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February 4, 2020

VIA ELECTRONIC MAIL & HAND DELIVERY

Leyla Campos, Legislative Assistant
c/o PLUM Committee Members
Los Angeles City Planning Department
200 N. Spring Street, Room 763
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Date: 2/4/20
Subject: PLUM Committee
Call No: 20-0016
Item No: 7
Deputy: _____

Communication from the
Public

RE: ITEM 7, PLUM MEETING OF FEBRUARY 4, 2020; FIFTH & HILL PROJECT (319 – 323 5TH STREET; 440 – 442 SOUTH HILL STREET); DCP CASE NOS. CPC-2016-3765-TDR-MCUP-CUX-ZAD-DD-SPR

Dear Honorable Councilmembers:

This Office respectfully writes on behalf of UNITE HERE Local 11 and its members (collectively "Local 11") to provide the City of Los Angeles ("City") the following comments regarding the Transfer Floor Area Rights ("TFAR") Public Benefit Payment for the 53-story, 255,812 square foot ("SF") development ("Project") proposed by Jeffrey Fish of JMF Enterprises V, LLC ("Applicant") located at 319-323 5th Street and 440-442 S. Hill Street ("Site"). Among other entitlements, the Project is requesting 155,834 SF of TFAR, which requires a Public Benefit Payment to the City in accordance with the Los Angeles Municipal Code ("LAMC" or "Code") TFAR provisions (LAMC § 14.5 *et seq.*).

As noted in our previously submitted comment letters and public testimony to the City Planning Commission ("CPC"),¹ Local 11 is concerned that the City is being shortchanged in Public Benefit Payment funds—*which may be as much as \$841,688 based on an independent, Code-compliant appraisal of the Site attached hereto as Exhibit A.*

¹ Local 11 (9/10/19) Project Comment Letter, <http://bit.ly/31mVOzw>; Local 11 (9/11/19) Project Comment Letter, <http://bit.ly/3117e6U>; Local 11 (11/13/19) Project Comment Letter, <http://bit.ly/2UoIQ2W>.

Before CPC’s September 12, 2019 hearing, Local 11 brought to the City’s attention that the Project’s original appraisal of the Site’s Fair Market Value (“FMV”) (i.e., \$5.83 mil. or \$350/SF) was out of date and extremely low as compared to numerous other nearby TFAR projects (i.e., ranging from \$373-731/SF at a \$527/SF average). CPC and staff agreed and requested an updated appraisal.

At CPC’s November 14, 2019 hearing, Local 11 raised similar concerns with the Project’s revised appraisal that lowered the Site’s FMV to \$5.75 mil. (i.e., \$345/SF). Because that revised appraisal was not provided to the public until two days before the November 14th hearing, Local 11 did not have a fair opportunity to vet the new FMV appraisal and requested more time. Even CPC Commissioners questioned the City’s TFAR valuation process, the City’s ability to vet the Project’s FMV appraisals, the lack of oversight from planning staff in the valuation process, and that the “discrepancies” in the Project’s revised appraisal “on the face of it doesn’t seem realistic” (emphasis added).² Nevertheless, CPC approved the recommendation that the City Council approve the requested TFAR because it lacked an alternative appraisal.

Now, having had time to secure a Code-compliant appraisal, Local 11 is pleased to provide the City with an independent appraisal of the Site, prepared by a qualified MAI appraiser pursuant to LAMC § 14.5.3 (attached hereto as Exhibit A), which shows the Site’s FMV of \$7.1 mil. (i.e., approximately \$426/SF) at the relevant time the Project’s application was submitted (i.e., September 30, 2016).

As summarized in the below table, the Project’s revised appraisal of \$5.75 mil. (i.e., approximately \$345/SF) that was before CPC equates to a Public Benefit Payment of \$3,584,971. However, this is too low. A more appropriate, independent appraisal demonstrates the FMV of the Site is \$7.1 mil. (i.e., approximately \$426/SF), which equates to a Public Benefit Payment of \$4,426,659—resulting in the City being underpaid \$841,688 in Public Benefit Payment funds.

Appraisal	Fair Market Value (16,663-SF Site)		Public Benefit Payment (155,834-SF TFAR) [a]
	Per SF	Total	Total
Project’s Revised Appraisal	\$ 345	\$ 5,750,000	\$ 3,584,971
Independent Appraisal	\$ 426	\$ 7,100,000	\$ 4,426,659
Underpayment			\$ 841,688
<i>Notes:</i>			
[a] Calculated in accordance with LAMC § 14.5.9.			

² CPC (11/14/19) Item 6 Meeting Audio, approximately mm:ss 05:30-06:40, 25:30-35:30, <http://bit.ly/2OoFA3D>.

The independent appraisal we submit herewith is substantial evidence that confirms precisely what Local 11 has been telling the City the entire time—the City is being shortchanged Public Benefit Payment funds, which are desperately needed to fund affordable housing in the City. So too, it confirms CPC suspicions that the City has not adequately vetted the appraisals for the Project here.³

Amidst the current housing crisis, we ask you to ensure that TFAR projects pay their fair share of Public Benefit fees that help preserve the livelihoods of long-term residents, provide public amenities, and develop more affordable housing. Based on the independent appraisal, we ask you to withhold approval of the Project until the Project commits to the full Public Benefit Payment of \$4,426,659.

Sincerely,



Jamie T. Hall

Attachment:

Exhibit A: Marshall & Stevens, Inc. (2/4/20) Appraisal of Real Property

³ Local 11 is also concerned that other TFAR projects may have been approved absent adequate vetting of developer-driven appraisals resulting in a pattern-and-practice of lost Public Benefit Payments due to the City.