

Eco-Rapid Transit, formerly known as the Orangeline Development Authority, is a joint powers authority (JPA) created to pursue development of a high speed, grade separated transit system that is environmentally friendly and energy efficient. The system is designed to enhance and increase transportation options for riders of this region utilizing safe, advanced transit technology to expand economic growth that will benefit Southern California. The Authority is composed of the following public agencies:

A G E N D A R E P O R T

TO: Members of Eco-Rapid
FROM: Michael R. Kodama, Executive Director
DATE: November 13, 2013
SUBJECT: **UPDATE AND/OR ACTION REGARDING TRANSIT ORIENTED DEVELOPMENT PROJECT GUIDELINES**

ISSUE

The Roundtable discussions that were held with developers and real estate professionals resulted in a number of recommendations that are to be incorporated into the Transit Oriented District Guidelines and could be part of a strategic plan for Eco-Rapid Transit. At the same time, the TOD team has been reviewing land uses and best practices from other jurisdictions. Many of the policies that have been cited in the best practices case studies; however are they recommendations that Eco-Rapid Transit wants to consider.

BACKGROUND

As preparation to writing the Transit Oriented Corridor Guidelines, Estolano, LeSar, Perez Advisors, LLC (ELP) was hired to meet with Real Estate developers and ascertain how to position the corridor to best attract investment. The Eco-Rapid Transit Members provided information and suggested developers with whom to speak. Surveys, phone conversations and roundtable discussions were held. Following the Roundtables, ELP submitted a report of their findings. That report was distributed last month and attached for your review.

RECOMMENDATION

It is recommended that the Board:

1. Review and discuss the proposed recommendations.
2. Discuss information presented and offer action items; and/or
3. Receive and file the report.

- City of Artesia
- City of Bell
- City of Bell Gardens
- City of Bellflower
- City of Cerritos
- City of Cudahy
- City of Downey
- City of Glendale
- City of Huntington Park
- City of Maywood
- City of Paramount
- City of Santa Clarita
- City of South Gate
- City of Vernon
- Burbank-Glendale-Pasadena Airport Authority

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Michael R. Kodama

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SUMMARY REPORT

OLDA ECO-RAPID TRANSIT ECONOMIC DEVELOPMENT & TRANSIT ORIENTED PROJECT

Estolano LeSar Perez Advisors (ELP Advisors) was retained by the Orangeline Development Authority (OLDA) Eco-Rapid Transit, to plan, develop and lead two 90-minute developer roundtables for OLDA staff to gain a broader perspective on the current residential, commercial and industrial markets along the proposed corridor. In addition, developers were asked to evaluate development trends that could arise as a result of the construction of the transit line. Particular emphasis was given to the cities along the southern end of the proposed corridor. This report provides a summary of the activities undertaken by ELP Advisors.

Task 1- Plan Roundtable Panels

- ELP Advisors in conjunction with OLDA staff developed a list of 29 mixed-use, residential and industrial developers familiar with markets along the OLDA Corridor. We conducted outreach to each developer via email and phone. Developer list attached.
- Each participant received a briefing packet that included: an overview of the project, maps of the proposed corridor, demographic information for each city along the southern section of the corridor, and the proposed opportunity sites. The packet also included the city of Southgate's completed Firestone and Atlantic Station Area Plan. A link to the electronic version of the packet was sent by email to each participant one week prior to the event. Printed copies were distributed at the roundtable.
- Participants were asked to complete a brief survey developed by ELP Advisors on their initial impression of the development potential along the OLDA corridor. All eight of the developers who participated in the roundtables responded to the survey. The questions covered participants' familiarity with the corridor, perceived opportunities and obstacles to developing along the corridor, what type of incentives and indicators they look for in pursuing projects, and if there were sections of the corridor in which it is more attractive to develop. The full survey results are attached.

LOS ANGELES
510 W. 6th Street, Suite 1100
Los Angeles, CA 90014
Tel 213-612-4455
Fax 213-488-3468

SAN DIEGO
2410 First Avenue
San Diego, CA 92101
Tel 619-236-0612 x101
Fax 619-236-0613

SACRAMENTO
1320 N Street, Suite 201
Sacramento, CA 95814



Below are the highlights from the survey responses:

- 86% of developers were “somewhat familiar” with the corridor.
- Need for affordable housing was identified as the biggest development opportunity followed by industrial development.
- The prevalence of brownfields and soil contamination along the corridor was identified as the biggest obstacle to development.
- By-right opportunities and financing incentives offered by cities were cited as the biggest incentive to develop.
- Land uses plans or specific plans with zoning changes in place were the top indicator that developers seek when pursuing a project.

Task 2- Moderate Roundtable Panels

- On August 22, 2013 ELP Advisors convened a morning roundtable discussion with 4 mixed-use/residential developers, followed by an afternoon session with 4 industrial property developers. The roundtables were held at City Hall in the City of Huntington Park.
- Participants of the mixed-use/residential discussion included: Antonio Bermudez of McCormack Baron Salazar, Jim Suhr of Jim Suhr & Associates, Marianne Lowenthal of Combined Properties and Mott Smith with Civic Enterprises.
- Participants of the industrial discussion included: Brad Cox of Trammell Crow, Ken Jackson of Dynamic Builders, Ben Stapleton with Jones Lang LaSalle, and John Given with City Build Advisors.
- Each roundtable began with an introduction of the project by OLDA staff, a review of the background materials and survey results, followed by an open discussion with developers about their perspectives on the corridor.



Main Takeaways from the Roundtable Discussions

Developers were genuinely excited and interested about the potential for development along the corridor. Each roundtable generated a lively and engaged discussion. Below are the highlights of those conversations.

- **Mixed-Use/Residential**

- Political stability and cohesion among the corridor cities is key to encouraging investor interest and development.
- Developers are highly disincentivized to develop in the corridor if sites fall in multiple jurisdictions with differing zoning and entitlement processes. The participants strongly recommended that the cities in the corridor coordinate on land use planning that could include entitlement approvals spanning the corridor.
- Possible conflicts between corridor cities over sales tax revenue may emerge as a result of future development. Developers recommended creation of a revenue sharing mechanism to eliminate this from occurring. Big box retailers will not build multiple stores along the OLDA corridor and retailers will select sites based on demographics and income. Cities will not be able to lure retail with incentives alone, therefore a revenue sharing strategy is possible solution.
- Developers stressed the importance of completing a program EIR to facilitate development. They also identified the importance of creating a streamlined permitting and entitlement process.
- To attract developers to the corridor, cities can establish a land assemblage strategy for key sites, secure necessary entitlements and development approvals to facilitate new development. Need to be cautious as securing entitlements can cause land to become too expensive.
- OLDA should consider encouraging cities to develop a “seed” fund to acquire options on key parcels as a strategy secure more corridor properties and make infrastructure investments.



- Participants recommended that cities bring in retailers they are interested in attracting and talk to them about what conditions they would require to locate in their community. Having a proactive “make it happen” attitude will help cities attract potential developers.
- Parking Districts can be a strategy to address increased need for parking caused by new development, while accommodating compact Transit Oriented Development (TOD) along the corridor.
- Land-use and design guidelines should be flexible enough to accommodate the needs of developers, so that height or lot coverage maximums are not burdensome to the developer, and so that they will not impede the developer from creating a profitable project. Form-based codes may be considered.
- OLDA should work with cities to identify areas that are walkable. Scarcity of land along the corridor makes TOD and mixed-use development only feasible option for development.
- Developers are looking for properties with a rich history to use for their capital pitch. Funding for development in these areas is usually very difficult to get or very expensive (because of the risk), but OLDA can do the front end work here to lay the groundwork for others to invest here. Participants noted Pacific Blvd in Huntington Park as a key opportunity area with interesting, authentic structures. Cities may want to refocus their commercial centers, such as Pacific, or use old infrastructure of existing commercial corridors in planning the location of their station.
- Panel participants said they would be interested in a database or list of parcels that are available for purchase.
- Participants recommended an above or underground transit alignment, with underground being preferred (though more expensive). An at-grade alignment can be damaging to businesses in areas where cross traffic is impeded.
- In order to gain residential developer confidence along the corridor, a city should consider purchasing a small parcel of land and hiring a fee developer to do a pilot project. This project would serve as ‘test-case’ to demonstrate the housing demand in the area and attract more developers to undertake larger projects.



- In order to preserve affordable housing opportunities along the corridor, cities should acquire critical parcels early, before entitlements are in place in order to keep land costs low.

- **Industrial**

- Developers were interested in seeing an overlay map of industrial properties along the corridor.
- Industrial developers are attracted to the existing concentration of industrial buildings along the corridor.
- OLDA has the potential to be the primary transportation provider for qualified workers who cannot afford to live in LA to access industrial jobs. OLDA stations should offer transportation linkages to surrounding industrial employers.
- Participants recommend preserving and modernizing the existing industrial properties along the OLDA corridor. They stressed the importance of creating functional buildings to attract new manufacturers and industrial tenants.
- Focus on attracting industries, which have had most success along the corridor: fashion, food, and distributors of imported goods.
- Contamination levels at the existing industrial site are too high to develop residential housing, but can easily be dealt with by experienced industrial developers.
- By-right entitlements are the most important incentive for developers. Cities need to create land use plans that offer incentives to maintain industrial property.
- There is a natural tension between the desire to build traditional TOD and the existing industrial nature of the corridor. Generally, TOD, mixed-use retail and housing do not compliment industrial uses.
- Participants recommended that if cities want to focus on developing a mix of TOD and industrial, they should look at employee-dense industries that are already in the area, and create transit hubs around them.
- Cities should invest in developing their own local transit systems.



- There was a strong sense among participants that industrial development is better able to create long-term, stable, career ladder jobs, versus mixed-use retail and housing.
- Need to create land use plans that offer incentives to maintain industrial property. Cities can encourage industrial development by having an entitlement process in place, and a program EIR that will not sunset.
- Cities should focus on engaging with higher education system to develop a well-trained workforce that can meet the needs of potential industries.
- Recommended that OLDA look to the City of LA's Industrial Land Use Retention Study and a similar report compiled by the East Bay Cities. Also recommended engaging the local chambers of commerce in Vernon and Montebello.
- The fact that cities along the corridor are cooperating with one and other was seen as a strength of this project.
- Recommend that OLDA do focus group workshops with major industrial employers in the area.
- Need to monitor land values and create retention efforts to ensure that industrial developers are not priced out.