

HOUSING

MOTION

In 2014, SFI Bridgeview, LLC (the "Previous Developer"), an affiliate of IStar Financial Inc., submitted an application to the City for a proposed residential development in San Pedro, originally referred to as Ponte Vista. In 2015, the project was rebranded as the Highpark Project, with no other changes to the project being proposed.

The Highpark Project is a residential development project located on 61.5 acres at the site of the former U.S. Navy San Pedro Housing complex at 26900 South Western Avenue (the "Site"). The proposed project involves a demolition of existing structures comprised of 122 duplexes, one single-family home, and other structures. The redevelopment of the Site will include up to 669 residential dwelling units, residential dwelling units, including single-family homes, townhomes and flats, recreational facilities, parks, roadways, infrastructure, and landscaping.

In 2015, pursuant to the City's Mello-Roos policy (the "Policy"), the City commenced an evaluation of the formation of a Mello-Roos Community Facilities District ("CFD") to finance a portion of the infrastructure costs of the Highpark project. In accordance with the Policy, an Interdepartmental Mello-Roos and Special Assessment Review Committee (the "Review Committee") was established to assess the CFD application submitted by the Previous Developer, including a review of the proposed project and the developer, and subsequently recommended approval of the application. In 2016, the City Council approved the Previous Developer's CFD application and authorized the City Administrative Officer ("CAO") to proceed with the subsequent steps related to the formation of a CFD for the Highpark Project (C.F. 13-1646-S1).

Pursuant to the Policy, the Previous Developer completed the initial stages of the application/approval process comprised of the (i) pre-application, (ii) application, (iii) initial staff evaluation, and (iv) initial Council and Mayor review (collectively, the "Initial Evaluation Process"). In 2018, the Previous Developer sold the Site to SoCal San Pedro SPV 1, LLC ("SoCal"), a subsidiary of Harridge Development Group. SoCal has completed an updated CFD application (the "SoCal Application") establishing its intent to deliver substantially the same project that was originally proposed by the Previous Developer and approved by the City Council in 2016. To avoid further delays in the development of the Highpark Project, SoCal is requesting to proceed with the next steps in the formation of the CFD in the place of the Previous Developer, including the execution of a Deposit and Reimbursement Agreement with the City.

I THEREFORE MOVE that the City Council waive the Initial Evaluation Process with respect to SoCal, as the Previous Developer has already completed such process for the Highpark Project;

I FURTHER MOVE that the City Council approve the attached SoCal Application submitted for the Highpark Project; and

I FURTHER MOVE that the City Council instruct and authorize the City Administrative Officer to take the actions necessary or desirable to engage a finance team, hire consultants, negotiate and execute a Deposit and Reimbursement Agreement with the SoCal, and move forward with the necessary steps leading to the formation of a Community Facilities District for the Highpark Project.

PRESENTED BY:


JOE BUSCAINO
Councilmember, 15th District

SECONDED BY:



NOV 21 2018

ORIGINAL



**City of Los Angeles Mello-Roos and Assessment Financing Program
Application Form**

(Please submit 3 copies of this application and any attachments. Use separate sheets if necessary)

APPLICANT INFORMATION

1. Applicant Information

Project: Highpark

Previous name(s) under which project has been known or processed by the City: Ponte Vista

Applicant: SoCal San Pedro SPV 1, LLC, a Delaware limited liability company

Relationship to Property Owner: Applicant is the property owner

Mailing Address: 6363 Wilshire Boulevard, Suite 600, Los Angeles, CA 90048

Contact: David Schwartzman

Title: President

Phone: (323) 658-1511

With a Copy to:

Contact: James D. Hearn

Title: General Counsel

Phone: (323) 658-1511

Major Property Owner(s): SoCal San Pedro SPV 1, LLC, a Delaware limited liability company

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Contact: David Schwartzman

Title: President

Phone: (323) 658-1511

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Developer: SoCal San Pedro SPV 1, LLC, a Delaware limited liability company

Mailing Address: 6363 Wilshire Boulevard, Suite 600, Los Angeles, CA 90048

Contact: David Schwartzman

Title: President

Phone: (323) 658-1511

With a Copy to:

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- A new 2.4-acre public park at the southwest corner of the Property;
- Public perimeter walking path that will circle the entire Property as well as public access to all pocket parks and open spaces;
- Approximately up to 3,500 new trees throughout the development;
- Streetscape upgrades to the eastern side Western Avenue and in the center median;
- Potential payment of \$70,000 to the City of Rancho Palos Verdes for streetscape improvements along the western side of Western Avenue;
- A permanent access road running from Western Avenue to Mary Star of the Sea High School to the east;
- Parking provided along the Mary Star Road for the public accessing the parks and perimeter trail;
- Secondary vehicular access for Seaport Homes along the southern boundary of the site;
- Project Labor Agreement with the Building Trades Council of Los Angeles and Orange Counties committing to using union labor for master backbone construction;
- Environmental elements such as water conservation features, rainwater catchment systems, drought-tolerant landscaping and shade trees to promote energy conservation;
- Re-engineered drainage channel to convey the off-site Stormwater runoff from the culvert at Western Avenue across the southwestern portion of the site;
- Community entry features, passive parks, and recreation center;
- Extension of water provision facilities and Fire Department access to the Property, enhancing regional fire protection to residents;
- To mitigate the impact to library services of the net population increase resulting from the Property's development, payment of a \$200 per person fee to be used for books, computers, and other library materials; and
- Appropriate crime prevention features incorporated into the Property design, as determined by the Applicant and LAPD's Crime Prevention Unit.

6. **District Financing Plan.**

State the estimated dollar amount of the proposed Assessment/Mello-Roos bond(s) and your assumptions, including interest rates, maturity and capitalized interest, if applicable. As a guideline, use a maximum 25 year maturity and a maximum one year of capitalized interest. Interest cost assumptions will be provided by the City based on the most recently available information on outstanding comparable Assessment/Mello-Roos transactions.

Refer to Tab No. 3 for the detailed analysis and assumptions.

7. **Other Public Infrastructure Needs.**

List all other required public infrastructure not financed with the requested Assessment/Mello-Roos district. Provide cost estimates and funding methods.

All required public infrastructure is being requested for eligibility for this project.

8. **Taxes, Assessment and Liens.**

List all existing and proposed taxes, assessments and liens on properties in the proposed district. Provide a recent preliminary title report and recent property tax bill.

Tab No. 3 includes taxes and assessments applicable to the project; the Preliminary Title Report is attached as Tab No. 4; and Tab No. 5 contains the most recent property tax bills.

9. **Other Districts on the Property.**

Have you, or anyone else, filed a petition with another public agency (e.g., school or water district) to form an Assessment/Mello-Roos district on the property?

A City of Los Angeles Mello-Roos application was submitted by the previous property owner, SFI Bridgeview, LLC on December 5, 2014.

10. **Other Property Owners.**

Identify other property owners who may be included in the proposed district but who were not indicated in #1, above, and attach a map identifying their properties. Please indicate their level of support for the proposed district.

Not applicable. The project is entirely owned by SoCal San Pedro SPV 1, LLC.

11. **Other Public Assistance.**

What other forms of public financial assistance (e.g., mortgage revenue bonds, block grants, Section, 8 funds, etc.) will you pursue for your project?

No other forms of public financial assistance will be pursued by SoCal San Pedro SPV 1, LLC.

12. **Additional Information.**

Do you foresee any unusual requirements, problems or opportunities associated with establishing this district, or financing the improvements?

No unusual requirements or problems are anticipated during the formation of the district.

PROJECT INFORMATION

The City may designate a representative to receive and review confidential materials required below.

13. **Project Description.**

Provide a map identifying your project. Attach a full description of the project, including number of units/acres by land use, development schedule and utility and transportation requirements

Refer to Tab No. 6 for Vesting Tentative Tract Map No. 71886. Upon completion, the proposed 61.4-acre master planned community development is expected to consist of approximately 669 residential units, composed of a mix of single family detached units, townhomes, and flats. Additionally, the project will include a recreation center, parks, roadways, infrastructure, and

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landscaping. The project is currently vacant following the demolition of 245 residential units, a community center, and a retail facility which were associated with the U.S. Navy for the purpose of housing personnel stationed at the Long Beach Naval Shipyard.

The land uses immediately surrounding the project include the U.S. Navy's Defense Fuel Support Point to the north, a high school to the east, multi-family residential uses to the south, and Western Avenue and single family residential uses to the west. Local access to the project is currently provided via Western Avenue. The project is divided into 7 Subareas.

14. Civil Engineer.

Provide name, address, contact, and phone number of - the project's civil engineer.

Fusco Engineering
Andrew Willroot
600 Wilshire Blvd., Suite 1470
Los Angeles, CA 90017
(213) 988-8802

15. Market Absorption Study.

Attach a copy of any market absorption study, already undertaken specifying date and contact person. An Absorption Study will be required for all projects to be secured by new development. A market absorption consultant will be selected by the City.

To be provided.

16. Appraisal(s).

List the date and amount of most recent appraisals) and name of appraiser, if any. Attach a copy of the appraisals). The City will rely on an independent MAI appraiser, selected by the City to determine appraised value of the property for calculating the value-to-lien ratio.

An appraisal has not been prepared for this property.

17. City Planning Approvals.

List status of planning approvals required for your project, including processing numbers, projected approval dates and any development agreements.

Planning approval case numbers include the following:
VTTM NO. 71886
Related Case: CPC-2012-2558-GPA-ZC-SP-CA
CEQA No.: ENV-2005-4516

18. Project Pro Formas.

Provide project pro formas (a) assuming conventional financing for the infrastructure improvements and (b) assuming tax-exempt public financing.

Tab No. 3 illustrates the proposed CFD and bond sizing assumptions.

19. Project Guarantees.

Identify proposed mechanism for guaranteeing special tax or assessment payments prior to positive project cash flow.

Special Tax payments would be guaranteed by the capitalized interest or posting a letter of credit.

20. **Environmental Impacts.**

Please attach copies of completed EIR(S) or indicate status. What efforts are planned to mitigate traffic congestion or other impacts, and will such efforts be financed by Assessment/Mello-Roos financing? Please also include copies of any soils or hazardous material surveys prepared in connection with such EIR(s).

An EIR (No. ENV-2005-4516-EIR) has been prepared and certified for the project at the November 14, 2013 Planning Commission meeting, where the EIR was also recommended to the City Council for certification. The project's Mitigation, Monitoring, and Reporting Program requires the project to mitigate impacts to air quality, biological resources, cultural resources, geology and soils, hazardous materials, noise, traffic, and utilities. Approximately \$3.5 million will be spent on traffic signal and intersection improvements in the project vicinity.

The following are links to the project's Draft and Final Environmental Impact Reports and Limited Phase II Site Assessment Report (these reports can also be found on the enclosed CD):

<http://cityplanning.lacity.org/eir/PonteVistaProj2/DEIR/DEIR%20Ponte%20Vista%20Project.html>

<http://cityplanning.lacity.org/eir/PonteVistaProj2/FEIR/FEIR%20Ponte%20Vista%20Project.html>

http://cityplanning.lacity.org/eir/PonteVistaProj2/DEIR/DEIR%20Appendices/Appendix%20IV_H-2_Limited%20Phase%20II%20Site%20Assessment%20Report.pdf

21. **Environmental Audit.**

Please attach a Phase I environmental audit for the subject real property or properties (prepared by a reputable environmental consulting firm).

Refer to the project's Limited Phase II Site Assessment Report provided in Item No. 20 above.

APPLICANT EXPERIENCE/REFERENCES

The City may designate a representative to receive and review confidential materials required below.

22. **Financial Statements and References.**

(a) List up to three banking references, one of which should be the current project lender. Include name, address, contact person and phone number.

CONSTRUCTION LENDER:

Nancy E. Sulse

Senior Vice President

iSTAR

10960 Wilshire Blvd, Suite 1260

Los Angeles, CA 90024

T: 415.772.7272

nsulse@istar.com

Special Tax payments would be guaranteed by the capitalized interest or posting a letter of credit.

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BANKING:

Sonia Sifuentes

Private Banking Associate

U.S. Bank Private Wealth Management

US Bank Tower, Los Angeles

633 W 5th St 29th Floor, Los Angeles, CA 90071

p. 213.615.6625

sonia.sifuentes@usbank.com

(b) Provide recent financial statements of developer (or other relevant entity), or provide other information demonstrating past financial performance.

To be provided if required.

23. Prior Development Experience.

List previous experience on similar developments and any other development ventures in California. Include location, project mix, size (number of units/square footage), year built and role of your development firm. Also provide the name of a city official that you worked with on the project.

The Metropolitan - The Metropolitan is a mixed-use project with loft apartments and creative office space. The Metropolitan was able to revitalize the surrounding neighborhood by redeveloping and underutilized 12-story hotel and dilapidated strip center by providing much needed housing and work space to the community with top of the world views. The property was re-developed into 52 apartment units, 40,000 SF of creative office space and 79 apartment units on the adjacent lot.

Silver Lake - The Silver Lake project consists of 70 new single-family homes. Each home feature high end appliances and contemporary interiors with luxurious bedrooms and spacious bathrooms. Each unit also features an accessible rooftop deck for outside entertainment. The project transformed a dilapidated vacant building that was a haven for criminal activity into a modern single-family community.

Melrose - The Melrose project is a gated community of single family detached homes in Los Angeles, California with a greenbelt running through the community. The homes include green technology, gourmet-inspired kitchens and spacious interiors.

24. Prior Assessment/Mello-Roos Experience.

List all Assessment/Mello-Roos financings in which you have participated.

Has an application for such financing on this property been previously denied, or have you ever been party to an abandoned, defaulted or court challenged Assessment/Mello-Roos district? If so, please explain.

SoCal San Pedro SPV 1, LLC has not participated in an Assessment/Mello-Roos District in Southern California.

25. Application Fee.

Please include a non-refundable \$5,000 initial application deposit, payable to the City of Los Angeles. A Deposit and Reimbursement Agreement between the applicant and the City, will be required prior to the City beginning its comprehensive project review.

The required \$5,000 application deposit was provided by the previous property owner, SFI Bridgeview, LLC.

Submitted by:

Firm: SoCal San Pedro SPV 1, LLC, a Delaware limited liability company

Name: Brad Woomer

Title: Authorized Signatory

Date: 10/4/18

Signature: 

Received by:

City Official:

Title:

Date:

Signature:

Project Number Assigned:

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