



REVISED

**REVISED
PLANNING AND PROGRAMMING COMMITTEE
MARCH 16 24, 2005**

SUBJECT: TAYLOR YARDS RECOMMENDED JOINT DEVELOPMENT PROPOSAL

ACTION: AUTHORIZATION TO ENTER INTO AN EXCLUSIVE NEGOTIATION AGREEMENT WITH TAYLOR YARDS, LLC

RECOMMENDATION

Authorize the Chief Executive Officer to enter into a six-month Exclusive Negotiation Agreement (ENA) with Taylor Yards, LLC for the development of approximately seventeen acres of Los Angeles Metropolitan Transportation Authority (Metro) owned properties located adjacent to the Metrolink Maintenance of Way facility along San Fernando Road and the Los Angeles River.

ISSUE

In July 2004 Metro received an unsolicited proposal from Taylor Yards, LLC to develop 238 for-rent housing units, 76 for sale housing units, and 74,400 square feet of local community serving retail/commercial space. At its January 19, 2005 meeting the Planning and Programming Committee considered a Staff recommendation to enter into a six month Exclusive Negotiation Agreement for this proposed project. Committee members requested that staff re-examine several issues related to this development project and to return to a future Planning and Programming Committee.

One of the key issues was that the density of the project was too low. The developer has submitted a new plan reflecting a higher density (Attachment A). The revised plan increases the development density from 338 housing units to 451 housing units. The increased housing density occurs in the northern end of the property. Condensing the retail area, changing the original building structures from two and three story row housing buildings to a higher concentration of three to five story central courtyard buildings and the changing from small neighborhood parks to central courtyards, attains the increased density.

The retail/commercial uses clustered in the center of the project are also configured and planned to accommodate additional housing density over time. The proposal plans for the tearing down and reconstruction of the commercial uses between years twenty and thirty and reconstructing these uses as denser housing over retail. This option allows for an

additional 359 housing units (or more with a higher density construction type), ~~for a total of~~ leases on the site and would require future approvals from the City of Los Angeles to further increase densities on the site.

The development clusters community serving retail in the middle of the site adjacent to live-work loft units. West of the retail is a group of mixed-use housing over retail units. The remaining residential units are a mix of apartment buildings and town homes. (Attachment A). The proposed development is on seventeen of the twenty-four acre Taylor Yard site. Additionally, eight acres of the site would be used to preserve potential light rail right-of-way, light rail station (Los Angeles/Glendale/Burbank line) and as an open space buffer between the Metrolink tracks and the development.

A summary of the additional questions asked at the Committee meeting along with staff's responses is included as attachment B.

After an analysis of the unsolicited proposal, including review of potential operating impacts, conformance with previous development studies, potential for future rail lines and potential benefits to Metro, staff recommends that the Board authorize entering into an Exclusive Negotiation Agreement (ENA) with Taylor Yards, LLC. Taylor Yards, LLC is a partnership of McCormack, Baron, Salazar and the CIM Group.

POLICY IMPLICATIONS

The recommended action is consistent with the goals of the Joint Development Policies and Procedures approved by the Board at its April, 2002 meeting. The goals of Metro's joint development program are to promote and enhance transit ridership, enhance and protect the transportation corridor and its environs, enhance the land use and economic development goals of surrounding communities, conform to local and regional development plans, and generate value to Metro based on a fair market return on public investment. Metro staff has concluded that the proposal meets the goals contained in the policies and procedures.

OPTIONS

Metro could choose not to enter into an ENA with Taylor Yards, LLC and seek other development proposals. Alternatively, Metro could choose to not proceed with any project at this time. Staff is not recommending either of these options because the Taylor Yards, LLC proposal conforms to general community based development guidelines, provides an appropriate development for the site, that is consistent with community expectations and includes an experienced development team. Past development proposals did not move forward because they did not meet community expectations and or receive community support. This proposal meets these expectations and has support of community representatives and elected officials.

FINANCIAL IMPACT

The recommended action will not impact FY-05 budget. Ultimately, development of Metro owned properties would result in revenues to Metro.

BACKGROUND

Since the early 1900's the Taylor Yard and surrounding area has served as a rail storage, maintenance and repair facility for freight train service. The reduction in freight train operation at this site beginning in the mid-1980's and the potential to re-use the site resulted in numerous planning studies sponsored by the City of Los Angeles First Council District and included involvement from the City of Los Angeles, Metro, CRA, Southern Pacific Railroad and the American Institute of Architects. The Taylor Yard Transit Development Study (1993-4) initiated a community-based vision for the reuse and revitalization of the area inclusive of this site and the surrounding community. Other studies included the "Los Angeles River Revitalization Study", "Center City North" along with various development alternative proposals from various development groups. The Metro site in Taylor Yards continued to be the focus of numerous development discussions including the development of a "Los Angeles River Park", community housing and education facilities, industrial and commercial developments and other recreation facilities.

Metro's Taylor Yard development site is located south of San Fernando Road and North of the Los Angeles River and runs parallel to the Los Angeles River Channel between the Metrolink MOW and the remaining Southern Pacific maintenance facilities. This is shown as Parcel C in the map of the larger Taylor Yards area shown on Attachment C.

Metro staff reviewed the Taylor Yards, LLC development proposal and its potential impacts to the operation of Metrolink and its conformance to the community based improvement objectives supported by the First Council District. The development plan buffers the Metrolink operation and preserves a light rail station location and surface parking for three hundred park and ride spaces in conformance with the Los Angeles/Glendale/ Burbank Line Rail Transit Project (1992) final EIR. A general financial offer is included in the Taylor Yards, LLC proposal that is consistent with Metro's joint development goals, and warrants further negotiations with the developer. The developer is refining issues as to the affordable housing mix, the housing density and the intensity of retail uses. Potential financial contributions from the City may be required to meet some of the City's objectives for affordable housing. The granting of the ENA will allow the developer to continue to refine issues with the City and Council office to insure that their objectives are met. The award of an ENA is not an acceptance of the terms and conditions presented by the development team. The financial terms of the offer will be discussed and refined during the ENA period to insure a fair return to Metro.

The development proposal is led by McCormack, Baron, Salazar; a national housing and development firm, and includes participation from the CIM Group, a national retail and redevelopment firm. The contact person for this development is Tony Salazar, President, McCormack, Baron, Salazar.

NEXT STEPS

After execution of an Exclusive Negotiation Agreement with Taylor Yards, LLC, Metro staff will negotiate in good faith over a six-month period to determine the specific financial arrangements, engineering constraints and schedules for this development. Staff has requested that the developer initiate a detailed environmental evaluation of the site because of the historic rail uses and identification of some rail materials residue (arsenic) previously identified in the southern most section of the site. At the end of the negotiation period, and after a more comprehensive environmental evaluation of the site by the developer and at the developer's expense, Metro staff anticipates presenting a draft Development Agreement for Board approval. Metro, however, is not obligated to enter into a Development Agreement if the development team does not meet the negotiation points to the satisfaction of the Board. Once the Board approves the Development Agreement, the developer would start final design and construction of the project.

ATTACHMENTS

- A. Taylor Yards, Conceptual Development Plan (revised)
- B. Response to Committee Issues
- C. Map of Taylor Yards (Only Parcel C is Metro Owned)

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