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Metropolitan Transportation Authority

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**PLANNING AND PROGRAMMING COMMITTEE
JANUARY 16, 2013**

SUBJECT: VERMONT AND SANTA MONICA JOINT DEVELOPMENT

**ACTION: AUTHORIZE EXECUTION OF EXCLUSIVE NEGOTIATION
AGREEMENT FOR JOINT DEVELOPMENT AT THE METRO RED LINE
VERMONT AND SANTA MONICA STATION**

RECOMMENDATION

Authorize the Chief Executive Officer to enter into an Exclusive Negotiation Agreement (ENA) with a joint venture of Polis Builders, Ltd., The McGregor Company, and St. Nicholas Foundation, Inc, (Developer) to develop a mixed-use joint development project on a set of MTA-owned and private parcels situated immediately adjacent to the Vermont/Santa Monica Station on the Metro Red Line; and amend the FY13 budget to allow any deposits collected from Developer to offset support costs.

ISSUE

MTA owns land situated adjacent to the Metro Red Line Vermont/Santa Monica Station. Developer also owns land adjacent to the station and MTA's property and has submitted an unsolicited proposal for a mixed use joint development project utilizing both the Developer and MTA parcels as summarized in Attachment A. Although the MTA parcel is irregularly shaped and constrained due to the subway portal, the addition of Developer's parcel is expected to enable a feasible project because the resulting combined overall project site will be uniform in shape and sufficient in size. The MTA parcel, Developer's parcel, Metro Red Line Vermont/Santa Monica Station and project site are depicted on Attachment B.

DISCUSSION

Developer proposes to carry out this project by means of a long term ground lease consistent with other MTA joint development projects. The Developer possesses the needed expertise and controls the land needed to advance a feasible project. Both the Developer's overall proposal and the key elements of the development program, as

summarized in Attachment A, are consistent with MTA's Joint Development Program Policies and Procedures.

In 2007, the Board previously approved a separate project at this station, but that project did not materialize and was terminated last year. Developer has submitted this new unsolicited proposal by means of advance consultation with MTA staff. Neither Developer nor MTA staff has carried out the analysis of the potential safety considerations, operating impacts, or other issues that will be necessary to advance this project. Staff recommends that the Board authorize entering into an ENA with Developer to carry out the needed analysis and negotiation to complete the project. Staff will in turn evaluate the proposal, in conformance with any needed environmental review and MTA policies, and if successful, bring a request back to the Board for authorization of a joint development agreement (JDA) and ground lease, together with a request for any needed environmental clearance.

Policy Implications

The recommended actions are consistent with Metro's Joint Development Policies and Procedures which allow consideration of unsolicited proposals in cases wherein Metro's property is constrained and otherwise undevelopable without the addition of adjoining property.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety because no improvements will be constructed as a result of entering into an ENA. Nonetheless, approval of this item will allow the needed analysis of safety impacts to be completed, and in turn, submitted to the Board if negotiations for a JDA and ground lease are successful.

FINANCIAL IMPACT

Funding for joint development activities is included in the FY13 budget under Project 610011, Task 01.01 in Cost Center 2210. Other than support costs needed to negotiate the proposed transaction, supervise any related design and oversee construction, no new capital investment or operating expenses are planned to implement this project. Revenues from ground lease rent, holding rent, and deposits to cover our support of the project will offset continued staff and consultant related costs, and will be accounted for under Project 401004 in Cost Center 2210. These General Fund revenues are eligible for bus and rail operating and capital expenses. We expect any financial returns to be negotiated to be fair and reasonable as detailed in Attachment A. Since this is a multi-year project, the cost center manager and Chief, Real Property Management and Development are accountable for budgeting of any future out-of-pocket cost that may potentially be needed.

ALTERNATIVES CONSIDERED

The Board could choose not to take the recommended actions and elect to solicit alternative development proposals from either private or public entities. Staff does not recommend this alternative because it is highly unlikely any other private or public entity would consider a project due to the limited size and irregular shape of the MTA-owned land and the lack of control of the adjacent private land area needed to advance a feasible project.


NEXT STEPS

Upon approval of the recommended actions, staff will complete and execute the ENA in accordance with the terms set forth in Attachment A.

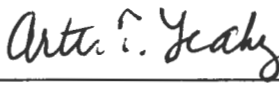
ATTACHMENTS

- A. Summary of Terms
- B. Site Diagram

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Chief Executive Officer

SUMMARY OF TERMS

Summary of Proposed Vermont and Santa Monica Station Joint Development Project

Date of Proposal:
October 25, 2012

Proposal Submitted By:
St. Nicholas Foundation, Inc., a California corporation, Northridge, California; Polis Builders Ltd., a California corporation, Beverly Hills, California; and The McGregor Company, a California corporation, Beverly Hills, California

Project Location:
Northeast corner of Vermont Avenue and Santa Monica Boulevard, Los Angeles, California as indicated on Attachment B.

Program Summary:

- Transit-oriented design, including a recasting of the pedestrian- and transit patron-serving public plaza that serves to meaningfully connect the existing transit portal with the proposed project, and in turn, build connections to the surrounding community
- Multi-modal mobility hub, designed to help increase transit system ridership
- Mixed use residential, consisting of approximately 80 percent market rate units and 20 percent affordable units, including a blend of suitable retail/commercial tenants

Planned Development Entity:
To be determined

Proposed Financing:
To be determined; likely to include lending instruments that support affordable housing, such as government backed bonds and tax credit packages

Planned Development Cost:
To be determined

SITE DIAGRAM

