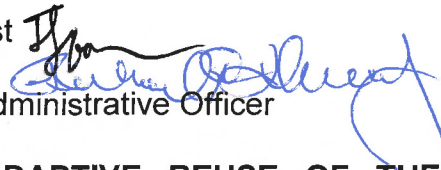


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: October 20, 2017

CAO File No. 0220-05212-0000
CLA Assignment No. 17-10-0989
Council File No. 16-0968
Council District: 1

To: Honorable Members of the Economic Development Committee

From: Sharon M. Tso, Chief Legislative Analyst 
Richard H. Llewellyn, Jr., Interim City Administrative Officer

Subject: **RECOMMENDATIONS FOR THE ADAPTIVE REUSE OF THE LINCOLN HEIGHTS JAIL AND AUTHORIZATION TO ENTER INTO AN EXCLUSIVE NEGOTIATING AGREEMENT**

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Determine that the Lincoln Heights Jail at 401 North Avenue 19 is an Economic Development property under the Asset Management Strategic Planning Asset Evaluation Framework;
2. Instruct the Chief Legislative Analyst (CLA) and City Attorney, with the assistance of the City Administrative Officer (CAO) and Economic and Workforce Development Department (EWDD), to negotiate an Exclusive Negotiation Agreement (ENA) with Lincoln Property Company (Developer) for a term of six months with one six-month extension at the option of the City, which should incorporate requirements that the proposed project provide the City with certain community benefits;
3. Instruct the CLA and CAO, with the assistance of EWDD, to report to Council on the proposed term sheet for the Disposition and Development Agreement, and a proposed term sheet for either a Purchase and Sale Agreement (for sale of the property) or ground lease, and terms for any other necessary documents, that will include a list of required community benefits;
4. Authorize and instruct the CLA to hire consultants necessary to evaluate the proposed Lincoln Heights Jail development; accept \$150,000 for consultant services from the Developer to analyze the economics and financing associated with this instruction; request/authorize/instruct the City Controller to deposit/appropriate/expend all funds received as a result of this action in Fund 100, Department 28, Contractual services Account 3040; and authorize the CLA to make any technical corrections, revisions, or clarifications to the above instructions in order to effectuate the intent of this action; and
5. Instruct the Bureau of Engineering (BOE), with the assistance of the Department of Transportation (DOT), City Administrative Officer, and Chief Legislative Analyst, to report on efforts taken to relocate the DOT Yard located at 401 N. Avenue 19, and include fiscal impacts, costs for tenant improvements, potential funding sources and timeline, and a list of potential relocation sites.

SUMMARY

On September 20, 2016, the City Council approved a Motion (Cedillo-Price, et al.) that instructed the Office of the City Administrative Officer (CAO) Asset Management Group and the Office of the Chief Legislative Analyst (CLA) to take various actions related to the adaptive reuse of the Lincoln Heights Jail, located at 401 Avenue 19, in Council District 1 (Site). This report provides an update on the City's activities regarding the jail since the last report to the Municipal Facilities Committee in March 2017, including a discussion of the RFP and development process, and requests authorization to proceed with negotiation of an Exclusive Negotiation Agreement (ENA) with Lincoln Property Company.

BACKGROUND

Request for Proposals and Exclusive Negotiating Agreement

On March 16, 2017, staff issued an RFP seeking a development team to undertake the adaptive reuse of the Site. Responses were due on June 9, 2017. The City received nine proposals. Respondents to the RFP were judged based on financial feasibility, community benefits, economic benefits, environmental benefits, and overall fit with area plans. Upon review by the City scoring team, three finalists were selected to present their proposal to a Community Advisory Panel. Following this public review process, the City scoring panel selected Lincoln Property Company as the preferred developer for this project. Proposers were afforded the right to appeal the final selection, however no appeals were received. The final scores are as follows:

No.	RFP Development Team	Score
1	Lincoln Property Company	95.2
2	CIM Group	89.4
3	Women Organizing Resources, Knowledge and Service	87
4	Shomof Group	81.2
5	Runyon Group	79.6
6	Two Bit Circus	78.8
7	Linear City Development	76.4
8	East LA Community Coalition	69.4
9	Dayan Investments	61.4

Key elements of the Lincoln Property proposal include commercial and fabrication spaces, public market, creative office space, live-work housing, outdoor landscaping with an amphitheater and recreation space, and community rooftop terrace. Attachment A provides an overview of the development proposal. The development will be combined with property that Lincoln Property controls directly across the street, where they intend to build additional affordable housing and commercial office space. Lincoln Property has also committed to creating a neighborhood greenway to connect the project to the Lincoln/Cypress Metro Station.

At the end of the six month ENA negotiation period, the terms for a Disposition and Development Agreement (DDA) and either Purchase and Sale Agreement (PSA) or ground lease that will guide project completion will be presented to Council for review and approval. The ENA will ensure that the project includes community benefits, which may include: living wage programs, targeted and local hiring programs, public open space features and enhancements,

public infrastructure improvements, and generation of jobs. It will also be used to determine the fair market value of the property and the contribution of the developer to the City.

Relocation of the LADOT Yard

The successful adaptive re-use of the Lincoln Heights Jail is contingent upon relocation of the LADOT Avenue 19 Yard (the Yard). The Yard houses the Citywide operation of mark-out striping and temporary parking signs. These are two separate functions that do not require co-relocation. A team of City staff consisting of BOE, DOT, CAO, and the CLA is reviewing options for relocation. BOE has hired a consultant through a Task Order Solicitation process to provide preliminary space planning requirements. We recommend that BOE provide a report to committee on the latest efforts to relocate the Yard.

Considerations and Next Steps

The Site is currently undergoing a Phase II Environmental Site Assessment that is being funded by the U.S. Environmental Protection Agency's Targeted Brownfield Assessment program. This work is expected to be completed by Spring 2018.

The property will require considerable investment to bring it up to current code. The two wings of the Jail were constructed in 1931 and 1949, and the building has not been modernized. Since being vacated in 2014, the Jail has been subject to vandalism and has fallen into disrepair. Re-use of the building will require removal of hazardous materials in order to make the building habitable. Due to the proposed uses, the building will be required to be brought up to current code, including Americans with Disabilities Act (ADA) requirements, fire/life safety systems, and elevator and seismic retrofitting.

Other considerations for this development include the site's zoning designation of Urban Innovation in the Cornfields/Arroyo Seco Specific Plan or "CASP". This zoning designation emphasizes jobs-producing uses and limits residential use of the site to 15 percent of the building's square footage (or up to approximately 35 percent if the housing is affordable). The site is designated as a Los Angeles Historic-Cultural Monument. Accordingly, all work on the property will need to conform to the Secretary of the Interior's Standards for Rehabilitation per the Cultural Heritage Ordinance.

All of these factors will be considered in the final development proposal, along with the community benefits required by the City in exchange for the right to develop the property.

FISCAL IMPACT STATEMENT

Approval of the recommendations in this report will not have an immediate impact on the General Fund. However, relocation of the DOT Avenue 19 Yard may have an impact, should the need occur as a result of any potential development of the jail. The extent of any future impact on the General Fund is unknown at this time.

Attachment A – Overview of Lincoln Property Proposal

2.1 Development Program

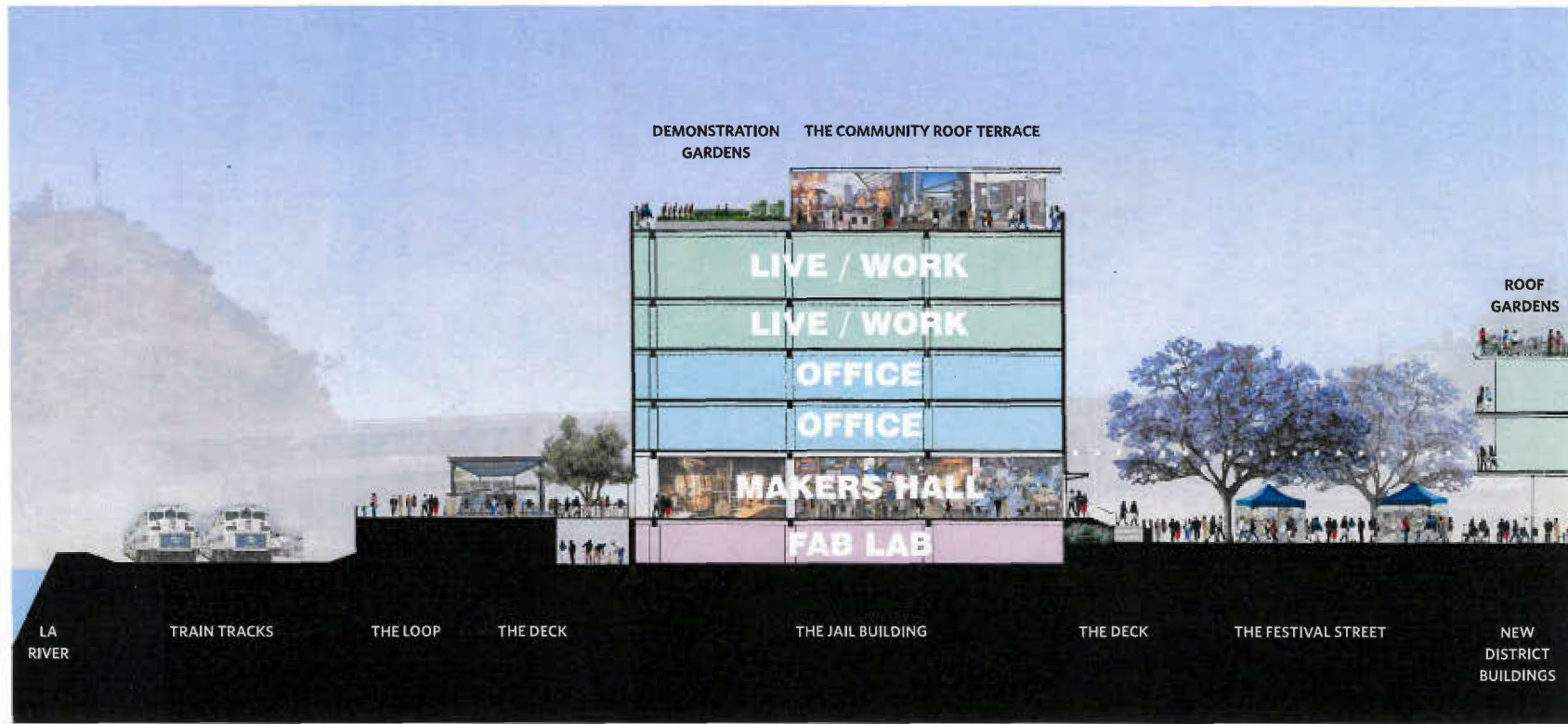
SITE PLAN

b) Architectural renderings. Site plan and elevations. Floor by floor plans of the massing with program distribution with square feet included. Indicate specific uses for each floor. Provide longitudinal and horizontal sections.

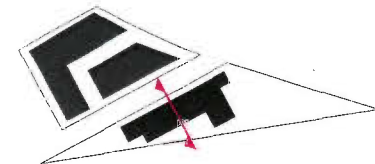


Site Plan

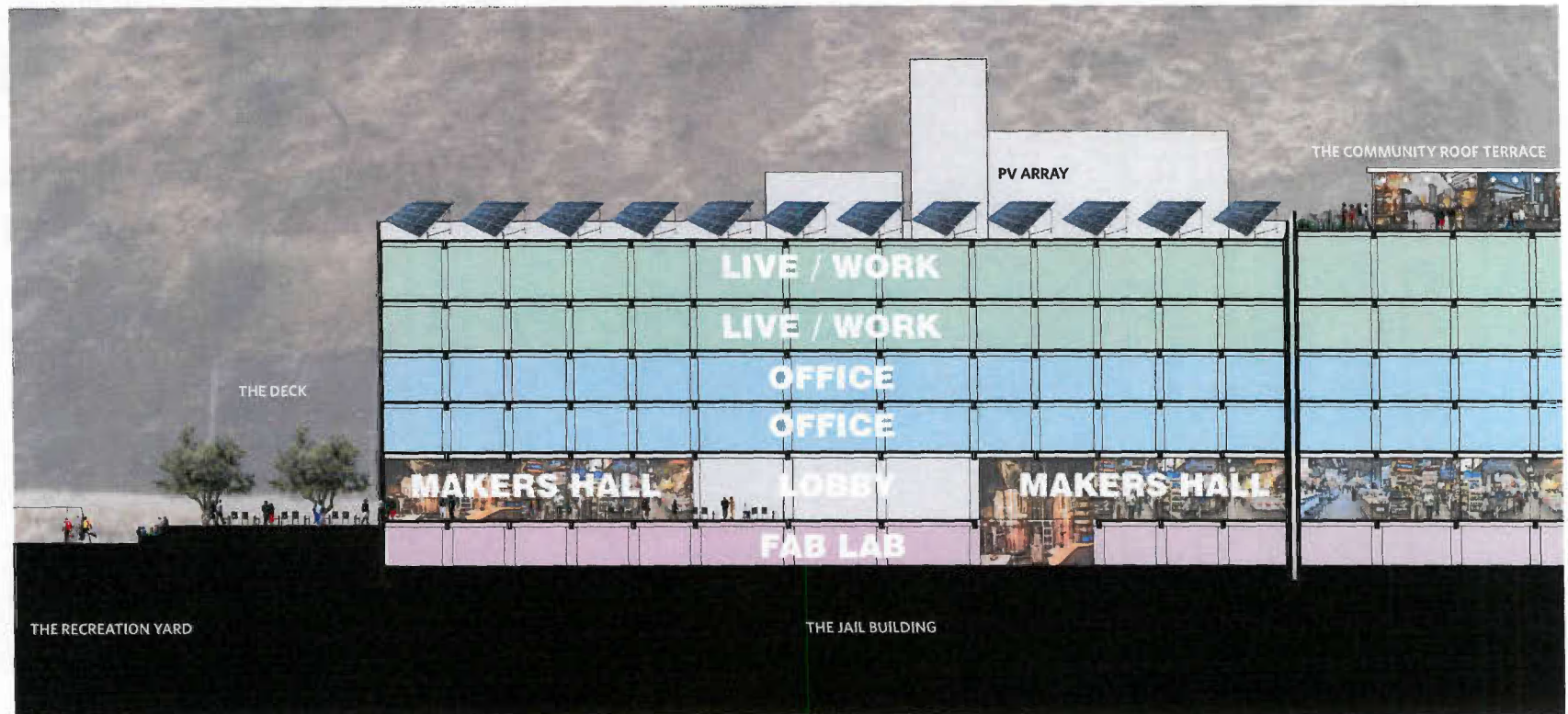
JAIL BUILDING SECTIONS



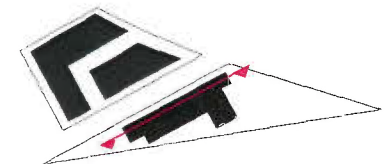
Jail Cross Section
[Scale: 1" = 20']



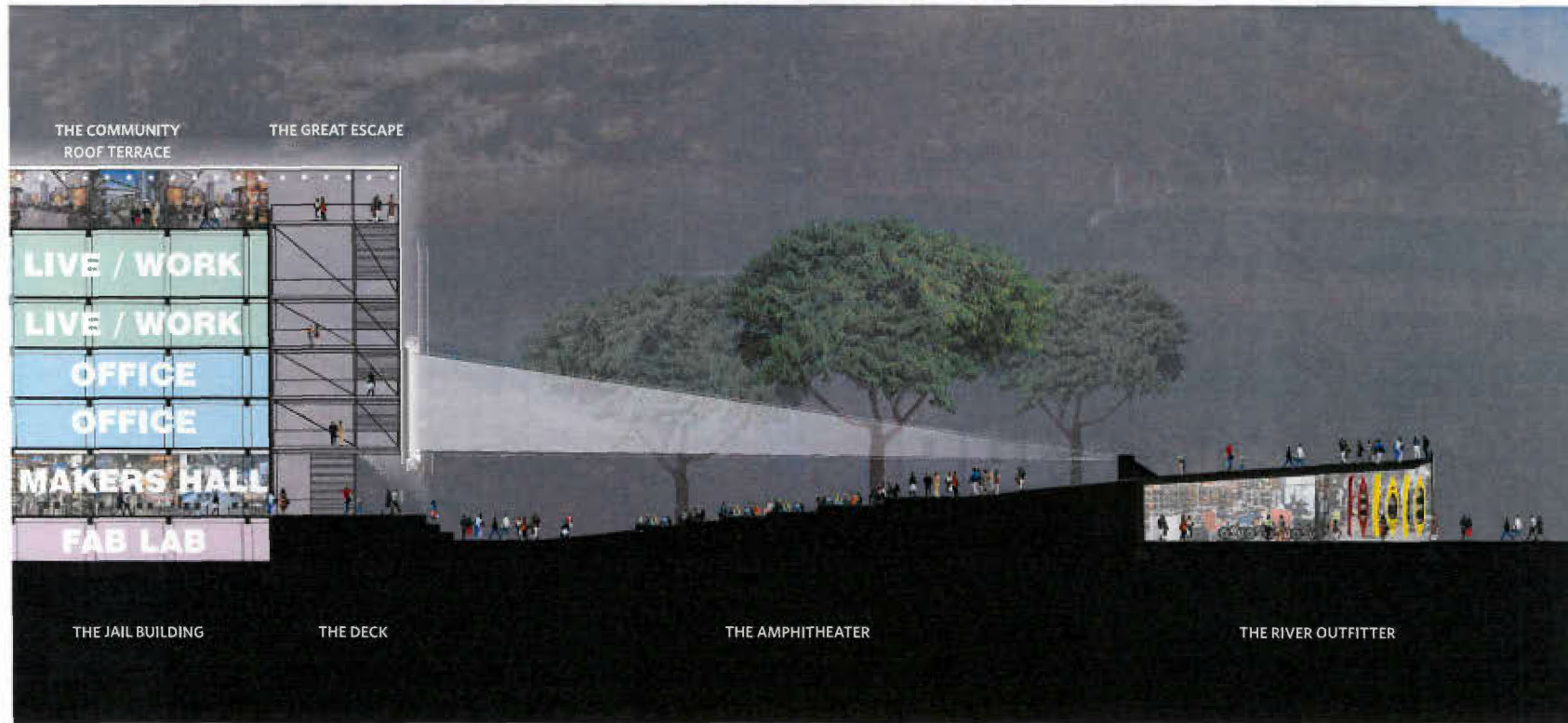
JAIL BUILDING SECTIONS



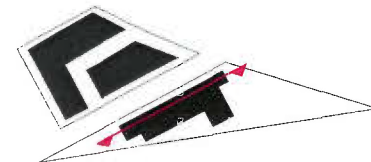
Jail Partial Longitudinal Section
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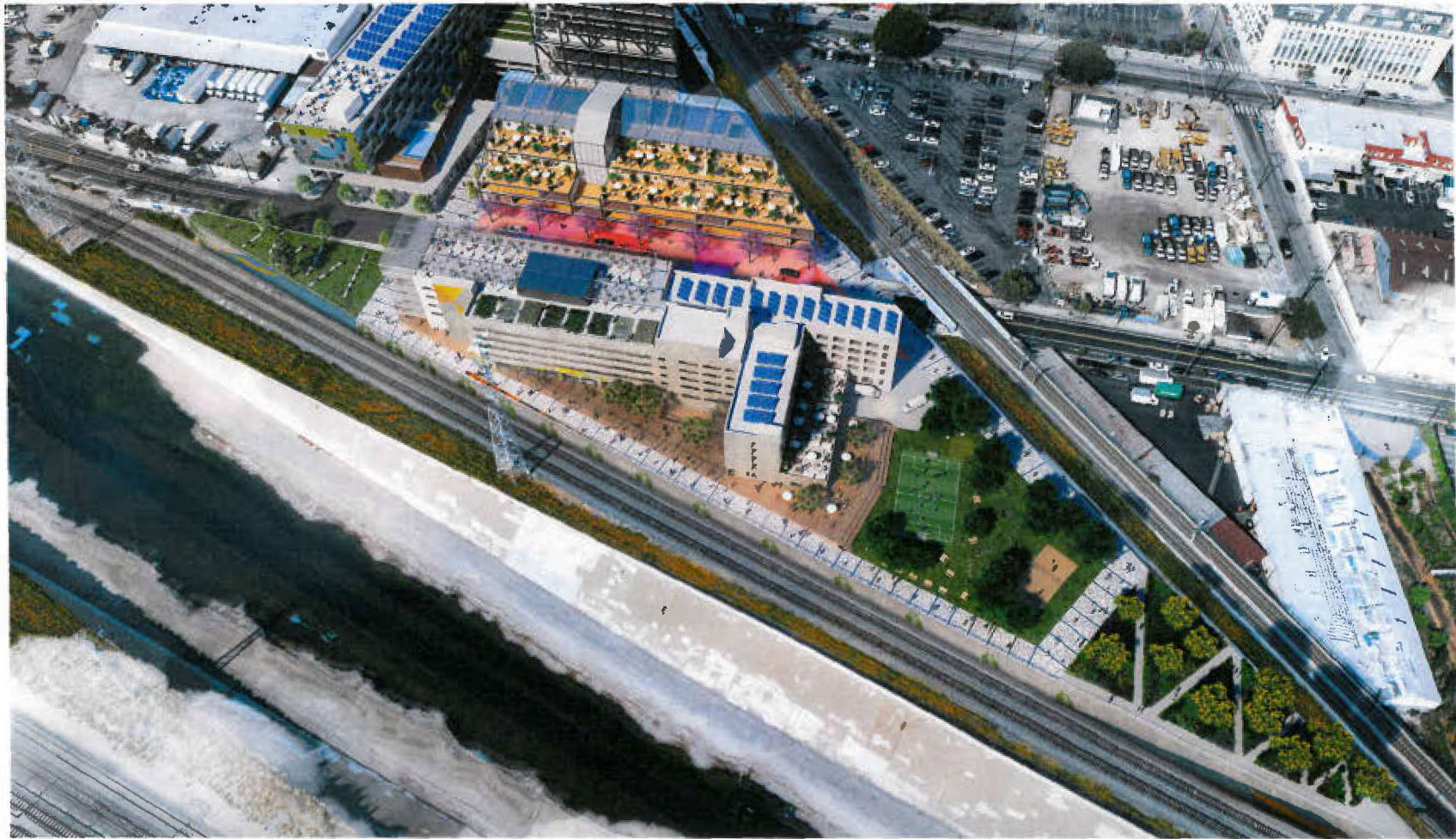
JAIL BUILDING SECTIONS



Jail Partial Longitudinal Section
[Scale: 1" = 20']



DISTRICT OVERVIEW



MOVIE NIGHT AT THE AMPHITHEATER



MARKET DAY IN THE FESTIVAL STREET



HUMBOLDT ST NEIGHBORHOOD GREENWAY





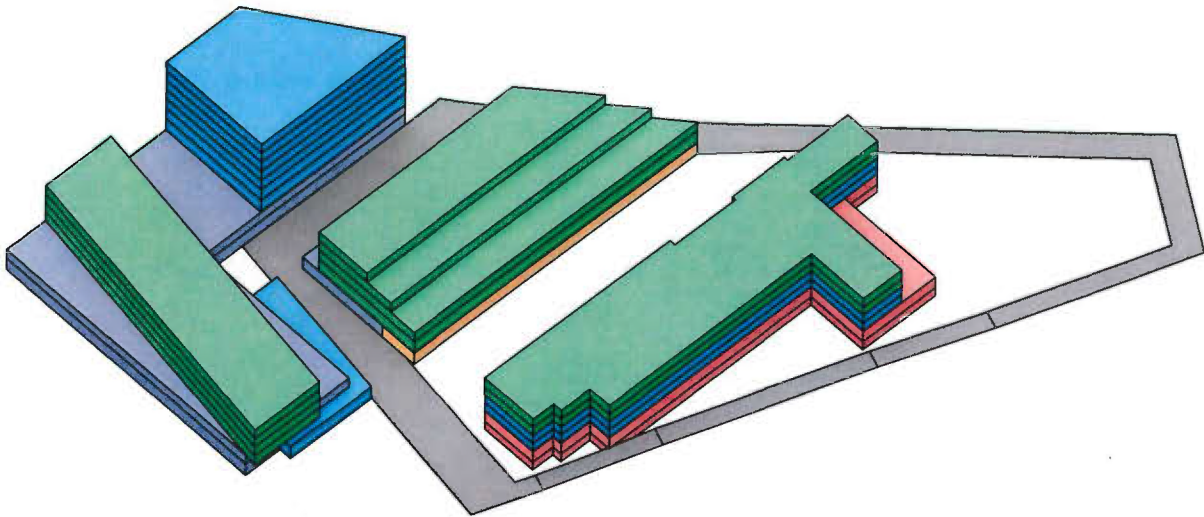
LIVE/WORK UNIT



ROOF TERRACE PAVILION



OVERALL DISTRICT PROGRAM



Program Diagram
[Not to scale]

LHJ SITE

MAKERS HALL

42,000 SF

COMMERCIAL

120,000 SF

RESIDENTIAL

57,000 SF

JAIL SITE TOTAL

229,000 SF

405 SITE

RETAIL

15,000 SF

COMMERCIAL

100,000 SF

RESIDENTIAL

248,235 SF

405 SITE TOTAL

358,500 SF

PARKING

1000 STALLS