

ITEM # 11
13-1694-S1



June 2, 2016

Los Angeles City Council
200 N. Spring Street
Los Angeles, California 90012

RECEIVED
JUN - 3 REC'D

Re: Approval of MOU for Grand Avenue Project (Council File No. 13-1964-S1)

Honorable City Council President Wesson and Councilmembers:

We are appreciative of the City Council's Economic Development Committee's unanimous recommendation to reconfirm the City's tax sharing MOU to help move forward the next phase of Grand Avenue.

As City Staff and independent experts have verified, there is a feasibility gap and the City's tax sharing will represent no more than 50 percent of the tax revenue to be received by the city. This is consistent with longstanding city policies.

Related has been committed to Grand Avenue for over a decade, investing more than \$240 million, and we are very proud of the progress that has been made. After the City's approvals in 2008, Related funded the Grand Park, prepaying the \$50 million rent for the Parcel Q site, and managed the construction during the worst economic downturn of our time.

We are writing to you now to share a few of the highlights and public benefits surrounding Grand Avenue in the context of tomorrow's full Los Angeles City Council vote. These include:

- The Grand Park, funded through the prepaid rent for Parcel Q, which has become Downtown's new iconic public and cultural space. The Park has been a resounding success as both a neighborhood and regional destination with dynamic public programming.
- Another part of our investment of more than \$240 million was The Emerson, the first new residential building on Bunker Hill in decades—with 20% affordable housing representing 55 units. Recognizing the importance of housing opportunities for all, the Emerson allows qualifying residents to pay significantly below market rents.
- We were also pleased to help in making the site available to facilitate the Broad Museum, an unmitigated success as an art, architectural and civic landmark,

drawing new visitors to Downtown Los Angeles from all over the world and introducing new generations of Angelenos to contemporary art.

With the City's support, this vision can continue to the next phase with a Frank Gehry design and an Equinox branded hotel, restaurants, and community serving retail, plus over 400 new housing units. As with The Emerson, 20% of residences onsite will be affordable. It will continue to breathe new life into the City's civic core and attract even more visitors to our cultural center.

We are especially proud of our relationship with organized labor. This next phase will continue to be built by union trades, and we have renewed our UNITE HERE neutrality agreement for the Equinox-branded hotel.

Grand Avenue's next phase will create more than **10,000 new jobs** and **\$570 million in new revenues** to the City and County over the next 25 years.

The fulfillment of the Grand Avenue Project presents Los Angeles with a critical opportunity to honor its commitments to further reinvigorate our cultural core. While we have made much progress, there is still more work to do. And we look forward to working together with the City and County to make this happen.

We respectfully request your support for the Committee's recommendation.

Thank you.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Stephen Eimer', with a long horizontal line extending to the right.

Stephen Eimer
Executive Vice President

Los Angeles Grand Avenue Authority



Board of Directors

Hon. Hilda L. Solis, Chair
 Hon. José Huizar, Vice Chair
 Sachi A. Hamai, Secretary
 Steve Valenzuela, Director

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Honorable Herb J. Wesson, Jr., Council President, Council District 10
 Honorable Gilbert Cedillo, Council District 1
 Honorable Paul Krekorian, Council District 2
 Honorable Bob Blumenfield, Council District 3
 Honorable David E. Ryu, Council District 4
 Honorable Paul Koretz, Council District 5
 Honorable Nury Martinez, Council District 6
 Honorable Felipe Fuentes, Council District 7
 Honorable Marqueece Harris-Dawson, Council District 8
 Honorable Curren D. Price, Jr., Council District 9
 Honorable Mike Bonin, Council District 11
 Honorable Mitchell Englander, Council District 12
 Honorable Mitch O'Farrell, Council District 13
 Honorable Joe Buscaino, Council District 15

City Hall
 200 N. Spring Street
 Los Angeles, California 90012

Re: Approval of MOU for Grand Avenue Project (Council File No. 13-1964-S1)

Dear Honorable City Council President Wesson and Councilmembers:

On behalf of The Los Angeles Grand Avenue Authority, of which the City of Los Angeles is a member, we are pleased to work with Councilmember Huizar as an excellent representative of the City in implementing the long-standing agreements for the Grand Avenue Project.

Since the formation of the Authority over a decade ago, our member agencies including both the County and the City have been committed to the vision of revitalizing Grand Avenue with great architecture, beautifully designed streetscapes, and vibrant public spaces, while at the same time requiring the highest level of community benefits ranging from on-site affordable housing to the hiring of local residents and those facing barriers to employment. We are proud of our accomplishments to date including both

Honorable City Councilmembers

June 2, 2016

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public and private investment with Grand Park, the Broad, and new residential and retail activity.

As recommended by your Committee, your approval of the updated Memorandum of Understanding (MOU) between the City and Grand Avenue L.A., LLC is an important and necessary step for the Authority to move forward with agreements related to the Grand Avenue project. Our members and staffs have carefully reviewed the proposed Equinox Hotel and concur with your staff's independent determination that the four-star Equinox branded hotel is an appropriate component of the Grand Avenue Project.

We also remain committed to the Frank Gehry design plan for this transformative development in this vital part of Downtown Los Angeles, connecting the iconic Walt Disney Concert Hall and surrounding civic uses.

Your approval of an updated MOU for the tax rebates now is a crucial step in the path forward for the implementation of this Project. We look forward to transforming our shared vision into the realization of this nearly \$1 billion endeavor together with its jobs, public tax revenues and community benefits.

Thank you and please let us know if we can assist with any further information on this important project.

Sincerely,

HILDA L. SOLIS

Chair



c: City of Los Angeles (Mayor)
Grand Avenue Authority Board (Huizar, Hamai, Valenzuela)
Grand Avenue Authority Counsel (Parker, Fitzpatrick)
Grand Avenue LA, LLC