



Board Report

File #: 2024-0035, File Type: Project

Agenda Number: 16.

PLANNING AND PROGRAMMING COMMITTEE MARCH 20, 2024

SUBJECT: CESAR E. CHAVEZ AND FICKETT JOINT DEVELOPMENT

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer, or designee, to execute and enter into a joint development agreement ("JDA"), ground lease ("Ground Lease"), and other related documents with Chavez Fickett, L.P. ("Developer"), an affiliate of Abode Communities, for the construction and operation of a mixed-use, affordable housing project ("Project") on approximately 68,100 square feet (1.56-acres) of Metro-owned property located at the corner of Cesar E. Chavez Avenue and Fickett Street in Boyle Heights ("Site") in accordance with the Summary of Key Terms and Conditions attached hereto as Attachment A;
- B. AUTHORIZING a discount to the appraised fair market rental value for the Site of 67% or \$6,900,000 under the Ground Lease as set forth in the Summary of Key Terms and Conditions for the Ground Lease; and
- C. FINDING that the Project is exempt from the California Environmental Quality Act ("CEQA"), consistent with the environmental studies and reports set forth in Attachment B, pursuant to Sections 21080(b)(9) and 21084 of the California Public Resources Code and Section 15332 (In-Fill Development Projects) of the CEQA Guidelines; and authorizing the Chief Executive Officer to file a Notice of Exemption for the Project consistent with said exemption.

ISSUE

Since 2018, staff and the Developer have collaborated under a Board-authorized Exclusive Negotiation Agreement and Planning Document ("ENA") to conduct community outreach, refine the Project design, negotiate key terms and conditions for a JDA and Ground Lease, and study relevant CEQA issues. To advance the project into construction, authorization for the JDA and findings relevant to CEQA are required.

BACKGROUND

In February 2017, Metro published a comprehensive set of Development Guidelines for the Site which represented the culmination of substantial public input and addressed housing needs, commercial and retail opportunities and identified neighborhood amenities to benefit the Boyle Heights Community. This was followed by the issuance of an RFP for development services to achieve the goals outlined in the Development Guidelines. In January 2018, the Metro Board authorized the execution of an ENA with Abode Communities for the Site. The ENA has allowed staff and the Developer to explore the feasibility of the proposed Project; conduct additional, project-specific community outreach; study relevant CEQA issues; and negotiate the key terms and conditions of the JDA and Ground Lease that will ultimately provide for the Project's construction and operation on the Site.

The Site and the Project

The Site is comprised of approximately 68,100 square feet of Metro-owned property bounded by Cesar E. Chavez Avenue to the north, Matthews Street to the west, Fickett Street to the east, and a residential neighborhood to the south. The Metro E (formerly Gold) Line Soto Station is located approximately one-quarter mile south of the Site. This property was originally purchased for the extension of the Metro B (Red) Line subway into Boyle Heights, but with the construction of the Metro E Line's Eastside Extension, it is no longer needed for this purpose.

Community Engagement

The recommended actions follow extensive stakeholder outreach and community engagement by Metro and the Developer. Metro began the outreach process in February 2016. The stakeholder engagement process consisted of various community-focused events, workshops, and a comprehensive community meeting attended by nearly 60 participants. Comments were also taken online and accepted via email and regular mail for those who were not able to attend in person. Later in 2016, Metro formed a Design Review Advisory Committee (DRAC) to provide design oversight and help to move forward the Development Guidelines and the RFP for joint development of the Site.

Following the execution of the ENA in March 2018, the Project entered a new phase of Developer-led community outreach that consisted of a series of six community meetings and concluded with the approval of the preliminary design by the DRAC. In September 2022, the Developer provided a Project update to the Planning and Land Use Committee (PLUM) of the Boyle Heights Neighborhood Council, received input on community needs and concerns, and obtained feedback on proposed design elements. In February 2023, the Developer conducted a virtual meeting with local business owners and related stakeholders to discuss the proposed ground floor retail space and garner ideas on current service gaps in the community and possible tenants that would be interested in the space. In November 2023, residents and other interested parties in proximity to the Site were invited to hear about the status of the Project and provide additional input related to design, residential programming, onsite services, commercial space, and project site amenities.

DISCUSSION

The Project, to be named "Chavez Gardens", contemplates 109 affordable rental apartments, one

unrestricted property manager's apartment, approximately 3,000 square feet of commercial space, 44 residential parking spaces, and 6 commercial parking spaces. Renderings and a site plan for the Project are identified in Attachment C. The affordable rental apartments are made up of studio, one-, two-, and three-bedroom units with affordability levels ranging from 30% of the County Area Median Income ("AMI") to 50% of AMI. In furtherance of the JD Policy, the unit AMI thresholds reach deep levels of affordability with 100% of the units protected by an income restriction for the full Term of the Ground Lease.

The 3,000 square feet of commercial space will be located at the corner of Cesar E. Chavez Avenue and Fickett Street. The space is envisioned as an amenity for the residents and the greater neighborhood. The current concept is food service with an eatery component; however, the Developer is proactively engaging with local businesses, residents, and community-based organizations to identify opportunities to provide or preserve small businesses or organizations that would meet service or retail needs in the neighborhood.

Summary Analysis of Financial Terms

Staff engaged a third-party consultant to analyze the project financials and prepare a report describing the financial feasibility of the Project, the proposed discount to the Ground Lease payment, and the overall financial offer to Metro. The summary findings are as follows:

- An appraisal procured by Metro concluded that the Fair Market Value (FMV) of the leased fee interest in the subject property is \$10.35 million.
- The Project design is sound, and the total development costs as shown in the Developer-provided underwriting analysis are reasonable and supportable given the current market and hard cost data. The developer has explored all means to reduce per-unit project costs, including simplifying the use of materials, structural systems, and efficiencies in building design.
- The operating proforma is based on reasonable assumptions about rents, vacancies, and operating expenses.
- The Developer's proposed financing plan assumes accessing all available subsidies and resources, including tax credit equity, Developer equity, assumed grants, and a conventional permanent loan.
- Discounting the Metro land to \$3.45 million, or 33% of FMV, is necessary to ensure Project feasibility.

Ground Lease Rent Discount

Affordable housing development relies on multiple sources of funding such as tax credits, housing vouchers, bank debt, and investor equity to provide the capital necessary for development. Land costs, particularly when the site is owned by a public agency, may be discounted to reduce total development costs and make the project economically feasible. The discounted land becomes, in effect, one of the sources of development capital. The discount required depends on the overall project feasibility. The land value that makes this project feasible is a one-time ground rent payment of \$3.45 million due and payable at the close of the Ground Lease escrow which represents a 67%

discount on the FMV rent of \$10.35 million.

In 2021, the Board approved an update to the Joint Development Policy, which allows flexibility to discount Ground Lease rent commensurate with the community benefits. However, under the Joint Development Policy in place at the time of the March 2018, ENA, a discount that exceeds 30% of the FMV was deemed an exception that requires Board approval, as is being sought here.

Given the challenging economic environment, limited subsidies available, and the provision of 109 affordable units targeting very low-income residents, staff recommend approving this discount, which is equivalent to contributing approximately \$63,303 per unit to the Project. With a total development cost of \$97.50 million, Metro's land discount of \$6.9 million represents only 7% of total capital sources. And, over the course of the 75-year Lease, Metro's cost to ensure affordability represents only \$884 per unit per year.

Other Project Revenues

The Project will also generate the following additional revenue opportunities:

- A holding rent of 0.25% of the appraised value during the JDA Term (\$1,980 per month) will be credited to the total prepaid ground rent.
- A participation rent of 25% of all gross income received from the 3,000 square feet of ground-floor commercial space. Metro would forego collection of rent if the Developer leases to a Metro-approved organization providing community benefits/services to residents of the building and surrounding community.
- 20% of all net refinancing proceeds and a 20% share of all net sales proceeds less accumulated Ground Lease payments not to exceed the FMV of the land.

Summary of Terms

Key terms of the JDA and Ground Lease include:

- A JDA term of 18 months with an option to extend up to an additional 12 months;
- Metro's right to review and approve the design of the Project as it progresses to completion;
- Cost recovery of Metro's transaction-related and other support costs, including the cost of in-house staff time (except for Joint Development staff) and fees related to consultants and other third parties (except for in-house and outside legal counsel with respect to negotiation and preparation of the JDA and Ground Lease); and,
- Conditions for execution of Ground Lease, including that project financing, governmental approvals, payment and performance bonds, completion guaranty and the Project Labor Agreement are in place.
- Ground Lease term of 75 years;
- Restriction to ensure continued affordability for the full term of the Ground Lease; and,

- A one-time capitalized rent payment of \$3.45 million upon execution of the Ground Lease.

Considerations

Federal Transit Administration Review

The Site was acquired in 1999 using grant funding from the Federal Transit Administration (FTA). While this site is technically an “excess property” pursuant to the FTA definitions, the FTA has reviewed the terms of the JDA and Ground Lease and has no objections to the overall deal structure, including the proposed rental discount for affordable housing.

CEQA Actions

Staff has reviewed the environmental studies and reports set forth in Attachment B which demonstrate the Project qualifies for a categorical exemption under Sections 21080(b)(9) and 21084 of the California Public Resources Code and Section 15332 (In-Fill Development Projects) of the CEQA Guidelines. As the lead agency decision-making body for the Project, the Board will satisfy its obligations under CEQA by considering the documentation in Attachment B, and finding that the Project meets all criteria of the In-Fill Development exemption and that the Project will not cause a significant impact on the environment.

Surplus Land Act

It has been determined the Project, as presented, is exempt from the Surplus Land Act (“SLA”), Government Code Section 54220 *et seq.*, pursuant to Section 54234(a)(3) of the SLA, which is described as Exemption Category 1 in the State Department of Housing and Community Development’s (HCD) Guide to Exemptions from the Standard Surplus Land Act Process for Local Agencies (Cities, Counties, Special Districts, Joint Powers Authorities, Successor Agencies, etc. issued in July 2022 (the “Grandfathering Exemption”). Under this Grandfathering Exemption, the SLA as it existed on December 31, 2019 applies if, in relevant part: (1) as of September 30, 2019, the local agency issued a competitive request for proposal for the development of the property that includes at least 100 residential units (at least 25% of which are restricted to lower-income households as referenced in the statute), (2) a disposition and development agreement for the property is entered into not later than December 31, 2024; and (3) the property is disposed of before March 31, 2026.

The determination that this Project qualifies for the Grandfathering Exemption has been made based on the following transaction deal points:

1. The competitive request for proposals to develop the Site was issued prior to the SLA-imposed deadline of September 30, 2019.
2. The Project exceeds the requirement of having 25% of the units being restricted to lower-income households as defined in Section 50079.5 of the Health and Safety Code.
3. Once completed, rental housing in the Project will be subject to an affordability covenant recorded against the land for a term of 75 years, which is longer than the minimum threshold of 55 years set forth in the SLA.
4. The Joint Development Agreement (“JDA”), which serves as the Project’s disposition and development agreement between Metro and the Developer, will be entered into in advance of the December 31, 2024, deadline set forth in Government Code Section 54234(a)(3).

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5. Prior to March 31, 2026, Metro intends to complete the disposition of the Property pursuant to the JDA.

Because the Project fits within the conditions prescribed in the above-referenced section of the SLA, no further action is necessary upon approval and execution of the JDA.

DETERMINATION OF SAFETY IMPACT

Approval of this item will have no impact on safety. Staff will continue to oversee the development and construction of the Project on the Site to ensure that it does not adversely impact Metro property or the continued safety of staff, contractors, and the public. All safety measures and associated requirements to be met by the Developer and its construction contractor will be identified in the JDA and subsequent Ground Lease.

FINANCIAL IMPACT

Adoption of the subject action would not have a detrimental impact on the agency. Though there would be a discount to the FMV of the Ground Lease to make the Project financially feasible, Metro would still realize a substantial cash payment. Funding for Joint Development activities related to this Project is included in the FY24 Budget under Project 401037, Task 01, Cost Center 2210.

Impact to Budget

Proceeds from the capitalized Ground Lease will be deposited into a Joint Development revenue account as prescribed by the 2021 Joint Development Policy. Funds in this account would be used in furtherance of Transit Oriented Communities activities including future Joint Development projects.

EQUITY PLATFORM

The proposed development at the Chavez/Fickett site is representative of Metro's Joint Development Policy goals to provide as much housing as possible as quickly as possible for those who need it most. The proposed action will allow Metro to work with the Developer to secure financing, conduct additional outreach, and obtain permits for 109 units of affordable housing. This will also include 3,000 square feet of commercial space incentivized by Metro to target services geared to residents of the building and surrounding community, enhanced public infrastructure, jobs and other transit-supportive amenities.

The completed Project will benefit qualified low-income residents in need of housing, as well as qualified households with disabilities who will be awarded one of the ADA-accessible units. The Project is located within an Equity Focus Community and offers housing for individuals earning 30%-50% of LA County AMI, which are appropriate levels of affordability in the local Boyle Heights community. These income-restricted units will benefit Metro's ridership base by offering housing accessible to the majority of the 83% of Metro riders who reported household incomes under \$50,000 in the 2022 Customer Experience Survey. By offering affordable housing adjacent to two high-frequency bus lines and the 1st/Soto E line station, the Project is anticipated to increase rates of transit use and enhance access to opportunities for the Chavez Gardens tenants. The Project will

also benefit adjacent community members who may use the commercial space and surrounding amenities. To encourage a community-focused commercial tenant, Metro will forgo its lease collection to the extent the Developer leases the space to a tenant providing community benefits to local residents and the surrounding community. In this way, the commercial space will be programmed to fit the needs of both the local community and Chavez Gardens tenants by providing a financial incentive to the Developer to lease space to tenants that provide beneficial services to residents of the building and surrounding neighborhood.

Since 2018, the Developer and Metro staff have conducted extensive outreach events to incorporate community input from the Boyle Heights Design Review Advisory Committee, Boyle Heights Neighborhood Council, the business community, and local stakeholders. The Developer continues to actively engage with and be responsive to all stakeholders through a coordinated community outreach process that involves multiple public engagement opportunities. The Developer will continue building on the years of prior community outreach established for the Project in the upcoming JDA period. As in previous JD outreach efforts, engagement will be conducted in English, Spanish, and other languages deemed appropriate to reach a broad audience of stakeholders.

As the Project progresses to construction, staff will work with the Developer and its general contractor to minimize any traffic impacts, dust, and noise associated with the Project's construction. These mitigation measures will be identified in the construction work plans and health and safety plans and reviewed by Metro staff prior to the execution of the Ground Lease documents.

Once completed, the 109 units of affordable housing will be protected by a long-term affordability restriction that is consistent with the term of the 75-year Ground Lease.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Enhance communities and lives through mobility and access to opportunity, Initiative 3.2: Metro will leverage transit investments to catalyze transit-oriented communities and help stabilize neighborhoods where these investments are made.

ALTERNATIVES CONSIDERED

The Board could choose not to authorize the execution of the recommended actions. Staff does not recommend this option because the proposed Project is the product of competitive solicitation and extensive community engagement and is consistent with the goals of Metro's Joint Development Policy. Electing not to proceed would unnecessarily delay the development of the Site and jeopardize the build-out of 110, in-demand housing units, 109 of which are covenanted to extremely low- and very low-income households.

NEXT STEPS

Upon execution of the JDA, the Developer will submit final construction drawings for Metro and City approval, complete its financing package, and execute the Ground Lease, with construction anticipated to start in early 2025. The construction period is expected to last approximately 24 months. Targeted outreach to Boyle Heights residents who may qualify to live in the new housing was

initiated with the construction of the adjacent La Veranda joint development and will continue through the construction of the Chavez Gardens Project.

Developer-led outreach efforts will continue throughout the term of the JDA to keep the community informed of the Project's progress leading to the execution of the Ground Lease and the eventual start of construction. Methods of outreach will include face-to-face meetings, surveys, and focus group sessions with potential residents, current and prospective business owners, and operators of community-based organizations.

ATTACHMENTS

Attachment A - Summary of Key Terms and Conditions

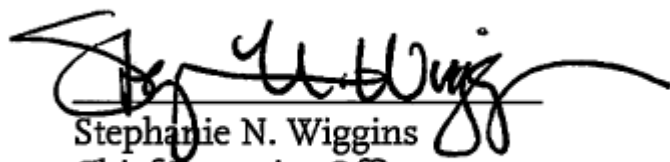
Attachment B - CEQA Studies and Reports

Attachment C - Renderings and Site Plan

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SUMMARY OF KEY TERMS AND CONDITIONS
OF
JOINT DEVELOPMENT AGREEMENT AND GROUND LEASE
FOR
THE CHAVEZ GARDENS JOINT DEVELOPMENT SITE
(DATED: _____, 2024)

*This non-binding Summary of Key Terms and Conditions ("**Term Sheet**") outlines the proposed key terms and conditions of a development transaction by and between the Los Angeles County Metropolitan Transportation Authority and Developer (defined below) with respect to certain real property described in this Term Sheet. LACMTA and Developer previously entered into that certain Exclusive Negotiation Agreement and Planning Document dated March 1, 2018, as amended (the "**ENA**"). LACMTA and Developer now intend to negotiate, based on this Term Sheet, a set of legally-binding agreements to carry out the development transaction, which agreements will include (a) a joint development agreement between LACMTA and Developer (a "**JDA**"), (b) a ground lease between LACMTA and Developer or an affiliate of Developer (a "**Ground Lease**"), and (c) such other agreements as are necessary or convenient to carry out the intent of the terms outlined in this Term Sheet.*

GENERAL DESCRIPTION

- 1.1 DEVELOPER:** Chavez Fickett L.P. ("**Developer**"), a California Limited Partnership, which is a development entity controlled by Abode Communities and was created for purposes of owning, developing, and operating the Chavez Gardens Project.
- 1.2 DEVELOPMENT SITE:** The Los Angeles County Metropolitan Transportation Authority ("**LACMTA**") is the fee owner of approximately 68,069¹ square feet of real property situated in the City of Los Angeles and depicted on Exhibit A (the "**LACMTA Property**"). The LACMTA Property is bifurcated by a public alley running north-south creating two subareas for development. The area east of the alley will be referred to as "Parcel A" and the area west of the alley will be referred to as "Parcel B". It is the intent of the Developer to treat both Parcel A and Parcel B as one project. The proposed development site (the "**Site**") comprises the entirety of the LACMTA Property.
- 1.3 PROPOSED PROJECT:** Chavez Gardens, the proposed development project (the "**Project**") will be constructed on the Site by Developer at

¹ As calculated from information provided on that certain ALTA/NSPS Land Title and Design Survey of the Site prepared by Psomas, dated June 19, 2018, and included as part of the Conceptual Plans.

Developer's sole cost and expense in accordance with the plans and specifications generally known as the Joint Development Agreement Package (the "**JDA Package**"), dated October 25, 2023, as detailed and referenced in Exhibit B (the "**JDA Package Plans**"), as such JDA Package Plans logically evolves and is modified and revised as set forth herein. The Project is currently anticipated to include, without limitation, one hundred nine (109) affordable rental apartments restricted to households earning no more than 60% of the LA County Area Median Income (the "**Affordable Units**") and one (1) unrestricted property manager's apartment, 3,000 square feet of retail space, 44 residential parking spaces and 6 commercial parking spaces along with a 3,500 sq, ft, community garden. The site plan and renderings for the currently proposed Project are attached in Exhibit C. Although Developer will endeavor to secure financing for Project as described in this Term Sheet, certain aspects of the Project, including affordability levels of the rental apartments, may be modified if required by the funding sources ultimately secured.

1.4 PHASED DEVELOPMENT: The Project will be constructed in a single phase.

GENERAL CONDITIONS

2.1 DEDICATIONS:

LACMTA will consider any dedications and grants of LACMTA real property rights to the City of Los Angeles or other public or quasi-public entities as are reasonably required by the City of Los Angeles or such other public or quasi-public entities and are necessary to support the development, construction, and operation of the Project, subject to acceptable compensation to LACMTA. Developer has informed LACMTA that, as of the date of this Term Sheet: (a) the City of Los Angeles may require that dedications be made for public right-of-way purposes at the northeast and northwest corners of Parcel A; (b) the subject dedications will be either 15 foot by 15 foot corner cuts or 20 foot curved radius corners; and (c) Developer does not know of any other dedications that will be required for purposes of the Project. Subject to LACMTA Board approval, LACMTA does not take exception to the subject dedications provided that LACMTA receives the full amount of Capitalized Rent under the Ground Lease in the manner specified in the Capitalized Rent section of this Term Sheet, which payment shall be deemed acceptable compensation to LACMTA for such dedications. Dedications and grants approved by LACMTA shall be referred to herein as ("**Dedications**").

**2.2 FEDERAL TRANSIT
ADMINISTRATION, STATE
AND LOCAL FUNDING
SOURCE APPROVAL:**

The parcels comprising the Site were acquired by LACMTA using Federal Transit Administration (“FTA”) funds. Therefore, the construction and operation of the Project, and the Ground Lease transaction, Dedications and other development-related matters contemplated in this Term Sheet are subject to: (a) applicable FTA and bond holder approval/concurrence, and (b) LACMTA confirmation that such actions will not violate any bond funding related requirements or restrictions imposed on LACMTA or the LACMTA Property, (collectively, the “**Funding Approvals**”). Prior to any LACMTA Board Action regarding the JDA or Ground Lease, LACMTA shall have received approval of the terms and conditions set forth herein and in the Ground Lease by the appropriate funding agency(ies) that participated in LACMTA’s original acquisition of the Premises.

**2.3 DEVELOPMENT
ENTITLEMENTS AND OTHER
LEGAL REQUIREMENTS:**

Intentionally Omitted.

2.4 AS-IS CONDITION:

Developer acknowledges and agrees that it shall accept the Site “as is,” solely in reliance upon Developer’s own investigation, inspection and research, and that no representations or warranties of any kind whatsoever, express or implied, have been made by LACMTA. Any information provided or disclosure made by LACMTA to Developer shall not constitute a representation or warranty regarding the condition or title to the Site. Furthermore, Developer shall assume the cost and expense for the removal of any contaminated materials, toxic or hazardous substances, and asbestos on the Site.

2.5 SITE REMEDIATION:

Developer shall perform any required remediation or abatement deemed necessary in accordance with environmental and soils studies to be performed, if any.

KEY JOINT DEVELOPMENT AGREEMENT (“JDA”) TERMS:

3.1 JDA - GENERALLY:

After (i) the LACMTA Board has approved and Developer has accepted this Term Sheet, (ii) Developer has met all CEQA requirements for the Project (as further described below in the Closing Conditions), and (iii) the LACMTA Board has made the

requisite findings as a responsible agency pursuant to the CEQA requirements for the Project, then LACMTA and Developer will enter into a Joint Development Agreement ("**JDA**") containing terms and conditions that are substantially consistent with those set forth in this Term Sheet, subject to any modifications as directed by the LACMTA Board. The JDA will address matters between Developer and LACMTA regarding the Project and the Site during the JDA Term (defined in Section 3.3).

3.2 ESCROW:

Within fifteen (15) days after the JDA Effective Date (as defined in Section 3.3), Developer and LACMTA shall enter into an escrow ("**Escrow**") with Commonwealth Land Title ("**Escrow Holder**") for the Ground Lease transaction contemplated in the JDA.

3.3 JDA TERM:

The JDA shall be effective upon execution by LACMTA and Developer (the "**JDA Effective Date**") and will expire on the date that is eighteen (18) months thereafter (the "**JDA Initial Term**" and, as may be extended pursuant to this Section 3.3, the "**JDA Term**"). Notwithstanding the foregoing, provided that Developer is working in good faith to meet the Closing Conditions (as defined below) but is unable to satisfy all of the Closing Conditions due to a delay beyond the control of Developer, then upon receipt of a written request by Developer, LACMTA may, extend the JDA Initial Term for a period of an additional twelve (12) months. During the JDA Term, LACMTA and Developer shall endeavor to close Escrow (the "**Closing**"), subject to satisfaction or waiver of certain conditions precedent to execution of the Ground Lease, as set forth in the JDA (the "**Closing Conditions**"). Notwithstanding the foregoing, LACMTA shall have the right to terminate the JDA for defaults that will be detailed in the JDA, subject to applicable notice and cure periods.

**3.4 JDA CONSIDERATION/
HOLDING RENT:**

As consideration for the rights granted to Developer during the JDA Term, commencing with the JDA Effective Date and continuing throughout the JDA Term, Developer shall pay to LACMTA, in advance on a monthly basis, in immediately available funds, nonrefundable holding rent in the amount of \$1,980 (the "**Holding Rent**"). The Holding Rent is based on 1/12th of the discounted value of 0.25% of \$9,500,000, which is the appraised fair market value of the fee simple value of the Site (as determined in that certain appraisal dated August 23, 2023, performed by Cushman & Wakefield). The Holding Rent shall be nonrefundable but shall be applied at Closing as a credit to the Capitalized Rent

due under the Ground Lease, in the event the Ground Lease is executed by the parties.

3.5 CONDITIONS TO CLOSING: The Closing Conditions will require, among other things:

- (a) Developer has provided LACMTA assurances that Developer has the legal capacity to develop the Project through delivery of organizational documents and other proof reasonably requested by LACMTA;
- (b) Developer has delivered to LACMTA evidence and assurances demonstrating that Developer has the financial resources in place to design, construct and operate the Project, including financing, and that such resources are fully committed without reservation to the reasonable satisfaction of LACMTA;
- (c) all necessary CEQA Review for the Project has occurred and all related CEQA approvals, findings, determinations, and certifications have been made by the applicable governmental authorities, and all applicable statutes of limitation have run without a lawsuit having been timely filed (but if so filed, then final adjudication or dismissal with prejudice of such lawsuit has occurred, upholding the approvals, findings, determinations, and certifications);
- (d) Developer has applied for and received all governmental approvals necessary (including all LACMTA and City of Los Angeles approvals and entitlements) for the development, construction, and operation of the Project);
- (e) LACMTA has approved the final (100%) construction plans for the Project and any other design or technical documents necessary for the construction of the Project (the “**Approved Construction Documents**”);
- (f) Developer has received a “ready to issue” letter from the City of Los Angeles for all building permits necessary for the construction of the Project in accordance with the Approved Construction Documents and any changes to the Approved Construction Documents that appear in the “ready to

issue” plans for the Project will be subject to LACMTA review and approval in accordance with LACMTA’s design review rights under the JDA;

- (g) Developer has executed and delivered all Closing Documents to Escrow;
- (h) Developer has provided LACMTA with Payment and Performance Bonds and a Completion Guaranty from Abode Communities guaranteeing and securing completion of the Project, each in a form satisfactory to LACMTA;
- (i) All Funding Approvals have been received;
- (j) LACMTA has approved (with or without conditions) Developer’s construction work plan;
- (k) Developer shall have provided LACMTA evidence satisfactory to LACMTA in its reasonable discretion that, during construction of the initial improvements, Developer will comply with a project labor agreement in compliance with LACMTA policies.

3.6 DESIGN

REVIEW/SEQUENCE:

During the JDA Term and the Construction Period (defined below) under the Ground Lease, LACMTA shall have the right to review and approve the design of the Project, including: any design elements of the Project that affect (a) the operations of LACMTA, (b) LACMTA’s exercise of its Retained Rights (defined below), and (c) public health and safety (collectively, the “**LACMTA Development-Related Concerns**”). LACMTA’s approval of Project plans that **are not** related to LACMTA Development-Related Concerns will be at LACMTA’s reasonable discretion, except to the extent that the design of the Project depicted, described and specified on such plans does not represent a logical evolution of the design depicted, described and specified on plans approved by LACMTA at the preceding level of design development (a “**Logical Evolution**”). Approval of Project’s plans that **are** related to LACMTA Development-Related Concerns or **are not** a Logical Evolution will be at LACMTA’s sole and absolute discretion. LACMTA’s design approval rights as set forth herein are, in part, intended to ensure that the Project meets LACMTA’s Satisfactory Continuing Control Requirement (as defined in the

Retained Rights subsection of the *Ground Lease – Other Terms and Conditions* section of this Term Sheet).

Except as otherwise approved in writing by LACMTA, Developer shall not proceed with preparation of the Project's Final Construction Documents until it has received LACMTA's written approval of the Project's Design Development Drawings and Schematic Design Drawings.

3.7 JDA/GROUND LEASE

CLOSING:

The Closing will occur when Developer and LACMTA have entered into the Ground Lease and other transaction documents necessary to complete the Closing as contemplated in the JDA (the "**Closing Documents**") after the Closing Conditions have been satisfied or waived by the applicable party. The JDA will contemplate a single Closing. At Closing, LACMTA will lease the Premises (defined in Section 4.4) to Developer, subject to the Retained Rights (defined below), in exchange for the payment of the Capitalized Rent and initial Fee to be paid under the Ground Lease. The Closing Documents, including, without limitation, the Ground Lease, will be executed by the parties as is necessary to properly effectuate the Closing.

3.8 TRANSFERS, ASSIGNMENT

AND SUBLETTING:

Except as otherwise approved in writing by LACMTA in its sole and absolute discretion, Developer shall not transfer or assign its rights or obligations under the JDA or any portion thereof.

3.9 FINANCING:

Developer shall notify LACMTA of any applications for financing that will be submitted and provide adequate time for LACMTA to secure all necessary approvals (no less than 4 months prior).

KEY GROUND LEASE TERMS:

4.1 GROUND LESSEE:

Chavez Fickett, L.P. ("**Ground Lessee**"), a California Limited Partnership, which is a development entity controlled by Abode Communities and was created for purposes of owning, developing, and operating the Project.

4.2 GROUND LEASE – GENERALLY:

At Closing, LACMTA, as ground lessor, and Ground Lessee, as ground lessee, will enter into a ground lease (the "**Ground Lease**"), which will provide for the construction and operation of

the Project on the Premises (defined below). The Ground Lease will contain terms and conditions that are substantially consistent with those set forth in this Term Sheet, subject to any modifications as directed by the LACMTA Board.

4.3 UNSUBORDINATED

GROUND LEASE:

Neither LACMTA's interest in the LACMTA Property nor its rights under the Ground Lease (including the FTA's interest as a provider of funds for the Site's initial acquisition) nor LACMTA's Satisfactory Continuing Control Requirement (as defined in the *Retained Rights* subsection of the *Ground Lease – Other Terms and Conditions* section of this Term Sheet) shall be subordinated to any interest that Ground Lessee or its lenders or investors will have in the Premises.

4.4 GROUND LEASE

PREMISES:

The premises under the Ground Lease (the "**Premises**") will consist of the Site, less any Dedications.

4.5 GROUND LEASE TERM:

The Ground Lease shall commence on the date of the Closing in accordance with the terms of the JDA (such date being the "**Commencement Date**"). The term of the Ground Lease will be seventy-five (75) years (the "**Ground Lease Term**"), expiring on the day prior to that anniversary of the Commencement Date, which Ground Lease Term may be adjusted by LACMTA to be longer or shorter than seventy-five (75) years based on lender and investor underwriting requirements, in LACMTA's reasonable discretion.

4.6 LEASE RIDER:

LACMTA will reasonably cooperate with Ground Lessee to reach an agreement on the form of a separate rider to the Ground Lease (a "**Lease Rider**") reasonably required by the California Tax Credit Allocation Committee ("**CTCAC**") in connection with an award of tax credits or other financing for the Project.

4.7 ESTOPPELS:

LACMTA will reasonably cooperate with lenders and investors to execute Ground Lease estoppels on LACMTA's standard estoppel form.

GROUND LEASE RENT & OTHER COMPENSATION

5.1 NET LEASE:

All rent to be paid under the Ground Lease shall be absolutely net to LACMTA, without offset, deduction or withholding. Ground Lessee shall be responsible for all capital costs and operating

expenses attributable to the development, construction, operation, and maintenance of the Project, including all taxes and assessments levied upon the Project or any interest in the Ground Lease. Ground Lessee is aware that the Premises are also subject to possessory interest taxes, which shall be paid by Ground Lessee.

5.2 CAPITALIZED RENT:

Upon execution of the Ground Lease, Ground Lessee shall pay LACMTA a capitalized rent payment (the “**Capitalized Rent**”) of \$3,450,000 for the entire Ground Lease Term, which has been determined to be the residual value of the \$10,350,000 appraised fair market value of the leasehold interest of the Site (for a 75-year lease), as determined by Cushman & Wakefield and set forth in that certain appraisal dated August 23, 2023 (the “**Appraised FMV**”). All Holding Rent received by LACMTA under the JDA shall be applied as a credit to the Capitalized Rent due under the Ground Lease upon execution of the Ground Lease by the parties.

5.3 PERCENTAGE RENT:

Ground Lessee shall pay LACMTA percentage rent in an amount equal to twenty-five percent (25%) of all gross rent paid or credited to Ground Lessee for commercial uses of the Project or the Premises (“**Percentage Rent**”). Percentage Rent shall be calculated on a calendar year basis and shall be due to LACMTA from Ground Lessee annually, in arrears, on March 30 of each calendar year following the subject calendar year, with a full accounting of the amount due. Notwithstanding the foregoing, no Percentage Rent shall be due for the portion of the Premises used for Community Facilities (as defined herein), provided that such Community Facilities are operated in a manner that will enhance the quality of life for persons residing within the Project or within a 0.5 mile radius of the Premises. The term “**Community Facilities**” shall mean space in the Project that is subleased for uses that provide, preserve, and leverage social services, education, and other community services determined by LACMTA to be critical community resources.

5.4 SALE/REFINANCING PROCEEDS:

Ground Lessee shall pay LACMTA an amount equal to: (a) 20% of all Refinancing Net Proceeds received by Ground Lessee for the refinancing of the Project, where “**Refinancing Net Proceeds**” shall mean the gross principal amount of the refinancing, less (i) the amount of any then-existing debt consummated pursuant to a financing event approved by LACMTA or permitted by the terms of the Ground Lease and secured directly or indirectly by any portion

of the beneficial interest in the Premises, the Project, and/or Ground Lessee's leasehold interest under the Ground Lease, that is paid from the refinancing proceeds and for which any lien is reconveyed or released, (ii) amounts for repairs or capital improvements to the Project to be made within twenty-four (24) months after the closing date of the refinancing, and (iii) the following transaction costs and expenses paid by Ground Lessee to any non-affiliate of Ground Lessee in connection with the consummation of any such refinancing, to the extent such costs are commercially reasonable: escrow fees, title charges, lender fees or charges, recording costs, brokerage commissions and attorneys' fees; and (b) upon the consummation of any sale of the Project to an unaffiliated third party (a "**Sale**"), Ground Lessee shall pay LACMTA, an amount equal to 20% of all Sale Net Proceeds received by Ground Lessee for the Sale of the Project, where "**Sale Net Proceeds**" means with respect to each Sale, the total consideration less (i) the amount of any then-existing debt consummated pursuant to a financing event approved by LACMTA or permitted by the terms of the Ground Lease and secured directly or indirectly by any portion of the beneficial interest in the Premises, the Project, and/or Ground Lessee's leasehold interest under the Ground Lease that is satisfied out of such total consideration, and (ii) the following transaction costs and expenses paid by Ground Lessee to any non-affiliate of Ground Lessee in connection with the consummation of the sale, to the extent such costs are commercially reasonable: escrow fees, title charges, lender fees or charges, recording costs, brokerage commissions, and attorneys' fees. Notwithstanding anything to the contrary contained herein, in no event shall the amount of any Refinancing Net Proceeds and Sale Net Proceeds paid to LACMTA, when added to any Percentage Rent payments previously paid to LACMTA pursuant to the Ground Lease, exceed the Appraised FMV of the Site.

GROUND LEASE – OTHER TERMS AND CONDITIONS

6.1 DESIGN REVIEW:

Developer shall not make any changes to the Approved Construction Documents without the prior consent of LACMTA. During the Construction Period, LACMTA will have design review rights with respect to any changes to the Approved Construction Documents desired by Ground Lessee as set forth in the *Design Review/Sequence* subsection of the *Key Joint Development Agreement ("JDA") Terms* section of this Term Sheet. Approval of such changes that represent Logical Evolutions of the design and

are not related to LACMTA Development-Related Concerns will be at LACMTA's reasonable discretion. Approval of such changes that are related to LACMTA Development-Related Concerns or are not a Logical Evolution of the design will be at LACMTA's sole and absolute discretion. LACMTA will retain the same design approval rights for any substantive Project changes or improvements later sought by Ground Lessee at any time during the Ground Lease Term. LACMTA's design approval rights as set forth herein are, in part, intended to ensure that the Project meets LACMTA's Satisfactory Continuing Control Requirement (as defined in the Retained Rights subsection of the Ground Lease – Other Terms and Conditions section of this Term Sheet).

6.2 CONSTRUCTION COMPLETION:

The Ground Lease will require commencement of construction within 30 days after the Commencement Date. The Project's construction period ("**Construction Period**") will commence on the Commencement Date and terminate upon the earlier of (1) substantial completion of construction of the Project improvements as described in the Ground Lease, which shall be evidenced by a temporary certificate of occupancy for substantially all of the Project improvements described in the Ground Lease or (2) twenty-four (24) months after the Commencement Date.

6.3 MAINTENANCE AND OPERATIONS:

During the Ground Lease Term, Ground Lessee shall maintain and operate all portions of the Project and the Premises at its sole cost and expense pursuant to maintenance and operations standards that shall be mutually agreed between the parties and set forth in the Ground Lease.

6.4 DEMOLITION/DEMOLITION SECURITY:

If required by LACMTA, Developer shall, at Developer's sole cost and expense, (a) demolish and remove the Project and any improvements then located on the Premises (or such portion thereof as indicated by LACMTA in writing), exclusive of any LACMTA improvements and/or transportation-related amenities and facilities then located on the Premises, (b) return the Premises to LACMTA in its otherwise original condition (the "**Demolition**") at the expiration or earlier termination of the Ground Lease and (c) provide reasonable assurances to LACMTA near the end of the Ground Lease Term that the Demolition shall be completed.

**6.5 FINANCING AND
ENCUMBRANCES:**

Subject to LACMTA's reasonable approval, Ground Lessee may encumber its leasehold estate with mortgages, deeds of trust or other financing instruments; provided, however, in no event shall LACMTA's Satisfactory Continuing Control Requirement (as defined in the *Retained Rights* subsection of the *Ground Lease – Other Terms and Conditions* section of this Term Sheet), LACMTA's fee title interest or rent payable to LACMTA under the Ground Lease be subordinated or subject to Ground Lessee's financing or other claims or liens (except as set forth below for certain affordable housing and other covenants). Such encumbrances and financings shall be subject to LACMTA's reasonable approval, except with respect to certain "permitted financing events" meeting specific criteria to be set forth in the Ground Lease, which shall not require LACMTA's approval.

6.6 COVENANTS:

Ground Lessee may encumber its leasehold estate with affordable housing and other covenants (the "**Affordability Covenants**") reasonably required by Ground Lessee's affordable housing funding sources or the City of Los Angeles as a condition to granting Project approvals, entitlements and building permits, which covenants shall be subject to LACMTA's review and reasonable approval. LACMTA will reasonably consider the encumbrance of its fee title interest with certain restrictive covenants, if required by Ground Lessee's affordable housing funding sources or the City of Los Angeles as a condition to granting Project approvals, entitlements and building permits; provided that Ground Lessee agrees to perform all obligations under said covenants during the Ground Lease Term and to indemnify LACMTA for all claims and losses resulting from Ground Lessee's failure to do the same. During the Term, Ground Lessee shall lease, operate, and maintain the Affordable Units according to the terms of the Affordability Covenants, notwithstanding the expiration of any such Affordability Covenants.

**6.7 FEDERAL CIVIL RIGHTS
COVENANTS:**

Ground Lessee shall comply with all applicable Federal nondiscrimination requirements, including applicable sections of Title 49 of the Code of Federal Regulations.

**6.8 TRANSFERS, ASSIGNMENT,
AND SUBLETTING:**

Except for limited permitted exceptions to be set forth in the Ground Lease, Ground Lessee shall not transfer, assign, or sublet

(except for the typical subleasing of the apartments and retail space within the Project) its rights or obligations under the Ground Lease, or beneficial interests in Ground Lessee (each, a **“Transfer”**):

- a. Prior to completion of construction of the Project; and
- b. After completion of construction of the Project, other than in accordance with reasonable transfer criteria to be set forth in the Ground Lease, including, without limitation, criteria regarding (a) applicable FTA approval, (b) the creditworthiness, history and experience of any proposed transferee and its affiliates, and (c) FTA and State requirements, as applicable, concerning debarment, suspension, etc. stemming from FTA and State funding related to acquisition of the LACMTA Property.

6.9 RETAINED RIGHTS:

LACMTA shall retain from the Ground Lease and the Premises certain rights as shall be further described in detail in the Ground Lease, relating to the following: (1) the right to install, construct, inspect, operate, maintain, repair, expand and replace public transit facilities under and adjacent to the Premises as LACMTA may deem necessary, provided that such installation, construction, inspection, operation, maintenance, repair, expansion and replacement does not interfere with the quiet use and enjoyment of the Project or its construction by Ground Lessee or its subtenants; (2) the right to enter upon and inspect the Premises, with reasonable notice to Ground Lessee, and anytime during normal business hours, for purposes of conducting normal and periodic inspections of the Premises and the Project and to confirm Ground Lessee's compliance with the terms and conditions of the Ground Lease; (3) the right to install, use, repair, maintain, and replace along the perimeter of the Premises abutting the public streets, sidewalks or rights-of-way (including, without limitation, on the exterior of the Project) informational, directional and way-finding signs for the purpose of directing the public to, from and between LACMTA and other public transit options in the area; provided, however, LACMTA shall not install any such signage on the Premises or the Project without Ground Lessee's prior written approval, which shall not be unreasonably withheld, conditioned or delayed; and (4) all rights not explicitly granted to Ground Lessee in the Ground Lease (the **“Retained Rights”**). The Retained Rights shall, among other things, ensure that the Site remains available for the transit purposes originally

authorized by the FTA (“**LACMTA’s Satisfactory Continuing Control Requirement**”).

6.10 SUPERSEDURE: This Term Sheet supersedes the parties’ understanding of key terms and conditions relating to the Site, the Project or any joint development agreement or ground lease related thereto which may have existed prior to the date of this Term Sheet.

6.11 OTHER: Other customary provisions contained in recent LACMTA ground leases will be included in the Ground Lease, including, without limitation, provisions relating to (a) Ground Lessee’s assumption of risk related to the Project’s proximity to transit operations, (b) insurance, and (c) indemnity.

LACMTA TRANSACTION COSTS

7.1 LACMTA TRANSACTION COSTS:

Developer and Ground Lessee acknowledge and agree that LACMTA will incur certain actual costs (the “**LACMTA Transaction Costs**”) related to (a) the design, development, planning, and construction of the Project (including costs related to construction methods and logistics), and (b) negotiation of the terms and conditions of the transactions contemplated under the JDA and the Ground Lease. The LACMTA Transaction Costs shall include, without limitation, the actual cost of in-house staff time (including LACMTA overhead and administrative costs) and third party consultation fees (including, but not limited to, fees related to consultants, engineers, architects, and advisors) for financial analyses, design review (including reviewing plans and specifications for the Project), negotiations, appraisals, document preparation, services related to development, planning, engineering, construction safety, construction management, construction support, and construction logistics and inspection, and other reasonable services related to the Project and the transactions contemplated under the JDA and Ground Lease, but shall exclude the cost of LACMTA Joint Development staff, and LACMTA’s in-house and outside legal counsel with respect to negotiation and preparation of the JDA, Ground Lease and related transaction documents.

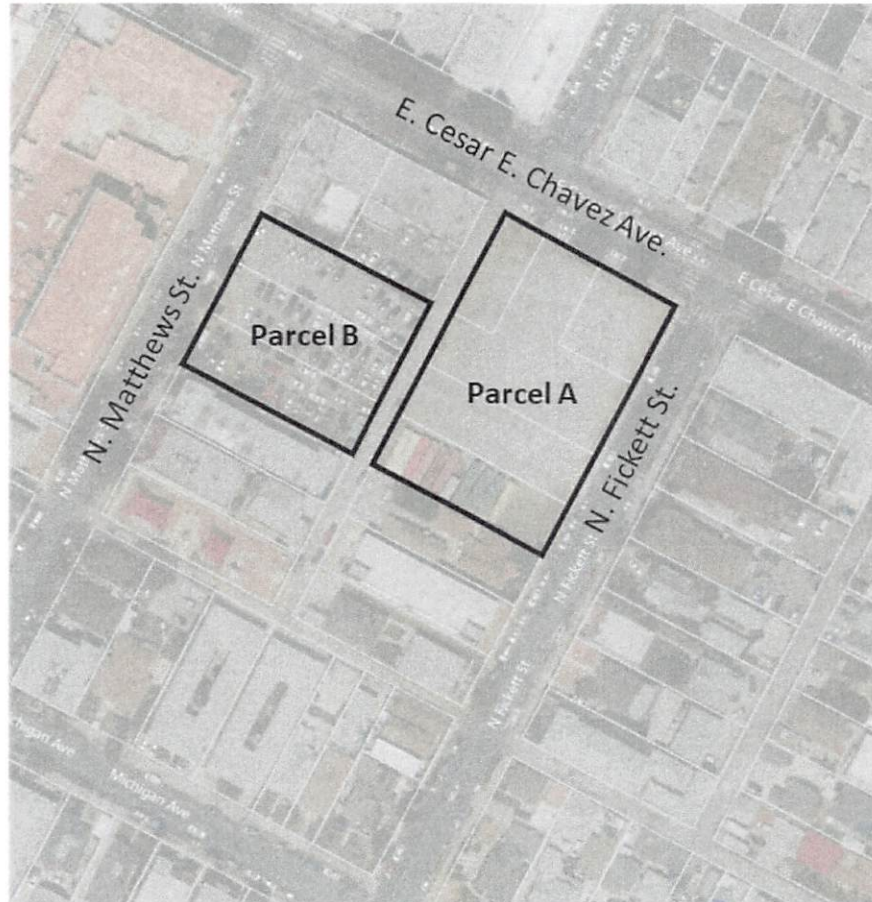
7.2 JDA FEE: Developer shall provide a fee to LACMTA for LACMTA to apply to LACMTA Transaction Costs (whether accruing prior to or after the JDA Effective Date). On the JDA Effective Date, Developer shall pay LACMTA an initial fee in the amount of \$45,000 (the “**JDA**

Initial Fee"); provided, however, upon any extension of the JDA Term, Developer shall pay LACMTA an additional fee in the amount of \$30,000 ("**JDA Extension Fee**" and together with the Initial Fee, the "**JDA Fee**").

7.3 GROUND LEASE DEPOSIT: On the Commencement Date, Developer shall pay LACMTA an initial deposit in the amount of Fifty Thousand Dollars (\$50,000) (the "**Ground Lease Deposit**"), which represents the LACMTA construction management and related inspection costs that LACMTA is anticipated to incur during the Construction Period. During the Ground Lease Term, if the remaining balance of the Ground Lease Deposit falls below the amount of \$10,000, then, upon receiving written notice from LACMTA, Developer or Ground Lessee (as applicable) shall replenish the Ground Lease Deposit to the initial amount of \$50,000. If Developer or Ground Lessee (as applicable) fails to replenish the Ground Lease Deposit as set forth herein, LACMTA may decline to provide the services that are to be covered by the Ground Lease Deposit and/or terminate the Ground Lease. LACMTA will provide documentation of the LACTMA Transaction Costs to Ground Lessee upon Ground Lessee's written request.

Exhibit A

Depiction of the Site



Transit Vicinity Map

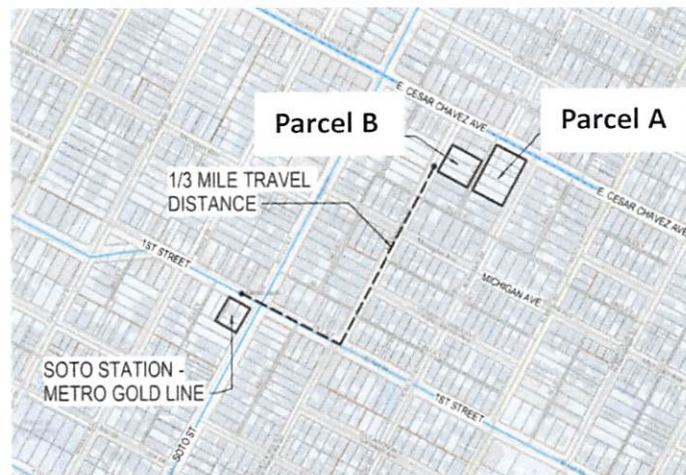


Exhibit B

List of Plans and Specifications Comprising the JDA Package

<u>Sheet No.</u>	<u>Sheet Title</u>	<u>Initial Date</u>	<u>Latest Revision Date</u>
G0.00	COVER SHEET	12/17/2021	10/25/2023
G0.02	PROJECT INFORMATION	12/17/2021	2/10/2023
G0.031	PROJECT INFORMATION	10/25/2023	10/25/2023
G0.121	PROJECT INFORMATION	10/25/2023	10/25/2023
A1.001	SITE PLAN	01/27/2023	10/25/2023
A1.101	ENLARGED SITE PLAN - FICKETT	01/27/2023	10/25/2023
A2.101	FIRST FLOOR PLAN - FICKETT	01/27/2023	10/25/2023
A2.102	SECOND FLOOR PLAN - FICKETT	01/27/2023	10/25/2023
A2.103	THIRD FLOOR PLAN - FICKETT	01/27/2023	10/25/2023
A2.104	FOURTH FLOOR PLAN - FICKETT	01/27/2023	10/25/2023
A2.105	ROOF FLOOR PLAN - FICKETT	01/27/2023	10/25/2023
A1.201	ENLARGED SITE PLAN - MATHEWS	01/27/2023	10/25/2023
A2.211	FIRST FLOOR PLAN - MATHEWS	01/27/2023	10/25/2023
A2.212	SECOND FLOOR PLAN - MATHEWS	01/27/2023	10/25/2023
A2.213	THIRD FLOOR PLAN - MATHEWS	01/27/2023	10/25/2023
A2.214	FOURTH FLOOR PLAN - MATHEWS	01/27/2023	10/25/2023
A2.215	ROOF FLOOR PLAN - MATHEWS	01/27/2023	10/25/2023
A4.010	UNIT PLANS – TYPE A1 AND A2	01/27/2023	10/25/2023
A4.011	UNIT PLANS – TYPE B1	01/27/2023	10/25/2023
A4.012	UNIT PLANS – TYPE C1 AND C2	01/27/2023	10/25/2023
A4.013	UNIT PLANS – TYPE D1	01/27/2023	10/25/2023
A4.014	UNIT PLANS – TYPE E1	01/27/2023	10/25/2023
A5.201	EXTERIOR ELEVATIONS - MATHEWS	01/27/2023	10/25/2023
A5.202	EXTERIOR ELEVATIONS - MATHEWS	01/27/2023	10/25/2023
A5.105	AXONOMETRIC – FICKETT	10/25/2023	10/25/2023
A5.204	AXONOMETRIC - MATHEWS	10/25/2023	10/25/2023
A5.205	AXONOMETRIC – CESAR CHAVEZ STREET	11/2/2023	11/2/2023
A6.201	BUILDING SECTIONS - MATHEWS	01/27/2023	10/25/2023
A5.101	EXTERIOR ELEVATIONS - FICKETT	01/27/2023	10/25/2023
A5.102	EXTERIOR ELEVATIONS - FICKETT	01/27/2023	10/25/2023
A6.101	BUILDING SECTIONS - FICKETT	01/27/2023	10/25/2023
L0.00	LANDSCAPE NOTES AND SCHEDULES	12/17/2021	10/23/2023

L1.02-A	LANDSCAPE GROUND FLOOR PLANTING PLAN – MATHEWS	12/17/2021	10/23/2023
L2.01-A	LANDSCAPE SECOND FLOOR PLAN – MATHEWS	12/17/2021	10/23/2023
L2.02-A	LANDSCAPE SECOND FLOOR PLANTING PLAN – MATHEWS	12/17/2021	10/23/2023
L3.01-A	LANDSCAPE THIRD FLOOR PLAN – MATHEWS	12/17/2021	10/23/2023
L4.01-A	LANDSCAPE FOURTH FLOOR PLAN – MATHEWS	12/17/2021	10/23/2023
L1.02-B	LANDSCAPE GROUND FLOOR PLANTING PLAN – FICKETT	12/17/2021	10/23/2023
L2.01-B	LANDSCAPE SECOND FLOOR PLAN – FICKETT	12/17/2021	10/23/2023
L2.02-B	LANDSCAPE SECOND FLOOR PLANTING PLAN – FICKETT	12/17/2021	10/23/2023
L3.01-B	LANDSCAPE THIRD FLOOR PLAN – FICKETT	12/17/2021	10/23/2023
L4.01-B	LANDSCAPE FOURTH FLOOR PLAN – FICKETT	12/17/2021	10/23/2023

Exhibit C

Renderings and Site Plan

Exhibit C
Renderings and Site Plan



View from Mathews Street facing east

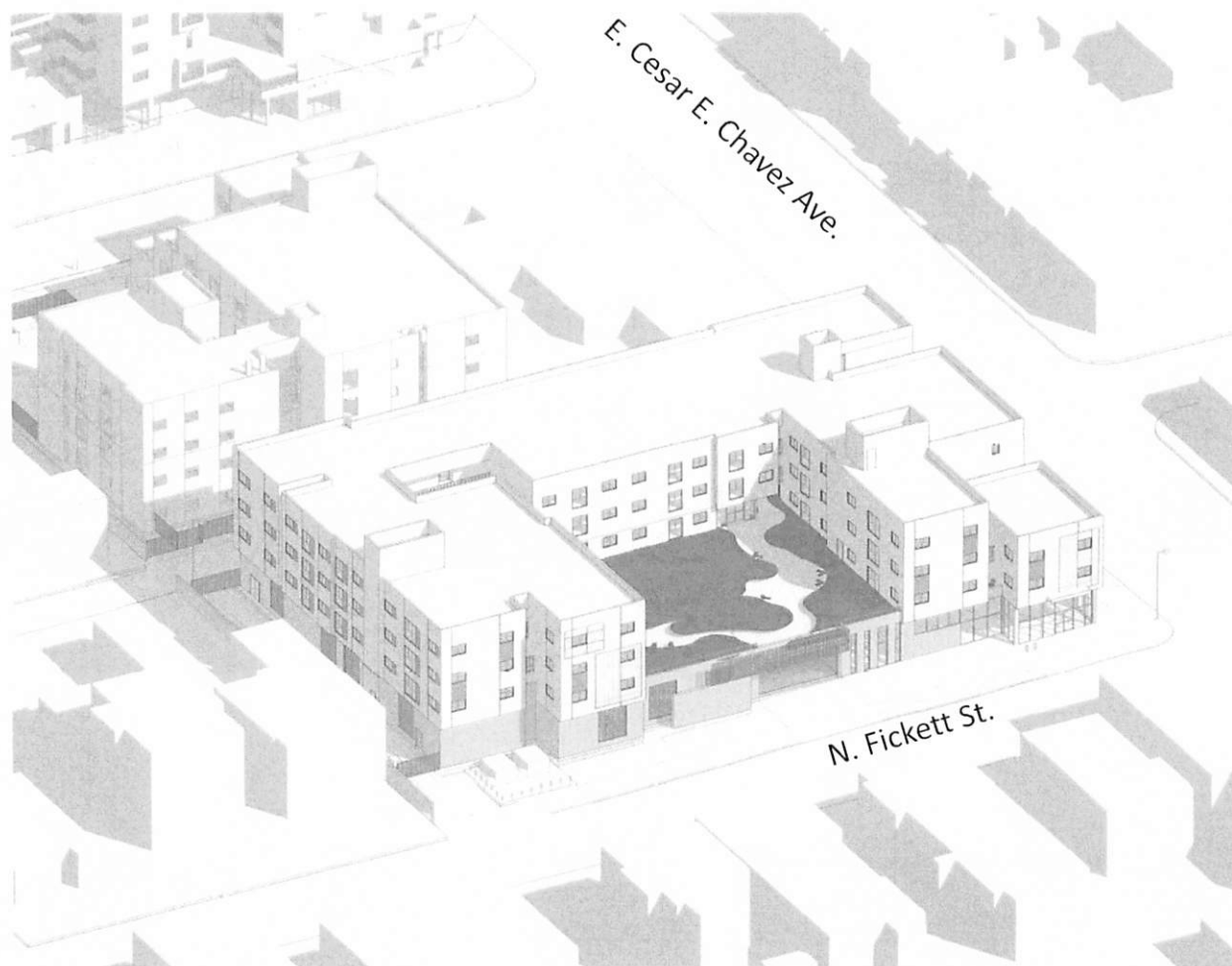


View from corner of Cesar Chavez Avenue and Fickett Street facing southwest

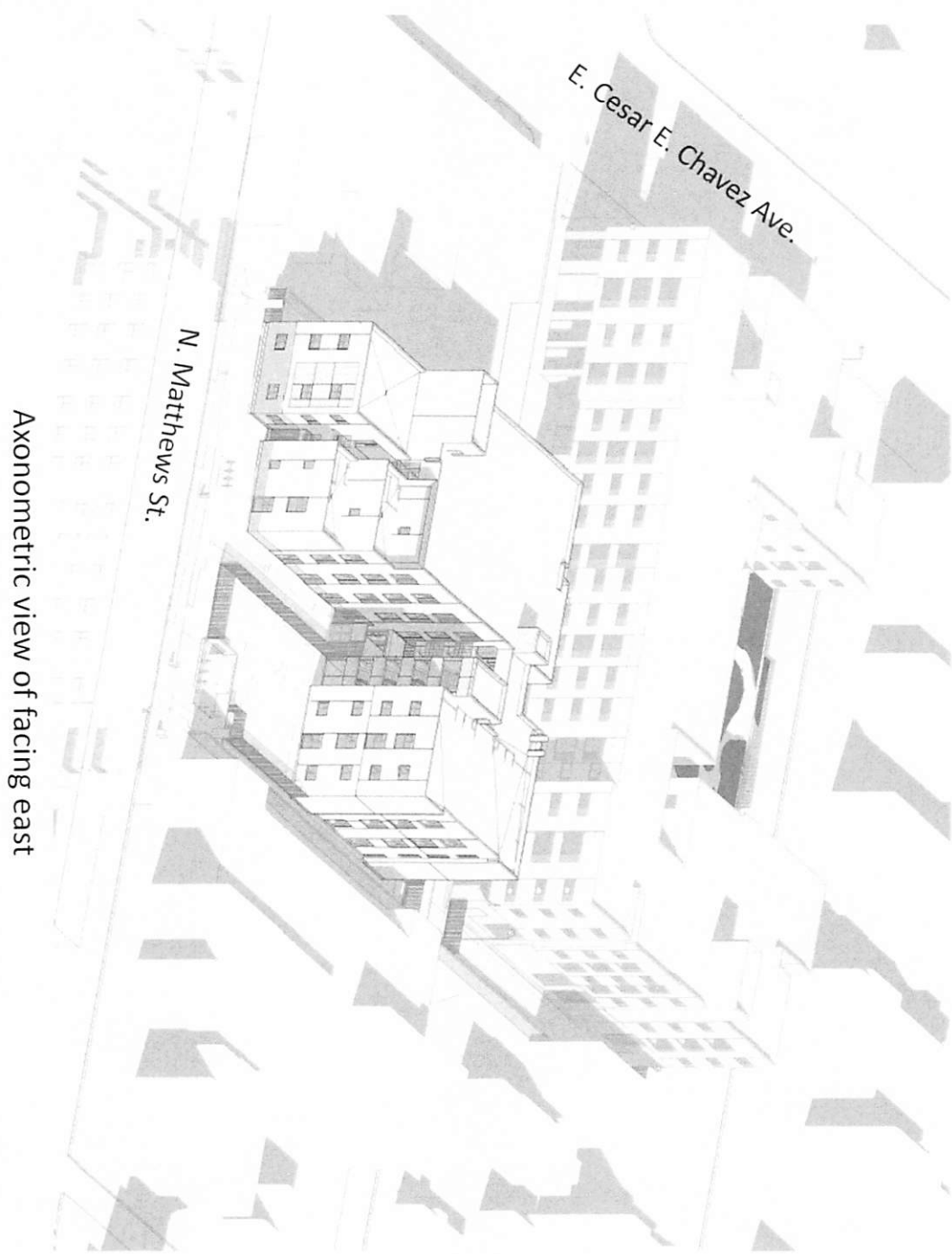


View from Fickett Street facing west

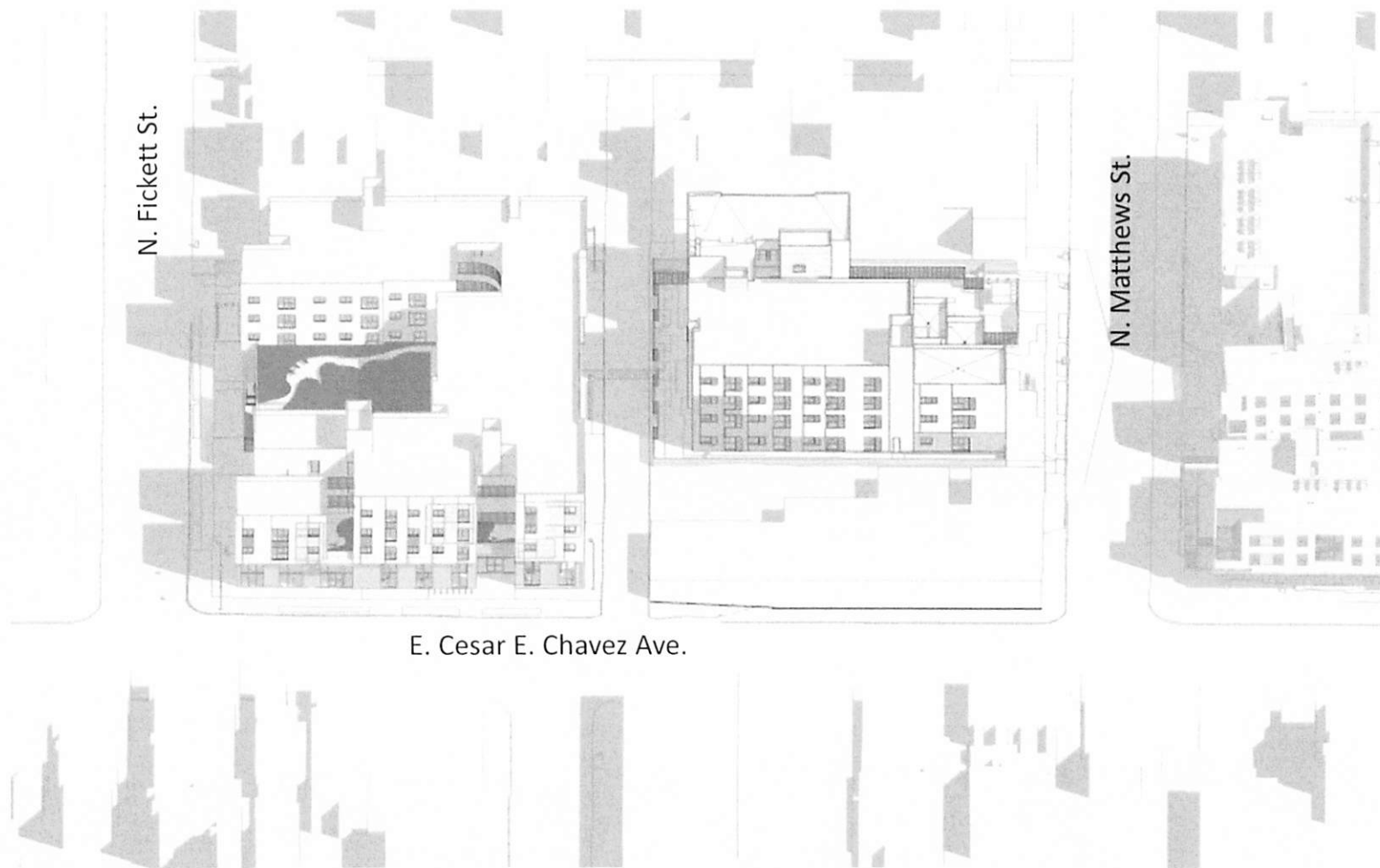




Axonometric view of facing west



Axonometric view of facing east



N. Fickett St.

N. Matthews St.

E. Cesar E. Chavez Ave.

Axonometric View of facing south

ATTACHMENT B
CEQA Studies and Reports

Document Available Online at:

[https://libraryarchives.metro.net/DB Attachments/Attachment%20B%20-%20CEQA%20Studies%20and%20Reports.pdf](https://libraryarchives.metro.net/DB_Attachments/Attachment%20B%20-%20CEQA%20Studies%20and%20Reports.pdf)

Attachment C
Renderings and Site Plan



View from Mathews Street facing east

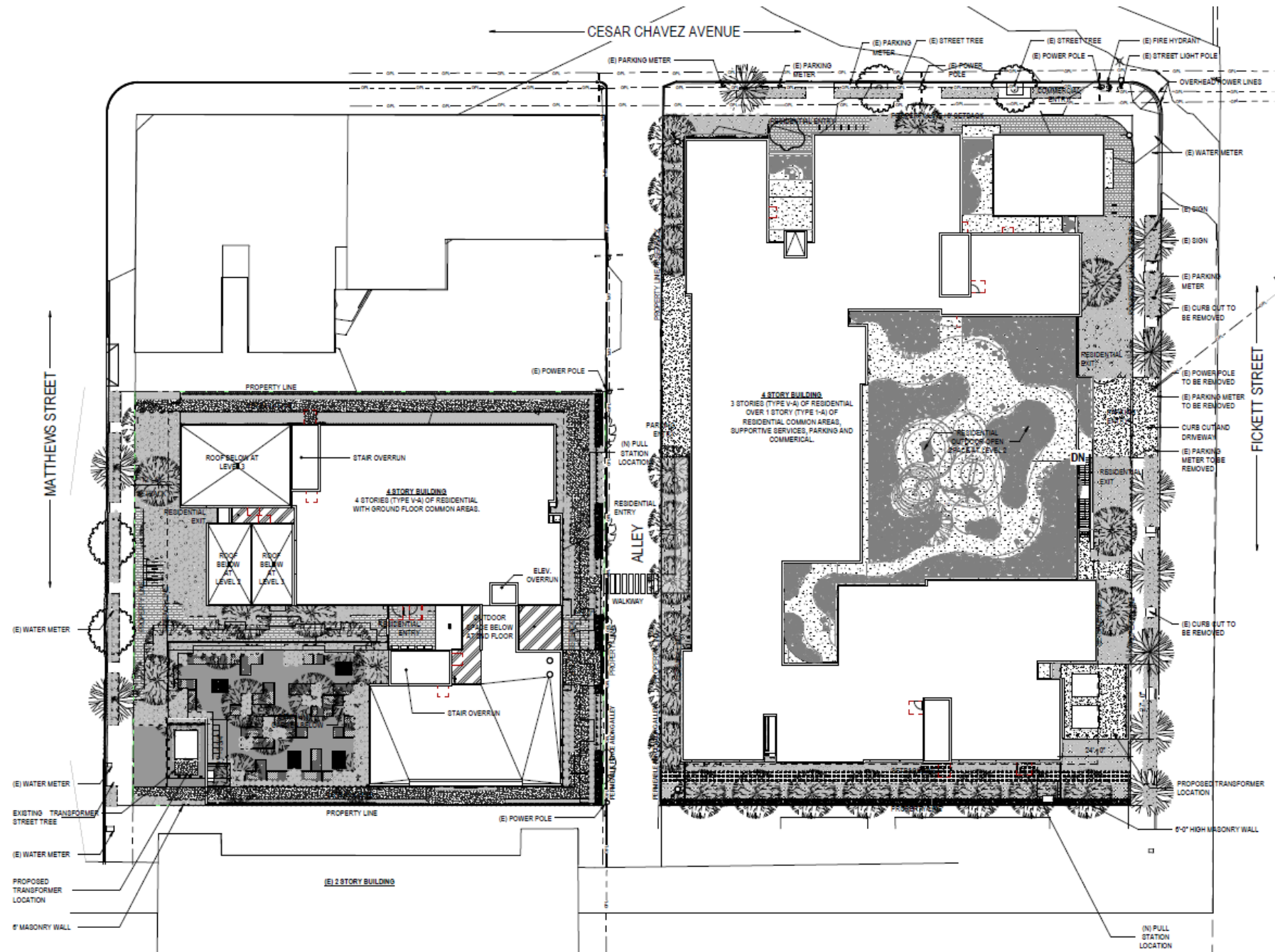


View from corner of Cesar Chavez Avenue and Fickett Street facing southwest



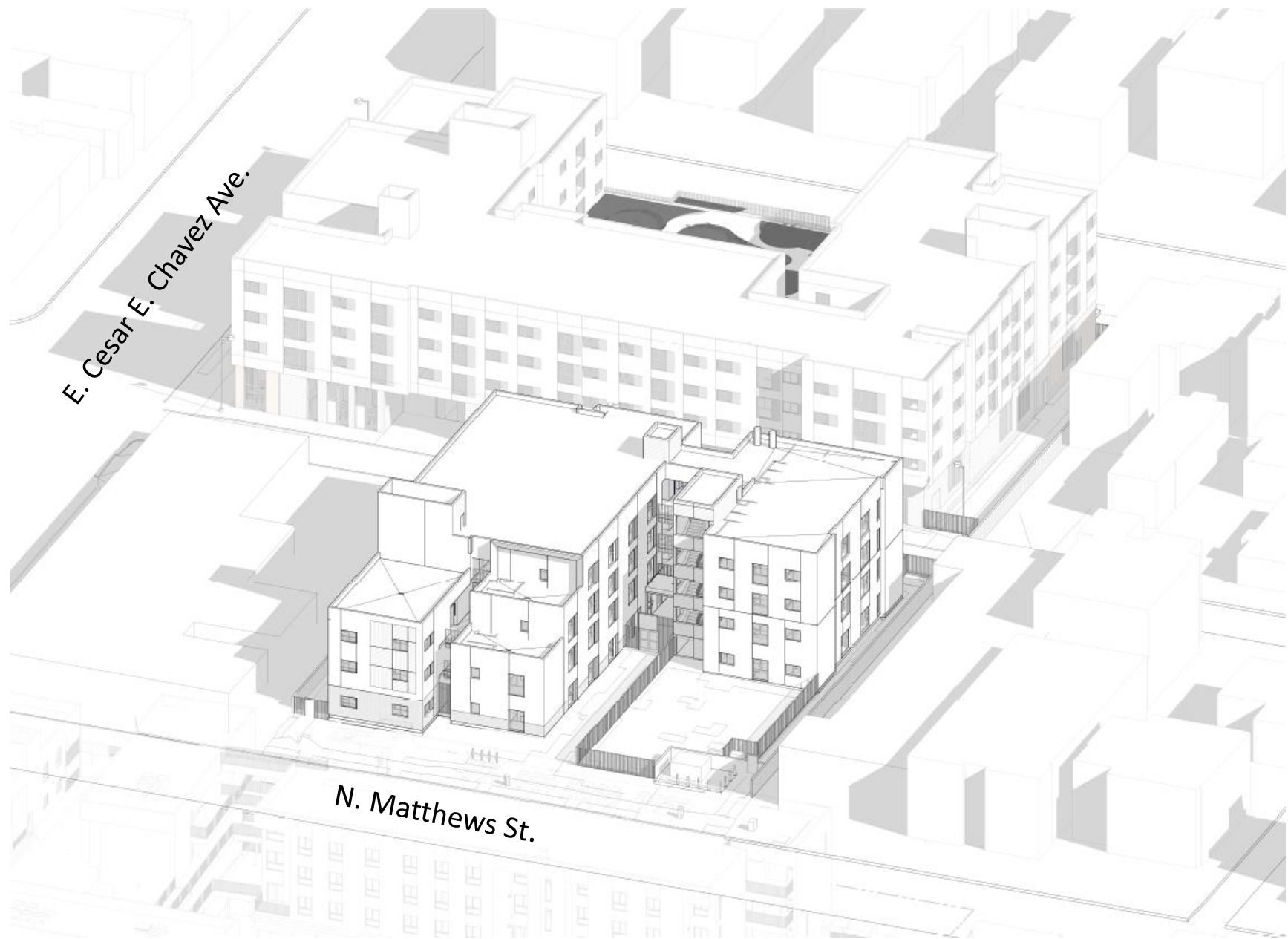
View from Fickett Street facing west

Site Plan





Axonometric view of facing west



Axonometric view of facing east



Axonometric View of facing south



Next stop: building communities.

Chavez/Fickett Joint Development

Planning & Programming Committee

March 20, 2024

Legistar File# 2024-0035



Recommendation

A. AUTHORIZING the Chief Executive Officer or her designee to execute and enter into a joint development agreement (“JDA”), ground lease (“Ground Lease”), and other related documents with Chavez Fickett, L.P. (“Developer”), an affiliate of Abode Communities, for the construction and operation of a mixed-use, affordable housing project (“Project”) at the corner of Cesar E. Chavez Avenue and Fickett Street in Boyle Heights;

B. AUTHORIZING a discount to the appraised fair market rental value for the Site of 67% or \$6,900,000, under the Ground Lease as set forth in the Summary of Key Terms and Conditions for the Ground Lease;

C. FINDING that the Project is exempt from the California Environmental Quality Act (“CEQA”), consistent with the environmental studies and reports set forth in Attachment B, pursuant to Sections 21080(b)(9) and 21084 of the California Public Resources Code and Section 15332 (In-Fill Development Projects) of the CEQA Guidelines; and authorizing the Chief Executive Officer to file a Notice of Exemption for the Project consistent with said exemption.

Chavez/Fickett Project Overview

Developer: Abode Communities

Project Size: 1.56 acres

Units:

- > 110 total units
- > 109 affordable, 30-50% AMI
- > 1 manager's unit

Commercial: 3,000 sq ft

Parking:

- > 44 residential
- > 6 commercial

Amenities:

- > Community Garden
- > Ground Floor Commercial



View from corner of Cesar Chavez Avenue and Fickett Street facing southwest

Outreach

- 2016**
 - Community forums to inform Development Guidelines
 - Online emails and regular mail updates
 - Design Review Advisory Committee (DRAC) formed to review schematic design
 - Development Guidelines adopted by the Board (Jan. 2017)

- 2018**
 - Four developer-led workshops
 - Two DRAC meetings

- 2022**
 - Schematic Design approved by the DRAC
 - BHNC coordination culminating with a presentation and project update

- 2023**
 - Virtual meeting targeting nearby business owners and related stakeholders
 - In-person community engagement meeting to discuss design, residential programming, on-site services, and potential ground-floor commercial options

Key Terms of the JDA and Ground Lease

Key JDA Terms

- > Metro's receipt of monthly holding rent, credited to the capitalized rent due under the ground lease
- > Recovery of certain Metro support/3rd party costs via developer fee
- > Continued Metro design review/approval rights through CDs
- > Sets the conditions for execution of the Ground Lease

Key Ground Lease Terms

- > 75 Year term
- > Metro's receipt of \$3.45 million one-time capitalized rent payment, representing a \$6.9 million (or 67%) discount from FMV
- > Participation rent of 25% gross income received - commercial space
- > Affordability Restrictions effective through the Ground Lease term

Next Steps

Upon Board approval:

- > Continue neighborhood outreach and seek community input on the commercial uses
- > Secure financing and permitting approvals
- > Refine project design and satisfy conditions under the JDA
- > Execute the Ground Lease
- > Start Construction