containing approximately 1,900 parking spaces. The Project would also include a pedestrian plaza at the corner of 7th Street and Figueroa Street. Lobbies, elevators, and amenities for the residential units may be shared or may be provided separate from the hotel amenities. The rooftop of Building A would also provide a helistop, described below, which will provide facilities for helicopter service for the Project.

2.1 Residential Component Details (estimates)

Approximate Number of Residential Units: 100

Mix of Unit Type (% sale / % rental): 100% sale

Mix of Unit Size (# of bedrooms): The units will average 2 bedrooms. A unit mix has yet to be determined.

Amenities (if any): Residential amenities will include such outdoor recreational features as swimming pool and spa facility. Indoor residential amenities will include a health club and related amenities. Total open space proposed is approximately 20,782 square feet, exceeding the required open space of 17,500 square feet. Some units may have exterior balconies.

4. PROPOSED TRANSFER

4.1 Donor Site¹²

Please check the appropriate box:

The Donor Site density is owned by the City of Los Angeles (the "City") or the Agency. *If checked, complete Section 4.2.*

The Donor Site density is not owned by the City or the Agency. *If checked, complete Section 4.3.*

4.2 City or Agency Owned Donor Site

If the Donor Site density is owned by the City or the Agency, please also complete Section 9 to calculate the TFAR Transfer Payment.

(A) Name of Donor Site: Los Angeles Convention Center Owner of Donor Site: CRA/LA owns air rights.

Address of Donor Site: 1201 South Figueroa Street, Los Angeles, California 90015

4.3 Other Donor Sites

If the Donor Site is not owned by the City or the Agency, the owner of the Donor Site must provide the following information and sign below:

Name of Donor Site: n/a Owner of Donor Site: n/a

Address of Donor Site: n/a

Legal Description of Donor Site *(please attach on separate sheet if known)*

Assessor's Parcel Number(s) of Donor Site: n/a

Current FAR of Improvements located on Donor Site: n/a

Maximum By-Right FAR of Donor Site: n/a

Please attach a Radius Map for the Donor Site. n/a

The undersigned hereby certifies that (a) the undersigned is the record owner in fee simple of the real property described above as the Donor Site, (b) if the Transfer of TFAR contemplated by this Application receives final approval, the undersigned will consent to the recording of a restrictive covenant that will run with the Donor Site that will reduce the maximum-allowable FAR of the Donor Site by the amount of TFAR transferred to the Receiver Site.

n/a

Owner of Donor Site
Name: _____
Title: _____

[Signature, if required, must be notarized]

4.4 **Estimated Size of TFAR Transfer**

- (a) State the estimated size of the requested Transfer (in square feet of Floor Area Rights):
1,485,458

5. **CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”) COMPLIANCE**

5.1 **Notice of Determination**

Has a Notice of Determination under CEQA been issued for the Project including the maximum amount of any TFAR Transfer? No

If YES, please attach the Notice of Determination to this Application, together with any Negative Declaration, Mitigated Negative Declaration, Initial Study, or Environmental Impact Report for the Project.

If NO, please complete Section 5.2.

5.2 **Lead Agency**

Applicant hereby requests that the Agency / the City serve as the Lead Agency for purposes of CEQA review. (A Final EIR has been provided to the City)

6. **EARLY CONSULTATION SESSION COMPLIANCE**

Applicant confirms that it is required to comply with the Early Consultation Session provision of Los Angeles Municipal Code §14.5.5.

7. **SATISFACTION OF TRANSFER STANDARDS**

Briefly describe how the proposed TFAR Transfer will comply with each of the following standards.¹³

- 7.1 **The increase in density generated by the proposed Transfer is appropriate with respect to location and access to the circulation system, compatible with other existing and proposed developments and the City’s supporting infrastructure, or otherwise determined to be appropriate for the long-term development of the Central City: See Exhibit C, Findings.**
- 7.2 **The Project is consistent with the purposes and objectives of the applicable Redevelopment Plan:¹⁴ See Exhibit C, Findings.**
- 7.3 **The Transfer does not result in a Project which causes the aggregate development of the Subarea in which the Project is located to exceed its limit as set forth in the applicable height district, as provided in the Community Plan and appropriate sections of the Los Angeles Municipal Code: See Exhibit C, Findings.**
- 7.4 **The Transfer serves the public interest by providing a Public Benefit Payment and, if applicable, a TFAR Transfer Payment (describe Public Benefit Payment plan briefly below): See Exhibit C, Findings.**
- 7.5 **The Transfer is in conformance with the Central City Community Plan and relevant policy documents adopted by the Commission and/or City Council: See Exhibit C, Findings.**

8. ESTIMATED PUBLIC BENEFIT PAYMENT

8.1 Payment Calculation Values

Please list the following values to calculate the estimated Public Benefit Payments in Section 8.2:

- (a) Value [from Section 3.1 or 3.2]: \$21,233,160
- (b) Lot Area (sq. ft.) [from Section 1.2]: 117,926
- (c) High Density Floor Area Ratio Factor:¹⁵ 6.0
- (d) Estimated Floor Area Transfer (sq. ft.) [from Section 4.4(a)]: 1,485,458

8.2 Calculation of Public Benefit Payment¹⁶

Please calculate the "Public Benefit Payment" according to the following formula:

$$\underline{\$21,233,160} [8.1(a)] / \underline{117,926} [8.1(b)] / 6 \times .40 \times \underline{1,485,458} [8.1(d)] = \underline{\$17,825,493}$$

9. ESTIMATED TRANSFER PAYMENT

If the owner of the Donor Site density is the City or the Agency, please calculate the Estimated Transfer Payment according to the following formula:

9.1 Calculation of Transfer Payment

The Transfer Payment will be the greater of:

- (a) 10% of Public Benefit Payment: 17,825,493 x .1 = \$1,782,549

OR

- (b) Transfer Sq. Ft. 1,485,458 x \$5.00 = \$7,427,289

10. PROPOSED PUBLIC BENEFITS

10.1 Public Benefit Payment Only

- Applicant does not elect to directly provide any Public Benefits. If checked, please skip to Section 11.

10.2 Direct Provision of Public Benefits

- Applicant elects to directly provide Public Benefits. If checked, please complete the balance of this Section 10.2.

10.2.1 Maximum Allowable Value of Directly Provided Public Benefits [8.2]: \$8,912,746

10.2.2 Percentage Value of Directly Provided Benefits

The Maximum Allowable Value of Directly Provided Public Benefits specified in 10.2.1 above reflects 50% of the total Public Benefit Payment amount.

10.2.3 Category of Proposed Public Benefits

Applicant proposes to directly provide Public Benefits in the following categories (please check all that apply):

- affordable housing (in the discretion of the Agency and the City)
- public open space (in addition to entitlement requirements)
- historic preservation
- recreational, cultural, community and public facilities
- job training / outreach programs
- affordable child care
- streetscape improvements
- public art programs
- homeless services programs
- public transportation improvements
- other (describe briefly below):

Applicant will directly provide, operate and maintain an approximately one-quarter acre outdoor plaza generally located at the corner of Figueroa Boulevard and 7th Street at the ground-level of the Receiver Site. The plaza may include landscaping, lighting, public art, a water feature and outdoor retail and dining areas. The outdoor plaza would provide a public outdoor gathering space for special events and would enhance the Project by providing outdoor areas for employees, guests, residents, and visitors. It would also include streetscape improvements include sidewalk widening, landscape improvements and additional street lighting to create a more pedestrian-friendly street. Provision of the outdoor plaza would satisfy, in full, the Maximum Allowable Value of Directly Provided Public Benefits.

10.2.4 Proposed Recipients and Usage of Directly Provided Public Benefits

Please provide the following information about proposed recipients of directly provided Public Benefits (please use additional pages if necessary):

Not applicable

10.3 Additional Public Benefits

Please list any additional Public Benefits to be provided by the Applicant with respect to the proposed project:


Refer to Exhibit D, the "Table of Public Benefits Package" for the complete summary of Public Benefits being provided by the Applicant with respect to the proposed Project.

10.4 TFAR Transfer Payment

The Applicant requests that the TFAR Transfer Payment of \$7,427,289 be allocated by the Public Benefit Trust Fund Committee.

11. APPLICANT'S SIGNATURE

Under penalty of perjury the undersigned Applicant affirms that the foregoing information is true and correct to the best of his/her knowledge.


By: _____
Ayaleshim Getachew
Senior Vice President
Thomas Properties

ENDNOTES

¹ "Receiver Site" means a site within the Central Business District or City Center Redevelopment Project Areas, which receives Floor Area Rights pursuant to L.A. Muni. Code Chapter 1, Article 4.5. See L.A. MUNI CODE §14.5.3.

² "Project" means a building or structure or structural alteration or enlargement of an existing structure on a Receiver Site within the Central Business District or City Center Redevelopment Areas. See L.A. MUNI CODE §14.5.3.

³ "Lot Area" means the total horizontal areas within the lot lines of the lot or lots on which the Project is located (prior to any dedication). See L.A. MUNI CODE §14.5.3. (For purposes of the Project, the Lot Area also includes the full width of Francisco Street proposed to be vacated.)

⁴ "Buildable Area" means, for purposes of calculating the permissible Floor Area for the Project, the Lot Area plus the horizontal area of any private street or private driveway abutting the lot and the horizontal area to the centerline of the adjoining public streets and alleys.

⁵ "Floor Area" means the area in square feet confined within the exterior walls of a building, but not including the area of the following: exterior walls, stairways, shafts, rooms housing building-operating equipment or machinery, parking areas with associated driveways and ramps, space for the landing and storage of helicopters, and basement storage areas. See L.A. MUNI CODE §14.5.3.

⁶ "Floor Area Ratio" means the Floor Area of a building divided by the Lot Area of the lot (prior to any dedications) on which it is located. See L.A. MUNI CODE §14.5.3.

⁷ "By-Right Floor Area Ratio" means the maximum Floor Area Ratio of a building on the Receiver site that is permitted prior to any Transfer of Floor Area Rights. (The existing Floor Area of the site shall be credited when calculating the requested Transfer.)

⁸ To qualify for a Residential Application, residential use must comprise at least 50% of the Project's Floor Area.

⁹ "Apartment Hotel" means a residential building designed or used for both two or more dwelling units and six or more guest rooms or suites of rooms. See L.A. MUNI CODE §12.03.

¹⁰ Sales price means the price for which the lot on which the Project is located was actually purchased through an unrelated third-party transaction within 18 months of the date of the filing of this Application. See L.A. MUNI CODE §14.5.10.C.

¹¹ "Appraisal" means an economic valuation of the lot on which the Project is located, which (a) has been prepared by an MAI appraiser with at least five years experience in appraising property in the City of Los Angeles and (b) sets forth the fair market value of the lot on which the Project is located (i) as of the date this application is filed and (ii) as if the lot on which the Project is located were vacant and used for its highest and best use under all then current zoning and planning restrictions and Community Redevelopment Agency policies affecting such lot. See L.A. MUNI CODE §14.5.3.

¹² "Donor Site" means a site within the Central Business District or the City Center Redevelopment Project Areas from which Floor Area Rights are transferred pursuant to L.A. Muni. Code, Chapter 1, Article 4.5. See L.A. MUNI CODE §14.5.3.

¹³ See L.A. MUNI CODE §14.5.7.B.2 (a) – (e).

¹⁴ Depending on the location of the Receiver Site, "Redevelopment Plan" means either the Central Business

District Redevelopment Project adopted by Ordinance No. 147,480 on July 18, 1975, or as subsequently amended or the City Center Redevelopment Project adopted by Ordinance No. 174,593 on May 15, 2002, or as subsequently amended. See L.A. MUNI CODE §14.5.3.

¹⁵ "High-Density Floor Area Ratio Factor" means a denominator of six and is used in calculating the amount of any TFAR Transfer Payment. See L.A. MUNI CODE §14.5.3.

¹⁶ *Example:* If Receiver Site with a Lot Area of 100,000 square feet (before any dedications) has a value of \$40,000,000, the Public Benefit Payment under a Transfer Plan transferring 100,000 square feet of Floor Area Rights would equal: (a) \$40,000,000 (the Value); (b) divided by 100,000 (the Lot Area of the Receiver Site); (c) divided by 6 (the High-Density Floor Area Ratio Factor); (d) multiplied by 40%; and (e) multiplied by 100,000 (the number of square feet of Floor Area Rights to be Transferred) = \$2,666,666.67 (or \$26.67 for each square foot of transferred Floor Area Rights). See L.A. MUNI CODE §14.5.10.C.

EXHIBIT A
Legal Description

Parcels A and B of Parcel Map L.A. No. 5728, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 204, Pages 14 and 15 of Parcel Maps, in the Office of the County Recorder of said County, and Francisco Street, bounded on the north by the southerly line of Wilshire Boulevard and bounded on the south by the northerly line of 7th Street, as shown on said Parcel Map.