



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 18 - 0 2 1 1
JUN 21 2018

REPORT RE:

DRAFT ORDINANCE AUTHORIZING THE EXECUTION OF THE DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF LOS ANGELES AND LIGHTSTONE DTLA, LLC, RELATING TO REAL PROPERTY IN THE CENTRAL CITY COMMUNITY PLAN AREA, AND LOCATED AT 1240-1260 SOUTH FIGUEROA STREET AND 601 WEST PICO BOULEVARD

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. 18-0269-S1
CPC-2016-2595-DA-CU-MCUP-CUX-SPR

Honorable Members:

On March 8, 2018, the City Planning Commission recommended that the City Council approve a Development Agreement between Lightstone DTLA, LLC (the Developer) and the City (the Development Agreement). On May 18, 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 18, 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 mixed-use development with up to 1,153 guest rooms and 13,145 square feet of ground-floor retail/restaurant uses within two hotel towers ("Hotel A/B Tower" and "Hotel C Tower"), totaling up to 505,335 square feet of floor area on approximately 1.22-acre site. The Hotel A/B Tower would include up to 775 hotel guest rooms, 11,000 square feet of ground-floor retail/restaurant uses, and podium parking for all three hotels within a 38-story, 465-foot tower on the northeast corner of South Figueroa Street and West Pico Boulevard. The Hotel C Tower would include up to 378 guest rooms and 2,145 square feet of ground-floor retail/restaurant uses in a 27-story, 350-foot tower located on the northwest corner of West Pico Boulevard and South Flower Street. An existing 27,800-square-foot two-story commercial building with surface parking would be demolished.

At the May 18, 2018 PLUM Committee hearing, the Developer requested that certain modifications be made to the Development Agreement previously approved by the City Planning Commission. The PLUM Committee approved those modifications subject to review and approval by the Planning Department and our Office. As a result of this review, certain changes to the Development Agreement's standard language that were requested by the Developer were removed to make it consistent with the City's prior development agreements. Further, it was determined that the sign takedown requirements should be included in the proposed Figueroa and Pico Sign District and removed from the Development Agreement.

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

- Developer shall cooperate with the Los Angeles Department of Transportation (LADOT) to finalize design of a pedestrian lead interval and a high visibility crosswalk and construct these improvements, or provide \$20,000 for their construction;
- Developer shall cooperate with the LADOT to finalize the design of a scramble crosswalk (i.e., a six-way crosswalk including diagonal crossings) at the intersection of S. Figueroa Street and W. Pico Boulevard and construct the scramble crosswalk or provide \$50,000 for its construction;

- Developer shall cooperate with the Los Angeles County Metropolitan Transportation Authority (Metro) to identify the design and location of three wayfinding signs and fund the purchase and installation of such signs along S. Figueroa Street, W. Pico Boulevard, and S. Flower Street, at a total cost of \$27,000;
- Developer shall coordinate with Metro to identify the design and location of a single LCD color display sign and fund the purchase and installation of the LCD sign at the bus shelter on W. Pico Boulevard at S. Flower Street at a cost of \$30,000;
- Developer shall cooperate with the City of Los Angeles Bureau of Street Services to identify the design and location of a single bus shelter on W. Pico Boulevard near Flower Street and construct the bus shelter or fund the construction at a cost of \$30,000;
- In the event that a digital display is approved and constructed on the east side of the "Hotel C" tower facing S. Flower Street (the Hotel C Digital Display), then the Developer shall make the Hotel C Digital Display available for use by the Los Angeles Convention Center (LACC) and Metro, at no cost, no less than two minutes per hour for LACC and no less than two minutes per hour for Metro;
- Developer shall make an annual payment to the Council District 14 Public Benefits Trust Fund No. 57L-14 in the amount of One Hundred Thousand Dollars (\$100,000) to support Council District 14's efforts to address blight removal, facade improvements, street cleaning, graffiti removal, etc. within the boundaries of Council District 14, for a total sum of One Million Dollars (\$1,000,000) for a ten-year period; and
- Developer shall contribute One Hundred Fifty Thousand Dollars (\$150,000) to Council District 14 Public Benefits Trust Fund No. 57L-14 to fund homeless services and facilities within the boundaries of Council District 14.

City Planning Commission Action and Findings

On March 8, 2018, the City Planning Commission recommended approval of the Development Agreement. However, PLUM Committee subsequently modified the terms of the Development Agreement. 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 City Planning Commission's March 29, 2018, Determination Letter, at Pages F-1 through F-2, or by making its own findings.

California Environmental Quality Act (CEQA)

On March 8, 2018, the City Planning Commission took the following action under CEQA:

Found, based on the independent judgment of the decision-maker, after consideration of the whole of the administrative record, the project was assessed in the Fig+Pico Conference Center Hotels EIR No. ENV-2016-2594-EIR and Errata, SCH No. 2016121063, certified on February 9, 2018; and pursuant to CEQA Guidelines, Sections 15162 and 15164, no subsequent EIR or addendum is required for approval of the 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 ten-day notice period required by the Government Code.

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, to the Department of Transportation and to the Bureau of Street Services with a request that all comments, if any, be directed to your Honorable Body or your Committees at the time this matter is considered.

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 the Fig+Pico Conference Center Hotels EIR No. ENV-2016-2594-EIR and Errata, SCH No. 2016121063, certified on

February 9, 2018; and pursuant to CEQA Guidelines, Sections 15162 and 15164, no subsequent EIR or addendum is required for approval of the 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.

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