



# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

November 24, 2020

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The Honorable Board of Commissioners  
Los Angeles County  
Development Authority  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

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CELIA ZAVALA  
EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE THE NEGOTIATION AND EXECUTION OF AN EXCLUSIVE NEGOTIATING AGREEMENT BY AND AMONG CDU/MLK WELLNESS COLLABORATIVE, LLC, THE COMPTON UNIFIED SCHOOL DISTRICT (CUSD) AND THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY (LACDA) FOR THE POTENTIAL REDEVELOPMENT OF THE LINCOLN ELEMENTARY SCHOOL SITE AND ADJACENT LACDA PROPERTY IN UNINCORPORATED WILLOWBROOK; AND THE EXTENSION OF THE MEMORANDUM OF UNDERSTANDING BETWEEN LACDA AND CUSD (SECOND DISTRICT) (3 VOTES)**

## **SUBJECT**

This letter recommends the negotiation and execution of an Exclusive Negotiating Agreement (ENA) by and among the Compton Unified School District (CUSD), the Los Angeles County Development Authority (LACDA), and CDU/MLK Wellness Collaborative, LLC (Developer), a California limited liability company, to negotiate the terms to develop CUSD and LACDA owned property with a potential mixed-use development. This letter also recommends the extension of a Memorandum of Understanding (MOU) between LACDA and CUSD for development of the properties.

## **IT IS RECOMMENDED THAT THE BOARD:**

1. Find that approval of these proposed actions is not subject to the provisions of California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15061(b)(3) and 15378, because the actions do not commit the LACDA to a project and will not have the potential for causing a significant effect on the environment.
2. Authorize the Acting Executive Director, or his designee, to:

- a. Negotiate and execute an ENA with CUSD and the Developer for a 12-month period with the option to extend the term an additional 180 days, in order to negotiate the potential development of properties located along 117th Street (Assessor's Parcel No. 6149-014-90, the LACDA Property) and 1667 E. 118th Street (Assessor's Parcel Nos. 6149-012-901, 6149-014-900, -903 and -904, the CUSD Properties, formerly known as the Lincoln Elementary School site) (collectively, Project Site) in unincorporated Willowbrook.
  - b. Execute any and all related or ancillary documents or amendments to the ENA necessary to effectuate the action authorized hereby.
  - c. Collect deposits and fees in connection with the terms of the ENA, and to administer the expenses and accounting associated with the ENA.
  - d. Extend the term of the MOU between the LACDA and CUSD through December 31, 2022 and allocate an additional \$200,000 in Second District Catalytic Development Funds to support predevelopment activities.
3. As this is a joint development project with CUSD, to further the LACDA and CUSD purposes which include providing educational opportunities, affordable housing, and employment generating opportunities, and in anticipation of the potential lease of the LACDA Property to CUSD, find that the LACDA Property is exempt surplus land, pursuant to the inter-agency exemption at Cal. Government Code Section 54221(f)(1)(D), and, additionally this ENA was the result of an open and competitive bid, per the exemption at Cal. Government Code Section 54221(f)(1)(F).

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The primary purpose of the recommended actions is to authorize the negotiation, execution and implementation of the ENA among the LACDA, CUSD, and the Developer to allow for the negotiation of necessary agreements for the potential development of the Project Site, which is generally bounded by E 117th Street to the north, E 118th Street to the south, Compton Avenue to the west and Holmes Avenue to the east. The CUSD Property consists of approximately 11.4 acres and is home to Lincoln Elementary School which permanently closed operations in 2015. The LACDA Property is an elongated triangular shaped site of 1.3 acres that sits adjacent to the 105 Freeway. The two properties that comprise the Project Site sit across the street from one another along E 117th Street.

The Developer team, comprised of Charles R. Drew University of Medicine and Science (CDU), Thomas Safran & Associates (TSA) and Century Housing Corporation (Century), has proposed a mixed-use project that includes approximately 585 or more residential units that are a mix of approximately 252 affordable housing units, 70 workforce and market rate housing units, 263 residential student housing dormitory units, and up to 110,000 square feet of general commercial space. The general commercial space will include approximately 46,000 square feet of office, research and clinical space for CDU, approximately 25,000 to 30,000 square feet of commercial space requested by Drew Child Development Corporation (DCDC), and approximately 15,000 to 30,000 square feet of commercial space for MLK Community Hospital. There will also be a mix of athletic fields and open space for community use. The athletic, open and community-serving space will be programmed in partnership with the LA84 Foundation, a contributing partner to the Developer team which specializes in bringing sports and recreational opportunities to under-served communities in Los Angeles. Both CDU and CUSD have pledged to renew academic and job skills training opportunities between their two organizations.

In keeping with the requirements of the newly amended Surplus Land Act, the LACDA intends to ground lease the LACDA Property to CUSD as there will be at least 300 units of housing with a minimum of 75 units available to lower-income households throughout the project. The exact number and configuration of these units will be negotiated during the ENA period and confirmed within the ground lease documents that will be part of the final deal transaction.

The Project Site is part of the broader Willowbrook TOD Specific Plan that was adopted by the Board of Supervisors on September 18, 2018 and leverages the public transportation resources of the newly renovated Rosa Parks Station at nearby 120th Street and Wilmington Avenue.

The Developer has provided a community and stakeholder engagement plan, which will include a series of monthly community meetings during the design and development process. The Developer team and CDU will be available for community groups and stakeholders through the regularly scheduled community meetings as the project progresses through this phase of development. The Developer will also use social media, in-person/virtual outreach and other active engagement activities to gain further input on design, housing needs, retail needs, amenities, and transit before finalizing project plans.

This community engagement plan will leverage the work done during the project feasibility phase when the LACDA and its consultant team conducted broad-based community outreach activities with all major stakeholders in the greater Martin Luther King, Jr. Medical Center campus.

Developer team members have a combined 50+ years of experience in development of housing, office, retail and related facilities within Southern California. CDU has entered into a Memorandum of Understanding (MOU) with both Thomas Safran & Associates (TSA) and Century Housing Corporation (Century) based on an extensive procurement process that was initiated in 2019 by CDU. While CDU will provide overall administrative responsibility for the Project and timeline provisions in the ENA, the CDU/MLK Wellness Collaborative, a newly formed LLC consisting of CDU, TSA and Century, will assume the role of Developer and coordinate all technical responsibilities associated with project development including the master plan process, project financing, project development and related tasks.

On February 11, 2019, the LACDA entered into a MOU with CUSD to explore the feasibility of redeveloping the Lincoln Elementary School located at 1667 E. 118th Street in unincorporated Willowbrook, which is adjacent to the Martin Luther King Jr. Medical Center campus. An initial allocation of Catalytic Development Funds was provided to hire the necessary consultants to obtain required studies and confirm the feasibility of a larger mixed-use development on the Project Site.

On August 11, 2019, the MOU was amended (Amendment 1) once it was determined such a redevelopment plan was feasible and the parties to the agreement were willing to move forward to procure the services of a developer. This was followed by a second amendment dated February 11, 2020 (Amendment 2) to account for the additional time required of the parties to address procedural requirements of the State Board of Education and the overall Request for Proposals (RFP) process associated with a joint development between two public agencies. Now that a developer has been recommended, the parties wish to proceed with another amendment to the original MOU (Amendment 3).

The proposed Amendment 3 anticipates the need for additional Catalytic Development Funds in an amount up to \$200,000. This will be used to analyze various project costs associated with the proposed construction, financial feasibility, CEQA review, and outside legal fees associated with

crafting the ground lease documents that form the cornerstone of the overall project. The term of the MOU would be extended to encompass the period of the ENA plus an additional six months to close out the project between the LACDA and CUSD. This would include time to complete final lease documents, close out requirements and final project accounting. Based on the project timeline, the MOU would therefore conclude on or before December 31, 2022.

### **FISCAL IMPACT/FINANCING**

There is no impact on the County General Fund as a result of the actions contemplated in this letter. If negotiations with the Developer are successful, the LACDA will return to the Board with negotiated agreements for review and approval and will provide the fiscal impact and financial analysis at that time.

The proposed \$200,000 increase will take the predevelopment budget to \$350,000. These funds are sourced from the Second District's allocation of Catalytic Development Funds. Under the MOU with the CUSD, the LACDA will seek reimbursement of these funds through a preferred (first-in-line) return of ground lease payments once the project has been developed and meets certain cash flow criteria. This will be agreed upon by all parties and specified in the ground lease documents. Any unused funds will be returned to the Second District Catalytic Development Fund allocation.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The LACDA now requests authorization to execute the ENA with CUSD and the Developer, under its authority set forth in the inter-agency exemption at Cal. Government Code Section 54221(f)(1)(D) and pursuant to the open and competitive bid exemption for surplus land at Cal. Government Code Section 54221(f)(1)(F). The ENA will include the following terms:

- An initial term of 12 months with an option to extend the term administratively for another 180 days, if needed.
- An ENA deposit to be held by the LACDA in the amount of \$100,000 which will be replenished to cover certain transaction expenses.
- Developer is solely responsible for any expenses it incurs to assess the feasibility of the proposed project.

If negotiations with the Developer are successful, the LACDA will return to the Board with negotiated agreements reviewed by County Counsel and ready for approval.

### **ENVIRONMENTAL DOCUMENTATION**

This action is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3) because it involves administrative activities that will not have a physical impact on, or result in any physical changes to the environment.

The action is not a project pursuant to CEQA because it is an activity that is excluded from the definition of a project pursuant to Section 15378 (b) of the State CEQA guidelines. The proposed action is an administrative activity of government which will not result in direct or indirect physical change to the environment.

The LACDA is only seeking authority to negotiate potential agreements under the ENA. No

commitment to any project is being made at this time. NEPA and CEQA review requirements must be completed before any commitment to a project occurs.

### **CONTRACTING PROCESS**

The Developer was procured through an RFP issued on November 19, 2019. A total of 26 individuals from multiple firms attended the mandatory pre-proposal conference on December 12, 2019, and a total of three proposals were received. A review team comprised of four subject matter experts in the fields of planning and land use management, land development, project management and city administration convened to review the proposals, interview development teams and provide summary scores for each proposal. Recommendations were then forwarded to CUSD for review, discussion and concurrence.

The proposed project was responsive to the vision and expectations described in the guidelines that were part of the RFP. Furthermore, the proposed project satisfies the goals and objectives of the Willowbrook TOD Specific Plan. A summary of the objectives is provided below.

- Preserve and enhance the character of the Willowbrook community.
- Improve the Willowbrook/Rosa Parks station and environs.
- Encourage transit-oriented development.
- Provide affordable housing opportunities.
- Promote active transportation and reduce vehicle miles traveled.
- Improve quality of life for existing residents with improvements to the public realm.
- Improve economic vitality and employment opportunities.

In addition, the selected proposal included a robust community engagement strategy. A financial analysis of the proposed project including reasonable proforma assumptions and financial feasibility will be further analyzed during the term of the ENA.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

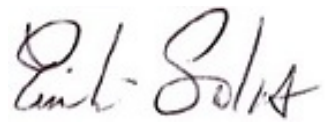
The proposed actions will allow the LACDA to explore ways to leverage development opportunities and properties held by other public agencies through a joint development partnership. This project represents a critical step in achieving such goals.

The Honorable Board of Commissioners

11/24/2020

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Respectfully submitted,

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Emilio Salas

Acting Executive Director

ES:CJ