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December 19, 2023

Handwritten signature of Celia Zavala in black ink.

CELIA ZAVALA
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE THE EXECUTION OF THE EXCLUSIVE
NEGOTIATION AGREEMENT WITH CENTENNIAL
PARTNERS FOR THE LOS ANGELES COUNTY
GENERAL HOSPITAL CAMPUS: CENTENNIAL
DEVELOPMENT PROJECT
(DISTRICT 1) (3 VOTES)**

SUBJECT

This letter recommends the negotiation and execution of an Exclusive Negotiation Agreement (ENA) by and among the County of Los Angeles (County) and Centennial Partners (Developer) to negotiate the terms for the potential mixed-use development at the Los Angeles County General Hospital Campus: Centennial Development Project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that approval of these proposed execution, and any extensions, of the ENA are not subject to California Environmental Quality Act (CEQA) for the reasons set forth below.
2. Authorize and delegate authority to the Director, or her designee, of the Department of Economic Opportunity (DEO) to:
 - a. Negotiate and execute, and if necessary, amend, extend or terminate an ENA with Centennial Partners, approved as to form by County Counsel, for an initial 18-month term with the option to extend

the term for up to four (4) additional 90-day periods, for the potential development of County-owned lands and assets at 1200 North State Street, Los Angeles CA 9003, commonly known as the General Hospital Reuse/West Campus (Project Site) in the City of Los Angeles.

- 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. Negotiate the anticipated ground lease structure of the potential development of the Project Site, upon consultation with the County, and to return to the Board of Supervisors (Board) with proposed agreements for approval.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to authorize the negotiation, execution and implementation of the ENA between the County and the Developer to allow for the negotiation of necessary actions for the potential development of the Project Site.

In November 2018, the Board unanimously passed a motion directing the Chief Executive Office (CEO) to draft the General Hospital Feasibility Study (Feasibility Study) for the adaptive reuse of General Hospital on the Los Angeles County's (County) Los Angeles County (LAC)+ University of Southern California (USC) Medical Center Campus. Following the 1994 Northridge Earthquake, the hospital's structure was damaged and then fell out of compliance with newly issued earthquake and fire safety compliance regulations. Most of General Hospital remains vacant, but the lower floors were recently remodeled and are being used for office space and The Wellness Center, the latter of which works in tandem with LAC+USC Medical Center Campus providers to deliver wraparound services and community spaces for patients and local community members. In April 2022, CEO provided to the Board the Feasibility Study, which explores ways to restore and reuse the General Hospital facility in a manner that aligns with the community's priorities and is consistent with the LAC+USC Medical Center Foundation's mission to serve the County's most vulnerable residents. The Feasibility Study reuse framework includes affordable housing, expanding wraparound Wellness Center services, and utilizing a private developer, Public Private Partnership (P3) development model for a comprehensive development strategy.

The County's goal for the Project Site is a mixed-use project comprised of affordable and market rate housing, commercial spaces, office and economic opportunity spaces, community-oriented space, open space, adequate parking, and other infrastructure. This follows Supervisor Hilda Solis's vision for a "Healthy Village," centered on the County's flagship LAC + USC Medical Center. This vision aims to target support for the most vulnerable populations and address critical community needs such as a mission-aligned reuse of the historic General Hospital building; revitalization and maximization of the entirety of the area comprising the Project Site; provide low-income and high-need population affordable housing; and wrap-around community services informed by the Whole Person Care concept.

On February 8, 2022, the Board passed an additional motion allocating funding to prepare an

RFP for the potential development of the General Hospital and West Campus Sites. DEO, in consultation with the CEO, and its consultant, AECOM, drafted the RFP to solicit proposals for a master developer to provide design, construction, financing, operation, and maintenance of a mixed-use project(s) on the Project Site. On January 24, 2023, the Board approved a Board Letter authorizing DEO to release the RFP.

As proposed in the RFP submittal, the Developer envisions a Healthy Village at the nexus of the four neighborhoods of Lincoln Heights, Boyle Heights, El Sereno, and East Los Angeles. The Developer proposes the design should provide a diverse and vibrant set of pedestrian-scaled environments to draw in the community and support their healing, wellness, and prosperity. A neighborhood that is made up of this tapestry of different places will foster a rich daily life uniquely forged by the authenticity of the surrounding communities and evolving organically to protect the community against gentrification and the perpetuation of cold, placeless, monumental design.

The Project Site is uniquely situated to tie together the surrounding neighborhoods and create a local force of healing and wellness by harnessing and redirecting regional initiatives to prioritize and serve the needs of the community first. The Developer's proposal outlines how they will tap into the site resources to cultivate a multi-model mixed-use neighborhood that: connects to transit, bike, and pedestrian networks, provides district parking at four locations on site, has a blend of housing types in multiple buildings (with 30% affordable), provides access to wellness and wrap-around supportive services, is organized around community retail and a central innovation center focused on incubating local businesses and providing an on-ramp to economic opportunities, and includes passive and active use public open spaces that cohesively organize and connect across the broader site.

During the ENA process, the County will negotiate and finalize all elements of the proposed project design. The Developer has provided some components of their community outreach plan which includes meeting with each of the County departments to identify desired goals, core commitments, programmatic needs and intended outcomes and creating a stakeholder map to identify potential stakeholders such as County departments, nonprofit groups, local neighborhood Councils, Cultural and historic groups in the area, block groups, resident associations, local vendors and service providers. The stakeholder map will remain open to expansion over the life of the project and will be inclusive, diverse and comprehensive. The Developer also proposes to create an annual calendar of monthly community engagement meetings, and to create a project website.

The Developer's proposal envisions a total of 885 units of housing that with at least 30% affordable units. The 1,680,000 sq. ft. of potential development space is proposed to entail:

- 778,800 sq. ft of Residence
- 166,000 sq. ft of Hotel
- 168,000 sq. ft of Retail
- 65,000 sq. ft of Laboratory/ Medical Offices
- 80,000 sq. ft of Community/ General Services
- 531,000 sq. ft of Parking

The Developer team comprises multidisciplinary experts in architecture, master planning, historic preservation, structural engineering, and more, all bringing extensive experience with historic resources and adaptive reuse. The Developer has over 50 completed projects and over \$1 billion invested in urban impact projects. They are collaborative and hands-on and have been in business for over 30 years.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support Strategy I.1.5, Increase Affordable Housing Throughout the County; Strategy II.1, Drive Economic and Workforce Development in the County; Strategy II.1.2, Support Small Businesses and Social Enterprises; and Strategy III.3.2, Manage and Maximize County Assets. In this case, the County is supporting these goals by proposing a project that provides affordable housing, uses a local and targeted workforce to construct the project, and develops County assets in a manner that provides significant local revitalization.

FISCAL IMPACT/FINANCING

Adoption of this Board Letter does not have additional fiscal impact, as the budget for drafting and managing the ENA has already been established.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS/NEXT STEPS

The Board declared the Project Site exempt from the Surplus Land Act, Government Code section 54200, et seq, in accordance with Government Code section 54221(f)(1)(F)(ii) because the County is inviting entities to participate in a competitive bid process for a mixed use development that is more than one (1) acre in area, that includes not less than 300 housing units, and that restricts at least 25 percent of the residential units to lower-income households, as defined in Health and Safety Code Section 50079.5 as affordable housing.

The procurement process thus far has included the RFP that was approved by the Board and issued by DEO on January 24, 2023. During the ENA period, the County project management team will work with Department of Health Services, Department of Public Works, CEO and consultants throughout all aspects of the predevelopment process. This will ultimately lead to separate ground lease agreements that will come before your Board.

The ENA will include the following terms:

- An initial term of 18 months with an option to extend the term administratively for up to four separate 90-day periods.
- The County is proposing a non-refundable fee 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 Site.

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

ENVIRONMENTAL DOCUMENTATION

The recommended actions are not considered a project under CEQA because they are excluded from CEQA's definition of a project. The activities are administrative activities of government and an ENA process, will not result in physical changes to the environment or reasonably foreseeable indirect changes to the environment pursuant to Section 15378(b)(3) of the State CEQA Guidelines. By authorizing the recommended actions, the County is not approving or committing to the development of any project under CEQA. The County, as lead agency, may modify or decide not to proceed with any project for any reason.

Nothing precludes the County from rejecting any proposed project or from weighing the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to grant approval. No activity that would constitute a project under CEQA will be commenced unless the Board takes further action to consider appropriate environmental documentation and make appropriate findings pursuant to CEQA in connection with approval of a project.

Upon the Board's approval of the proposed project, DEO will file a Notice of Exemption with the Registrar-Recorder/County Clerk in accordance with Section 15062 of the CEQA Guidelines.

CONTRACTING PROCESS

Centennial Partners was procured through an RFP issued by DEO on January 25, 2023. Prospective proposers attended a preproposal meeting/non-mandatory site walk on February 8, 2023 and a mandatory/exclusive site walk on March 1st. A second site walk date was added on March 8th to accommodate any overflow from the March 1st site walk. The proposal submission deadline for the RFP was June 2, 2023.

As a result of the RFP, the County received a total of two proposals. The proposals were evaluated based on the following criteria described in the RFP:

1. Proposer Qualifications
2. Financial Capacity & Capability to Implement Project
3. Project Design/Concept & Narrative Description
4. Project Financing Strategy
5. Interview
6. Developer Requirements

Centennial Partners proposal received the higher score. A debrief was held with the non-selected proposer and no protests were filed over the selection process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed actions will allow the County to explore the potential to increase affordable and supportive housing opportunities.

The Honorable Board of Supervisors

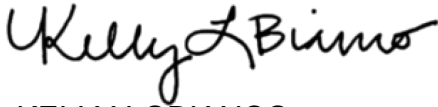
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CONCLUSION

If you should have any questions please contact Jessica Ku Kim, Chief Deputy of the Department of Economic Opportunity at jkim@opportunity.lacounty.gov or (213) 422-4786.

Respectfully submitted,



KELLY LOBIANCO
Director

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors