ITEM #3

BOARD REPORT CITY OF LOS ANGELES DEPARTMENT OF TRANSPORTATION

Date: December 10, 2024

To: Board of Transportation Commissioners

From: Laura Rubio-Cornejo, General Manager Department of Transportation

Subject: PROPOSED REDEVELOPMENT OF MUNICIPAL PARKING LOT NO. 731 IN VENICE FOR AFFORDABLE HOUSING

SUMMARY

In 2022, City Council authorized a Disposition and Development Agreement to redevelop the Lot No. 731 in Venice into affordable housing with replacement public parking. Per Section 22.484(g)(2)(A)(7) of the Los Angeles Administrative Code (LAAC), the Board of Transportation Commissioners has the express authority and responsibility to direct the acquisition and management of all Los Angeles Department of Transportation (LADOT) public parking lots, which includes the proposed redevelopment of Lot No. 731. This report provides LADOT's evaluation of the proposed project and project alternatives, which is presented to the Board for the first time.

RECOMMENDATIONS

That the Board:

- DO NOT AUTHORIZE the use of Lot No. 731 for the affordable housing project as proposed by the Venice Community Housing Corporation and Hollywood Community Housing Corporation in Attachment "B" with 120 affordable housing units plus 200 parking spaces spread over two parking structures within the housing development (23 spaces in the west structure, and 177 spaces in the east structure); and
- 2. RECOMMEND that the Los Angeles Housing Department (LAHD) determine the feasibility of relocating the proposed affordable housing project to Lot No. 701, including potential changes to the zoning and height limitations affecting Lot No. 701 to effectuate a maximum number of affordable housing units with no replacement parking required.

BACKGROUND

Lot No. 731 is a surface lot located at 200 N. Venice Boulevard, Venice in Council District (CD) 11 (see Attachment "A"). The parking lot is less than 1,000 feet from Venice Beach and in a predominantly residential area. Currently, the lot has a total of 177 public parking spaces consisting of 171 standard spaces, and 6 disabled spaces. The parking lot previously had 196 public spaces. The Venice Canal bifurcates the lot creating a west side and east side of the property. The lot is highly utilized from May to September, and has moderate to low usage from October to April. The parking lot is operated with an

attendant daily from 7am to 5-8pm depending on the season, and is closed from 11pm to 5am. Rates vary from \$4 to \$25 per day at the lot depending on the time, day, and season. Annual revenue generated from Lot No. 731 is approximately \$747,000.

In May 2016, City Council directed LADOT and the City Administrative Officer (CAO), with the assistance of the then Housing and Community Investment Department (now LAHD), to prepare an RFP to provide for an affordable housing project, along with replacement parking at Lot No. 731 (CF 15-1138-S9). In December 2016, City Council approved the selection of Venice Community Housing Corporation and Hollywood Community Housing Corporation (Developer) to create a full development plan for the project (CF 16-0600-S145). In June 2022, City Council authorized LAHD to execute a Disposition and Development Agreement for development of affordable housing at Lot No. 731 with the Developer based on the project design submitted at that time (CF 22-0496). The design reflected 136 housing units and 252 public parking spaces all located in a parking structure on the east side of the property surrounded by housing units. The Board was not presented with any information on the project at that time. Moreover, in the 8 ½ years since the City Council issued its directive, multiple modes of transportation not contemplated in 2016 have been introduced in the Venice Beach area, which the City could more effectively manage through the creation of a cohesive mobility hub on Lot No. 731.

Per Section 22.484(g)(2)(A)(7) of the LAAC, the Board has "the power, duty and responsibility of coordinating, directing, and managing all matters respecting the acquisition, and thereafter the management, of all public off-street parking places by the City." Contrary to recent correspondence from Developer's counsel, the LAAC exclusively empowers the Board to approve or deny the proposed project as part of its ongoing responsibility to manage Lot No. 731. The project as presented raises a number of issues related to beach access, maintenance, easements across the property, insurance, indemnification, financial obligations for resident (private) parking, and other details that must be negotiated and included in a parking management agreement and/or other agreements between the City and the Developer for the Board's consideration and approval.

DISCUSSION

Based on feedback and/or requirements from City staff and the California Coastal Commission, the Developer has modified the design multiple times since a preliminary design was attached to the CAO's report presented to City Council in June 2022. Due in large part to multiple lawsuits filed and recently resolved, the project has not been previously considered by this Board. According to the LAAC, the Board has the authority and responsibility to direct and manage the repurposing of all LADOT public parking lots, which includes the authority to determine the requirements for the proposed redevelopment of Lot No. 731. Below is LADOT's evaluation of the project as currently proposed by the Developer, and alternatives considered by LADOT.

Current Proposed Project

Preliminary Design Observations

Included as Attachment "B" is the most current project design provided to LADOT by the Developer in October 2024.

1. Compared to the 2022 preliminary design referenced earlier, the latest design reduced the number of housing units from 136 to 120. The proposed public parking also decreased from 252 parking

spaces in the east parking structure to 200 parking spaces spread over two parking structures (23 in the west and 177 in the east) which exceeds the required replacement parking of 196 spaces.

- Most patrons that use Lot No. 731 travel west directly to the beach and/or use the Ocean Front Walk. With most of the public parking proposed to be replaced on the east side of the property, patrons will have to walk roughly a few hundred feet further which may negatively impact the utilization and revenues of the parking structure, and reduces beach and Ocean Front Walk access.
- 3. Portions of the proposed east parking structure's exterior walls will be within a matter of inches from the walls of the surrounding housing units. The proposed plan is to build a new public parking structure, and then build the housing immediately adjacent to the exterior. Having these walls so closely co-located raises liability and cost concerns due to uncertainties during construction and complicates future maintenance and rehabilitation. Any delays during the construction of the parking structure may impact the overall development schedule and thereby increase construction costs of the adjoining housing development which could obligate the City to compensate the Developer. Given the close proximity of this facility to the ocean and noting the fact that Southern California experiences earthquakes periodically, should the exterior concrete parking structure walls require rehabilitation from salt and moisture corrosion and/or seismic activity, it is unclear how this will be addressed between the City and the Developer given the immediately adjacent walls of the housing development, as any associated costs will likely impact those adjacent dwelling units.
- 4. There are other design requirements that LADOT and the Developer have yet to successfully work through such as rollup gates to secure the facility after hours, parking office and storage rooms.

Cost Estimates

The project proposal includes the City paying for the cost of the proposed East Parking Structure including hard and soft costs. LADOT received a detailed estimate for the East Parking Structure from the Developer in 2021 with a total City cost of \$17,207,981 and Developer cost of \$2,284,882 for a total project cost of \$19,492,682. LADOT received an updated cost estimate as of November 2024 with a revised construction cost and same total project cost. The cost estimate includes the assumption that the City will pay all the costs for the East Parking Structure since the Developer will finance several public parking spaces in West Parking Structure. As of the drafting of this report, the cost estimates are still being vetted. The Developer claims that the total cost of the project remains roughly the same because of design revisions to remove mechanical lifts that were once proposed to be used in the structure. LADOT projected out the 2021 East Parking Structure City construction cost and the total City project costs (planning, design, construction, etc.) to the current year in the table below. Under the current proposal, the City is obligated to pay for the entire cost of replacement public parking in the East Parking Structure with a total project cost conservatively estimated by the City at roughly \$22 million, all of which is to be funded with general obligation bonds issued by the City's Municipal Improvement Corporation of Los Angeles (MICLA). \$11.6 million in MICLA financing was initially authorized by Council in the 2022-23 budget cycle, and that authorization expires if the funds are not expended within three years of authorization.

	Developer's	Developer's	Developer's	Developer's	City Projected	City Projected
	2021 City	2021 Total City	2024 City	2024 Total City	2024 City	2024 Total City
	Construction	Project Cost	Construction	Project Cost	Construction	Project Cost
	Cost Estimate ¹	Estimate ²	Cost Estimate ¹	Estimate ²	Cost Estimate ³	Estimate ⁴
Proposed East Parking Structure	\$12,761,012	\$17,207,981	\$13,608,663	\$19,492,862	\$17,972,967	\$22,062,323

¹Construction estimate based on hard costs and demolition.

² Total City project cost estimate based on construction estimate plus soft costs such as planning, design, permits, etc. and contingency costs.

³ Based on cost estimate provided by the developer in 2021 (\$12,761,012) and escalated to 2024 cost using the annual inflation rates from the California Construction Cost Index (13.4% from 2021 to 2022), and the City of Los Angeles Bureau of Engineering (BOE) (15% from 2022 to 2023 and 8% from 2023 to 2024).

⁴ Based on cost estimates provided by the developer in 2021 (total City project cost: \$17,207,981; City construction cost: \$12,761,012; removal of parking lift equipment: \$680,400) and escalated to 2024 cost using the construction estimate escalated to 2024 cost and the remaining soft costs escalated using BOE escalation rates (0% for 2021 to 2022, 4% for 2022 to 2023, and 4% for 2023-2024).

Project Parking Agreement Status

The Bureau of Engineering and the Developer have been working together to draft a parking agreement that clearly states the terms and conditions to allow the Developer to construct the public parking structure and to be reimbursed by the City with MICLA bond financing. Work remains to refine the scope of work as well as the milestones/payment schedule.

Project Alternatives

Below are the alternatives considered with LADOT's assessments of benefits and disadvantages.

1. Approve the affordable housing project on Lot No. 731 as proposed by the Developer. (Not recommended)

Pros:

• Quickest alternative for a mixed-use development with affordable housing.

Cons:

- Design and liability concerns by having a parking structure that has other structures immediately adjacent to it.
- Approximately \$20 million impact to General Fund for construction of a parking structure during the current fiscal crisis.
- Loss of parking revenue during construction and value of land transferred for free.
- Reduces beach access and potentially parking revenue with longer distance to walk to the beach and Ocean Front Walk.
- Will not allow for future development of the lot to include increasingly desirable additional mobility options (car share, bike share, micro-mobility, shuttle service, transit store, etc.).
- 2. Deny the use of Lot No. 731 for the affordable housing project as proposed by the Developer and keep the existing surface parking lot. (*Recommended*)

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Pros:

- Eliminates design and liability concerns from a parking structure with residential structures immediately adjacent to it.
- Reduces the potential General Fund burden due to MICLA commitment by roughly \$20 million during the current fiscal crisis.
- City retains ownership and use of the Lot No. 731 property with no loss in land value and parking revenue due to construction.
- Allows for future development opportunity that may include additional capacity for increasingly desirable mobility options and improved beach access. Lot No. 731 is situated at a prime location with excellent connectivity to major transportation corridors, bike paths, and pedestrian-friendly streets. It offers a rare opportunity to integrate multiple modes of transportation into a cohesive mobility hub. Its size, accessibility, and proximity to transit lines make it ideal for implementing:
 - 1. **A Multi-Modal Transit Center:** With space to accommodate bus stops, a transit store, community shuttle service, car share, bike-sharing stations, micro-mobility, and ride-hailing pick-up zones, Lot No. 731 can become a central point for residents and visitors to navigate this part of the City seamlessly.
 - 2. Electric Vehicle (EV) Charging Stations: As Venice moves toward sustainable transportation solutions, dedicating Lot No. 731 to expanded EV infrastructure could encourage greener commuting options while serving the increasing demand for charging stations.
 - 3. **Expanded Bike Infrastructure:** The proximity of Lot No. 731 to Venice's existing bike paths makes it a natural fit for a secure bike storage and repair facility, further encouraging cycling as an eco-friendly commuting option.
 - 4. **Pedestrian-Friendly Enhancements:** With ample space to include shaded walkways, resting areas, and public art installations, Lot No. 731 can enhance the pedestrian experience and contribute to Venice's vibrant urban culture.

Cons:

- Eliminates mixed-use development with affordable housing on Lot No. 731, although option 4 below offers the opportunity for the placement of affordable housing on Lot No. 701.
- Developer will likely seek reimbursement from the City for approximately \$3 million in predevelopment expenses incurred to date.
- 3. Approve an affordable housing project on Lot No. 731 with the required minimum number of 196 replacement parking spaces in a stand-alone parking structure on the west side of the property. (*Not recommended*)

Pros:

- Allows for a mixed-use development with affordable housing.
- Reduces design and liability concerns by having a parking structure that does not have other structures immediately adjacent to it.
- Provides parking spaces closer to where most of the patrons are walking, thereby resolving concerns regarding beach access.

Cons:

- Will result in redesign of the proposed project, triggering additional costs and delays.
- More than \$20 million impact to General Fund for redesign and construction of a parking structure.
- Loss of parking revenue during construction and value of land transferred for less than full market value.
- Will not allow for future development of the lot to include increasingly desirable additional mobility options.
- 4. Recommend that LAHD evaluate the feasibility of relocating the proposed affordable housing from Lot No. 731 to Lot No. 701 with no replacement parking required. *(Recommended)*

Lot No. 701 is located at 2150 Dell Ave in Venice, across the street and to the northeast from Lot No. 731 (see Attachment "A"). Lot No. 701 is a 150 space paid public parking lot in a residential area. The lot is primarily utilized during summer weekends and holidays, and has low usage during other times. On Fridays, there is a farmers' market on the parking lot that can be relocated, if needed. The lot is operated by an attendant, as needed, on summer weekends and holidays as an overflow parking lot to Lot No. 731, otherwise the lot remains closed to public. Rates vary from \$5 to \$25 per day at the lot depending on the time and day. Annual revenue generated from this parking lot is approximately \$114,000.

Pros:

- Allows for a thorough evaluation of the potential site.
- Allows for potential mixed-use development with affordable housing, possibly with a higher number of affordable housing units than the 120 proposed for Lot No. 731.
- Allows for future development opportunity on Lot No. 731 that may include increasingly desirable additional mobility options.
- No requirement to replace the parking spaces and thus no cost to General Fund for construction a parking structure during the current fiscal crisis. The parking spaces could be replaced in a future mobility hub project on Lot No. 731.
- An affordable housing project on Lot No. 701 instead of Lot No. 731 would reduce the loss of parking annual revenue by approximately \$633,000.
- Maintains existing public parking spaces closer to the beach and Ocean Front Walk.

Cons:

- Will result in a new affordable housing project requiring more time for design and entitlement.
- Loss of 150 public parking spaces, which would require California Coastal Commission approval.
- Loss of approximately \$114,000 in annual parking revenue and value of land likely transferred for less than full market value.

Evaluating the alternatives above, LADOT recommends denying the current project as proposed based on the disadvantages outlined in Option 2. Given the lack of affordable housing in the area that the current project would provide, LADOT recommends that the Board also consider Option 4 and recommend that LAHD evaluate Lot No. 701 to determine the suitability of the site for a new affordable housing development that will not require any replacement parking, which would be subject to California Coastal Commission approval. The recommendation to relocate the proposed development of new affordable housing from Lot No. 731 to Lot No. 701 in Venice provides an opportunity to enhance both community resources and mobility options for the residents of Venice. While affordable housing is a critical need, the unique potential of Lot No. 731 to become a mobility hub makes it a more impactful site for long-term urban development, while still providing an opportunity for an affordable housing project on nearby Lot No. 701. The relocation recommendation in Option 4 represents a strategic and thoughtful choice for the community.

Should the Board select any other alternative that proposes the development of affordable housing on Lot No. 701 or Lot No. 731 where replacement public parking is required, the project will come back to the Board for approval of applicable parking management agreement(s).

FISCAL IMPACT STATEMENT

Depending on the option selected, there are potentially significant impacts to the General Fund and/or Special Parking Revenue Fund (SPRF) during the City's current fiscal crisis. The design and construction of a parking structure to replace the existing public parking lot is estimated to be between \$19.5-\$22.1 million. Currently, the Developer proposes to have the City fund all amounts for the construction and maintenance of the new parking structure by issuing general obligation bonds from MICLA, which is a General Fund obligation of the City. LADOT public parking lot revenue generated from existing public parking lots is deposited into the SPRF. The estimated loss of annual parking revenue during construction of the project proposed by the Developer at Lot No. 731 is approximately \$747,000. The estimated loss of annual parking revenue at Lot No. 701 is approximately \$114,000 per year. In addition to the loss of annual revenue from operations, SPRF will lose the revenue that could be generated from the sale of the property and deposited into the SPRF, potentially estimated in the tens of millions of dollars if the Lot No. 731 property were to be sold for full market value.

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Attachments

APPROVED: 12/10/2024

Board of Transportation Commissioner

Commission Executive Assistant

ATTACHMENT "A"



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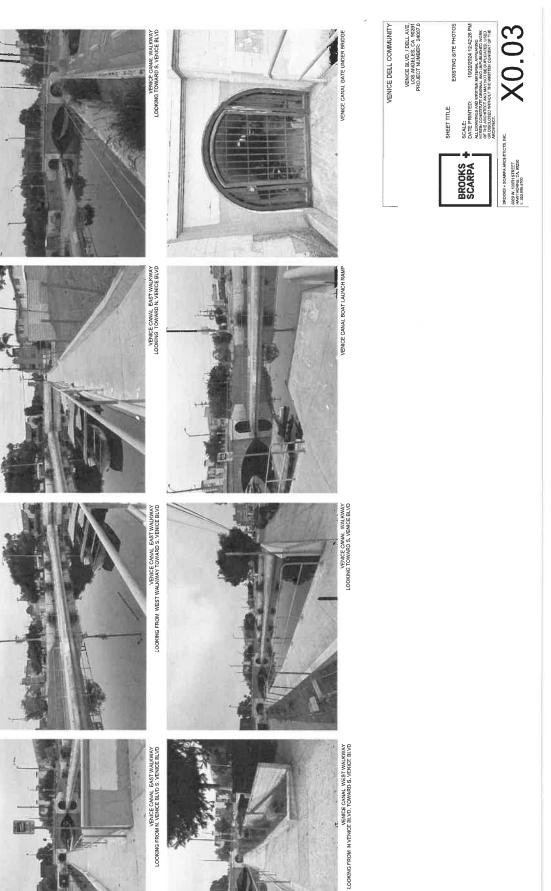
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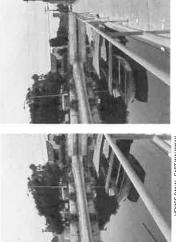


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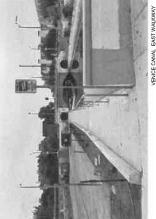


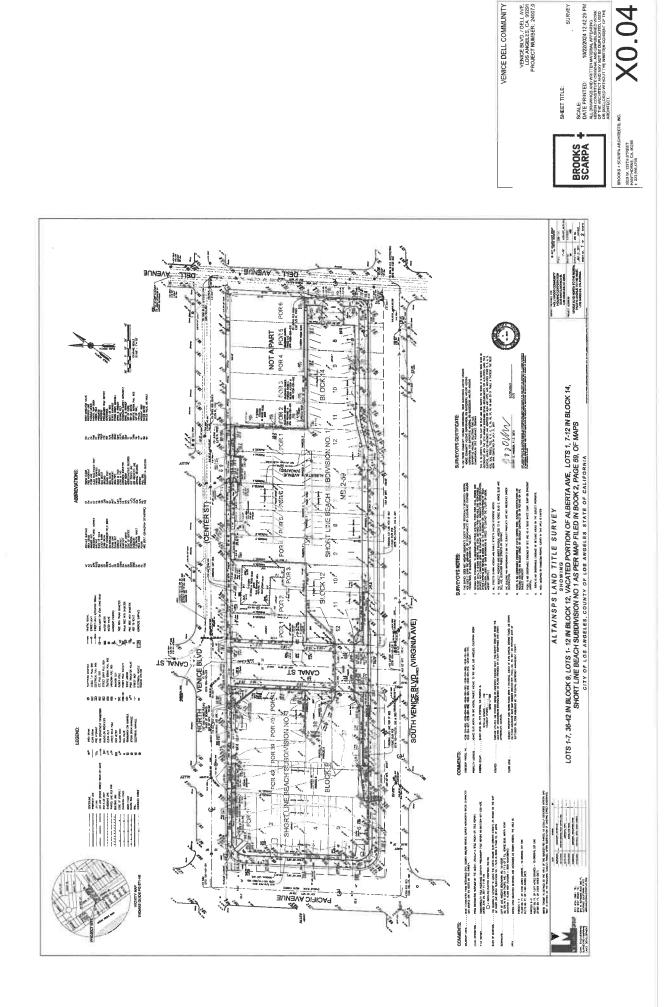




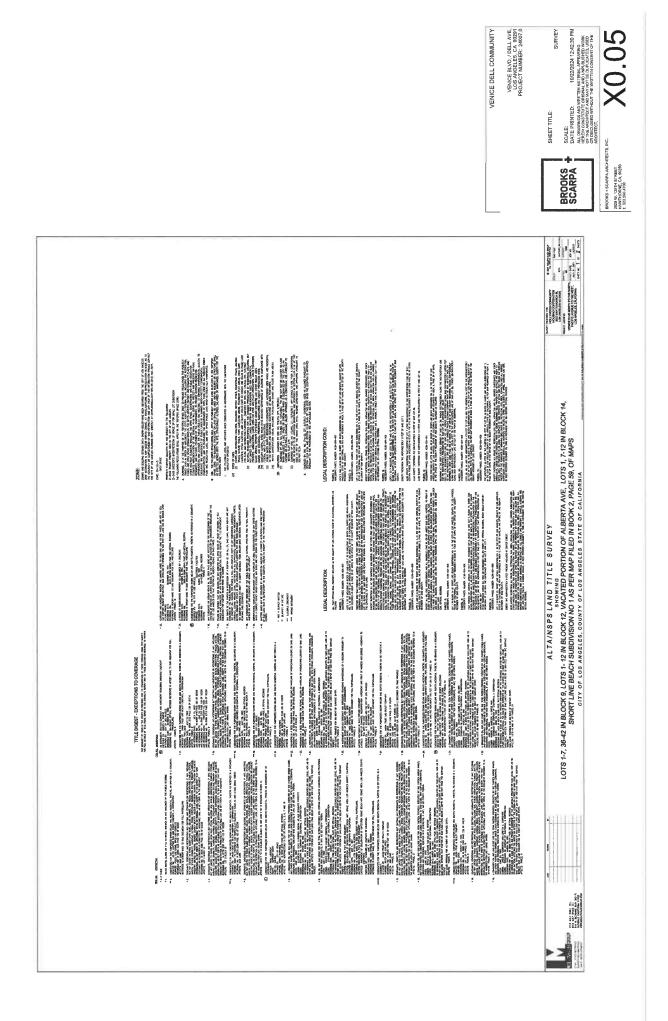


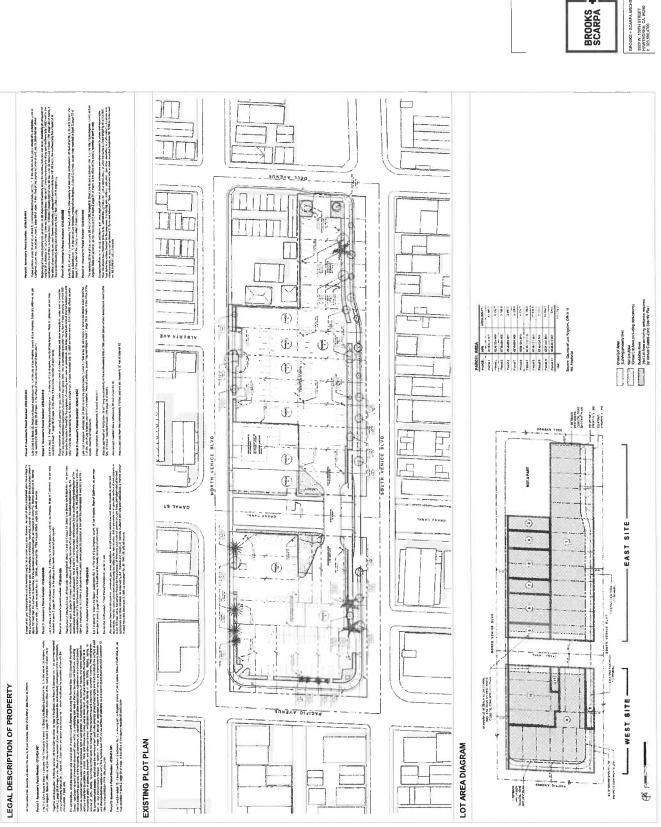




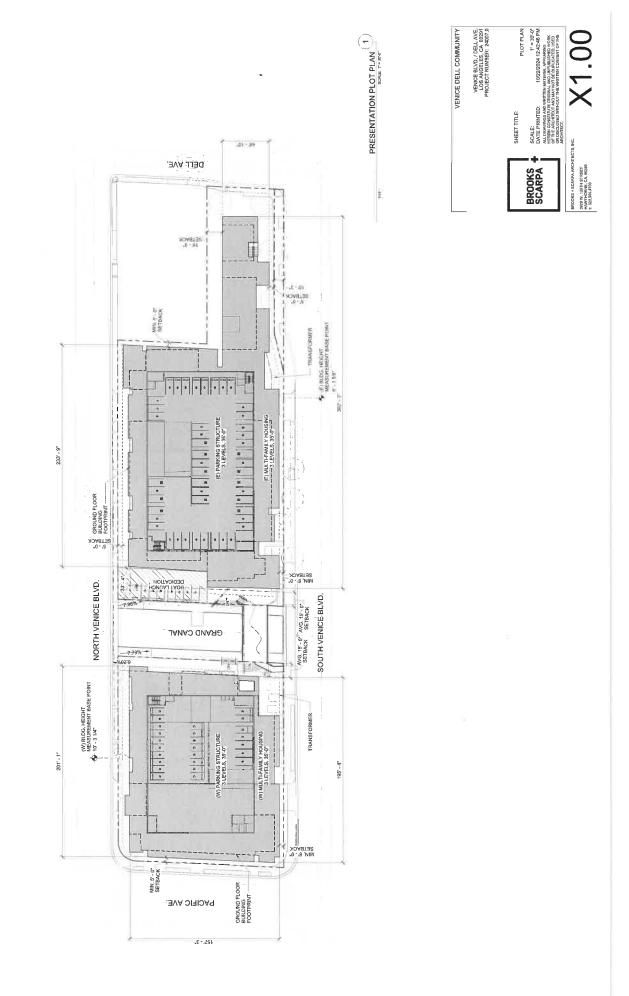


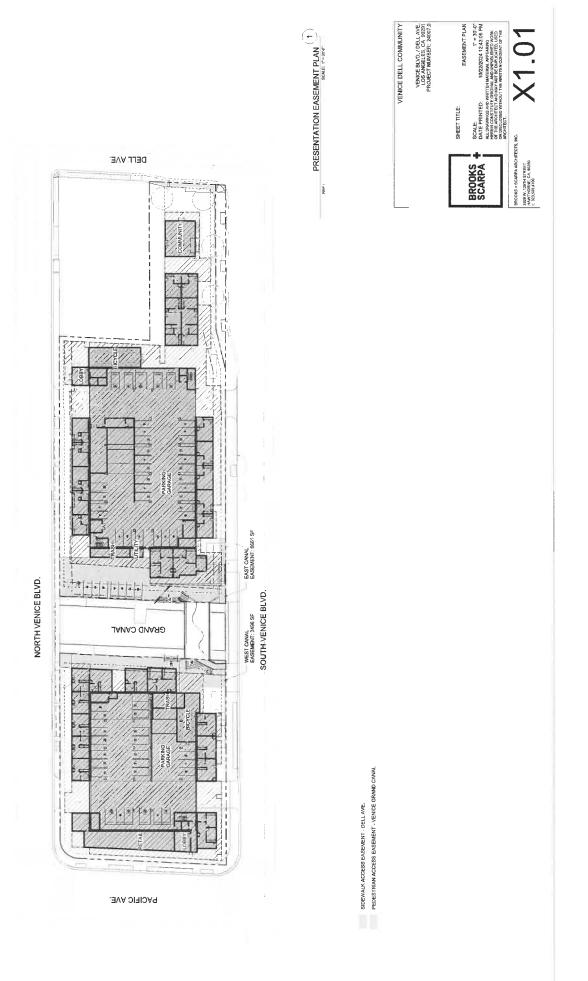
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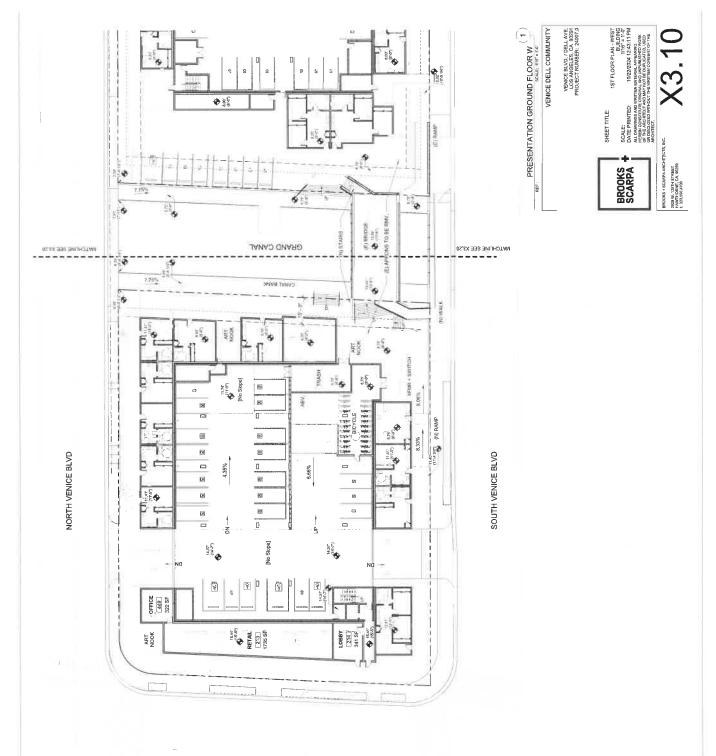




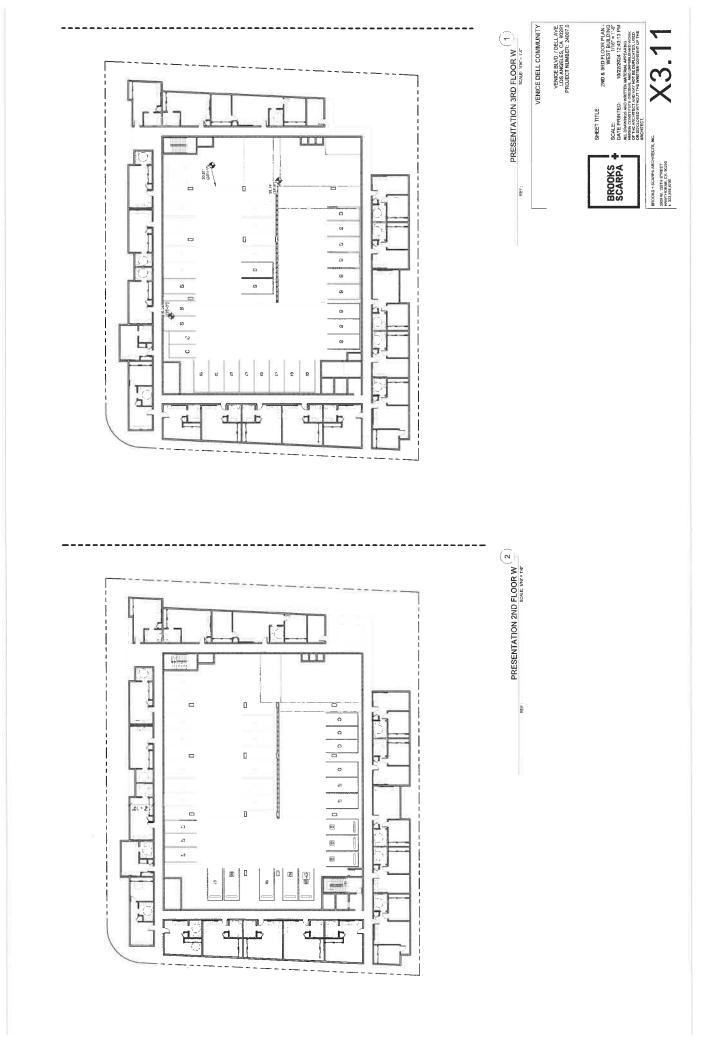
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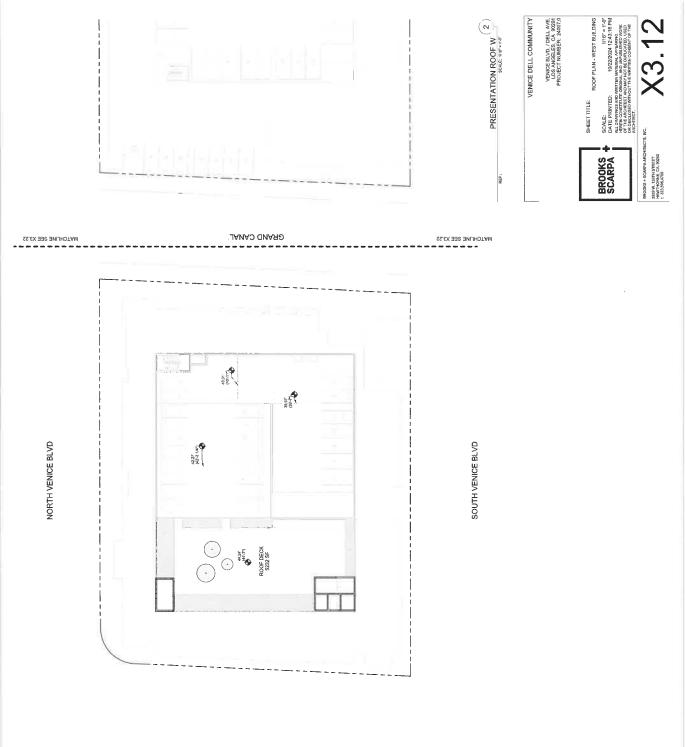




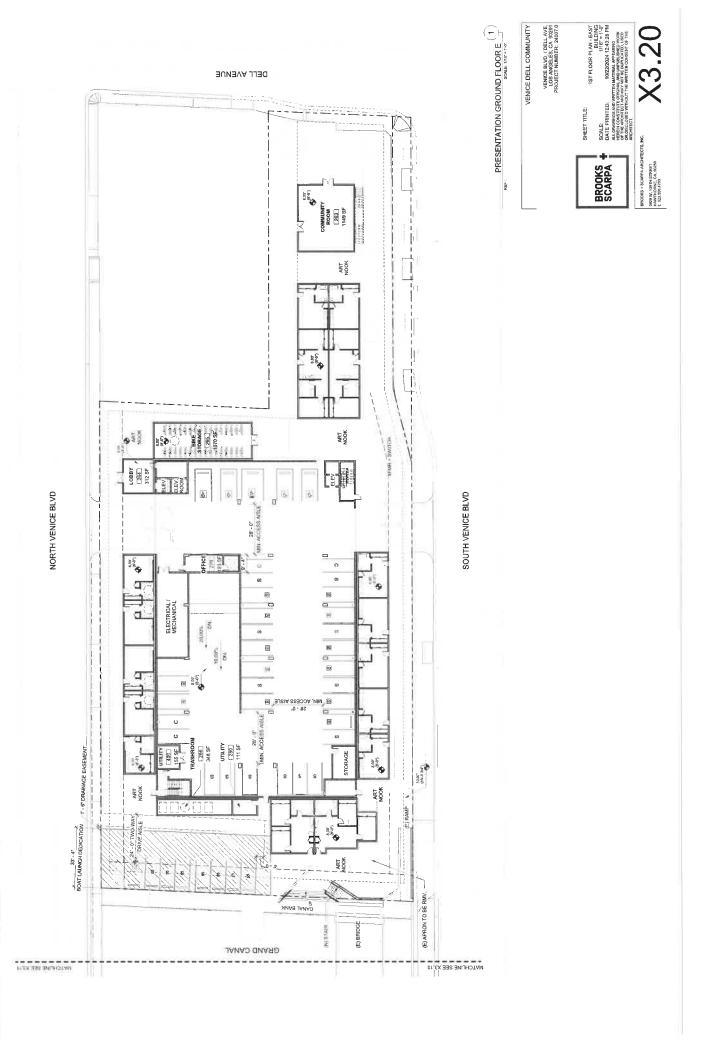


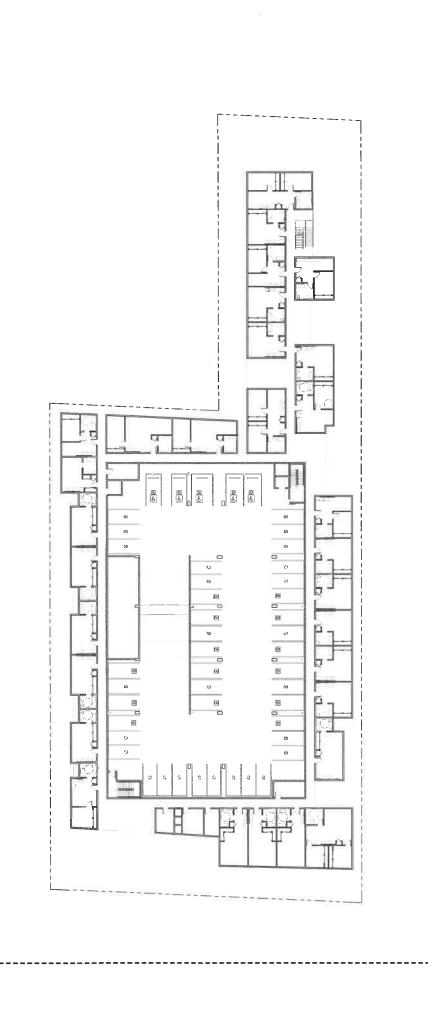
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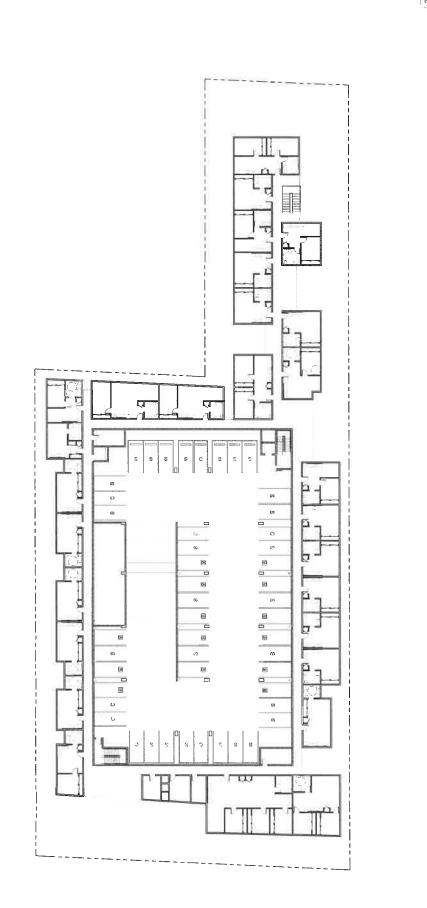


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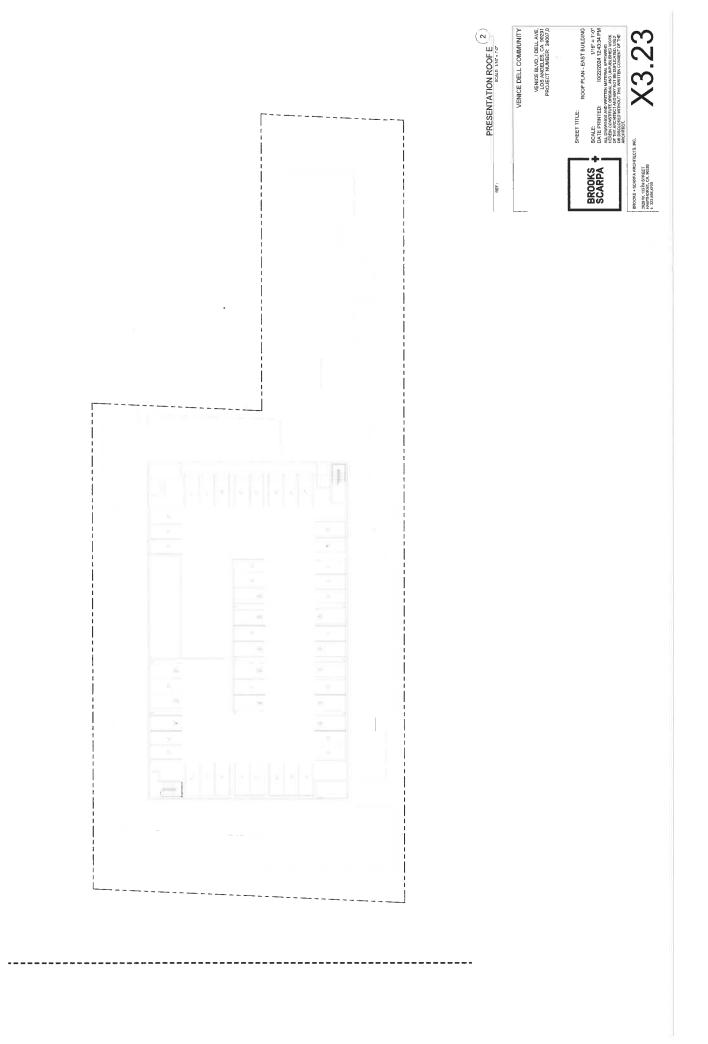


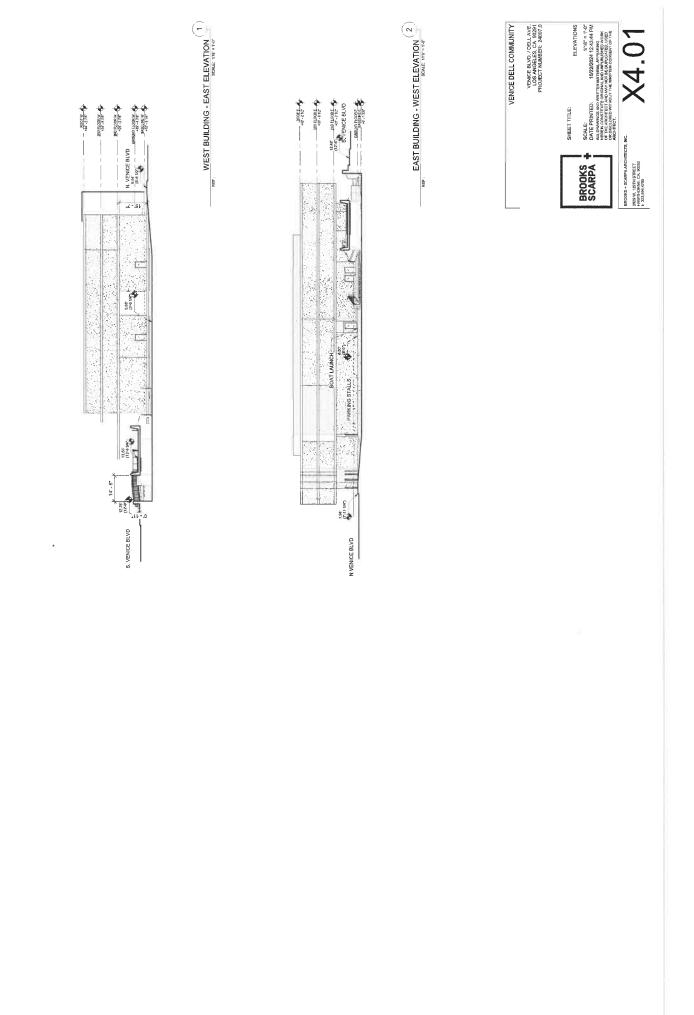


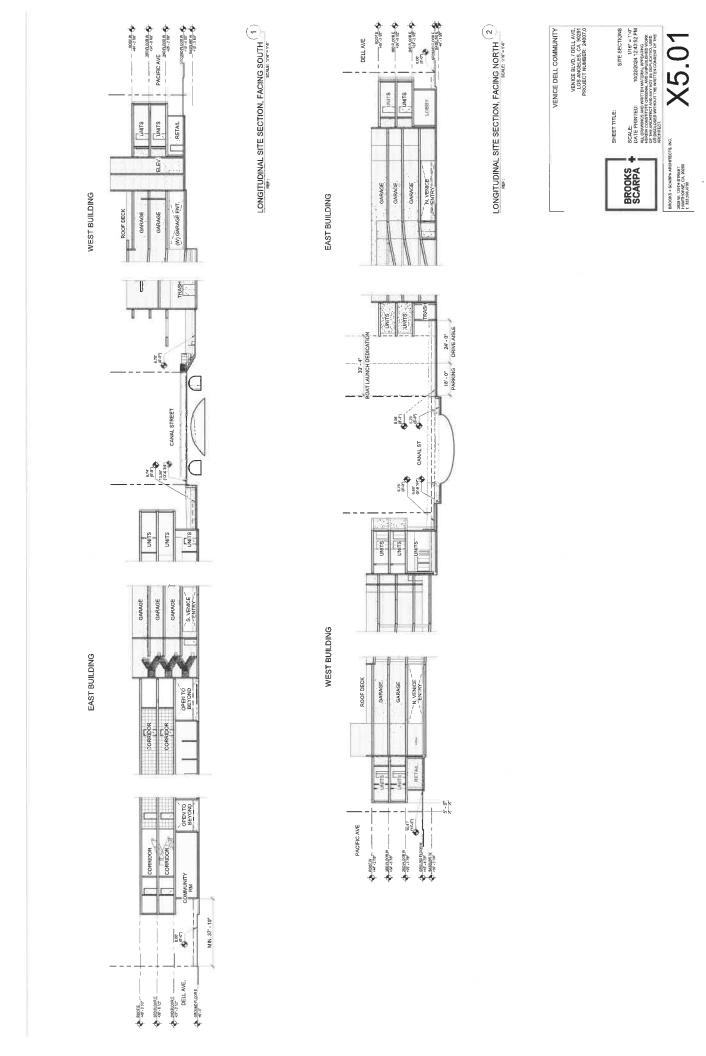
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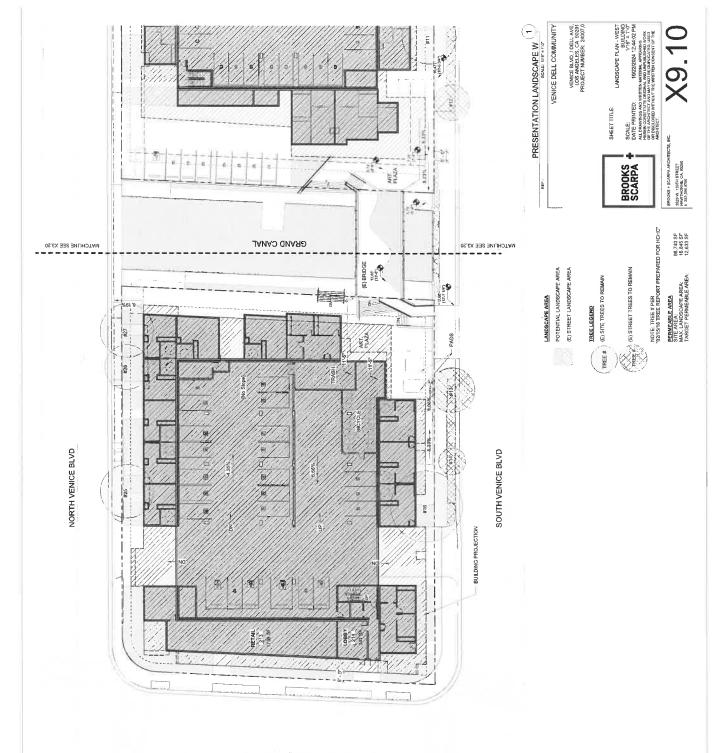












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