

MOTION BY SUPERVISOR JANICE HAHN

August 10, 2021

**San Pedro Courthouse Project**

On January 26, 2021, the Board approved and authorized the Chief Executive Office to execute an Option to Lease Agreement, a Ground Lease, and a Purchase Option Agreement with Genton Cockrum Partners (GCP) for a proposed mixed-use project at the site of the former San Pedro Courthouse. The proposed project shall consist of an eight-story, 336,514-square-foot, mixed-use residential development, with approximately 300 apartments of which a minimum of 20 percent of the units will be set aside for households with gross income of not more than 80 percent 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 Ground Lease per Government Code Section 25549.1, et seq.

Prior to going to the Board for this approval, GCP agreed to increase the number of affordable housing units from 11 percent to 20 percent. To offset the fiscal impact of

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this change, GCP requested County support in obtaining a Revenue and Taxation Code Section 214(g) Welfare Exemption towards property taxes. GCP has requested that the County provide a \$1,000,000 loan as part of the effort to satisfy the requirements of Revenue and Taxation Code Section 214(g). The County can fund this proposed loan with \$1,000,000 in rent GCP intends to prepay to the County. Should the loan be approved, amortization of the prepaid rent and loan payments paid to the County will reduce the annual rent (already reduced by a \$120,000 rent credit) for the first 20 years of the ground lease term by approximately \$12,500, as opposed to if no loan were in place (initially approximately \$175,480 per year vs. \$187,980 per year). The County will be made whole or better over the remaining term of the ground lease through the fixed 3.02 percent interest rate on the loan. The Board has not previously authorized the Chief Executive Office to make the aforementioned loan.

In addition, for the benefit of the community and to ensure that the project is not disrupted by any work stoppage, GCP has agreed to a union project and work directly with the Los Angeles/Orange Counties Building and Trades Council (Council) to implement the County's current Community Workforce Agreement (CWA) on this project. By directly working with the Council to implement the CWA, GCP will take over the administrative role normally performed by the County, thus reducing the administrative costs to the County.

Finally, GCP has agreed to submit an application for a demolition permit with the City of Los Angeles no later than 30 days after the Effective Date of the Option, commence demolition within 30 days of the issuance of the demolition permit, and complete demolition within 60 days after demolition commences.

The Board's approval of the following recommendations will allow GCP to qualify for Section 214(g) Welfare Exemption, which allows more affordable housing at the project without having to lower rent paid to the County through the ground lease term; allow the project to be added to the County's current CWA; and allow for the early demolition of the building which timetable is set forth above.

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

1. Find that the recommended actions are not subject to the California Environmental Quality Act because they are activities that are excluded from the definition of a project by Section 21065 of the Public Resources Code and Section 15378(b) of the State California Environmental Quality Act Guidelines and do not have the potential for causing a significant effect on the environment;
2. Find that pursuant to Government Code Section 26227 the affordable housing to be provided by Genton Cockrum Partners (GCP) meet the social needs of the population of the County and will serve a public purpose that benefits the County and its residents;
3. Authorize the Chief Executive Officer, or her designee, to negotiate and enter into a promissory note in the amount of \$1,000,000 mandating fixed monthly or annual payments to the County, with a loan term and amortization period not to exceed 55 years, and a fixed interest rate of approximately 3.02 percent per year throughout the term of the loan. Any and all unpaid balances due under the terms of the promissory note shall be due and payable at the end of the term of the promissory note. The promissory note shall all be approved as to form by County Counsel prior to execution;

4. Approve and authorize the Chief Executive Officer, or her designee, to execute any ancillary documentation, approved as to form by County Counsel, that is necessary to effectuate the terms of the loan and the development of the project as set forth herein; and
5. Authorize the Chief Executive Officer, or her designee, to send a letter to the Executive Secretary of the Los Angeles/Orange Counties Building and Trades Council (Council) informing them that, per Amendment 1 to the Community Workforce Agreement (CWA), the project is to be added to the CWA, and also informing the Council that GCP shall fulfill the CWA administrative duties normally fulfilled by the County for this project.

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JH:dg