

## **WESTSIDE SPECIFIC PLAN STAKEHOLDERS ADVISORY COMMITTEE**

**MEETING # 5: September 28, 2021**

### **MINUTES**

**MEMBERS PRESENT, Conference Room #3, City Hall:** Jack Cline, Steve Freed, Judith Merlo, Marisa Olguin, Tony Shamtobi, Kevin Wilson, Melissa Ybarra

**MEMBERS PRESENT via ZOOM:** Juliet Goff, Doug Williams, Marlene Ybarra

**STAFF PRESENT:** Carlos Fandino, Dan Wall, Manny Garcia

**STAFF PRESENT via ZOOM:** Angela Kimmey

**CONSULTANTS PRESENT:** Phil Burns, Ian Dickenson, Lance Lowrey, Abel Garcia, Bob Paternoster

**CONSULTANTS PRESENT via ZOOM:** Jane Carlson, Zachery Zabel

#### **Introduction:**

Carlos opened Meeting #5 at 3:02 P.M. and welcomed the Committee. He stressed the importance and urgency of the Committee's work on the Westside Specific Plan. He said that Vernon will stay true to its roots as an industrial city, but emphasized the need to increase the population in order to have a larger and more diverse electorate. He indicated that there are those who are trying to take over of the City through control of a small number of new voters, even if this means bringing a homeless encampment into Vernon. He concluded that even though such action might be to the immediate short-run advantage of a few, it would be disastrous for the long-run of the City as a whole.

Kevin agreed that the immediate need is to build more housing in the Vernon. Jack asked how many new units are required, and Carlos replied 600 to 700, in order to increase the population by about 2,000 persons. Carlos stated that he is committed to maintaining a balance of power in the City, with neither the City Administrator, nor the City Council, nor the City Attorney having monopolistic power.

Bob reviewed the progress of the Committee through its first four meetings, noting that together we had adopted six goals for the project, identified four clusters of buildings suitable for conversion to non-industrial use, selected three of these clusters for first priority action, and devised a workable plan for diverting truck traffic from Santa Fe Avenue to Alameda East and for dramatically reducing auto trips on Santa Fe Avenue south of Vernon Avenue. He concluded

that the proposed traffic plan opens the opportunity to undertake creative development along Santa Fe, and that is the focus of the agenda for Meeting #5.

### **Catalytic Development Opportunities:**

ACTION CLUSTERS & CATALYTIC SITES: Phil reviewed the four clusters of buildings judged suitable for creative reuse and the three recommended by the Committee for first priority action. He stated that the two clusters on the north and south portions of Santa Fe Avenue provide the exciting opportunity to revive Santa Fe as the “main street” of Vernon, and noted that proposed physical upgrades of the street with large street trees, curbside parking and sidewalk improvements are necessary in order for development in these clusters to be successful.

Phil continued that the consultant team searched through these clusters to find the most suitable buildings with owners who were supportive of conversion to residential, production retail, and/or creative office uses. The consultant team was pleased to identify three such catalytic development opportunities within these clusters: (1) the Civic Center, where new residential and traditional small retail would be the focus; (2) the large brick building at 4400 Pacific Boulevard, where production retail, restaurants, markets, creative office and residential would be the focus; and, (3) 5201 Santa Fe in the southern cluster where live-work would be the focus, consistent with the Committee’s identification of this area close to Huntington Park as the best cluster for residential uses.

Ian stressed the importance of the catalytic sites as the early adopters which will inspire and drive the long-range development of Vernon. These sites, involving largely the creative reuse of fine old existing buildings, serve three purposes: to retain the historic character of Vernon, to demonstrate flexibility and diversity in land use, and to stimulate (serve as a catalyst for) development on adjacent sites, all along the Santa Fe corridor.

### **CIVIC CENTER COMPLEX:**

Ian presented the proposed development within the Civic Center Complex. He stated that the City is prepared to make available the large site which it owns just west of City Hall, now occupied partially by Petrelli, for private development of multi-family apartments. The consultant team tested a variety of building types on the site, including a high-rise tower, and determined that the most feasible development was a mid-rise building of five stories of apartments over two levels of parking, with a full range of residential amenities including both private and public open space. The development would create at least 301 new residential units. The residential development would be connected via a pedestrian and bicycle corridor to

Vernon Plaza, a redevelopment of the existing Civic Center plaza to include abutting small retail development (e.g., coffee shop, sandwich shop, FedEx office) in the first level of the parking garage and in the parking area under the City Hall building along Santa Fe. This open space could become the central town square, where residents and employees would gather for lunch, relaxation and socializing.

Phil stated that it is not enough for the consultant team to come up with interesting and attractive development proposals; it is also necessary to test the feasibility of such development, using two criteria: parking availability, and financial feasibility. The Civic Center proposal meets all parking requirements, since the residential development will provide its own private parking and the 18 parking spaces required to support the new retail will be available in the existing City Hall parking structure when the City completes relocation of some staff and related parking to other sites. The 0.9 spaces per apartment might seem low, but it is typical of residential developments of this type. In addition, in order to comply with the State's Surplus Land Act, the City must guarantee that 25% of the apartments will be affordable (the State law would require that the entire site be offered to an affordable housing developer if the number of units was less than 300).

Phil continued that the financial feasibility was examined using the accepted real estate industry analysis of "residual land value", wherein an estimate is made of the amount that can be paid to buy the land after all net construction and operating costs are deducted from the total value of the development; the project is feasible if this residual land value equals or exceeds the current market value for land. For the Civic Center proposal, the residual land value is estimated to be \$40 per square foot. Phil pointed out that this is less than current market value of land, but that the City is anxious to realize the development and is willing to accept less than market value for its land, making this proposal feasible.

#### 4400 PACIFIC BOULEVARD:

Ian stated that 4400 Pacific Boulevard is the large brick building that stretches along the east side of Santa Fe Avenue just south of the Vernon/Pacific intersection. He said that the building type and dimensions are uniquely suited for restaurant, production retail, and entertainment uses, perhaps combined with residential. The proposal removes the uninteresting concrete structure at the corner, and replaces it with an open plaza entrance to the development. The northern portion of the brick building could come alive with a production retail use such as a brewery, other restaurants, and a marketplace. Live/work uses could take place moving south, and a new mid-rise residential building (five-story over two levels of parking) could be constructed within the existing brick walls at the far southern end. Overall, the proposal would result in 48,000 sq. ft. of brewery/restaurant uses, 38,700 sq. ft. of farmers' market/co-op uses, 31,300 sq. ft. of production retail uses, and 65 new residential units. He concluded that this

unique cluster of different but mutually reinforcing uses could attract both customers and residents to this location in the very center of Vernon.

Phil reported on the feasibility of this proposal using the same parking availability and financial feasibility analyses. Parking demand using tradition ITE ratios would be 339 spaces, but since the different uses would have peak parking demand at different times of the day, only 247 spaces would be necessary if the parking spaces are shared. The existing surface parking lot can provide 180 spaces, and 32 employee parking spaces can be provided in the small vacant lot across Pacific Boulevard which is owned by the same property owner. The City Hall parking structure can provide 50 parking spaces, perhaps as valet parking, and 172 parking spaces will be available within a five minute walk along Santa Fe and along Pacific. The total of 434 spaces exceeds the parking demand. With regard to financial feasibility, Phil reported that the analysis reveals a residual land value of \$57 per square foot, which slightly exceeds the market value of land for comparable projects.

5201 SANTA FE AVENUE: Ian stated that the southern cluster along Santa Fe contains many sound buildings which are uniquely suited to reuse. These include the Utopia Building on 51<sup>st</sup> Street, and the prior Joie Jeans Buildings at 5201 Santa Fe. The latter are a small two-story building on the corner, and a large three-story building to the south; both are beautiful buildings in good condition. The small building can be reused with a 9,563 sq. ft. restaurant on the ground floor and 7,043 sq. ft. of office space above. The dimensions and window design of the large building are perfect for 47,304 sq. ft. of 32 live/work units and 6,318 sq. ft. of production retail activity (ground floor only). A restaurant and outdoor patio could be constructed on the roof, with excellent views of all of Vernon and of Downtown Los Angeles.

Phil reported that the parking demand of 53 spaces using shared parking standards can be accommodated by the 69 spaces in the existing on-site surface parking lot; in addition, 135 spaces will be available on-street within a five minute walk. With regard to financial feasibility, the proforma results in a residual land value of \$99 per square foot, in excess of the average current market value of land for comparable projects of \$53 per square foot. Phil reminded the Committee that the streetscape along this stretch of Santa Fe would be substantially upgraded, with two moving lanes and a median turn lane, curbside parking and bike lanes on both sides, and large shade trees all along the right-of-way, helping to stimulate development on adjacent sites as well.

OTHER AREAS OF INTEREST: Phil stated that, in addition to the three catalytic development proposals, the team is also considering three other areas of interest. First is the five-story Williams building on the northeast corner of Vernon Avenue and Alameda East, which is within walking distance of the Metro light rail station and which can be connected to the Civic Center

Complex via a proposed greenway and bike trail along the adjacent abandoned rail right-of-way. This building might be suitable for creative office use or live/work units.

Second is the row of small buildings along the east side of Santa Fe moving north to 38<sup>th</sup> Street. These are already being converted to production retail and benefit from their proximity to the Los Angeles Arts District. The streetscape along Santa Fe north of Vernon Avenue will retain two moving lanes in each direction, but with the median turn lanes removed in most areas, curbside parking, large shade trees in extended tree wells, and sidewalk improvements can be made to support continuing creative reuse of existing buildings.

Third is the Pacific/Hampton Cluster which was singled out by the Committee. The smaller buildings in this area appear to be particularly suitable for small adaptive reuse and creative office/R & D uses, such as production studios. The team does not believe this area is best suited for residential use due to its lack of connection to residentially supportive amenities and the heavy existing and future traffic on Pacific Boulevard, which will become a designated truck route.

#### **COMCLUSIONS:**

Phil summarized the presentation, concluding that the analyses had demonstrated that there are a wide variety of possible and desirable uses; that residential development is possible, meeting the City's primary objective and also driving the economic feasibility of new development; and that creative parking solutions, including shared parking and extensive new on-street parking, are important to provide support for retail uses.

He referred back to the six project goals adopted by the Committee, and demonstrated how the proposed catalytic developments and public streetscape improvements successfully addressed all six. And, he concluded, the three catalytic development proposals themselves, without considering other areas of interest and future projects which the catalytic developments will stimulate, amount to more than 400 residential units, substantially fulfilling the goal of the City.

#### **Committee Discussion:**

Jack stated that his intimate knowledge of the market suggests that the financial analyses utilized retail and office rents that are aspirational, and residential rents that are super aggressive. Jane Carlson, whose firm conducted the financial feasibility analyses, admitted that the rents were somewhat optimistic, but said that they were consistent with comparable areas

such as Frogtown and the CASP; the high rents achieved in the Arts Districts were not considered comparable.

Jack further stated that the \$53 per square foot land market value utilized in the analyses was far below current market value, with recent sales averaging \$90 per square foot. He also recommended that the number of two-bedroom units in the Civic Center development, proposed at 35%, be reduced to increase the number of higher demand one-bedroom units, thereby increasing the total number of units from 301 to nearly 350.

Doug confirmed Jack's figures on current market value of land, believing that it is actually closer to \$105 per sq. ft. He expressed concern that the basis of the plan might be flawed. A discussion followed about the market price of land and the current situation wherein logistics users often offer the highest rents. Jane acknowledged that in the nearby cities of Carson and Commerce, logistics users are driving up rents; however, they are also creating new challenges for these cities, including pushing out mixed use development, generating substantial truck traffic, and causing rapid infrastructure deterioration.

Juliet stated that she was sorry to have been unable to attend the last meeting on traffic, and felt uncomfortable over the proposed reduced traffic capacity on Santa Fe south of Vernon Avenue. Bob invited Juliet to call him so that he could review with her the traffic studies which were discussed in Meeting #4. Juliet also questioned whether a brewery could be located across the street from a public elementary school, as proposed for 4400 Pacific.

Kevin asked why the Civic Center proposal didn't include replacement of the 10 single-family homes with multi-family apartments. Lance replied that such is not included in the first phase of development, but might be considered by the City over time as initial projects are successful and housing demand in Vernon increases. Kevin also asked if the proposed new housing was intended to be apartments or condominiums. Bob replied that obviously condominiums are preferred, but the current market in Vernon probably will not be supportive.

Tony asked when the streetscape improvements along Santa Fe will be made. He stated that such will be very important for development of his building and to encourage other property owners to follow suit. He expressed the need of property owners for land use flexibility, and Phil responded that the Specific Plan will provide more flexibility than is currently provided in the Zoning Ordinance.

Marisa asked if the team investigated present office and restaurant rents in Vernon. Ian replied that present rents would not be indicative of the rents that much more "cool" commercial development would generate. The proposals do not seek traditional retail and office uses, but rather the types of uses now found in the Arts District. He assured the Committee that the Arts District market is moving southward, now coming very close to Vernon.

Doug reflected upon the City's residential goals, noting that they do not include Section 8 housing. He stated that the amenities proposed by the consultant team in the catalytic projects should attract the right kind of residents to Vernon.

Steve suggested that in order to get the ball rolling, we narrow our sights and focus on an immediately doable project, such as the Civic Center proposal. Phil and Bob concurred with this recommendation, but pointed out that the Specific Plan must guide development for the next 10 to 15 years.

Jack expressed disappointment that the team was not considering residential development along Pacific, noting that it is proximate to the Huntington Park downtown. Lance replied that it is actually about a mile from the beginning of the Huntington Park commercial center.

**Future Meeting Schedule:**

Phil thanked the Committee members for their thoughtful criticism and comments, and assured them that the consultant team will consider all of their concerns and respond to them at subsequent meetings. The input and support of the Committee to date is sufficient for the team to now proceed to preparation of the Draft Specific Plan, which will include specific recommended amendments to the Zoning Ordinance and Map. This will be the major agenda item for the next meeting. He concluded that the consultant team has a lot of work to do, and cannot at this time set an exact date for Meeting #6.

Bob adjourned the meeting at 5:09 P.M.

Respectfully Submitted,

Bob Paternoster, Moderator