

MOTION BY SUPERVISOR JANICE HAHN

January 26, 2021

**San Pedro Courthouse**

In May of 2016, the Chief Executive Office (CEO) commissioned a real estate economic study for the San Pedro Courthouse property (Property), and the County of Los Angeles (County), on July 26, 2016, issued a Request for Proposals (RFP) to select a developer for the Property with a vision of the proposed project that would provide public amenities and development to fit in with the City of Los Angeles' (City) new San Pedro Waterfront Redevelopment project at the existing Ports O'Call Village. The County re-issued the RFP in July of 2018 because the County could not come to terms with the recommended proposer from the July 2016 RFP. On December 18, 2018, the Board authorized an Exclusive Negotiating Agreement (ENA) with Genton Cockrum Partners (GCP) that proposed a mixed-use project consisting of market-rate housing, affordable housing, joint use open-space, and street-level retail space.

Negotiations have led to a proposed project consisting of an 8-story, 336,514 square foot, mixed-use residential development with approximately 300 apartments of which a minimum of 20% of the units will be set aside for households with gross income of not

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more than 80% of Area Median Income, approximately 25,479 square feet of pedestrian friendly commercial space including a new full-service food market or food hall, over 6,000 square feet of public open space, and approximately 559 parking spaces on the 2.79 acre lot. The County has authority to enter into an Option to Lease and Lease per Government Code Section 25549.1, et seq. The County and GCP have negotiated an Option to Lease which includes the following terms and conditions:

- Option Expires December 31, 2022
- Deposit of \$150,000 for County costs and expenses
- Deposit of \$100,000 towards the Civic Arts Fee
- Items required prior to GCP exercising the Option to Lease
  - Permits ready to issue
  - Project Financing obtained
  - Deposit of balance of Civic Arts Fee
  - Ground Lease negotiated and agreed to

The proposed Ground Lease shall include the following terms and conditions:

- 66-year term
- Base rent of \$25,665 per month with a CPI increase every 5 years
- \$120,000 per year base rent credit for the earlier of 20 years or until Ground Lease terminates
- Purchase Option with a purchase price the greater of \$12,000,000 less the total amount of Base Rent paid by developer, net of the credit, or \$6,000,000 increased annually by CPI
- Participation payment, in event of a sale of the leasehold, equal to 5% of the

amount of the sale that exceeds a certain threshold amount

- Civic Arts Fee in the amount of the lesser of \$1,000,000, less arts fees paid to the City of Los Angeles, or 1% of total hard costs of the Project, less arts fees paid to the City of Los Angeles
- Affordable housing, community public open space, and commercial development will be each subject to a 55-year covenant

The Board's approval of the following recommendations will allow the parties to enter into the Option to Lease and an eventual fully negotiated Ground Lease that will provide a project with public amenities and development to fit in with the San Pedro Waterfront Redevelopment.

**I, THEREFORE MOVE** that the Board of Supervisors:

1. Find that the Board has independently reviewed the City's findings and independently determined that the project is Categorically Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15332, Class 32 of the State California Environmental Quality Act Guidelines. In addition, find that, based on the proposed project records, it will comply with all applicable regulations, is not located in a sensitive environment, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste sites compiled pursuant to Government Code Section 65962.5, or indications that the project may cause a substantial adverse change in the significance of a historical resource that would make the use of the exemption inapplicable. The substantial evidence supporting this determination is included in the attached Memorandum and in the record of the

- proposed project. Upon the Board's approval of the recommended actions, Chief Executive Office will file a Notice of Exemption with the County clerk in accordance with section 21152 of the California Public Resources Code.
2. Approve and authorize the Chief Executive Officer, or her designee, to execute an Option to Lease Agreement with GCP for a proposed mixed-use project at the site of the former San Pedro Courthouse in a form approved by County Counsel and consistent with the terms set forth herein.
  3. Approve and Authorize the Chief Executive Officer, or her designee, to execute a Ground Lease, in a form approved by County Counsel, and consistent with the terms set forth herein when all the Option to Lease Agreement conditions have been fulfilled and GCP has exercised the Option.
  4. Approve and Authorize the Chief Executive Officer, or her designee, to negotiate a Purchase Option Agreement, in a form approved by County Counsel, and consistent with the terms set forth herein.
  5. Delegate and authorize the Chief Executive Officer, or her designee, to execute a Purchase Option Agreement, upon approval as to form by County Counsel, and any other ancillary documentation approved as to form by County Counsel, and to take all further actions necessary and appropriate to implement the terms and conditions of the Purchase Option Agreement, including, if applicable, negotiation and preparation of a purchase and sale agreement.
  6. Approve and authorize the Chief Executive Officer, or her designed, to execute any ancillary documentation, approved as to form by County Counsel, that is necessary to effectuate the terms of the Option or Ground Lease, Ground

Lease, and Purchase Option Agreement, and the development of the project as set forth herein.

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