

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: October 16, 2014

TO: Honorable Members of the City Council

FROM: Sharon M. Tso *HEK*
Chief Legislative Analyst

Council File No:
Assignment No: 14-10-0715

SUBJECT: Transfer of Floor Area Rights Public Benefit Payment Trust Fund

SUMMARY

The City of Los Angeles has a longstanding program involving the Transfer of Floor Area Right ("TFAR") in the Central City Community Plan area that allows unused air development rights to be transferred from one site to another in order to promote City land use policy objectives. The program has enabled the development of the City's downtown skyline by allowing larger projects to be constructed on key sites with a corresponding reduction in the development rights on other sites. Article 4.5 of the Los Angeles Municipal Code ("LAMC") regulates the process for approving such transfers of floor area rights, which require the approval of the City Planning Commission, City Council and Mayor.

The approval process for TFAR includes the review and approval of a Transfer Plan that identifies and describes the Donor Site(s), Receiver Site(s), the amount of floor area to be transferred and the Public Benefit Payment required by the transaction. The Public Benefits Payment is intended to serve a public purpose, such as: providing for affordable housing; public open space; historic preservation; recreational, cultural, community and public facilities; job training and outreach programs; affordable child care; streetscape improvements; public arts programs; homeless services programs; or public transportation improvements. In circumstances where property owned by the City of Los Angeles serves as the Donor Site, the owner of the Receiver Site(s) is required to make a Transfer Payment pursuant to the valuation method set forth in Section 14.5.10 of the LAMC. Any Public Benefits Payment and any Transfer Payment to the City is held in the Public Benefits Payment Trust Fund ("Trust Fund") pursuant to Section 14.5.12 of the LAMC. Deposits held in the Trust Fund shall be disbursed in accordance with Section 5.416 of the Los Angeles Administrative Code, as follows: (1) after receipt of non-binding recommendations by the TFAR Committee, (2) within five years after receipt, and (3) for use on projects or programs providing a Public Benefit as set forth in Section 14.5.9 of the LAMC. The TFAR Committee is composed of one representative from each the following offices: the City Council Office for the City Council District in which the Receiver Site is located, the City Council Office for the City Council District in which the Donor Site is located, the Department of City Planning, the Mayor's Office, the City Administrative Officer, the Chief Legislative Analyst, the Economic and Workforce Development Department, and the Neighborhood Council for the area in which the Receiver Site is located.

Approximately \$4.48 million is currently available in the Trust Fund from various projects that utilized TFAR in the downtown area as described further in this report. On December 20, 2013, the Chief Legislative Analyst distributed funding applications to staff of Council Districts One, Eight, Nine, Ten, Thirteen, and Fourteen all of which have jurisdiction within a two-mile radius of the Receiver Sites. Fourteen (14) project applications were received through this process. On April 17, 2014, the TFAR Committee convened for a final review of the applications received and recommends that funds be allocated to eight (8) projects totaling \$3,808,096 and an additional \$665,518 to the Department of City Planning to administer the TFAR Program.

TFAR COMMITTEE RECOMMENDATIONS

The TFAR Committee's recommendations are based on a review of the application criteria that included a project description, the basis for the requested amount, the public benefits impact of the project, and its readiness for implementation. The Committee also took into consideration the priority projects of each Council District Office that submitted an application. A summary of the projects/programs requests received is included in this report as Attachment A, Summary of Project/Program Requests. In addition, Section 5.416 of the LAAC states that fifteen percent of each public benefit payment may be used to offset administrative costs of the program. The TFAR Committee recommended that approximately fifteen percent of the funds on deposit or \$665,518, be allocated to the Department of City Planning for administrative costs and services as described in Attachment B, City Planning Administrative Budget.

Council District One

In Council District One, two projects have been recommended for funding, one of which is shared with Council District Thirteen. The Hoover/Union/23rd Street Triangle Project solely in Council District One is recommended to receive \$200,000 for the repair and upgrade of a sprinkler system, installation of a bus shelter, re-sodding grass and other landscaping needs along this heavy transit corridor. The funds would be provided to the City of Los Angeles Bureau of Street Services to carry out the work. The Laguna Avenue Pedestrian Activated Crosswalk Project lies between Council Districts One and Thirteen is recommended to receive \$75,000. The recipient of the funds would be the City of Los Angeles Department of Transportation for the installation of a pedestrian activated crosswalk that is heavily used by seniors, children, and families.

Council District Nine

Two projects have been recommended for funding in Council District Nine. The first project recommended is the Trinity Recreation Center Programming in the amount of \$100,000 will help to increase nourishment and after school programs for children in the community, many of whom are homeless or in foster care. The City of Los Angeles Department of Recreation and Parks would be the recipient and administrator of the funds. The second project recommended is the Santee Green Alley Network in the amount of \$1,566,548 to help fund community participation and project implementation. The project looks to engage the local community to transform alleyways into open space networks with greenery and community garden components that provide a safer and more efficient pedestrian walkways. The project is being done in partnership with the City of Los Angeles Department of Public Works, The Trust for Public Land, and TRUST South LA.

Council District Thirteen

As previously mentioned and described above, the Laguna Avenue Pedestrian Activated Crosswalk is a shared project between Council District One and Thirteen. A project in Council District Thirteen has also been recommended to receive \$200,000 in funding towards the Community Plan Implementation Overlay for Beverly, Temple, and 3rd Street Corridors. The intent of the project is to encourage pedestrian-oriented development that activates the street and provides integral neighborhood-serving retail uses on major commercial corridors. The funding for administration of this project would be provided to the City of Los Angeles Department of City Planning.

Council District Fourteen

Three projects have been recommended in Council District Fourteen that include Friends of Spring Street Park, Broadway Streetscape Master Plan Construction and Façade Lighting, and Downtown Los Angeles Streetcar. Friends of Spring Street Park is recommended to receive \$250,000 that would help pay for a park "ambassador" to promote safe use of the park, secure a children's play area, secure a pet area, and promote community events. The recipient of the funds would be Community Partners, the Incubator 501(c)3 for Friends of Spring Street Park. The Broadway Streetscape Master Plan Construction and Façade Lighting Project is recommended for \$316,548 to be administered by the City of Los Angeles Bureau of Engineering. The final project recommended for funding is Downtown Los Angeles Streetcar in the amount of \$1,100,000. The funds would assist various aspects

of the environmental process, engineering, design, project management, and construction necessary to advance the Streetcar Project.

Administrative Budget

In accordance with Section 5.416 of the LAAC, the TFAR Committee also recommended an allocation of fifteen percent or \$665,518 of the total funds available in the Trust Fund to the City of Los Angeles Department of City Planning. The funds would assist with the administrative costs associated with implementing the TFAR program including the purchase of equipment and staffing for the development and implementation of a TFAR tracking system. The TFAR tracking system would assist in monitoring all TFAR transactions and keep an accounting of all the transferable floor area the City of Los Angeles controls.

BACKGROUND

The funds currently held in the Trust Fund were obtained from Receiver Sites located in Council District Fourteen. As of July 1, 2013, the Trust Fund included deposits from the Wilshire Grand Project in the amount of \$3,576,606, 1500 Figueroa Street in the amount of \$382,000, 1340 Figueroa Street in the amount of \$233,357, a previous balance held in the amount of \$246,000 and interest accrued in the amount of \$42,150. The Wilshire Grand is the only project in which the Los Angeles Convention Center located in Council District Nine served as the Donor Site. Deposits held in the Trust Fund are subject to investment in projects, programs, and/or activities that serve a public benefit and fall within a two-mile radius of the project the Receiver Sites that utilized the TFAR. Section 14.5.12 of the LAMC defines the process by which those funds are to be allocated and appropriated to specific projects as recommended by the TFAR Committee.

FISCAL IMPACT

There is no General Fund impact to the City of Los Angeles inasmuch as the funds are special funds held for the purposes indicated in this report.

RECOMMENDATIONS

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

1. APPROVE the eight (8) projects/programs listed below, as recommended by the Transfer of Floor Area Rights (“TFAR”) Committee, for a total amount of \$3,808,096 from the TFAR Public Benefit Payment Trust Fund (“Trust Fund”) along with an additional \$665,518 to the City of Los Angeles Department of City Planning for administrative costs related to the City’s TFAR Program.
2. AUTHORIZE the Controller to allocate \$3,808,096 from the TFAR Trust Fund to the Department or Agency for the following projects/programs in the amounts specified under the “Proposed Funding Amount” column:

Project Name	Council District	Recipient of Funds (Department/Agency)	Proposed Funding Amount
Hoover/Union/23 rd Street Triangle	1	City of Los Angeles Bureau of Street Services	\$200,000
Laguna Avenue Pedestrian Activated Crosswalk	1 & 13	City of Los Angeles Department of Transportation	\$75,000
Trinity Recreation Center Programming	9	City of Los Angeles Department of Recreation and Parks	\$100,000
Santee Green Alley Network	9	City of Los Angeles Department of Public Works	\$1,566,548

Community Plan Implementation Overlay for Beverly, Temple, & 3 rd Street Corridors	13	City of Los Angeles Department of City Planning	\$200,000
Friends of Spring Street Park	14	Community Partners (c/o Friends of Spring Street Park)	\$250,000
Broadway Streetscape Master Plan Construction and Façade Lighting	14	City of Los Angeles Bureau of Engineering	\$316,548
Downtown Los Angeles Streetcar	14	Los Angeles Streetcar, Inc.	\$1,100,000
		Total	\$3,808,096

3. AUTHORIZE the Controller to allocate \$665,518 from the TFAR Trust Fund to the City of Los Angeles Department of City Planning for administrative costs related to the TFAR Program.
4. AUTHORIZE the General Managers of the departments identified in the table above, or designee, to make any technical changes and prepare any necessary Controller instructions that may be required to effectuate the intent of this action, subject to the approval of the Chief Legislative Analyst (CLA); and AUTHORIZE the Controller to implement said instructions.


 Oscar O. Ixco
 Analyst

Attachment A: Summary of Project/Program Applications
 Attachment B: City Planning TFAR Program Administrative Budget

**ATTACHMENT A
TFAR PUBLIC BENEFIT PAYMENT TRUST FUND
SUMMARY OF PROJECT/PROGRAM APPLICATIONS**

Projects "RECOMMENDED" for funding.

	Project Name	Project Address	Amount Requested	Recipient of Funds	Council District	5. Project Description	6. Basis for the Requested Amount	7. Public Benefits Category/Categories	8. Public Benefits Impact	9. Project Readiness	10. Additional Comments
1	Hoover-Union-23rd Street Triangle	Hoover-Union-23rd Street, North University Park	\$200,000	City of Los Angeles, Bureau of Street Services	1	Repair and upgrade sprinkler system; install transit bus shelter; re-sod grass and landscaping	Heavy transit ridership along Hoover and 23rd Street	Public Transportation Improvements	Project would service approximately 17,471 individuals w/ a per capita income of \$19,717 w/in a 1/2 mile radius	Project has gone out to bid but estimates are higher than current committed funding; TFAR funds would serve as gap financing	TFAR funds will help leverage \$3.5 million provided by TPL
2	Laguna Avenue Pedestrian Activated Crosswalk	Echo Park Avenue & Laguna Avenue	\$75,000	City of Los Angeles Department of Transportation	1 & 13	Installation of pedestrian activated crosswalk at intersection	Heavily used intersection by community and visitors to the park	Improved connection to open space and streetscape improvements	The improvements will enhance the safety of those visiting Echo Park Lake	The Department of Transportation has completed the study and determined a pedestrian activated signalized crosswalk is warranted at this location and construction can commence immediately.	TFAR funds will help fund this project
3	Trinity Recreation Center Programming	2415 Trinity Street	\$100,000	City of Los Angeles, Department of Recreation & Parks	9	Increase recreational programming	Project budget based on current RAP figures for existing programming	Public Open Space; Recreational; Affordable Child Care	Ensure funding for a two-year period to provide youth with adequate nourishment and a safe place after school	Immediate upon receipt of an award	No comments
4	Santee Green Alley Network	Various Sites	\$1,566,548	City of LA, DPW; Trust for Public Land; TRUST South LA	9	Provide community engagement for the developing a vision for the green alley concept; Implement construction of the proposed improvements	Project budget based on similar project in another area by TPL	Public Open Space; Recreational; Community and Public Facilities; Streetscape Improvements; Public Arts Programs	Allow for the conversion of two alleyways into the green alley concept	Community engagement portion immediately upon receipt of award	Support from LAPD, LAUSD (various schools), All Peoples Community Center, Catholic Charities of Los Angeles, SAJE, A Place Called Home
5	Community Plan Implementation Overlay (CPIO) for Beverly, Temple, & 3rd Street Corridors	Beverly, Temple, & 3rd Streets between Hoover Street & Glendale Blvd.	\$200,000	City of Los Angeles, Department of City Planning	13	Development of a planning document to encourage pedestrian-oriented development	Project costs: \$475,000 Environmental Documents; \$50,000 Preparation of materials and graphics; \$50,000 Staff overtime costs	Public Open Space; Streetscape Improvements	Implementation guidelines that promote community building, new development, mitigate the dense Westlake Community Plan area; prohibits certain uses	Immediate implementation upon receipt of award	Support development sprouted by the success of Downtown LA
6	Friends of Spring Street Park	426 S. Spring Street	\$250,000	Friends of Spring Street Park	14	Park "Ambassador" services; secure childrens play area; secure pet area; promote community events; ongoing maintenance and repair	Personnel costs for one year; cost of improvements; maintenance and repair costs; event programming; Community Partner annual fees	Public Open Space; Recreational; Community and Public Facilities; Streetscape Improvements; Public Arts Programs	Improved open space, recreation, and special events to users of the park	Immediate implementation upon receipt of award	Supported by Historic Core BID, DLANC, and CD14

**ATTACHMENT A
TFAR PUBLIC BENEFIT PAYMENT TRUST FUND
SUMMARY OF PROJECT/PROGRAM APPLICATIONS**

	Project Name	Project Address	Amount Requested	Recipient of Funds	Council District	5. Project Description	6. Basis for the Requested Amount	7. Public Benefits Category/Categories	8. Public Benefits Impact	9. Project Readiness	10. Additional Comments
7	Broadway Streetscape Master Plan Construction & Façade Lighting	Broadway (between 1st & 11th)	\$316,548	City of Los Angeles, Bureau of Engineering	14	Various public improvements including hardscape, landscape, commuter and pedestrian enhancements	\$3M per block as per BOE estimate; TFAR funds will leverage Metro CFP funds to complete 2 blocks of improvements; funds will also assist existing façade lighting program	Historic Preservation; Community and Public Facilities; Streetscape Improvements	Commuter and pedestrian enhancements serving approximately 25 million per year	Immediate implementation upon receipt of award	Supported by Bringing Back Broadway, LADOT, DPW, and stakeholders
8	Downtown Los Angeles Streetcar	Broadway, 11th, 7th, & Figueroa	\$1,100,000	Los Angeles Streetcar, Inc.	14	Advance the planning, design, and implementation of the streetcar project	Project estimated @ \$152-163M plus utility costs TBD; \$72.5M allocated/approved through CFD & CRA; \$75M gap TBD	Community and Public Facilities; Streetscape Improvements; Public Transportation Improvements	Transportation and street improvements along 7th, 11th, Hill, and Broadway serving 6k+ riders, creating 9k jobs, promote development, and increase in City revenues	Immediate implementation upon receipt of award	Supported by downtown residents, property owners, business leaders and civic organizations

Total Requested: \$3,808,096

Projects "NOT RECOMMENDED" for funding at this time.

	Project Name	Project Address	Amount Requested	Recipient of Funds	Council District	5. Project Description	6. Basis for the Requested Amount	7. Public Benefits Category/Categories	8. Public Benefits Impact	9. Project Readiness	10. Additional Comments
1	Patton Street Park	Patton & Court Street	\$300,000	The Trust for Public Land	1	Community-designed pocket park	Bid estimates have exceeded budget and funding allocations; \$3.5 million has been secured by TPL; TFAR funds would fill gap in project budget	Affordable Housing; Public Open Space; Recreational; Cultural; Community and Public Facilities; Public Arts Programs	Project would serve approximately 17,471 individuals w/ a per capita income of \$19,717 w/in a 1/2 mile radius	Project is shovel ready and anticipated to begin construction in February 2014; TFAR funds would help meet gap in budget	TFAR funds will help leverage \$3.5M in already secured funds
2	Ord & Yale Street	Ord & Yale Street Intersection	\$300,000	City of Los Angeles, Bureau of Engineering	1	Pedestrian improvement at existing blind curve	Cost estimates are from former CRA/LA Prop 1C grant application and includes both soft and hard costs; Partial project funding has been secured	Affordable Housing; Public Open Space; Recreational; Cultural; Community and Public Facilities; Streetscape Improvements; Public Arts Programs; Public Transportation Improvements	Project would serve approximately 11,266 individuals w/ a per capita income of \$10,340w/in a 1/2 mile radius	Project is currently in its design and development phase; TFAR funding will provide gap financing for pedestrian friendly access elements to Ord & Yale Street Park and Stairs	TFAR funds will help leverage Prop 84, Prop K and other funds totalling nearly \$7.8 million
3	Quality Childcare for the Children of Downtown Workers	Various Sites	\$250,000	Para Los Niños	1, 13, 14	Fund capital improvements at four early education centers; Support for after school and summer school programs	Budget for fiscal year 2013-14 does not support the additional capital improvements and program services to be funded by TFAR funds	Affordable Child Care	Programming serves the children of low-wage earners of which many are below the poverty level in Downtown LA	Funding assistance towards programming services would be immediate upon receipt of award	Para Los Niños serves approximately 7,500 children, youth, and their families in some of the most economically challenged areas of Los Angeles

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TFAR PUBLIC BENEFIT PAYMENT TRUST FUND
SUMMARY OF PROJECT/PROGRAM APPLICATIONS**

	Project Name	Project Address	Amount Requested	Recipient of Funds	Council District	5. Project Description	6. Basis for the Requested Amount	7. Public Benefits Category/Categories	8. Public Benefits Impact	9. Project Readiness	10. Additional Comments
4	Homeboy Industries Workforce Development Project	130 W. Bruno Street	\$249,924	Homeboy Industries	1	Provide in-house certifiable skills training and job placement for 100 graduates of Homeboy Industries' 18-month rehabilitation program	Project budget to cover the cost of trainee, trainee materials, senior staff salaries, transportation, and indirect costs	Job Training and Outreach Programs	Assist in the rehabilitation of formerly gang-involved and previously incarcerated men	Immediate implementation upon receipt of award	As per LAPD Chief Charlie Beck, "Homeboy Industries has had a tremendous amount of success in reducing gang-related crimes"
5	Beverly Terrace	3314-3330 W. Beverly Blvd.	\$1,300,000	Beverly PSH, LP	13	Mixed-use development comprised of a childcare center and 40 units of affordable housing	Per project budget, TFAR fund would finance the cost of the childcare center and leverage HCID funds to improve the competitiveness of the Project for TCAC	Affordable Housing; Affordable Childcare	Project will provide affordable housing for young single mothers that have experienced homelessness and childcare services for building residents and the surrounding community	Project currently in predevelopment but may be ready to break ground on construction by January 2015 with all financing being secured	St. Anne's will provide onsite supportive services programs serving the most vulnerable members in LA County
6	Kids Play at Pershing Square	532 S. Olive Street	\$246,685	Pershing Square Advisory Board	14	Design, planning, and installation of a playground in Pershing Square in Downtown Los Angeles	Project budget provided by RAP using City-approved equipment vendor and input from BOE; TFAR funds will go towards construction costs	Public Open Space; Recreational; Community and Public Facilities	Project looks to improve recreational services for the growing number of downtown dwellers	Immediate implementation upon receipt of award	Supported by the Pershing Square Park Advisory Board to provide extra support and resources for a variety of recreation and leisure programs

Total Requested: \$2,646,609

ATTACHMENT B

**Administrative Budget – Department of City Planning
Transfer of Floor Area Rights Public Benefit Payment Trust Fund**

At its meeting on April 17, 2014, the Public Benefit Payment Trust Fund Committee made recommendations about expenditures from the Transfer of Floor Area Rights (TFAR) Public Benefit Payment Trust Fund, pursuant to Los Angeles Administrative Code Section 5.416. These recommendations included the allocation of fifteen percent of the total expenditure from the Fund to the Department of City Planning for administrative costs associated with implementing the Transfer of Floor Area Rights program for the City. The Department of City Planning’s proposed administrative budget includes equipment and staffing for the development and implementation of a digital TFAR tracking system.

Staffing Resources	\$33,408
Contractual Services	\$260,110
Hardware	\$317,000
Software	\$55,000
Total Budget	\$665,518

Estimated Cost Breakdown:

Staffing Resources

Estimate:

City Planning Associate	\$48/hr x 696 hrs =	\$33,408
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Contractual Services

Estimate:

Application Developer	\$85/hr x 1566 hrs =	\$133,110
GIS UI Developer	\$75/hr x 1566 hrs =	\$117,450
Document prep	\$30/hr x 85 hrs =	\$2,550
Scanning services	\$0.10/page x 50,000 pages =	\$5,000
Indexing of scanned files	\$0.20/doc x 10,000 docs =	\$2,000

Hardware

Estimate:

Terminals, large-format plotter, Scanners	\$265,000 =	\$265,000
Network drive memory and server	\$52,000 =	\$52,000

Software

Estimate:

ESRI ArcGIS Software/License	\$7,000 x 5 =	\$35,000
ESRI GIS Online License	\$2,000 /yr x 5 years =	\$10,000
Production and graphics software	\$5,000/license x 2 =	\$10,000