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CITY ATTORNEY

REPORT NO. R 18 - 0 1 6 2
MAY 30 2018

REPORT RE:

DRAFT ORDINANCE AUTHORIZING THE EXECUTION OF THE DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LOS ANGELES AND THE WALTER AND JIA JUAN USA CO., INC., RELATING TO REAL PROPERTY IN THE CENTRAL CITY COMMUNITY PLAN AREA, AND LOCATED AT 1020 SOUTH FIGUEROA STREET AND ANCILLARY LOCATIONS

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 17-1009-S1
CPC-2015-1160-DA

Honorable Members:

On September 14, 2017, the City Planning Commission recommended that the City Council approve a development agreement between Jia Juan USA Co., Inc. (the Developer) and the City (the Development Agreement). On May 22, 2018, the Planning and Land Use Management (PLUM) Committee took actions modifying the terms of the Development Agreement and requesting that our Office prepare and present an ordinance authorizing the execution of this Development Agreement.

Pursuant to PLUM Committee's May 22, 2018, request, this Office has prepared and now transmits for your consideration a draft ordinance, approved as to form and legality, and the Development Agreement, as modified by PLUM, in a form we can also approve.

Background

The Development Agreement is proposed in conjunction with a development in Council District 1, which will consist of the demolition of the existing Luxe City Center Hotel and surrounding surface parking lots and the construction of a mixed-use project consisting of 936,712 square feet and a maximum height of 540 feet. The project will include a total of 300 hotel rooms, 435 residential units, and 58,959 square feet of commercial uses with two towers (residential tower and hotel tower) and a podium structure. The project will be built in two phases. Phase 1 will include construction of the new hotel with its podium, commercial uses, and terraces. Phase 2 will start after the completion of Phase 1 and will include the demolition of the existing hotel and the construction of the residential tower, retail uses, and podium terraces.

The Development Agreement for this project is generally consistent with the City's prior development agreements and has a term of 10 years. Under the Development Agreement, the Developer has agreed to provide the following:

- Five percent of the constructed residential units shall be reserved in the Project for workforce housing and such reservation shall be recorded against the property in a covenant approved by the City's Housing and Community Investment Department; and
- Developer shall pay its Transfer Floor Area Public Benefit Payment the earlier of 90 days from the effective date of the Development Agreement, or prior to the issuance of any building permit for the project, which is an earlier payment time than is currently required by Los Angeles Municipal Code Section 4.5.

City Planning Commission Action and Findings

On September 14, 2017, the City Planning Commission recommended approval of the Development Agreement. However, PLUM Committee subsequently modified the terms of the Development Agreement to, among other things, remove the public benefit payment for blight removal. For that reason, the Planning Director, on behalf of the City Planning Commission, disapproved the ordinance authorizing the current version of the Development Agreement. Because the Planning Director recommended against the approval of the ordinance, Charter Section 558 requires a two-thirds vote of the City Council to adopt the proposed ordinance. Should the City Council adopt the proposed ordinance, it may comply with the provisions of Charter Section 558 and the Government Code by adopting the findings prepared by the Department of City Planning that are contained in the Planning Department's November 14, 2017, staff report to the City Planning Commission, at Pages F-1 through F-2, or by making its own findings.

California Environmental Quality Act (CEQA)

On September 14, 2017, the City Planning Commission took the following action under CEQA:

Recommend that the City Council find, based on the independent judgment of the decision-maker, after consideration of the whole of the administrative record, the project was assessed in 1020 S. Figueroa Street Project EIR No. ENV-2015-1159-EIR, SCH No. 2016021013, certified on August 18, 2017; and pursuant to CEQA Guidelines, Sections 15162 and 15164, no subsequent EIR or addendum is required for approval of this project.

Government Code Requirements for Notice and Hearing

Before taking action on either the draft ordinance or the Development Agreement, the City must comply with the provisions of Government Code Sections 65867, 65090 and 65091. Those sections require, among other things, notice and a public hearing. In addition, the City's development agreement procedures state that the City Council shall not take any action on any development agreement prior to the expiration of a 24-day notice. However, the City Council previously acted to reduce to notice period for this project to the 10-day notice period required by the Government Code.

Recommended Actions

If the City Council wishes to approve the proposed ordinance and Development Agreement, it must:

- (1) Find, based on the independent judgment of the decision-maker, after consideration of the whole of the administrative record, the project was assessed in 1020 S. Figueroa Street Project EIR No. ENV-2015-1159-EIR, SCH No. 2016021013, certified on August 18, 2017; and pursuant to CEQA Guidelines, Sections 15162 and 15164, no subsequent EIR or addendum is required for approval of this project; and
- (2) Previously have approved all the related entitlements; and
- (3) Adopt the enclosed draft ordinance authorizing the execution of the Development Agreement by a minimum two-thirds vote.

Council Rule 38 Referral

Pursuant to Council Rule 38, copies of the draft ordinance and the Development Agreement were sent to the Department of Building and Safety and to the Housing and Community Investment Department with a request that all comments, if any, be directed to your Honorable Body or your Committees at the time this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Laura Cadogan Hurd at (213) 978-8177. She or another member of this Office will be present when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

DM/LCH:mgm
Transmittal