

CITY OF LOS ANGELES

CALIFORNIA

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**ECONOMIC AND
WORKFORCE
DEVELOPMENT
DEPARTMENT**

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August 28, 2025

Council File: 21-1079
Council District: 14
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Matthew W. Szabo, City Administrative Officer
Chair of the Municipal Facilities Committee
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TRANSMITTAL: EWDD REPORT ON THE FINDINGS OF A CONTRACTED STUDY ANALYZING THE POTENTIAL REDEVELOPMENT OF EIGHT CITY-OWNED PROPERTIES IN THE CIVIC CENTER, WITH RECOMMENDATIONS ON ADDITIONAL REPORTS.

The General Manager of the Economic and Workforce Development Department (EWDD) requests that the Municipal Facilities Committee (MFC) review this Transmittal and forward to Council for its further consideration and possible action.

SUMMARY:

This report provides an overview of the key findings from a contracted study analyzing the redevelopment potential of eight city-owned properties in the Civic Center, as requested by City Council (CF 21-1079).

RECOMMENDATIONS:

The General Manager of EWDD, or designee, requests that the City Council:

1. Direct EWDD staff, with the support of other departments, as needed, to move forward on the implementation of "Scenario 2" in the attached Final Civic Center Real Estate Strategy Report from BAE Consulting, dated May 2025. This scenario will create an office building

with approximately 400,000 s.f., plus approximately 170 units of housing on the former Parker Center site. A new Central Utility Plant will be included in this development.

2. Direct EWDD staff to return to City Council within 90 days with a proposed plan, city budget and timeline for this implementation, created in consultation with all pertinent departments, including but not limited to City Planning, General Services Department (GSD), Bureau of Engineering (BOE), City Administrative Officer (CAO), Chief Legislative Analyst (CLA), City Attorney, and the Los Angeles Housing Department (LAHD).
3. Direct the Personnel Building site located at 700 E. Temple Street to be redeveloped for affordable housing, including authorizing the Los Angeles Housing Department (LAHD) and/or EWDD to issue a solicitation for affordable housing, or affordable housing with a commercial component (if feasible) on the site, and to report back to Council with a request to enter into an Exclusive Negotiation Agreement (ENA) for a recommended development team for the site;
4. Authorize EWDD, in coordination with BOE, to report back on the cost of a structural engineering study to assess the redevelopment potential of the LA Mall. This study would need to be completed to inform staff's analysis of the potential future redevelopment of City Hall East, City Hall South, and the LA Mall for uses such as affordable housing.

INTRODUCTION:

In November 2021, City Council instructed EWDD, in coordination with the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to issue a solicitation to evaluate the redevelopment potential of various Civic Center properties, with the intent to build at least 3.5 million square feet of housing and 1.5 million square feet of city office space (CF 21-1079). The motion specified that the analysis should include the sites studied in the Civic Center Master Development Plan as well as the Los Angeles Mall, City Hall East, City Hall South, 911 Call Center, Parker Center lot, Personnel Building, and Medical Services Division/Testing and Training Center building.

After issuing a competitive Request for Proposals for consulting services, EWDD selected BAE to complete the economic analysis and executed a contract with the firm on September 13, 2023 (C-144171). BAE's Scope of work included the following key deliverables:

1. An evaluation of the redevelopment potential of eight specified Civic Center sites;
2. Recommendations for each site that fit into a larger real estate strategy;
3. A massing analysis for potential affordable and market-rate housing development;
4. Residual land value models for each massing typology;
5. The creation of five project scenarios;
6. A detailed cashflow financial model for the overall project to compare scenarios.

The City established the following three goals to guide the economic analysis:

1. Consolidate staff into a central location to increase operational efficiencies;
2. Create housing units that serve a range of affordability levels to activate the City Center area; and
3. Use revenues from housing development to help fund any new civic facility(s) and use alternative (non-MICLA) financing mechanisms to make up any gap.

The remainder of this report summarizes the key findings associated with BAE's analysis. The complete study is attached.

SUMMARY OF FINDINGS:

The High Cost of Doing Nothing

The report's economic analysis revealed that maintaining the City's existing office buildings over the next 35 years and continuing to lease market-rate office space at current office rates and space standards for departments not located in city-owned buildings would cost nearly \$1 billion (\$961,300,000) and provide no additional benefits such as increased housing or new office space.

Most of the city-owned buildings were built fifty or more years ago, and most have not undergone significant renovations or improvements to their electrical, heating, and cooling systems. Many also need to be either retrofitted or demolished to comply with earthquake standards. Under the "do nothing" scenario, repair bills will mount and require emergency attention. The "do nothing" scenario will ultimately cost more money than new developments would. Continuing to invest in outdated buildings will also inhibit the ability to redevelop those sites later.

Additionally, the Parker Center has been demolished since 2019 and remains a vacant lot that generates no property tax, sales tax, or lease revenue, provides no housing or office space, and requires ongoing maintenance and security. If the City delays the redevelopment of the Parker Center, opportunity costs will escalate and the City will be financially unprepared to fully leverage the potential value of the site.

Feasibility of New Development on the Eight City-Owned Sites

After considering the detailed conditions of each of the eight sites (shown in Figure 1 and 2 below), the 911 Call Center and the Testing and Training Center were removed from the analysis due to a myriad of challenges. The LA Mall and Civic Hall East are both complicated redevelopments that are better for a later phase of development. The Parker Center and Personnel Building offer the best opportunities for short-term redevelopment. (More information supporting these assertions can be found in the "Site Challenges, Opportunities and Constraints" section of BAE's report, summarized in Table 1 below).

Based on the report, EWDD recommends the relocation of the Personnel building staff to temporary leased office space and the disposition of the site for affordable housing as the first stage of redevelopment. EWDD recommends redevelopment of the Parker Center into office, housing, and a Central Utility Plant as the second phase of development. EWDD recommends the redevelopment of the additional sites (City Hall South, City Hall East, LA Mall, and possibly the Judge John Aiso Garage) as part of a subsequent phase of development. More information about those subsequent phases can be found in the “Phasing Analysis” Section of BAE’s report.

Central Plant

The urgent issues related to a new utility plant are outlined on Page 8 of this report. Before the City can move forward, key infrastructure questions for City-owned Civic Center buildings will need to be answered. In order to present City Council with the costs and benefits of the various options, BOE will require a dedicated staff person (likely a Civil Engineer position) and approximately \$500,000 for consultants (per BOE staff) to answer the following questions:

- What is the advantage of servicing each municipal building individually, as opposed to investing in a central plant that provides heating, cooling and domestic hot water to City Hall, City Hall East, City Hall South, the Los Angeles Mall, and the LAPD Metropolitan Detention Center?
- What are the costs and the benefits of having a central plant use a natural gas boiler system, a fully electrified system, or a hybrid system?
- What are the projected future technological needs in the Civic Center buildings that might require chillers, and how would that affect the options?

Table 1 Site Challenges and Opportunities Findings

Site	Existing Use	Potential Use	Building Details	Constraints
City Hall South	City departments	Housing; Gateway to Civic Center (City use);	Building Size: 320,166 sf Year Built: 1955 Site Size: 62,942 sf (est.) Stories: 9	Steam plant in basement is at the end of its useful life, and will be expensive to replace
City Hall East	City departments	Housing; continued City Use; long-term Mixed-Use potential	Building Size: 575,000 sf Gross Leasable Area Year Built: 1972 (est.) Site Size: 139,486 sf Stories: 18, with 4 basement levels	Broken sewer pipe below building; ITA has expensive equipment which will be difficult to relocate
LA Mall	City departments, retail, and parking	Housing; continued City Use	Building Size (sq. ft.): 47,867 sf Gross Leasable Area Year Built: 1974	More information about the structural integrity of the parking is needed. An additional structural engineering

			Site Size: 103,593 sf Stories: N/A	study would be required to assess the potential of redevelopment.
911 Call Center	City use	Continued City Use	Building Size: 53,761 sf Year Built: 2002 Site Size 77,889 sf (est.) Stories: 3	Cost prohibitive to relocate
Judge John Aiso Garage	Parking	Parking	Building Size: 128,636 sf Year Built: 2007 Site Size: 56,562 (est.) Stories: 1 story, with 2 basement levels	Parking lot is under the jurisdiction of Bureau of Transportation Commissioners (BOTC)
Former Parker Center Site	None	City facility(s); Housing; Mixed-Use	Building Size: N/A Year Built: N/A Site Size: 3.07 acres (est.) Stories: N/A	None
Personnel	HR and Emergency Operations Center (EOC) Tower	Housing	Building Size: 138,460 sf Year Built: Unknown Site Size: 2.29 acres (est.) Stories: 3 stories, with 1 basement level	Personnel Dept has specific requirements for any space they occupy. Relocation of EOC Tower will be challenging.
Med Services	City use and EOC parking	Continued City Use	Building Size: 30,350 sf + 34,845 sf parking Year Built: 2006 Site Size: 37,722 sf (est.) Stories: 2	Cost-prohibitive to replace EOC parking.

Figure 1: Map of Civic Center Sites Evaluated

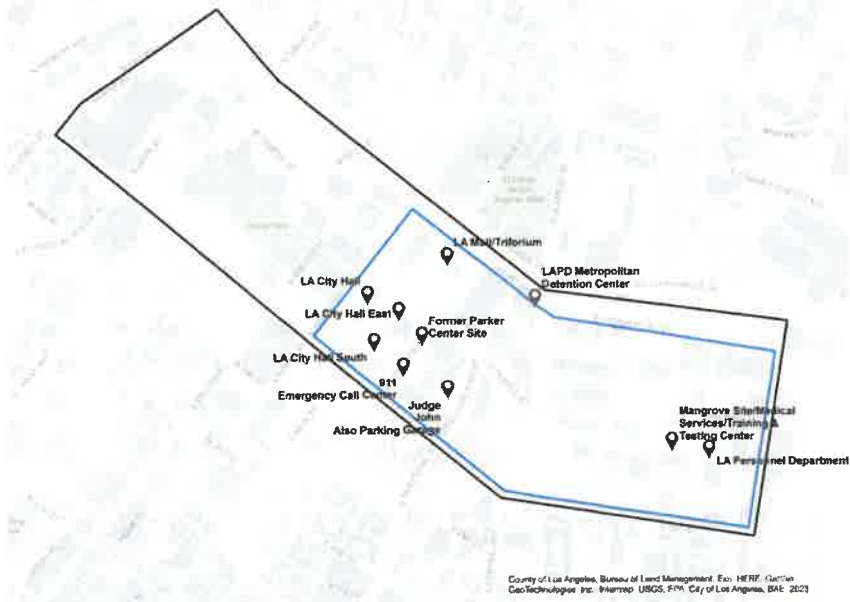


Figure 2: Aerial Map of Civic Center Sites Evaluated



OPPORTUNITIES AND CONSTRAINTS:

Personnel Building

Affordable housing should be included in the first phase of the Civic Center redevelopment for two reasons: First, the City is in a housing affordability crisis. Second, the City will need to negotiate with the State over how the Surplus Land Act (SLA) will be applied to City-owned sites, specifically, regarding how the phasing of the project is accounted for. Regardless, under the SLA, affordable housing will be a significant part of the redevelopment of these sites, so beginning with affordable housing is a good first step.

The Personnel Building site presents a generally suitable opportunity for affordable housing. However, it lacks easy access to civic infrastructure, including a grocery store and an elementary school, and is located in a more industrial area. Its proximity to the Arts District could make it a good site for affordable artists' housing, similar to the Hollywood Arts Collective development, which was also on City-owned land. Incorporating a commercial component into the affordable housing project may also help revitalize the area and could provide amenities for the residents of the project.

It will likely take several years for an affordable housing developer to complete project plans and secure financing, during which time the City can locate alternative office space for the Personnel staff. The City would continue to own the land and provide a 99-year ground lease to the housing development.

The current Personnel building is one of the oldest city-owned buildings and the Personnel Department's management has expressed interest in relocating to a more modern workspace, as long as their specific space needs can be accommodated. Those needs include privacy for City workers, space for interviews and testing, and access to the general public.

Parker Center Site

The report proposed multiple scenarios for the Parker Center site that balanced the desire for both housing and office space and provided space for a new Central Utility Plant. The first option involves building a smaller office building on half of the lot and building an approximately 170-unit mixed-income housing development on the other half. The office building would be approximately 410,550 sf and accommodate 2,053 staff at current space standards. The residential building would include 15,000 square feet of ground-floor retail facing the new First Street North development.

The second scenario proposes the same-sized residential building on half of the lot but proposes a larger office building, totaling 534,030 square feet and 2,670 staff at current space standards. The larger office building would increase the cost by approximately \$139M more than the smaller office building. The additional space may be unnecessary if the city adopts moves to more hybrid

remote work. Before the City moves forward on designing a new office building, the City should clarify its telecommute policy and adopt updated space standards.

Lastly, the study evaluated the feasibility of a larger office building and a retail-lined paseo on the site. That option allows for more retail space (up to 50,000 square feet) but does not allow space for a Central Utility Plant like the other two options, and it was not considered financially feasible.

Of the three options for the Parker Center Site, EWDD recommends moving forward with the smaller office building given cost constraints and the change to more hybrid in-office/work-from-home options.

Table 2: Parker Center Redevelopment Options

	Proposal	Residential Units	Office SF	Retail SF	Space for Potential Central Utility Plant?	Financially Feasible?
Option 1	Small Office Building (½ site) + Mixed-Income Housing (½ site)	173	410,550	15,000	Yes	Yes
Option 2	Large Office Building (½ site) + Mixed-Income Housing (½ site)	173	534,030	15,000	Yes	Yes
Option 3	Office Building + Mixed-Income Housing + Paseo	179	534,030	50,000	No	No

The Urgent Need for a New Central Utility Plant

The current steam plant located under City Hall South serves City Hall, City Hall South, City Hall East, the Mall area, and the LAPD Metro Detention Center, and has an estimated remaining life of only four to five years. The plant consists of three very large boilers from 1952 that must be monitored 24/7 by city staff. Currently, there is no comprehensive plan for how to provide hot water service to the City’s municipal buildings when the existing plant fails. Staff at the City’s General Services Department (GSD) indicate that when the boilers fail, the City will likely have to rent large gas boilers, locate them at street level, and create temporary re-piping. This temporary solution will be very costly and will not provide a long-term plant for utility service in the area. The current 24-hour staffing required to monitor the existing steam plant is very costly, and would not be required if the City invested in newer utility technologies.

Both the study conducted by BAE and preliminary conversations with staff at the General Service Department conclude that the City should further study the feasibility of a Central Utility Plant located at Parker Center. Creating a Central Utility Plant may allow the City to more cost-effectively service municipal buildings in the civic center area and may provide an opportunity to invest in additional chillers, which will be vital for the expansion of data centers and AI technology in the future. Further research is required to determine how much of the service provided by the Central Utility Plant will be generated by gas-powered technology and how much will rely on newer electrical phase technologies. That decision is the critical path that will enable the City to secure a draft design for the plant, and an estimated cost.

Overall Next Steps and Final Goals for the Civic Center Redevelopment

The table below provides a summary of the immediate next steps, longer-term next steps, and final goals for each feasible site identified for redevelopment in the Civic Center area.

In total, redeveloping the five sites below could result in between 410,550 and 534,030 square feet of new City office space (depending on the size of the office building on Parker Center), nearly 680 new units of housing (including approximately 250 units of affordable housing), and approximately 15,000 new square feet of retail space. The 35-year Net Present Value of redeveloping all five sites is approximately \$411-\$550 million. Assuming the City did not redevelop any of its sites, the City would spend approximately \$400 million **more over 35 years** maintaining its existing buildings than the total cost of redevelopment.

Table 3: Civic Center Redevelopment Work Plan

	Immediate Next Steps	Longer-Term Next Steps	Final Goal
Personnel Building	<ul style="list-style-type: none"> ○ Issue an RFP for an affordable housing development or mixed-use affordable housing development. ○ Select a developer 	<ul style="list-style-type: none"> ○ Identify and secure funding. ○ Once all funding sources are secured, relocate Personnel staff to leased office space or Parker Center 	<ul style="list-style-type: none"> ○ Creation of new Affordable housing development ○ Personnel staff permanently relocated to leased office space or Parker Center
Parker Center	<ul style="list-style-type: none"> ○ Develop a detailed site plan and subdivision map ○ Create a detailed scope for the Central Utility Plant ○ Decide on the size of the City office building. 	<ul style="list-style-type: none"> ○ Issue an RFP for the housing development and select a developer. ○ Secure funding for the office space. ○ Issue an RFP for the City office space and select a developer. 	<ul style="list-style-type: none"> ○ Mixed-income housing development on half the site and City office space on the other half.
City Hall South	<ul style="list-style-type: none"> ○ Create a plan to relocate the existing steam plant 	<ul style="list-style-type: none"> ○ Relocate the steam plant ○ Issue an RFP for redevelopment of the site 	<ul style="list-style-type: none"> ● TBD - New City office and/or housing

		for City office space and select a developer.	
		○ Identify temporary office space for workers while the new office space is under construction.	
LA Mall/ Triforium	○ Conduct a structural engineering study to determine the feasibility of redevelopment	○ TBD	○ TBD - New City office and/or housing
City Hall East	○ Assess options for relocating the data servers located in P4	○ TBD	○ TBD - New City office and/or housing

CONCLUSION

The redevelopment of the Civic Center is an unprecedented opportunity for the City to centralize office space, build needed housing, increase retail opportunities, and revitalize downtown. Beginning the process through the disposition of the Personnel Building site for affordable housing, developing a site plan for Parker Center, and planning for the creation of a Central Utility Plant at Parker Center, will allow the City to move forward with a proactive vision and avoid escalating maintenance costs.

FISCAL IMPACT STATEMENT

The proposed actions will not have an impact on the General Fund. However, if the City Council takes future action to direct BOE to create a structural engineering study of the Los Angeles Mall, or to answer the outstanding questions regarding the replacement of the current central utility plant, those actions would have a fiscal impact on the General Fund.


 Carolyn Hull (Aug 19, 2025 12:44:02 PDT)

Carolyn M. Hull
 General Manager

CH:FJ:BLM:MA

Attachment:
 Final Civic Center Real Estate Strategy Report, BAE Consulting, May 2025

bae urban economics

FINAL Civic Center Real Estate Strategy Report

Prepared for the City of Los Angeles

May 2025



bae urban economics

May 12, 2025

Blair Miller,
City of Los Angeles, Economic and Workforce Development Department
1200 W 7th St., #100
Los Angeles, CA 90017

Dear Ms. Miller:

BAE along with our teammates Arup, Fullerton Consulting, Greensfelder Commercial Real Estate, and PlaceWorks are pleased to present the City with this report outlining the constraints and opportunities for using the City's Civic Center real estate assets.

Sincerely,



Sherry Okun-Rudnak
Principal, BAE Urban Economics

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EXECUTIVE SUMMARY

Project Purpose

The purpose of this project is to evaluate nine City-owned properties located in the Civic Center area, as well as east of Alameda Street to identify a path forward for the City that meets the following goals:

- Consolidate staff into a central location to increase operational efficiencies;
- Create housing units that serve a range of affordability levels to activate the City Center area; and
- Use revenues from housing development to help fund any new civic facility(s) and use alternative (non-MICLA) financing mechanisms to make up any gap.

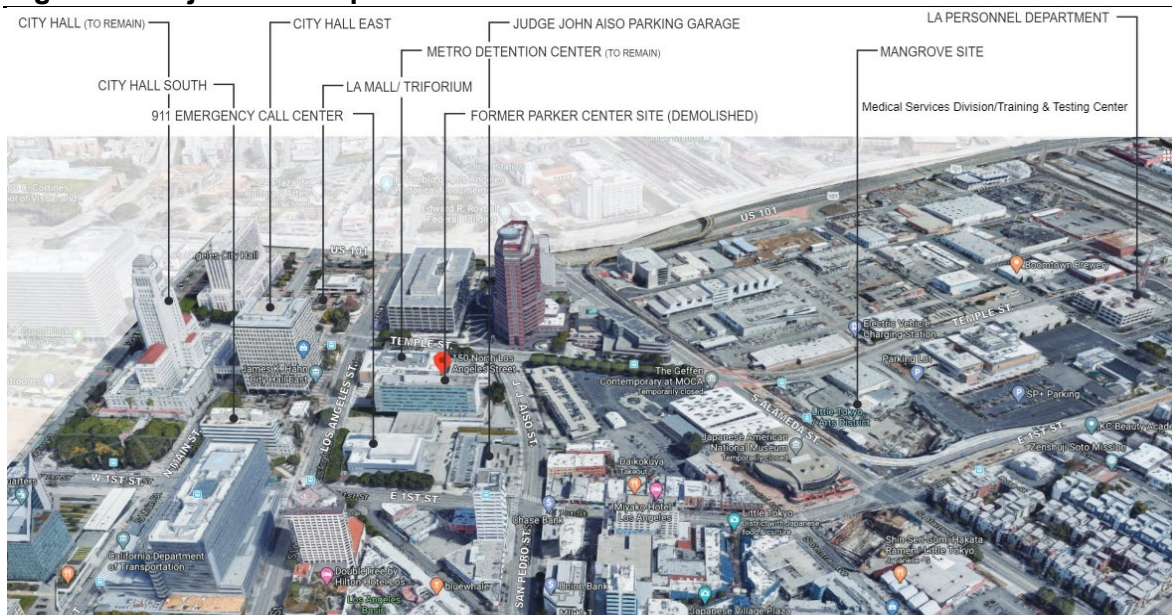
Approach

To identify uses for each site that balance the City's goals, this report takes the following approach:

- Evaluate redevelopment potential at nine sites;
- Create land use and phasing strategy;
- Create new massing illustrations for potential future affordable and market rate housing and mixed-use development;
- Create residual land value model for each massing typology;
- Create five project scenarios;
- Create cashflow financial model for overall project to compare scenarios; and
- Identify alternative financing approaches.

Project Sites

Figure 1: Project Site Map



Project sites include:

- City Hall South (CHS)
- City Hall East (CHE)
- LA Mall/Triforium
- 911 Emergency Call Center
- Judge John Aiso Parking Garage and Plaza
- Former Parker Center Site
- LA Personnel Department
- Medical Services Division/ Training and Testing Center

Key Findings

Not all sites are equally suited for near-term redevelopment. Several sites are heavily constrained due to current City operations or costly infrastructure replacement needs.

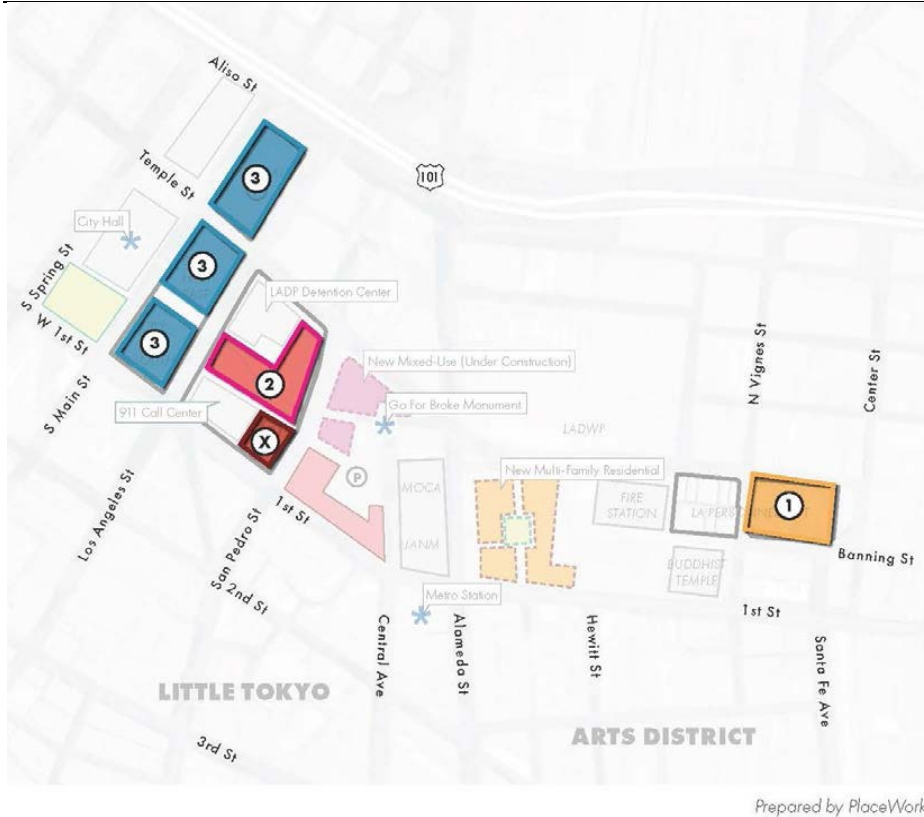
Site Challenges and Opportunities Findings

Site	Existing Use	Potential Use	Opportunities	Constraints
CHS	City departments	Housing; Gateway to Civic Center (City use);	Located at the 100% corner	Steam plant in basement will be expensive to replace
CHE	City departments	Housing; continued City Use; long-term Mixed-Use potential	Building needs repair or renovation in the near-term.	Broken sewer pipe below building; Depts with expensive equipment may be difficult to relocate
LA Mall	City departments, retail, and parking	Housing; continued City Use	Can provide parking for the Civic Center area without having to build more	More information about the structural integrity of the parking is needed
911 Call Center	City use	Continued City Use	None	Cost prohibitive to relocate
Judge John Aiso Garage	Parking	Parking	Could activate Plaza with Little Tokyo Community	Parking lot is subject to DOT Special Revenue fund
Former Parker Center Site	None	City facility(s); Housing; Mixed-Use	Shovel-ready site	None
Personnel	HR and Emergency Operations Center (EOC) Tower	Housing	Located near Metro stop; Arts District adjacent	Relocation of EOC Tower
Med Services	City use and EOC parking	Continued City Use	Located near Metro stop; Arts District adjacent	Cost prohibitive to replace EOC parking

Land Use and Phasing Strategy

The Parker Center site and the Personnel Department site offer near-term opportunities for redevelopment into housing and civic uses, especially when paired with strategic relocation of existing departments.

Figure 2: Site Phasing Map



Phase 1:

- Relocate Personnel building staff into temporary leased office space elsewhere in Downtown to create savings from more efficient space, and move the place prospective candidates go to apply for City employment.
- Make site available for affordable housing, which can pay a capitalized (upfront) ground lease payment, if needed.

Phase 2:

- Build out Former Parker Center Site
- Options for two housing developments or housing and new City office. Scenarios differ by these options.

Phase 3:

- Relocate staff into new City office space
- Make remaining sites available for development

Scenario Testing

Five scenarios were tested, ranging from a "do nothing" approach to full redevelopment and off-site leasing or purchasing of City office space.

Scenario 1: Baseline (“Do Nothing”)

Defining Features:

<u>Vacate and Redevelop for Housing/Mixed-Use</u>	<u>New Civic Space</u>	<u>Remains As-Is</u>
None	Rent permanent space for Garland tenants Modernize buildings as needed	All existing buildings

Development Program:

<u>Office Space (City)</u>	<u>Housing Units</u>	<u>Retail Space</u>
Renting space for Garland employees, approximately 221,200 Sq. Ft. 1,106 staff	0 total	0

Key Takeaways :

- This would not meet any of the City’s stated goals of increasing operational efficiency, activating the Civic Center area, nor creating affordable housing.
- Under a do-nothing scenario, repairs bills are likely to escalate because repairs will be made in an emergency manner rather than a thoughtful approach that realizes the economies of scale inherent in the larger project. The extent of the current deferred maintenance liability is not fully known or accounted for in the city’s current CIP budget.
- Assumes no alternative financing mechanism (MICLA)

35-Year Financial Outcomes:

<u>NPV (6% Discount)</u>	<u>NPV Savings from Baseline</u>
\$961,300,000	NA

Scenario 2: Build “Small” Office Building for City Staff; Redevelop 3.5 Sites for Housing/Mixed-Use

Defining Features:

<u>Vacate and Redevelop for Housing/Mixed-Use</u>	<u>New Civic Space</u>	<u>Remains As-Is</u>
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Personnel Building, Half of Former Parker Center Site; City Hall East; City Hall South	Half of Former Parker Center Site	LA Mall, Medical Services Center, 911 Call Center, Judge John Aiso Parking Garage
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Development Program:

<u>Office Space (City)</u> 410,550 Sq. Ft. 2,053 staff	<u>Housing Units</u> 679 total 253 affordable 37% affordable	<u>Retail Space</u> Start with 15,000 Sq. Ft. facing Go For Broke development; Retail ready at CHE and CHS.
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Key Takeaways:

- Helps meet the City’s goals of bringing staff into more efficient space in the Civic Center Area, while creating nearly 700 new housing units to help revitalize the area.
- A new modern facility can be swing space to modernize City Hall East including moving/modernizing the data center and comms infrastructure.
- Assumes credit tenant lease financing (non-MICLA).
- Leaves room on the Former Parker Center Site for a new Central Utility Plan when needed.

35-Year Financial Outcomes:

<u>NPV (6% Discount)</u>	<u>NPV Savings from Baseline</u>
\$411,500,000	\$549,800,000

Scenario 3a: Build Larger Office Building for City Staff, Redevelop 4.5 Sites for Housing/Mixed-Use, Limited Retail

Defining Features:

<u>Vacate and Redevelop for Housing/Mixed-Use</u> Personnel Building, Half of Former Parker Center Site; City Hall East; City Hall South; LA Mall (excluding parking)	<u>New Civic Space</u> Half of Former Parker Center Site	<u>Remains As-Is</u> LA Mall Parking, Medical Services Center, 911 Call Center, Judge John Aiso Parking Garage
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Development Program:

<u>Office Space (City)</u> 534,030 Sq. Ft. 2,670 staff	<u>Housing Units</u> 679 total 253 affordable 37% affordable	<u>Retail Space</u> Start with 15,000 Sq. Ft. facing Go For Broke development; Retail ready at CHE and CHS.
---	--	---

Key Takeaways:

- Larger new construction office structure accommodates an additional 617 City workers when compared to Scenario 2.
- This meets the City’s goals of bringing staff into more efficient space in the Civic Center Area, while creating nearly 700 new housing units to help revitalize the area.

- Assumes use of alternative financing.
- Leaves room for a new Central Utility Plant when needed

35-Year Outcomes:

<u>NPV (6% Discount)</u>	<u>NPV Savings from Baseline</u>
\$550,400,000	\$410,900,000

Scenario 3b: Build Larger Office Building for City Staff, Redevelop 4.5 Sites for Housing/Mixed-Use, Retail lined Paseo

Defining Features:

<u>Vacate and Redevelop for Housing/Mixed-Use</u>	<u>New Civic Space</u>	<u>Remains As-Is</u>
Personnel Building, Half of Former Parker Center Site; City Hall East; City Hall South; LA Mall (excluding parking)	Half of Former Parker Center Site	LA Mall Parking, Medical Services Center, 911 Call Center, Judge John Aiso Parking Garage

Development Program:

<u>Office Space (City)</u>	<u>Housing Units</u>	<u>Retail Space</u>
534,030 Sq. Ft. 2,670 staff	679 total 253 affordable 37% affordable	50,000 Sq. Ft. facing a mid-block (Parker Center Site) paseo lined with retail.

Key Takeaways:

- Less financially feasible than Scenario 3a due in part to presence of retail-lined Paseo
- This still helps meet the City’s goals of bringing staff into more efficient space in the Civic Center Area, while creating nearly 700 new housing units to help revitalize the area.
- Assumes use of alternative financing mechanism.
- Does not leave room for a new Central Utility Plant

35-Year Outcomes:

<u>NPV (6% Discount)</u>	<u>NPV Savings from Baseline</u>
\$562,400,000	\$398,900,000

Scenario 4: Lease City Office Space in Downtown for City Workers, Redevelopment 5 Site for Housing/ Mixed-Use

Defining Features:

<u>Vacate and Redevelop for Housing/Mixed-Use</u>	<u>New Civic Space</u>	<u>Remains As-Is</u>
Personnel Building, Former Parker Center Site; City Hall East; City Hall South; LA Mall	Leased in Downtown LA, preferably within a 10-minute DASH ride to City Hall	Medical Services Center, 911 Call Center, Judge John Aiso Parking Garage

Development Program:

Office Space (City)

Lease space for 2,670 staff
534,030 Sq. Ft.

Housing Units

858 total
273 affordable
32% affordable

Retail Space

Start with 15,000 Sq. Ft.
facing Go For Broke
development; Retail ready at
CHE and CHS.

Key Takeaways:

- This scenario does not meet the goal of bringing staff into more efficient space in the Civic Center Area. It does result in the most housing units because the City is effectively vacating the Civic Center Area for the next 75-99 years with few exceptions.
- This alternative was based on an average of market lease rates downtown not a specific building.

35-Year Outcomes:

NPV (6% Discount)

\$516,400,000

NPV Savings from Baseline

\$444,900,000

Scenario 5: Purchase Office Building in Downtown for City Workers and Redevelop 5 Sites for Housing

Defining Features:

Vacate and Redevelop for Housing/Mixed-Use

Personnel Building, Former Parker Center Site; City Hall East; City Hall South; LA Mall

New Civic Space

Purchase a building in Downtown LA, preferably within a 10-minute DASH ride to City Hall

Remains As-Is

Medical Services Center, 911 Call Center, Judge John Aiso Parking Garage

Development Program:

Office Space (City)

Purchase space for 2,670 staff 534,030 Sq. Ft.

Housing Units

858 total
273 affordable
32% affordable

Retail Space

Start with 15,000 Sq. Ft.
facing Go For Broke
development; Retail ready at
CHE and CHS.

Key Takeaways:

- This alternative was based on recent office building sale transactions in downtown LA, not a specific building.
- This scenario does not meet the goal of bringing staff into more efficient space in the Civic Center Area. It does result in the most housing units because the City is effectively vacating the Civic Center Area for the next 75-99 years with few exceptions.
- Assumes alternative financing.

35-Year Outcomes:

NPV (6% Discount)

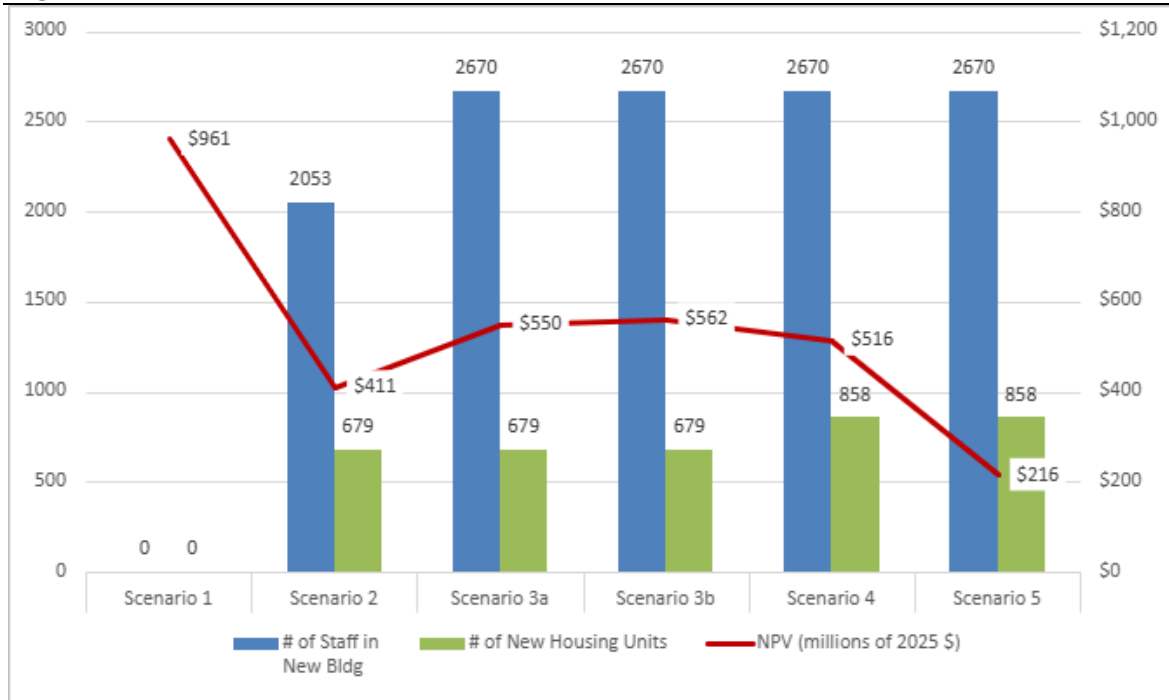
\$216,300,000

NPV Savings from Baseline

\$745,000,000

For comparison, Figure 3 shows the total net present value, number of staff housed, and number of new housing units created under each scenario.

Figure 3: Scenario Comparison



Recommendations and Implications

Deferred maintenance across the Civic Center properties is significant. Inaction will lead to escalating costs and missed opportunities for long-term savings.

The most balanced and cost-effective option was:

Scenario 2: Build a modest-sized new civic office building and redevelop 3.5 sites for housing and mixed-use.

This scenario:

- Achieves all three City goals without overcommitting to any single one.
- Generates substantial ground lease revenues and allows use of alternative (non-MICLA) financing tools.
- Creates nearly 700 new housing units, including 253 affordable units.
- Supports efficient staff relocation into modernized space while retaining a Civic Center presence.

By advancing this scenario, the City can reduce long-term liabilities, support equitable development, and reinvest in a vibrant and functional Civic Center.

INTRODUCTION

Organization of Study

This Study is organized into the following sections:

- The **Civic Center Background** section consolidates existing Civic Center and other relevant planning documents and strategies to synthesize the existing work to date.
- The **Market Analysis and Demand Projections** section reviews local real estate market conditions, including current prices, rents, vacancy rates, capitalization rates, and absorption trends to determine the relative strength of local real estate markets, evaluate the market potential for housing and commercial uses, and identify market gaps.
- The **Key Considerations** section discusses issues that may impact the project overall. These include issues related to land disposition regulations, workplace standards, and specialty infrastructure that could impact project scenarios, costs, and phasing.
- The **Site-Specific Challenges and Opportunities** section is informed by two massing studies that consider site constraints, zoning and Community Plan standards, as well as potential density bonus allowances and parking requirements.
- The next chapter contains **Massing Studies** illustrating what development on the sites may look like, showing the relative densities and layouts for new development based on zoning and development regulations, as well as projects that developers have been pursuing in the area.
- Development typologies are tested using pro forma analyses to determine the **Feasibility and Value Capture** potential for new development on City-owned sites that could contribute much needed housing units and ground lease revenues to the City.
- Putting together the findings of the prior sections, the analysis creates a **Phasing Strategy** and a **Site Recommendations Summary** that shows the rationale for each site.
- The report then identifies multiple **Project Scenarios** and tests their feasibility within the City over a 35-year period. Each scenario evaluates a possible trajectory to dispose of some sites to generate revenue and create housing, and create or otherwise obtain new public facility space for City staff.
- Finally, the report contains a section on **Outreach** that provides feedback from the development community on their interest in the project, as well as their perceptions on the different sites that may become available.

Council Motion Background

On September 29, 2021, the Los Angeles City Council passed Council File 21-1079 on a Motion from Councilmember Kevin De Leon of Council District 14, which requested a report on the feasibility of the following buildout:

- At least 3.5 million square feet of housing, and
- 1.5 million square feet of City office space for municipal support.

- ...[Reducing] the costs to the city as much as possible while maximizing the amount of affordable housing that can be constructed.”¹

This report and analysis seek to thread the needle on meeting these stated City goals. Providing new and updated efficient City space along with new housing units, both market and affordable, which can help pay for new City space and revitalize the Civic Center area to support retail uses.

Project Approach

- The analysis begins with a review of the existing Civic Center and other relevant planning documents, as well as a history of site acquisition, and the need for basic social infrastructure (e.g., grocery stores, parks, schools) needed to create a neighborhood. This provides the historical and social context, as well as the planning context to determine what can be developed on each of the City’s sites.
- A market analysis provides an understanding of the economic conditions within the Civic Center area and forms the basis for determining the amount of housing and retail that the market can support on the City’s sites. A review of the local real estate market conditions, including current prices, rents, vacancy rates, capitalization rates, and absorption trends illustrate the relative strength of local real estate markets, evaluate the market potential for housing and commercial uses, and identify market gaps.
- Outreach to local developers reinforced the findings of our market analysis and provides intelligence on perceptions of the existing and future market conditions, desirability of the area for development, and understanding of the relative value of available sites.
- A tour of the potential development sites, along with City department interviews provides an understanding of the site-specific challenges and opportunities. Challenges identified include specific infrastructure needs related to essential services, parking, critical adjacencies, and other issues that would impact the City’s ability to vacate or redevelop a particular site. Opportunities could include underutilized or inefficient space, site readiness, and/or location.
- Based on the findings of the market analysis and understanding of development trends around the City, the Team created new development massing illustrations that represent potential intensities that could physically fit on the different sites. They include podium and high-rise construction.
- The development types presented in the massing illustrations are then tested for financial feasibility to determine whether a developer would be interested in undertaking the project and projecting the amount of housing that could be created, as well as the amount of ground lease revenue that a developer could pay the City to build those projects on City-owned sites. Ground lease revenues are assumed to be available to help financially support any new public facilities, whether purchased or newly constructed. Financial testing assumes that new developments are either 80 percent market rate and 20 percent affordable or 100 percent affordable to maximize

¹ Motion 21-1079.

unit production, provide for some ground lease revenues, and comply with local zoning regulations.²

- With an understanding that the City is unable to commit to paying for new public facilities without first creating a revenue source to help pay for improvements, this analysis presents phasing recommendations for each site.
- The report then identifies project scenarios with special attention paid to a variety of design possibilities for development on the Former Parker Center site. A financial model tests the 35-year cost to the City of each design scenario, as well as alternatives within each scenario for whether the City constructs new public facilities, purchases an existing building, and/or signs a long-term space lease. These last two alternatives could take advantage of a weak Downtown Los Angeles office market, but would not necessarily generate the efficiencies envisioned in the Council Motion.
- The financial model then compares the 35-year net City costs of each design scenario and alternative to a “no action” base case. This provides Council with the information needed to make an informed decision about the best path forward for the project and each of the sites evaluated.

² Appendix F discusses the ability of different housing typologies to pay ground lease revenues.

CIVIC CENTER BACKGROUND

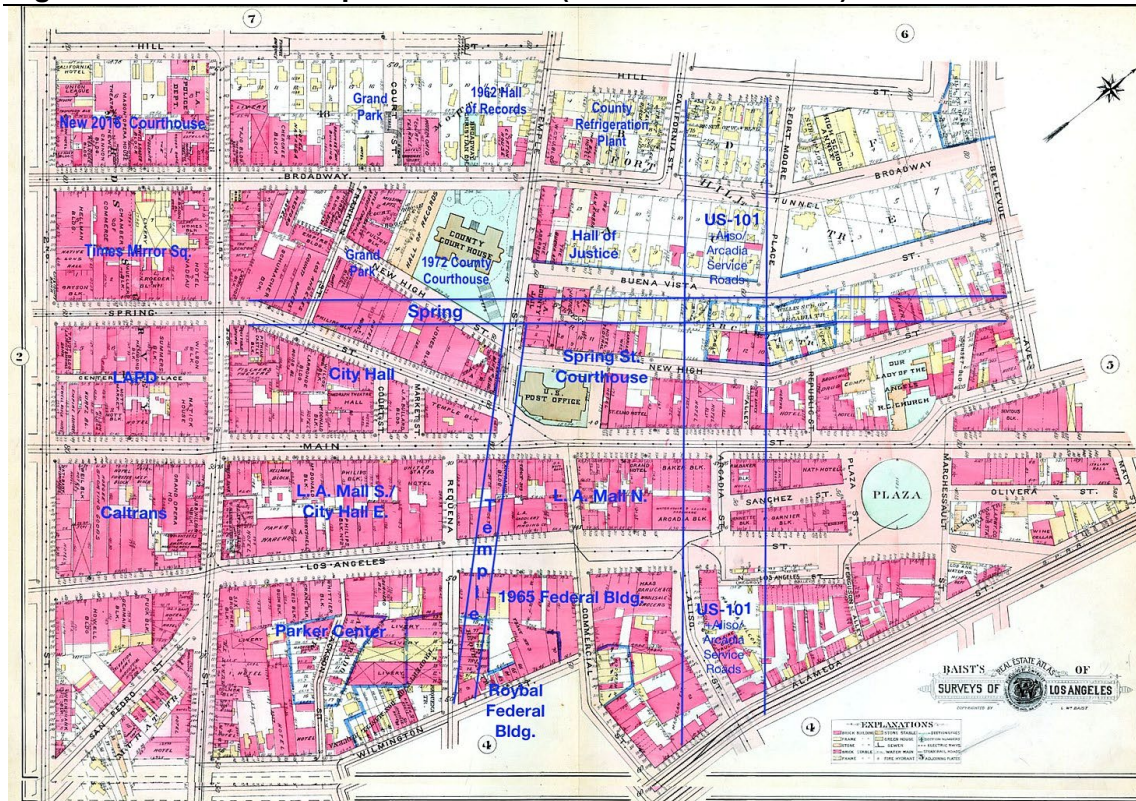
The following section presents a background of the Civic Center area, review of relevant planning documents and strategies, and other relevant information used as a basis for understanding the context for planning these sites.

Historical Planning Context

1928 – Original Civic Center

In the late 1800s and early 1900s, the site of the Los Angeles Civic Center was the location of Poundcake Hill, an upscale neighborhood. A variety of stores, restaurants, markets, banks, and offices anchored the city blocks at the base of the hill. While it served as Los Angeles’s central business district, the neighborhood already hosted several governmental offices during this era. Between 1888 and 1928, Los Angeles City Hall was located at 226-238 South Broadway, while the old Los Angeles County Courthouse and old County Hall of Records were situated nearby.

Figure 5: Baist 1910 Map of Downtown (Future Civic Center)



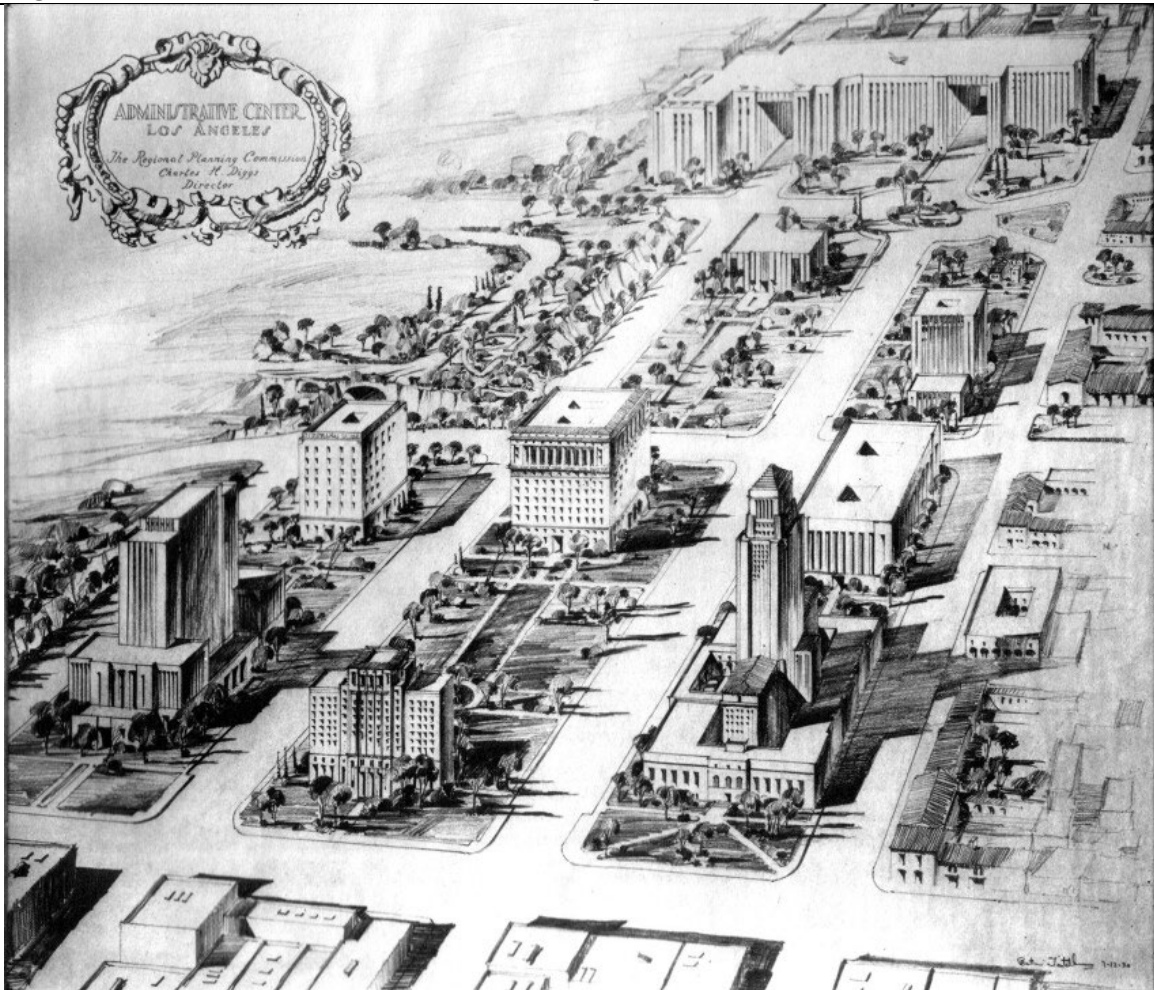
Baist's 1910 map of the area. In blue, superimposed on the map: later changes in Spring and Temple streets, the current path of US-101, and most of the existing civic center buildings.

Source: Baists Real estate maps via LOC, Public Domain, <https://commons.wikimedia.org/w/index.php?curid=97051103>

The first plan to envision Poundcake Hill as a consolidated civic center was presented in 1909. In 1910, the Los Angeles City Council approved funding to purchase a lot on Spring Street which

would form the core of the present civic center. In 1923, the public voted overwhelmingly to confirm the present civic center location, as well as allocate a \$7.5 million bond to fund the construction of a new city hall. The first building constructed as part of the new civic center was the Hall of Justice, built in 1925. It was followed by City Hall, which was completed and dedicated on April 26, 1928.

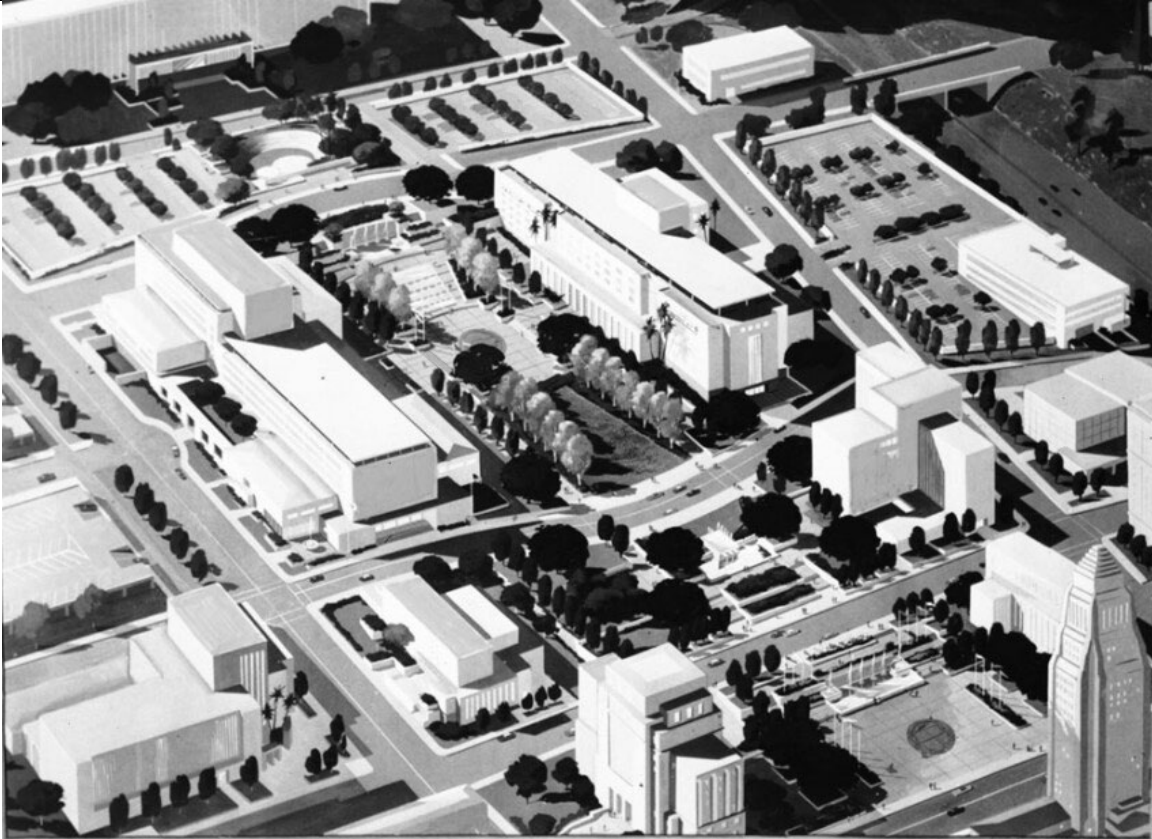
Figure 6: Perspective of Proposed Los Angeles New Administrative Center (1927)



Source: Los Angeles County Regional Planning Commission (1927) "Administrative Center".

Following the demolition of the old Los Angeles County Courthouse in 1936, Poundcake Hill would be flattened to make way for the new civic center. However, while numerous plans for a cohesive civic center were proposed during this era, none of these plans were formally adopted. In 1945, the Los Angeles Civic Center Authority became an official government body, and in the following year hired a team of architects to propose a new plan for the civic center. This plan suggested a significantly expanded Civic Center, one that pushed deeply into the residential communities of Bunker Hill, New Chinatown, and Little Tokyo. While this plan was never formally adopted, it did serve as the source of inspiration for future development of the Civic Center.

Figure 7: Proposed Los Angeles Civic Center (1954)



Source: USC Libraries, Los Angeles Examiner Collection.

The majority of plans for the Civic Center composed during the mid-20th century focused almost exclusively on the areas west and north of City Hall, while most of these plans excluded the blocks east of Main Street. Despite the lack of a formal master plan ever being formally adopted for the entire Civic Center, most of the former commercial and residential structures surrounding City Hall would be demolished. This included much of the Little Tokyo neighborhood and the entirety of the Bunker Hill neighborhood. In their place, the following civic buildings were erected during the mid-20th century:

- California State Building – 1931 (demolished 1976)
- Spring Street Courthouse – 1940
- City Hall South – 1952
- Parker Center – 1955 (demolished 2019)
- Stanley Mosk Courthouse – 1958
- Kenneth Hahn Hall of Administration – 1960
- First Junipero Serra State Office Building – 1960 (Replaced by the US Courthouse, 2016)
- New Los Angeles County Hall of Records – 1962
- Los Angeles Department of Water and Power Headquarters – 1964
- Los Angeles Street Federal Building - 1965

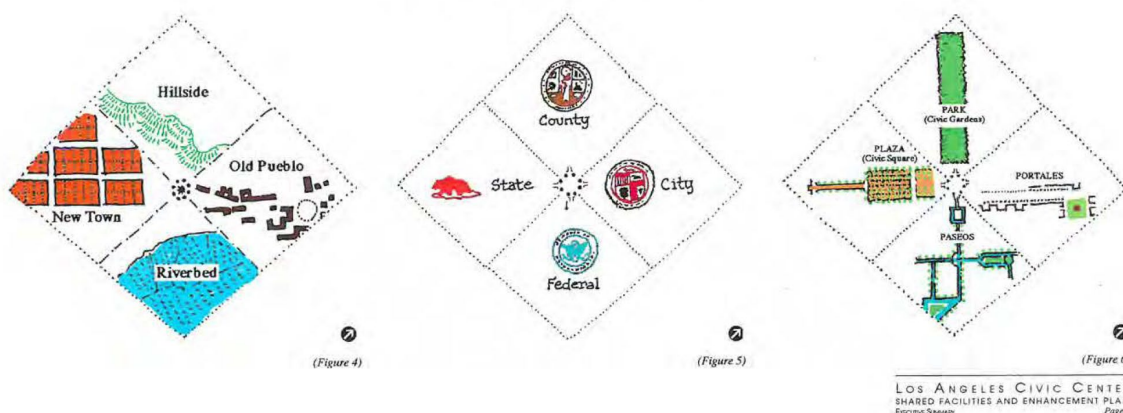
- Civic Center Mall (Grand Park) – 1966
- Dorothy Chandler Pavilion – 1964
- Ahmanson Theatre and Mark Taper Forum – 1967
- James K. Hahn City Hall East – 1972
- Clara Shortridge Foltz Criminal Justice Center – 1972
- Los Angeles Mall – 1974

1997 - Los Angeles Civic Center Shared Facilities and Enhancement Plan

In 1997, the Los Angeles Civic Center Shared Facilities and Enhancement Plan (1997 Plan) was prepared under the direction of the Los Angeles Civic Center Authority with the support of the Central City Association. Key themes regarding this plan include redefining the boundaries of the Civic Center as the distance from City Hall that the average pedestrian can walk in ten minutes, within which visitors can easily access facilities and services and interconnections among governments and businesses that interact are enhanced. It envisioned City Hall as a functional crossroads between the Music Center, Olvera Street, Little Tokyo, and the rest of Downtown.

The 1997 Plan also presents ideas for public realm enhancements, some of which have become (or are becoming) reality. The 1997 Plan calls for the Civic Center Mall to be transformed into a park-like setting, with a large civic square to be sited adjacent to City Hall. As of 2012, the former mall has been redeveloped as Grand Park. In addition, there are ongoing plans for Grand Park to be expanded into a lot on the corner of First and Broadway. The 1997 Plan also calls for a network of paseos to connect City Hall with Little Tokyo and neighborhoods beyond, an idea which has been carried over into future plans. Regarding urban form, the 1997 Plan states that the scale and character of the Civic Center should be kept low and pedestrian friendly. It states that the tower of City Hall should continue to be the focal point of the Civic Center skyline.

Figure 8: Organization of the 1997 Plan



Source: Los Angeles Civic Center Authority. (1997). *Los Angeles Civic Center Shared Facilities and Enhancement Plan*.

The 1997 Plan notes that the overall boundaries of the Civic Center will remain flexible. Some government functions will inevitably be located outside of a ten-minute walk from City Hall for economic or functional reasons. However, locating most government functions within a ten-minute boundary would allow for easy proximity for pedestrians, utilization of shared facilities, and an improved public environment. Thus it was deemed critical for new development to achieve the densities required to support a vibrant neighborhood.

Some key land use ideas have been altered since the adoption of the 1997 Plan. The 1997 Plan called for each level of government to be clustered together, with Federal offices to the southeast of City Hall, County offices to the northwest, State offices to the southwest, and municipal offices clustered around City Hall itself. The construction of the United States Courthouse in 2016, due west of City Hall, illustrates how future governmental land uses may not fall into easily defined districts. In addition, areas that were formerly envisioned for public uses have become mixed-use, as with the case of the Grand Development between First and Second Streets. However, such mixed-use development also ties together the concept of high density, pedestrian oriented development surrounding the Civic Center, illustrating the flexibility of the 1997 Plan.

Ultimately, the 1997 Plan influenced future development by emphasizing the need for land use, shared facilities, urban design, and streetscape to work in harmony with one another to encourage a pedestrian-friendly environment. Themes of connectivity, pedestrian experience, and street-level activation served as a foundation for future plans of the Civic Center. In addition, several of the concepts formulated in the 1997 Plan have become a reality west of City Hall, most notably with the redevelopment of Grand Park as well as mixed-use development and updated governmental facilities between First and Second streets. Vacant and underutilized lots persist east of City Hall, and are thus the focal points for this current update to the Los Angeles Civic Center Master Plan.

2014 - Sustainable Little Tokyo & Little Tokyo Community Design Overlay

Sustainable Little Tokyo is a community-driven initiative that promotes the environmental, economic, and cultural sustainability of Little Tokyo. It includes a "Development Vision" focused on the potential development of three publicly-owned sites in the neighborhood. The Sustainable Little Tokyo Plan is generally situated between (and overlaps with) the existing civic center to the west and publicly-owned properties east of Alameda Street.

Figure 9: Sustainable Little Tokyo Community Vision Design



Source: Mithun (2014). *A Sustainable Little Tokyo*. https://culturela.org/wp-content/uploads/2021/06/Sustainable-Little-Tokyo-Vision_FINAL.pdf.

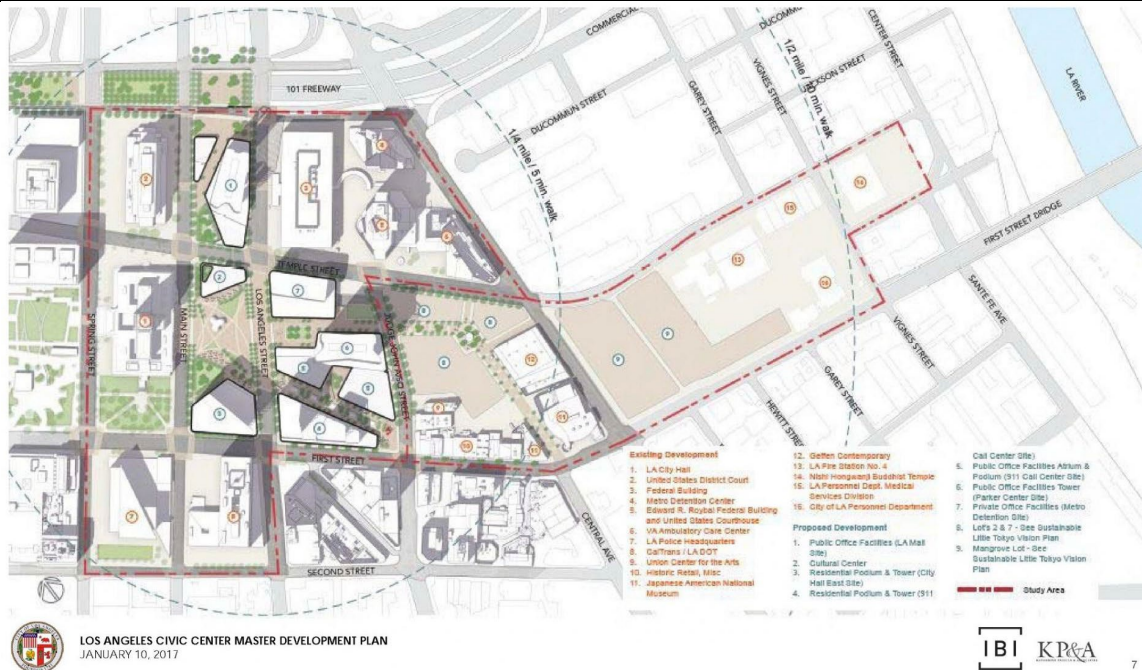
The Sustainable Little Tokyo Plan envisions these blocks as a new mixed-used neighborhood with strategically located high-rise towers and new public plazas and paseos. It also calls for street enhancements and new road connections east of Alameda Street. It focuses the majority of commercial, civic, and office activity west of Alameda Street, and the majority of new residential development east of Alameda Street. The Sustainable Little Tokyo Plan also called for modest development and a public plaza around the new Little Tokyo/Arts District metro station, which has now become a reality.

The related Little Tokyo Community Design Overlay (CDO) provides design and development guidelines to the areas included in the Sustainable Little Tokyo Plan as well as several additional blocks to the south. In general, these guidelines promote a pedestrian-friendly environment, enhance the physical appearance of area, preserve the historical and cultural identity of Little Tokyo, and ensure both public and private development respect the character of neighborhood. These guidelines of the CDO apply to all projects located in whole or in part within the Little Tokyo boundary area regardless of the proposed or existing use (residential, commercial, industrial).

2017 - Civic Center Land Use Master Plan and Financial Feasibility Study

In June 2016, the office of the Los Angeles City Administrative Officer (CAO) stated that "this is the time for the City of Los Angeles to assess its significant land holdings in the area for the purpose of realizing opportunities to both improve the provision of public services and also allow for commercial, residential, and community uses that contribute to and take greater advantage of Downtown's organic economic development." This new Master Development Plan (2017 Plan) would comprise of two key components: a civic center land use master plan and a financial feasibility study.

Figure 10: Axis Scheme of the 2017 Plan



Source: LA City. (2017) *L.A. Civic Center Master Development Plan*.

To focus efforts on the relocation and consolidation of City facilities, a Study Area was identified to pinpoint opportunity sites for the City to consider. The Study Area is bounded by the 101 Freeway, Spring Street, Alameda Street, Second Street, and Vignes Street to the east. City-owned properties in the Study Area included: City Hall, Los Angeles Mall, City Hall East, City Hall South, Parker Center, Metro Detention Center, 9-1-1 Call Center, Judge John Aiso parking structure and plaza, Parking Lot #2 at 300 E. Temple Street, Parking Lot #3 at 140 North Judge John Aiso Street, Parking Lot #7 at 124 North Judge John Aiso Street, Geffen Contemporary, Mangrove Lot, and the Vignes Building. This Study Area is consistent with the current Civic Center Master Plan effort.

The proposed land uses of the 2017 Plan are designated with a need for future flexibility along with economic activity and are consistent with the standards found in typical mixed-use commercial districts. In lieu of clustering governmental offices around City Hall as with the 1997

Plan, the areas immediately adjacent to City Hall are envisioned as a mixed-used district. The 2017 Plan also calls for moving away from incompatible land uses such as detention centers and towards community enriching uses such as residential and commercial. This would be achieved through a combination of compact, horizontal mixed-use whereby different activities and land uses locate in close proximity to each other and through a vertical mix of uses.

The primary feature of the 2017 Plan is the “axis scheme,” with new pedestrian corridors radiating out from City Hall towards Little Tokyo, the Historic Core, Union Station and Olvera Street. The original phasing of the 107 Plan calls for a new office building to replace the Parker Center, and then for the demolition of City Hall South to allow for the construction of a mixed-used building. This phase would include the first introduction of residential units into the Civic Center. A third phase calls for the Los Angeles Mall to be redeveloped into government offices, commercial space, and underground parking. The fourth phase of the 2017 Plan calls for the demolition of the 911 Call Center at 1st and Temple Streets (to be replaced by another facility outside the Civic Center), as well as a public parking garage located at First and Judge John Aiso Streets. This would be followed by the construction of another private development consisting of residential units and retail space. The penultimate phase of the 2017 Plan involves demolishing the Metropolitan Detention Center at Temple and Los Angeles Streets, which would be replaced with a high-rise building with civic office space above shops, restaurants and an underground parking garage. A small paseo would be situated along this structure. The final phase is the proposed demolition of City Hall East, which sits near the intersection of Temple and Main Streets. Rather than build a replacement office building, the axis scheme calls for the majority of the City Hall East site to be left as open space, ensuring the ability to view corridors of the main City Hall building from locations to the east.

Figure 11: Proposed Final Buildout of 2017 Plan (Looking North)



Source: LA City. (2017) *L.A. Civic Center Master Development Plan*.

This open space would be utilized as a proposed civic plaza along Main Street, which would in turn serve as a traditional town square. The plaza is intended to be differentiated from Grand Park both in terms of programming and design, so that the two spaces may complement rather than compete with one another. In this manner, the proposed Main Street civic plaza would serve a similar function to the civic square proposed in the 1997 Plan, albeit in a slightly different location. As with the 1997 Plan, public paseos would extend outwards toward Little Tokyo, allowing pedestrian access between the Civic Center and towards Little Tokyo's Go-For-Broke monument.

Ultimately, the 2017 Plan intends to realign its land use and development pattern to reflect the Civic Center's distinct history, adjacent neighborhoods, centralized location, and sense of community. If implemented, some of the development options could generate economic development, foster business, create a greater sense of place within the district, and enforce connections to adjacent neighborhoods by introducing housing, retail, commercial and possible hotel uses to the Civic Center. The financial feasibility portion of the 2017 Plan analyzes both traditional and Public-Private-Partnership models of project delivery. In order to minimize impacts to the General Fund, 2017 Plan looks into the sale of City owned properties which would be vacated following the construction of City office space in the Civic Center, lease cost savings, new revenue sources and more importantly, more innovative financing mechanisms. These mechanisms could allow the developer to carry the burden of the project costs up front while

the City incurs only annual lease and operating costs so that the 2017 Plan would not increase or impact the City's debt capacity.

2020 – Downtown Community Plan Overlay District

In 2020, the City Council established the Downtown Community Plan Implementation Overlay District (Downtown CPIO District) in order to implement the goals and policies of the Downtown Community Plan.





Regarding the current Civic Center Master Plan effort, the block between Alameda Street, Temple Street, Vignes Street, and First Street is located within the Community Benefits Program (CBP) Subarea A, with the exception of the northeast corner. Specifically, the existing Los Angeles County Fire Station, Emergency Operations Center, and Medical Services Division do not fall within the Downtown CPIO District.

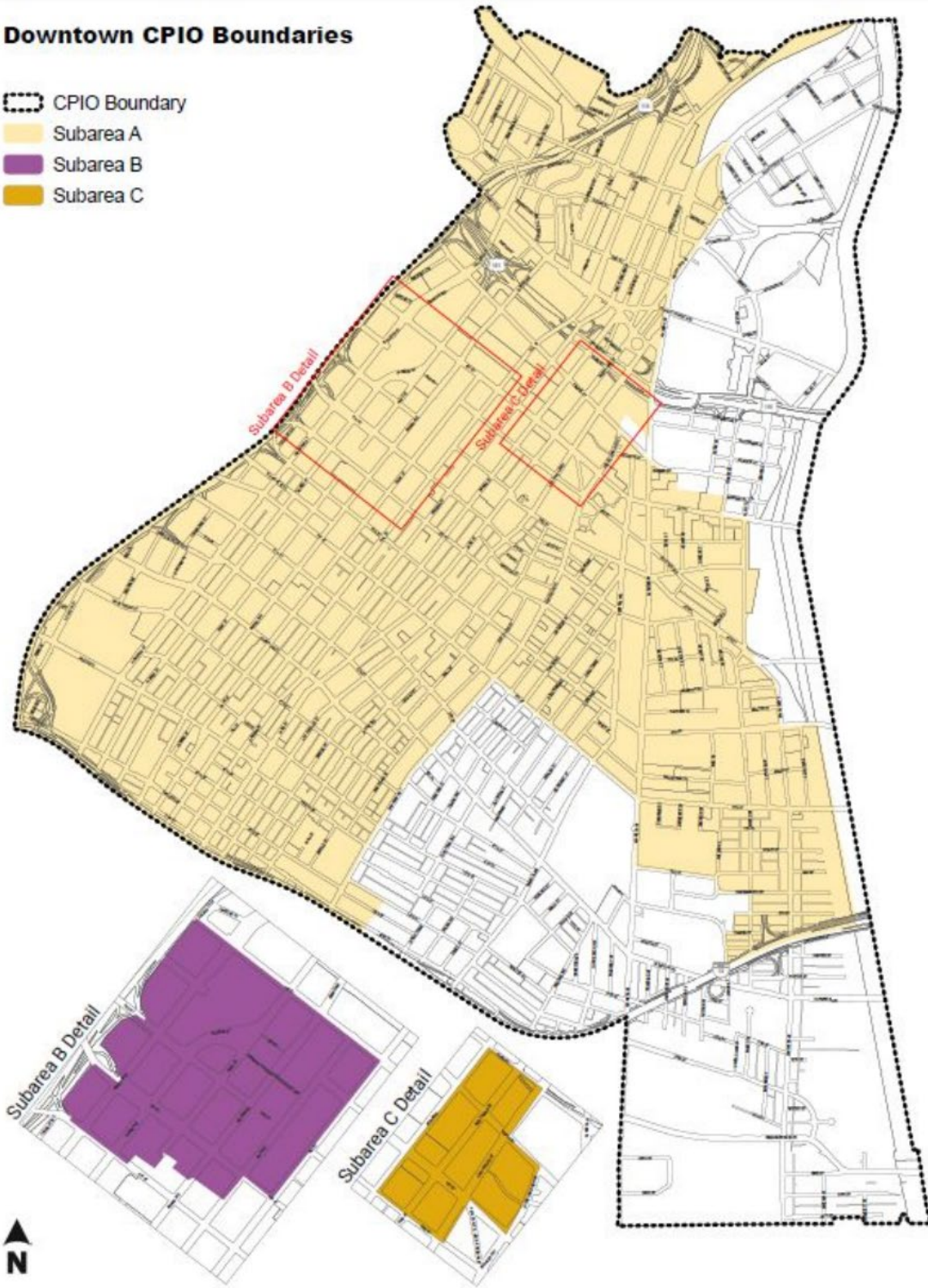
Subarea A strives to introduce more mixed-income and 100 percent affordable housing, provide access to public open space and community facilities, and facilitate the preservation and rehabilitation of historic resources in the Community Plan Area. This Subarea includes a tiered incentive structure that prioritizes mixed-income and 100 percent affordable housing. Within the Subarea, unique zones tailor the incentives to the surrounding context, offering greater intensities of FAR and height around fixed rail transit stations and bus corridors, and considering the identity of neighborhoods.

The portions of the current Civic Center Plan immediately adjacent to City Hall are within CBP Subarea C. The purpose of Subarea C is to implement development standards for the Civic Center Master Plan Area. These standards regulate projects that may be built upon City-owned properties located in proximity to City Hall, and aim to achieve an active and world-class Civic Center environment.

Figure 12: Downtown Community Plan Implementation Overlay District Boundaries

Downtown CPIO Boundaries

-  CPIO Boundary
-  Subarea A
-  Subarea B
-  Subarea C



Source: LA City. (2021). *Downtown CPIO District*. https://planning.lacity.gov/odocument/a8041944-5478-4f7b-ae9b-18c42049c522/Draft_Plan_4.pdf

2023 - Downtown Community Plan

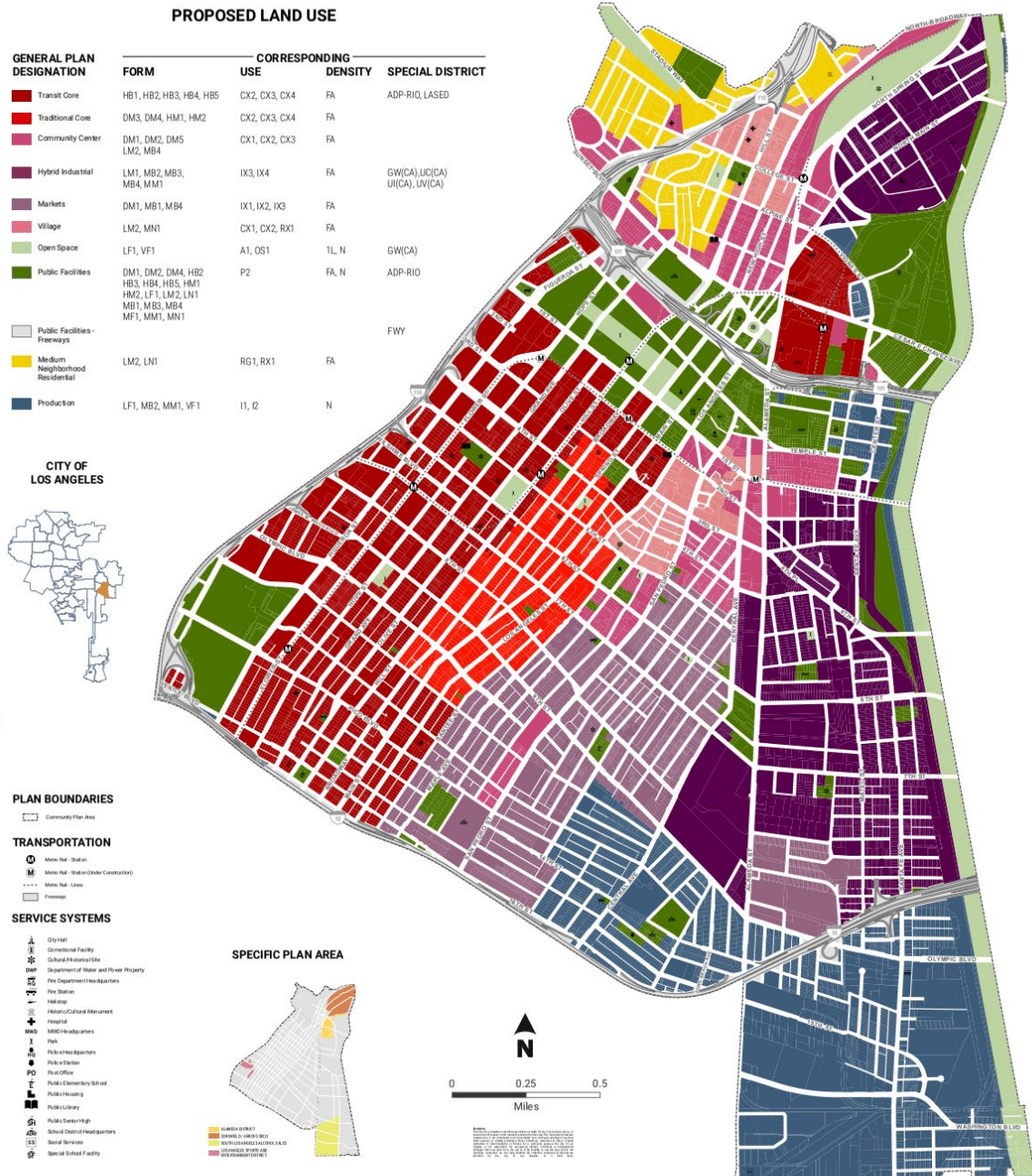
The Downtown Community Plan constitutes one of thirty-four plans that comprise the City's General Plan Land Use Element. Including a number of Elements, such as Framework, Mobility, Open Space, and Safety, the General Plan is the City's fundamental policy document and defines how physical and economic resources are to be managed and utilized over time. Decisions by the City with regard to the use of its land, the design and character of buildings and open spaces, the conservation of existing and provision of new housing, and the provision of supporting infrastructure are specifically guided by the General Plan Land Use Element.

The 2023 Downtown Community Plan generally designates those portions east of Alameda Street with a Community Center Land Use, and those portions immediately adjacent to City Hall with a Public Facilities Land Use. The exception to this is the current City of Los Angeles Personnel Department, which maintains a Public Facilities Land Use designation.

In the Downtown Plan, Community Centers have a max FAR range of 3.0-8.5. The use range is broad and may include commercial, residential, institutional facilities, cultural and entertainment facilities, and neighborhood-serving uses. The residential density is limited by floor area. By contrast, the Public Facilities have a max FAR range of 3.0-13.0. Uses include government offices, libraries, schools, and service systems. Housing is not typically associated with Public Facilities but may be permitted on a limited basis.

Figure 13: Downtown Community Plan Land Use Map

DRAFT GENERAL PLAN LAND USE DESIGNATION MAP
Downtown Community Plan



Approved by City Planning Commission September 23, 2021
CPC-2017-432-CPU; CPC-2014-1582-CA; ENV-2017-433-EIR; CF 22-0617

Source: LA City. (2023) *Downtown Community Plan*. https://planning.lacity.gov/odocument/c3d9adef-1026-4db1-82c7-50c59c31fac2/Draft_Plan_1.pdf

Key policies that relate to the Civic Center Master Plan include:

Community Center

- LU 27.1 Allow for compact development patterns, creating opportunity for small and mid-size businesses and a full range of residential unit sizes.
- LU 27.2 Prioritize underutilized lots for reinvestment and redevelopment that anticipates evolution to a greater diversity of industries and jobs.
- LU 27.3 Create an inviting environment characterized by dense urban development and activated by a diverse mix of uses to anchor the local ecology of businesses and residents.
- LU 27.4 Orient lobbies and primary pedestrian entrances as close to adjacent transit portals as possible, to maximize location and encourage transit use.
- LU 28.1 Foster a wide range of community-serving commercial uses.
- LU 28.2 Provide opportunities for new businesses by prioritizing medium- and small-scale establishment sizes.
- LU 28.3 Encourage supportive neighborhood commercial uses that cater to local employees and make the area attractive to employers.
- LU 29.1 Promote services and amenities embedded within residential development, that respond to community identified needs, such as healthy, affordable, and culturally relevant food options, childcare facilities, and neighborhood serving uses.
- LU 29.2 Encourage mixed-income and affordable housing in close proximity to transit, jobs, amenities, and services.
- LU 29.3 Support the development of housing options that can accommodate a range of household sizes and promote multigenerational living in Downtown.
- LU 30.1 Apply form regulations that encourage medium-scale development reflective of the surrounding community.
- LU 30.2 Establish connections between common or publicly accessible open spaces to create a seamless pedestrian realm that extends and builds upon existing corridors and provides key linkages between districts.
- LU 30.3 Create strong mid-block pedestrian connections that extend and build upon the existing pedestrian network.
- LU 30.4 Improve the public realm and activate ground floors to encourage street life and establish smooth transitions between adjacent neighborhoods.
- LU 30.5 Strengthen pedestrian connections to transit facilities and centers of activity with improved signage and wayfinding.

Little Tokyo

- LU 42.6 Maintain and strengthen the pedestrian elements in Little Tokyo by preserving existing street frontages and internal pedestrian pathways, enabling commercial uses on the ground plane of all buildings, and supporting the orientation of mid-block paseos.

- LU 42.7 Retain, support, and reinforce the historic and cultural elements of Little Tokyo, including the businesses and cultural institutions within the community.
- LU 42.8 Complete, support, and reinforce the Little Tokyo mid-block Pedestrian Spine system to enhance connectivity in Little Tokyo.

Public Facilities

- LU 50.1 Promote Downtown as an attractive home for civic, cultural, and other institutional uses to reinforce the area's identity.
- LU 50.2 Diversify land uses to encourage a broad range of activities and expanded businesses hours.
- LU 50.3 Utilize historic buildings to accommodate institutional, commercial, and residential uses.
- LU 50.4 Promote infill development on surface parking lots and other underutilized spaces.
- LU 51.1 Promote governmental, institutional, and cultural uses that are jobs generators and provide a range of employment opportunities for a diversity of skill levels.
- LU 51.3 Support the introduction of services and amenities to support workers, residents, and visitors in Civic places.
- LU 52.1 Expand the supply of housing to complement and enhance the surrounding neighborhoods and promote more activity and vibrancy for more hours of the day.
- LU 52.2 Promote uses that support the residential and employee base, including neighborhood services, amenities, and entertainment uses.
- LU 52.3 Maintain a high standard for the provision of affordable housing on publicly owned land in Civic areas, such that these areas serve as models for the rest of the City.
- LU 53.1 Improve, maintain, and develop grand public spaces that can accommodate and connect a range of cultural and democratic activities. LU 53.2 Facilitate the location of cultural and institutional uses that provide services and amenities for Downtown residents in Civic areas.
- LU 53.3 Support programming and partnerships between private entities and public agencies that activate Civic areas and help reinforce Downtown as the civic and cultural center of Los Angeles.
- LU 53.4 Include commercial, and retail uses in new institutional buildings, as well as programming to activate ground floor spaces to increase pedestrian activity throughout the day and night and encourage social interaction.
- LU 53.5 Locate and design civic, institutional, and cultural buildings, and public spaces, to be easily accessible to pedestrians, cyclists, and transit users.
- LU 53.6 Reinforce the many transit options in Civic areas by taking a transportation demand management approach to new development, and making transit use the most compelling alternative for employees, visitors, and residents.
- LU 53.7 Support public events and programming that draw people to civic spaces, especially at night and on weekends.

Civic Center

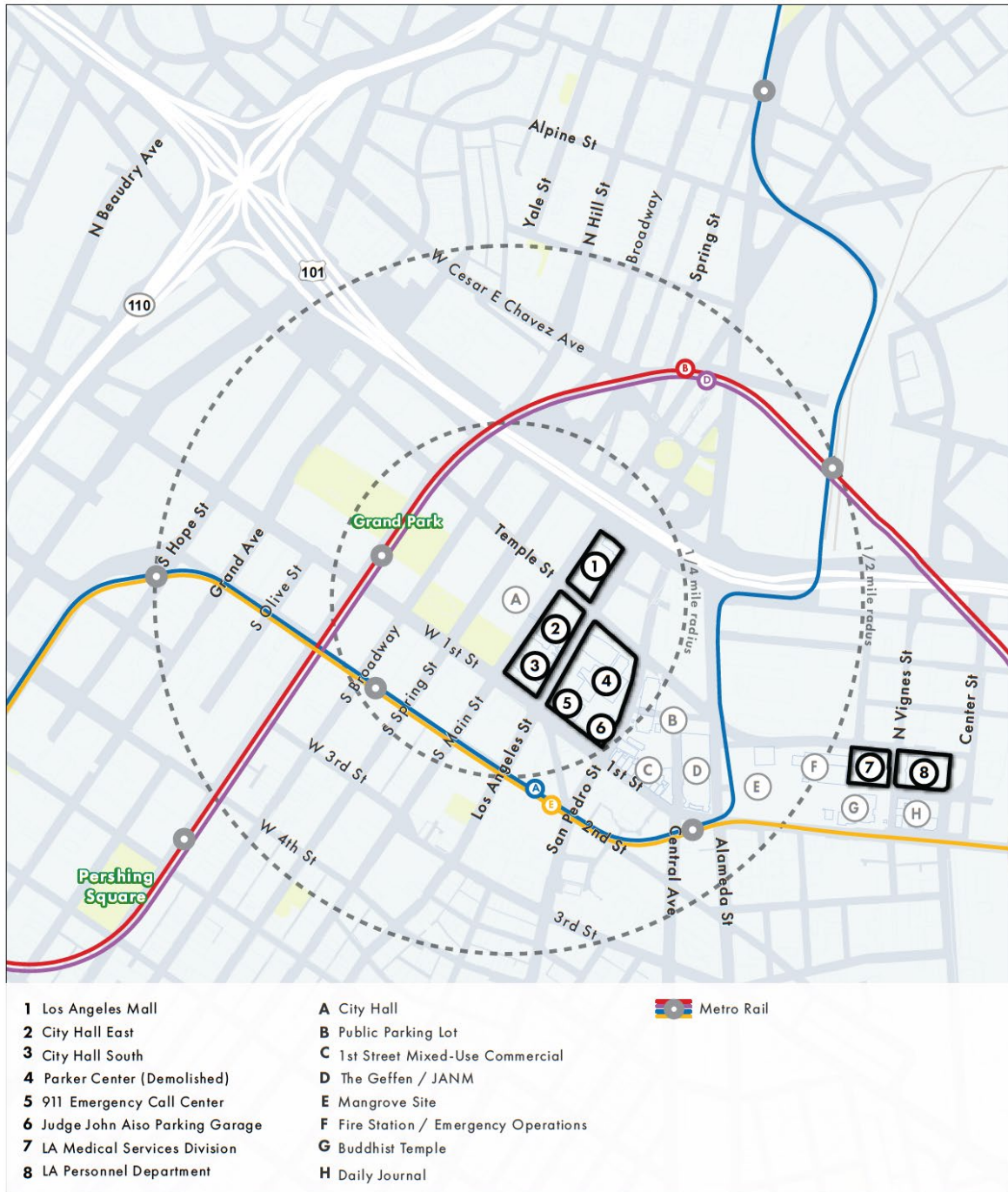
- LU 53.8 Encourage a diverse set of activities and uses, including educational institutions, office, retail, hotel, and limited residential to expand the hours of activity and contribute to a more vibrant Civic Center.
- LU 53.9 Support comprehensive master planning efforts of the Civic Center.
- LU 53.10 Ensure that new structures are respectful of and responsive to City Hall as a primary focal point.
- LU 42.9 Support the advancement and expansion of performance and creative arts including but not limited to, the Unions Center for the Arts (East/West Players), Japanese American Community & Cultural Center (Aratani Theater), Japanese American National Museum (Takeuchi Democracy Forum) and Geffen Contemporary at MOCA.

History of Civic Property Acquisition

This study evaluates eight city owned properties in the Downtown Civic Center Area. The eight properties include the Los Angeles Mall, City Hall East, City Hall South, the Parker Center (demolished) site, 911 Emergency Call Center, Judge John Aiso Parking Garage, LA Medical Services Division, and the LA Personnel Department. These properties are located east of the main City Hall building. The LA Medical Services Division and LA Personnel Department are located just over a half mile away from City Hall and are disconnected from other civic buildings.

Sitting between the Personnel Department and the Parker Center site are Little Tokyo Historic District commercial uses, public parking lots, cultural institutions, and the Mangrove opportunity site. The general area is served by three Metro Rail Stations.

Figure 14: Local Context



Source: PlaceWorks, 2024.

Civic Property Overview

Figure 15 shows the eight City owned-property sites overlaid with Baist's real estate maps from 1910-1914. The following provides a brief historic summary of these properties.

1. Los Angeles Mall

APN: 5161-010-901

The Los Angeles Mall sits on a single parcel that occupies a block bounded by Aliso Street, Temple Street, Main Street, and Los Angeles. The mall opened in 1974 and includes an underground shopping center and a four-level underground parking garage. The mall connects to the City Hall East with a pedestrian bridge over Temple Street. Designed by architectural firm Stanton & Stockwell, the mall was conceived as a town square that would serve the general public and civic employees. The Children's Museum of Los Angeles occupied part of the mall from 1979 to 2000. Currently, the mall is occupied by food vendors and services. Plazas and public areas have attracted an unhoused population which has caused a decreased use of the space by the public.

As shown on the Baist's 1910 map (Exhibit 1), the block where the Los Angeles mall sits extended further north to Arcadia Street and south to Requena Street. Temple Street previously terminated at Main Street. Spring Street was also previously redirected north of 1st Street and terminated onto Main Street. A street ran through the center of the current mall.

Prior to the Los Angeles Mall, a number of historic buildings occupied the site:

- Downey Building (1878 – 1957) Three story commercial center.
- Grand Central Hotel (1876, demolished).
- Pico Building (1867 – 1957) Occupied by various banks, jewelers, pawnshop, barbershops, and owner-operated restaurants.
- Bella Union Hotel (1835-1950) Single story adobe building and California Historical Landmark No. 656. The building served as the capital of Mexican California under Governor Pio Pico, in 1845–47, and was a center of social and political life.
- United States Hotel (1861-1939).

2. City Hall East & 3. City Hall South

APN: 5161-014-901, 5161-014-902

Area 2 is composed of 2 parcels that occupy a block bounded by Temple Street, 1st Street, Main Street, and Los Angeles Street. This area includes City Hall South, built in 1952 and James K. Hahn City Hall East, a brutalist style building built in 1972.

4. Parker Center, 5. 911 Emergency Call Center, 6. Judge Aiso Parking Garage

APN: 5161-013-904, 5161-013-905

The Parker Center, 911 Emergency Call Center, and Judge Aiso Parking Garage occupy a single block bounded by Temple Street, 1st Street, Los Angeles Street, and San Pedro Street. The LAPD Detention Center also sits at the northwest corner.

The Parker Center was the former headquarters of the Los Angeles Police Department from 1955 until 2009. Originally called the Police Administration Building, the building was renamed after Chief William H. Parker's death in 1966. The Parker Building and the Police Department gained a reputation of discriminatory policing against communities of color. The Parker Building became a focal point of protests and rioting after the 1992 verdict in the beating of Rodney King. Protests against police tactics also occurred outside the building in the 1980's. Additionally, the construction of the Parker Building demolished one-fourth of Little Tokyo's commercial area as well as displaced nearly 1000 people. In 2009, the Police Headquarters relocated to a new building just south of City Hall. At this time, the Parker Center was outdated and needed seismic retrofits. Although there were efforts to preserve the Parker Center for its historical status and potential reuse for offices or to house homeless population, the City Council voted unanimously to demolish the Parker Center in 2017. Demolition was completed in 2019.

7. Medical Services Division / Testing & Training Center Building

APN: 5173-010-008, 5173-010-009, 5173-010-011, 5173-010-906, 5173-010-907, 5173-010-908, 5173-010-909, 5173-010-910

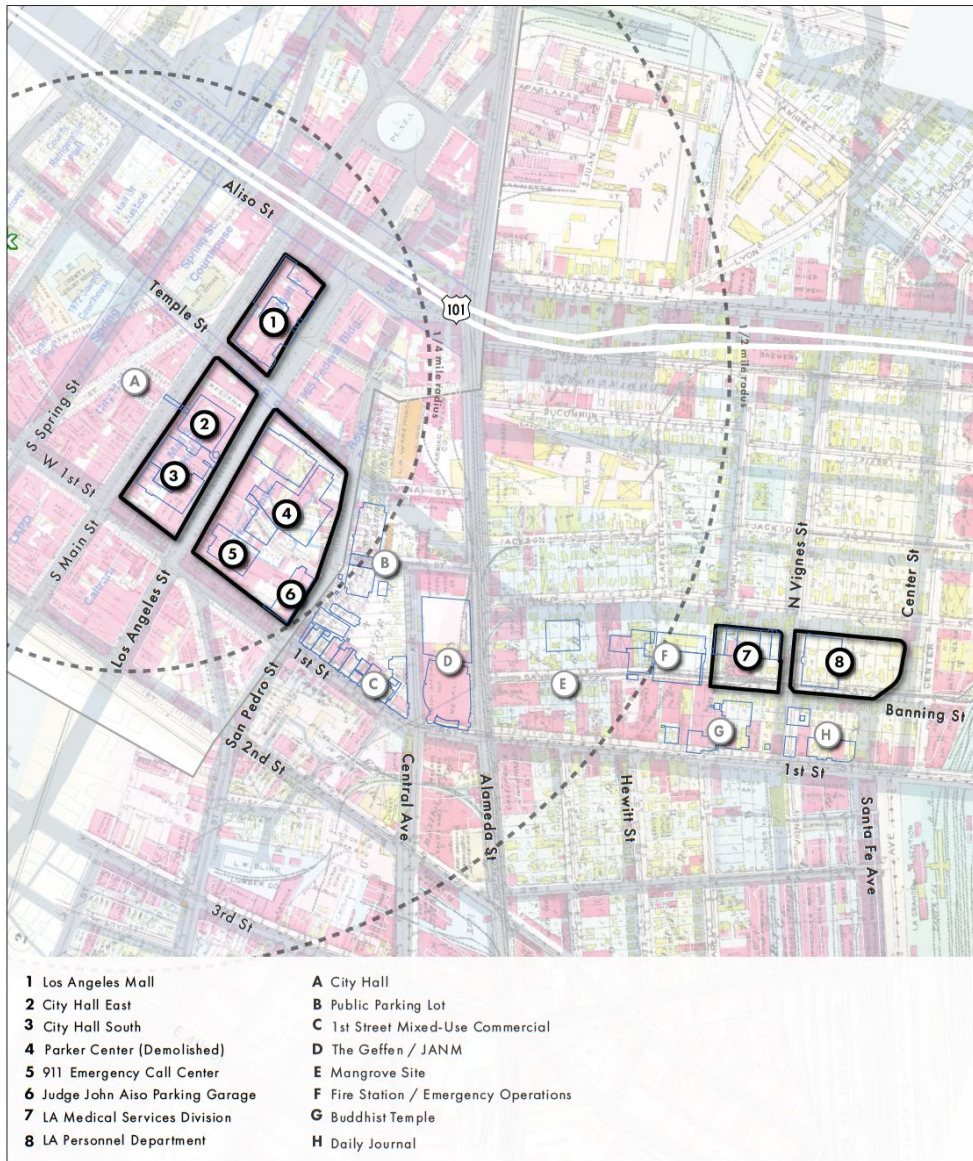
The City's Medical Services Division and Training and Testing Center Building sits on 8 parcels at the southwest corner of Vignes Street and Temple Street. The building includes ground floor facilities and second floor and rooftop parking. Surface parking exists behind the building. Historic maps from the early 1900's reveal Banning Street extending west through the south end of the current parking lot and terminated at Alameda Street.

8. LA Personnel Department

APN: 5173-014-900

The LA Personnel Departments sits on a single parcel bounded by Temple Street, Banning Street, Vignes Street, and Center Street.

Figure 15: Civic Property Overview



Source: PlaceWorks, 2024.

Current Planning

A review of the Housing Element Inventory sites along with zoning and development standards serves as the basis for estimating the amount of development that could physically fit on the City's sites. This portion of the report provides the current planning context of the Civic Center area.

6th Cycle Housing Element

Housing Element law requires that jurisdictions identify and analyze the candidate sites that will be considered for future rezoning and include an analysis of suitability and availability. State law requires actions be adopted to make sites available with appropriate zoning, development standards, and infrastructure capacity to accommodate the housing need.

The City's Rezoning Program (Program 121) identifies the concepts and strategies that were used to identify candidate sites that have the potential to be rezoned for housing at different income levels within the planning period pursuant to subdivision (h) of Section 65583.2. In general, Program 121 emphasizes increasing access to Higher Opportunity areas of the city, particularly near jobs and transit and along major corridors, while protecting environmentally sensitive areas such as fire zones and areas susceptible to sea level rise. Program 121 also emphasizes the continued development of innovative value capture strategies to deliver more affordable housing, stronger anti-displacement protections and other community benefits.

The Rezoning Program Candidate Sites Inventory (Sites Inventory) identifies potential sites for future rezoning along with state-required information on each of the properties, including the realistic number of housing units that can be accommodated on each site.

Within the Civic Center Master Plan Area, approximately 13.4 acres of land are identified within the Candidate Sites Inventory. These sites are all located in Section 2280 of the Downtown Community Plan Area, between Alameda, Temple, Vignes, and 1st Streets.

Zoning and Development Standards

The Los Angeles City Council (City Council) at its meeting on May 3, 2023, voted unanimously to approve the Downtown Community Plan and the New Zoning Code with a few amendments. As stated previously, The 2023 Downtown Community Plan generally designates those portions east of Alameda Street with a Community Center Land Use, and those portions immediately adjacent to City Hall with a Public Facilities Land Use. The exception to this is the current City of Los Angeles Personnel Department, which maintains a Public Facilities Land Use designation.

The 13.4 acres identified in the Housing Element occupy the majority of the Civic Center Master Plan Area east of Alameda Street. A few parcels, notably the ones containing the Los Angeles Personnel Department and around the corner of Alameda Street and Temple Street, were not included in the Sites Inventory due to their prior zoning designations of Public Facility and Heavy Industrial, respectively.

Once rezoned, these parcels will feature the following zoning designations:

- [DM2-SH2-5] [CX2-FA] [CPIO-CDO]
- [DM2-G1-5] [CX2-FA] [CPIO-CDO]
- [DM2-G1-5] [CX2-FA] [CPIO]

The remaining portions of land within the Civic Center Master Plan Area east of Alameda will feature the following zoning designations:

- [DM2-SH2-5] [CX2-FA] [CPIO-CDO] – applies to the remainder of the block between Alameda, Temple, Vignes, and 1st Streets.
- [LF2-WH1-5] [P2-FA] [CPIO] – applies only to the Los Angeles Personnel Department site.

These zoning codes are organized in the following manner:

[FORM - FRONTAGE - STANDARDS] [USE - DENSITY] [SUPPLEMENTAL DISTRICTS]

The following Forms apply to the Civic Center Master Plan Area:

- Mid-Rise Full 1 (MF1)
- Moderate-Rise Medium 2 (DM2)
- Low-Rise Full 2 (LF2)

Table 1: Form Standards

	MF1	DM2	LF2
LOT SIZE (in feet)			
Lot area (min)	N/A	N/A	N/A
Lot width (min)	25'	25'	N/A
COVERAGE			
Building coverage (max)	95%	90%	100%
BUILDING SETBACKS (in feet)			
Primary street (min)	0	0	0
Side street (min)	0	0	0
Side (min)	0	0	0
Rear (min)	0	0	0
Alley (min)	0	0	0
Special: All (min)	0	0	20 (if along River)
AMENITIES			
Lot amenity space (min)	10%	15%	N/A
Residential amenity space (min)	10%	10%	N/A
FAR & HEIGHT			
Base FAR (max)	6.5	2.0	3.0
Height (max)	City Hall height restriction	N/A	N/A
Bonus FAR (max)	None	8.5	None

BUILDING MASS (in feet)			
Building width (max)	N/A	160	N/A
Building break (min)	N/A	15	N/A

The location of these form standards east of Alameda Street is shown in Figure 16.

Figure 16: Form Standards East of Alameda Street



Source: LA City. (2023) *Downtown Community Plan*. https://planning.lacity.gov/odocument/c3d9adef-1026-4db1-82c7-50c59c31fac2/Draft_Plan_1.pdf

The following Frontages apply to the Civic Center Master Plan Area:

- Shopfront 2 (SH2)
- General 1 (G1)
- Warehouse 1 (WH1)

Table 2: Frontage Standards

	SH2		G1		WH1	
	Primary	Side	Primary	Side	Primary	Side
BUILD-TO						
Applicable stories (min)	5	5	5	5	2	1
Build-to depth (max)(ft)	5	10	10	15	N/A	N/A
Build-to width (min) (ft)	95%	70%	90%	70%	N/A	N/A
Ped. Amenity allowance (max)	35%	10%	30%	20%	N/A	N/A
PARKING						
Parking setback (min)(ft)	20	5	15	5	5	5
LANDSCAPING						
Frontage planting area (min)	30%	30%	30%	30%	30%	30%
Frontage yard fence & wall type	A2	A2	A2	A2	A4	A4
TRANSPARENCY						
Ground story (min)	60%	40%	50%	40%	N/A	N/A
Upper stories (min)	30%	30%	30%	30%	N/A	N/A
Active wall spacing (max)(ft)	15	25	25	25	N/A	N/A
ENTRANCES						
Street-facing entrance	Required	Required	Required	Required	Required	N/A
Entrance spacing (max) (ft)	50	75	75	100	N/A	N/A
Entry feature	N/A	N/A	N/A	N/A	N/A	N/A
GROUND STORY						
Ground story height (min)(ft)						
Residential	16	16	10	10	N/A	N/A
Nonresidential	16	16	16	16	N/A	N/A
Ground floor elevation (min/max) (ft)						
Residential	-2 / 2	-2 / 2	-2 / 5	-2 / 5	N/A	N/A
Nonresidential	-2 / 2	-2 / 2	-2 / 5	-2 / 5	N/A	N/A

The location of these Frontage standards east of Alameda Street is shown in Figure 17.

Figure 17: Frontage Standards East of Alameda Street



Source: LA City. (2023) *Downtown Community Plan*. https://planning.lacity.gov/odocument/c3d9adef-1026-4db1-82c7-50c59c31fac2/Draft_Plan_1.pdf

The following Districts apply to the Civic Center Master Plan Area:

- District 5 Standards. This District prioritizes the pedestrian experience. Pedestrian access standards facilitate pedestrian circulation by improving pedestrian access from the public realm to the interior of buildings through frequent, direct and convenient access to building entrances. Parking for automobiles is not mandated, contributing to a dynamic and walkable environment. When parking is provided, it must meet high design standards to ensure pedestrian mobility, safety, and comfort are not hindered. On-site signs are sized and located to support a pedestrian-oriented public realm.

The following Uses apply to the Civic Center Master Plan Area:

- Commercial-Mixed 2 (CX2). The CX2 Use District allows for commercial uses generally within a 50,000 square foot establishment size on the ground story, as well as a wide range of housing types. The CX2 District is intended to support a broad range of residential, commercial, and civic facility uses to serve surrounding neighborhoods as well as visitors to the area. Public and institutional services and amenities are also allowed.
- Public 2 (P2). The P2 Use District allows for government buildings, structures, offices, and services facilities. This District is intended to provide regulations for the use and development of land owned by a government agency. For most uses, district permissions assume those of the most permissive adjoining use district.

The location of these Use Districts east of Alameda Street is shown in Figure 18.

Figure 18: Use Standards East of Alameda Street



Source: LA City. (2023) *Downtown Community Plan*. https://planning.lacity.gov/odocument/c3d9adef-1026-4db1-82c7-50c59c31fac2/Draft_Plan_1.pdf

The following Densities apply to the Civic Center Master Plan Area:

- Floor Area (FA) – the lot area per household dwelling unit is only limited by the floor area of the building. Technically, this would allow for unlimited density. The 6th Cycle Housing Element’s Sites Inventory calculated the effective maximum density for the sites within the Civic Center Master Plan Area as approximately 322 – 386 units per acre.

The following Supplemental Districts apply to the Civic Center Master Plan Area:

- Community Plan Implementation Overlay (CPIO). CPIO Districts provide supplemental development regulations tailored to each Community Plan area to: (1) Ensure that development enhances the unique architectural, environmental, and cultural qualities of each Community Plan area, integrates improvements and enhancements to the public right-of-way, and maintains compatible land uses, scale, intensity, and density; and (2) Create an approval process to enable infill development that will positively impact communities. The Downtown Community Plan Overlay District applies to the Civic Center Master Plan Area.
- Community Design Overlay (CDO). CDOs district is intended to: (1) Assure that development within communities is in accordance with community design policies adopted in the Community Plans, and with the Community Design Guidelines and Standards; (2) Promote the distinctive character, stability and visual quality of existing neighborhoods and communities by ensuring that development visually provides a sense of place in terms of design within the Community Design Overlay District by considering the unique architectural character and environmental setting of the district; (3) Assist in improving the visual attractiveness of multi-family housing available to meet the needs of all social and economic groups within the community; (4) Protect areas of natural scenic beauty, cultural or environmental interest; (5) Prevent the development of structures or uses which are not of acceptable exterior design or appearance; (6) Protect the integrity of previously attained entitlements; and (7) Provide for ongoing community involvement in project design and evolution of guidelines. The Little Tokyo CDO applies to the Civic Center Master Plan Area.

The location of these Supplemental Districts is shown in Figure 19.

Figure 19: Supplemental Districts East of Alameda Street



Source: LA City. (2023) *Downtown Community Plan*. https://planning.lacity.gov/odocument/c3d9adef-1026-4db1-82c7-50c59c31fac2/Draft_Plan_1.pdf

Conclusion

In general, the Civic Center east of Alameda's current development standards allows for a large amount of residential development. The 6th Cycle Housing Element indicates a total residential capacity of 3,260 units on the 13.4 acres of land identified in the sites inventory. When combined with the parcels that were not included in the sites' inventory due to their prior zoning designations (Los Angeles Personnel Department and around the corner of Alameda/Temple), this total is expected to rise.

As the majority of parcels east of Alameda have a form designation of DM2, these parcels are eligible for bonus FAR up to 8.0 (from a base of 2.0). However, projects that involve the construction of dwelling units must first use the affordable housing program established in Sec. 9.3.2. (Local Affordable Housing Incentive Program), to its fullest extent. Using the Local Affordable Housing Incentive Program to its fullest extent means providing at least the minimum number of restricted affordable units to qualify for the maximum density increase allowed by the applicable Local Incentive Program Set in Sec. 9.3.2.B.1. (Local Incentive Program Sets).

In addition, the presence of the Little Tokyo Metro Rail station means that parcels within 750 feet of the Metro Rail station are eligible for Tier 4 Transit Oriented Communities (TOC) bonuses, with further parcels being eligible for Tier 3 bonuses. These bonuses allow for additional FAR, reduced parking requirements, among other incentives.

It should be noted that the Los Angeles Personnel Department and other portions of the Civic Center west of Alameda Street maintain a public use zoning designation (P2). While the allowable FAR west of Alameda is generous (6.5 FAR), the P2 use designation only permits deed-restricted affordable housing units as a residential use (although an alternative percentage of restricted affordable units may be authorized by a CPIO Subarea). Thus, options for market rate residential is limited compared to the rest of the Civic Center Master Plan area. A General Plan amendment may be required to allow for a fuller range of development options on the Los Angeles Personnel Department Site.

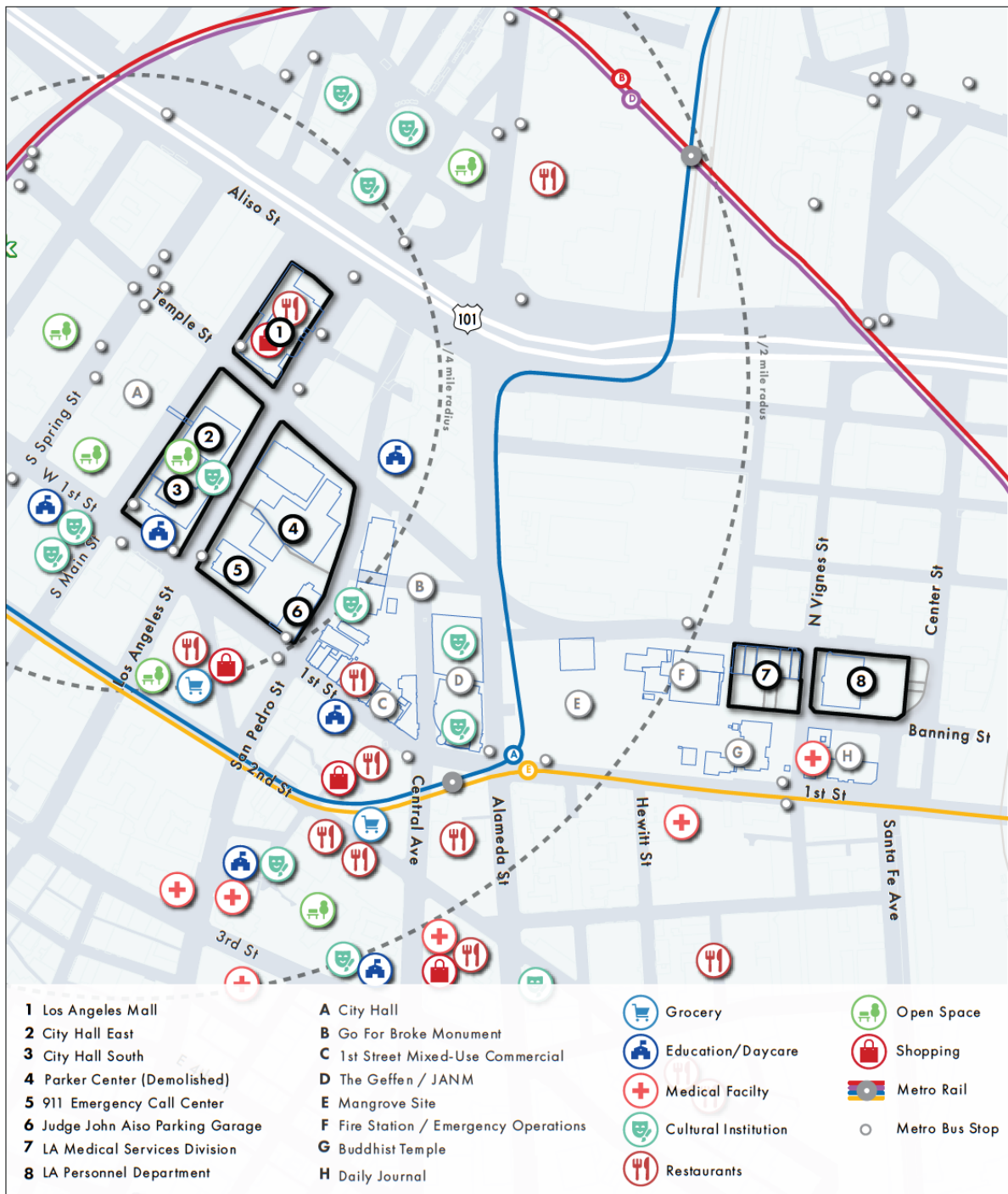
Community Infrastructure

Figure 20 shows general locations of community resources that contribute to an active and thriving neighborhood. The community resource categories identified in the legend and on the map are “essential living needs.” Ensuring adequate access to essential services within a 15-minute walk or half mile radius provides is critical in providing an enhanced quality of life for residents in the downtown study area.

Essential living needs identified on the map include grocery stores, education/daycare facilities, medical facilities, cultural institutions, restaurants, open spaces, shopping, and transit facilities. Generally, community resources are concentrated in the Little Tokyo neighborhood, between San Pedro Street and Alameda Street, and south of Temple Street. Areas that have little to no community resources are typically occupied by civic offices, commercial offices, industrial uses, or residential uses. These areas lacking community resources are also typically blocks with a single use.

The main sources of community infrastructure are located within a half-mile radius of the Civic Center area. There are small stores selling convenience goods that provide access to groceries, as well as farmers markets that take place weekly, providing access to fresh food. As the number of residents increases, community and neighborhood focused retail will follow.

Figure 20: Community Infrastructure



Source: PlaceWorks, 2024.

MARKET ANALYSIS AND PROJECTIONS

Introduction

The purpose of this Market Study is to analyze the supportable demand for new residential and commercial development in the Civic Center Project Area Boundaries (Figure 21). Specifically, the Study estimates market supportable demand for new multifamily, retail, and office space over a ten (10) year forecast period to help provide Council, policymakers, and other stakeholders with information to facilitate decisions about future development.

Findings from this Market Study, coupled with the forthcoming Massing Studies and Key Project Considerations help inform scenario building and testing of Project Scenarios. The Market Study concludes with a matrix of Market-Supportable Uses by Site.

This Section is organized into the following sections.

- The **Multifamily Real Estate Analysis** section provides an overview of recent, proposed, and under construction multifamily residential development in the Market Area, with a focus on projects of similar scale to those allowed under the updated DTLA Plan and associated Civic Center CPIO zoning. The section also analyzes key housing market data related to these projects, including multifamily rents, vacancy rates, average unit sizes, historic absorption rates, and other factors.
- The **Office Market Analysis** section analyzes the office market in the Civic Center Market Area, assessing factors such as asking rents, vacancies, net absorption, recent construction activity, and historic trends over time. It also discusses the future of office demand (private and public sector), with a focus on the impacts of COVID-19 and return-to-work policies on the office sector.
- The **Retail Market Analysis** section analyzes the retail market in the Civic Center Market Area, assessing factors such as asking rents, vacancies, net absorption, recent construction activity, and historic trends over time.
- The **Demand Projections** section estimates the supportable demand for net new multifamily housing units, retail, and office space in the Civic Center Market Area—and for the eight Civic Center Sites specifically—over the next decade. Estimates rely in part on the most current growth projections from the Southern California Association of Regional Governments (SCAG), published in 2023.³

³ This Study presents an assessment of current and potential future support for development, based on the identified data sources. It has been prepared to inform stakeholders on strategies related redevelopment of the Civic Center Area. Because of the limitations of the scope of this study, available data including any errors by data providers, and the methodologies used, along with the uncertainty inherent in long-term projections, actual development performance may vary considerably from what is presented here.

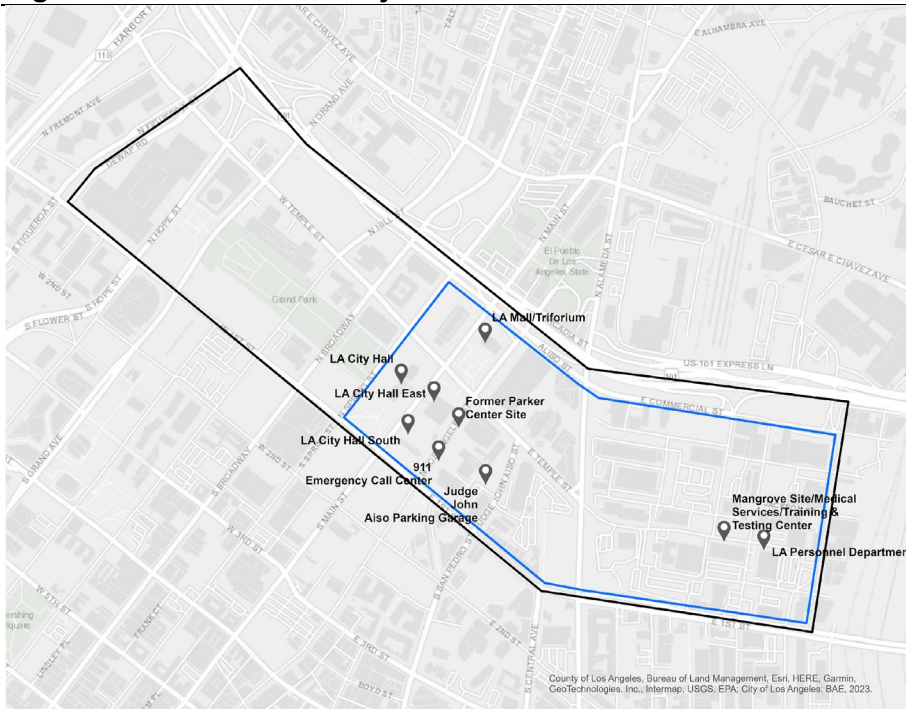
- Finally, the **Market Supportable Uses by Site** section synthesizes the findings from all sections into a matrix of Market-Supportable Uses by Civic Center Site.

Study Analysis Geographies

Civic Center Project Boundaries

The Civic Center Project Area boundaries and associated Sites are displayed in Figure 21 below.

Figure 21: Civic Center Project Area Boundaries

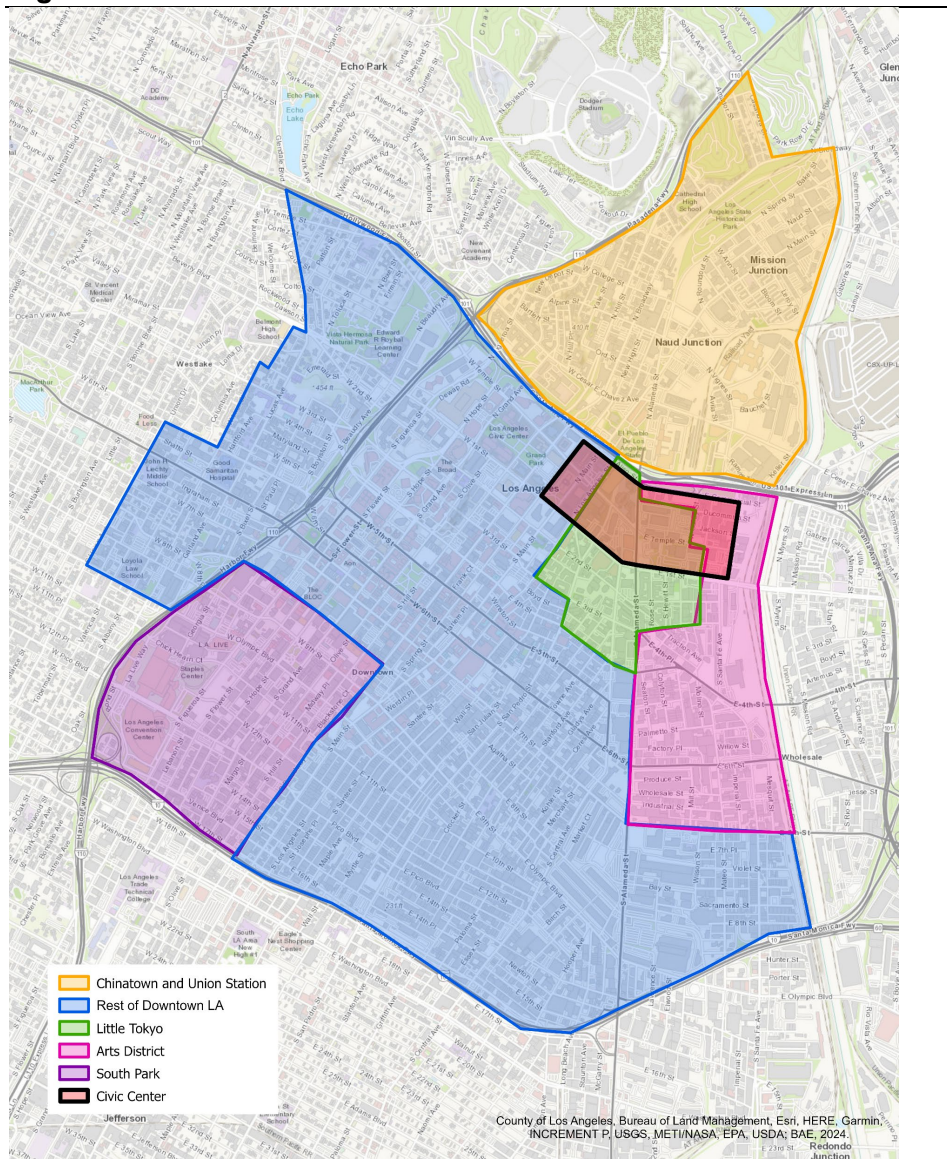


Civic Center Market Area

The larger “Civic Center Market Area” as shown in Figure 22 encompasses all real estate submarkets adjacent to the Civic Center Sites, including Chinatown, the Arts District, Little Tokyo, and Downtown Los Angeles. The Market Area also shows South Park and a portion of Central City West, where the City has or has previously rented office space.

The larger Market Area also takes in much of the area encompassed by the new DTLA Plan, which provides the zoning context for any new development.

Figure 22: Civic Center “Market Area” Boundaries



Multifamily Demand Findings

Recent Production and Pipeline Supply Trends

- Since 2017, approximately 2,000 multifamily units have been delivered per year, on average, across the Civic Center Market Area. This includes multifamily projects of all affordability types—including market rate, mixed-income, and 100 percent Affordable Projects. 1,876 multifamily units were delivered during the most recent full year (2023).
- Over 4,100 residential units were classified as "under construction" as of Q1 2024. Projects classified as under construction have received their building permit from the

Los Angeles Department of Building and Safety (LADBS) and are likely to come to fruition.

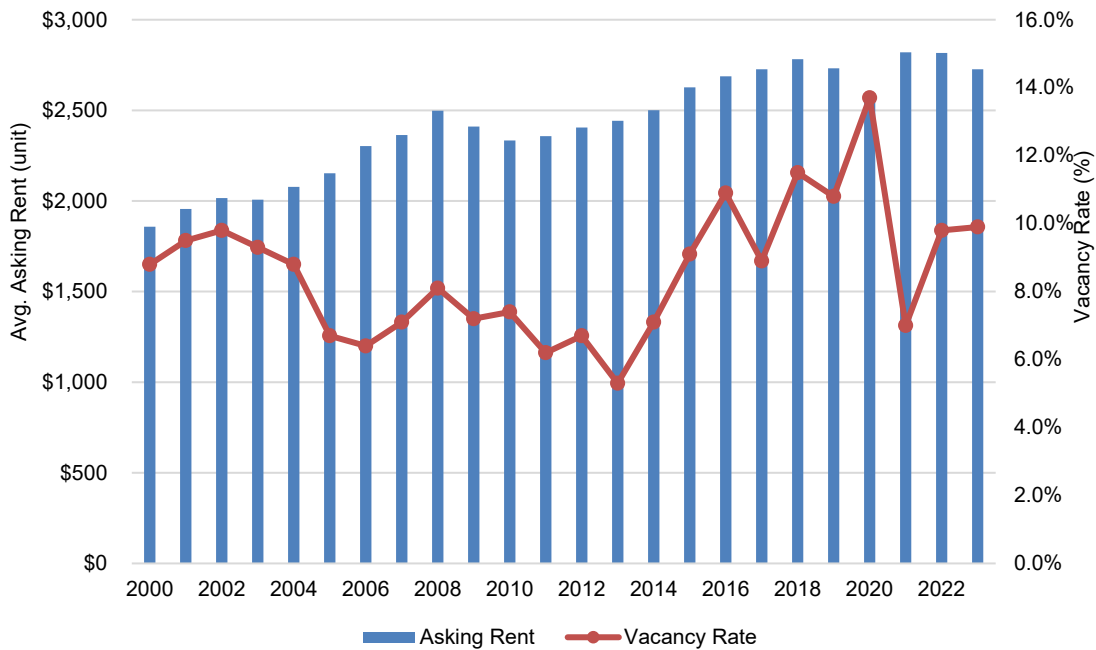
- Nearly 1,000 of the units currently under construction are located in 100 percent Affordable Projects, which are likely to “lease up” quickly given the region’s current affordable housing crisis.
- An additional 16,000 multifamily residential units are classified as “proposed” and *could* be completed in the near to mid-term.⁴ These include high-profile projects such as the Fourth and Central Project, a 1,500-unit proposal adjacent to Skid Row and the Arts District.
- Even if only half of these 16,000 proposed units come to fruition, based on historical long-term absorption rates, the proposed pipeline units would take approximately five years to be fully absorbed.

Asking Rents and Vacancy Rates

- Asking rents across all market-rate multifamily units in the Market Area peaked in Q2 2022, at \$2,864 per month, or \$3.45 per square foot.
- Asking rents have since fallen by approximately 4.6 percent, most recently registering \$2,730 per month.
- Vacancy rates peaked at 14.4 percent in Q3 2020, during the height of COVID-19. Since then, vacancy rates have declined to 9.9 percent.

⁴ Projects that are classified as “proposed” in this analysis have not yet secured a Building Permit from LADBS, but have submitted a project application, applied for land use incentives and entitlements, and/or engaged in other pre-construction activities.

Figure 23: Long-Term Multifamily Rents and Vacancy Rates, Civic Center Market Area



Sources: CoStar; BAE, 2023

Retail Demand Findings

- Since 2017, approximately 336,000 square feet of retail space has been delivered in the Civic Center Market Area.
- 20,000 square feet of retail space is currently classified as “under construction”, all of which is located in a single-project in the Arts District as part of a 35-story mixed use tower.
- 475,590 square feet of retail space is classified as “proposed”, with one project located in South Park, one in Arts District, and three in Downtown Los Angeles.
- Since 2006, retail vacancy rates in the Civic Center Area have steadily increased from 2.6 percent in 2006 to 6.9 percent in 2023.

Office Demand Findings

- Over 1,900,000 square feet of new office space has been delivered in the Civic Center Study Area since 2017.
- With the exception of the Wilshire Grand Tower, most new office projects in the Civic Center Market Area have been located in the Arts District and comprise buildings that have been repurposed from former industrial uses.

- Nearly 186,000 square feet of office space is currently classified as “under construction”.
- Office vacancy rates in the Civic Center reached an all-time high of 18.9 percent in the most recent available quarter.
- Perhaps more notably, there are 5.2 million square feet of Class A office space currently available in the Market Area, with large contiguous spaces available (at least 200,000 square feet).

Market-Supportable Demand by Sector

Multifamily Residential

The following section estimates net new housing demand for the Civic Center Project Area over the next ten years. Housing demand projections are informed in part by Southern California Association of Governments (SCAG), whose growth projections for the City of Los Angeles provide a baseline for the analysis.

Additional detail regarding these calculations can be found in Appendix A, with documentation surrounding pipeline supply and vacancy allowances.

Growth Estimate Ranges

- Conservative: Regional growth projections published by SCAG in 2023 indicate that Transportation Analysis Zones (TAZs) associated with the City of Los Angeles as a whole can be expected to achieve an annualized household growth rate of 1.22 percent.
- Historical: An annual household growth rate of 3.27 percent is used to represent a “midrange” estimate for the Civic Center Market Area, which represents the actual household growth rate over the study period (from 2010 to 2023).
- Projected: According to the SCAG model, TAZs associated with the Civic Center Market Area itself can be expected to achieve an annualized household growth rate of 4.88 percent, the highest rate of growth.

Table 3: Market-Supportable Multifamily Demand by Growth Scenario, Civic Center

	Conservative Growth 1.22% CAGR	Historical Growth 3.72% CAGR	Projected Growth 4.88% CAGR
Net Multifamily Demand (All Affordability Types)	152 units	2,047 units	3,083 units

Source: BAE, 2024.

Demand for Restricted Affordable Units

All Sites within the Civic Center Area fall within the Subarea C Community Plan Implementation Overlay (CPIO). The purpose of Subarea C is to introduce affordable housing, ensure active frontages for commercial uses, and regulate the amount of development across the district. Notably, Subarea C includes robust affordability standards for any new residential development, which are summarized as follows:

- Across all Civic Center Sites, a minimum of fifty percent (50%) of all units would need to be Restricted Affordable Units in the Deeply Low, Extremely Low, Very Low, Low, or Moderate income categories.
- Of these Restricted Affordable Units, a minimum of fifty percent (50%) would need to be restricted to lower income households in the Deeply Low, Extremely Low, Very Low, or Low income categories
- Not all Individual sites must adhere to this 50 percent affordability requirement; rather, this minimum percentage must be maintained across all residential development of this CPIO Subarea.

Due to the ongoing affordable housing crisis in the region, any multifamily units in the Civic Center that are covenanted as affordable will likely be absorbed more quickly than units whose rents are not restricted.

Retail Demand

Demand for new retail space in the Planning Area will be driven both by new household growth and by meeting demand for local worker spending. This market analysis uses a resident-focused approach to estimate new retail demand in the Planning Area.

Based on housing unit projections and assuming a 5.0 percent long-term stabilized vacancy rate, projected outcomes vary greatly. In the Conservative growth scenario, residents are expected to demand 537 square feet to 1,074 square feet of retail space. In the Historical growth scenario, residents are expected to demand 7,246 square feet to 15,492 square feet

of retail space, while in the Projected growth scenario, 10,912 square feet to 21,824 square feet of retail space are expected to be demanded.

Table 4: Market-Supportable Retail Demand by Growth Scenario, Civic Center

	Conservative Growth	Historical Growth	Projected Growth
Residential-Driven Retail Demand	537 sf to 1,074 sf	7,246 sf to 15,492 sf	10,912 sf to 21,824 sf

	Two-Days in Office	Three-Days in Office
Existing Office Worker Untapped Demand	24,905 sf to 37,358 sf	37,232 sf to 55,848 sf

Source: BAE, 2024.

Office Demand

There is likely no supportable demand for new, speculative private-sector office development over the 10-year horizon within the Civic Center Project Boundary.

This is especially true given the five million square feet of Class A office space currently vacant and available for lease in the Market Area.

Market-Supportable Uses by Site

The following matrix identifies Market-Supportable Uses by Civic Center Site based on findings from the Market Study only. Key considerations informing the Market-Supportable uses matrix include:

- Supportable Demand Projections by Sector
- Strength of Surrounding Submarket Areas
- Site Connectivity, Positioning, and Existing Improvements

Site Context

- Taken together, the eight Civic Center Sites available for development comprise approximately 775,000 square feet, or 17.8 acres.
- The multifamily residential footprint of 3.5 million square feet noted in the Council Motion (CF 21-1079) translates to approximately 3,800 housing units, assuming prevailing unit sizes and circulation efficiencies in the local market.
- To realize this building footprint, new multifamily development in Civic Center will likely require Type I (high-rise) construction, which can achieve higher densities and Floor Area Ratios of 6.0 and above.
- High-Rise construction is especially likely if one or more of the Civic Center Sites (e.g., 911 Call Center, LA Mall) are deemed to be too complex for repurposing, which would reduce the available footprint for redevelopment.
- At the same time, high-rise multifamily projects are significantly more costly, and may not necessarily generate more cash flow than wood-framed (e.g., Type III-A and Type V) projects, especially if affordable housing and/or prevailing wage requirements are layered in.

To this end, it should be noted that this matrix of Market-Supportable Uses does not yet include financial feasibility testing, which will be conducted as part of Phase 2.

- Supportable typologies noted as “Likely” have likely demonstrated sufficient demand over the ten-year time horizon.
- Supportable typologies noted as “Marginal” will require more detailed analyses in upcoming phases, either via massing studies and/or financial pro-forma modeling.

Table 5: Market Supportable Typologies by Civic Center Site

Building Typology	City Hall East	City Hall South	LA Mall	911 Call Center	John Aiso Garage	Parker Center Site	Health Center	Personnel Building
Multifamily Residential, Standalone	Likely	Likely	Likely	Likely	Likely	Likely	Likely	Likely
Multifamily Mixed-Use with Ground Floor Commercial (a)	Marginal	Likely	Marginal	Likely	Likely	Marginal	Marginal	Marginal
Private User Office, Standalone or Mixed-Use (b)	No	No	No	No	No	No	No	No
Retail Standalone [c]	No	No	No	No	As Temporary Activation	No	No	No
Adaptive Reuse [d]	Marginal	Marginal	No	No	Marginal (potential to build over)	N/A	No	No

(a) Driven by potential of surrounding uses to drive foot-traffic and location along major pedestrian routes.

(b) There is likely no supportable demand for new, speculative office development over the 10 year horizon. Uses for the Civic Center will be explored in subsequent massing exercises, with the intention of consolidating city employees in the Civic Center area west of Alameda.

[c] Not enough residual retail demand calculated above to justify occupying an entire site.

[d] If "No" for Adaptive Reuse, assumption is that the improvement will be demolished to accommodate appropriate market-supportable and/or civic use. If "Marginal", assumes that the existing shell can be repurposed for new land use. Also considers existing Floor Area Ratio and extent to which it conforms to allowable building envelope

Multifamily Market Analysis

The following section provides a summary of recently built multifamily projects in the Study Area, as well as an analysis of projects in the development pipeline.

Recently-Built Multifamily Projects (2017+)

Over 15,000 multifamily units have been delivered in the Civic Center Study Area since 2017. Figure 24 displays the location of these multifamily developments in the Study Area, and Figure 25 displays the multifamily development deliveries by year.

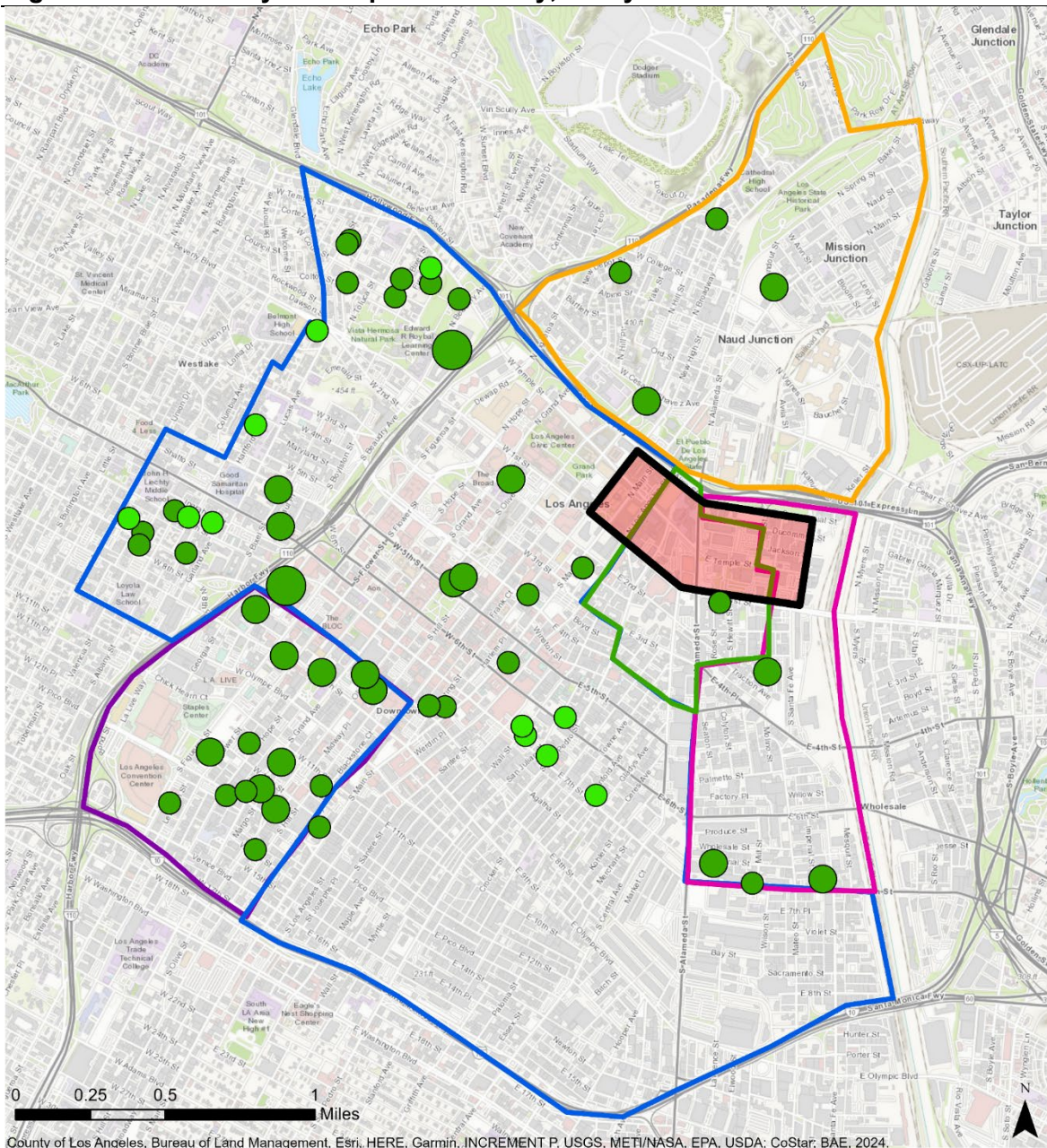
Geographic and Market Area Distribution

- Zero recent multifamily projects are located within the Civic Center boundary itself, but nearby Chinatown, Arts District, and Little Tokyo have all seen new development activity.
- Most multifamily projects in Civic Center Study Area are located Market Rate Projects (shown in dark green).
- Shown in lighter green are 100 percent Affordable Projects, which are nearly all clustered in the Skid Row Area, as well as west of the 110 Freeway.

Multifamily Delivery Pace Over Time

- Since 2017, approximately 2,000 multifamily units have been delivered per year, on average, Civic Center wide.
- The Adaptive Reuse Ordinance in 1999 set the stage for a surge in multifamily deliveries between the periods of 2000 and 2010.
- Deliveries tapered off during the Great Recession, grounding to near zero by the year 2011.
- During the most recent full year, 2023, 1,876 multifamily units were delivered.

Figure 24: Multifamily Development Activity, Study Area

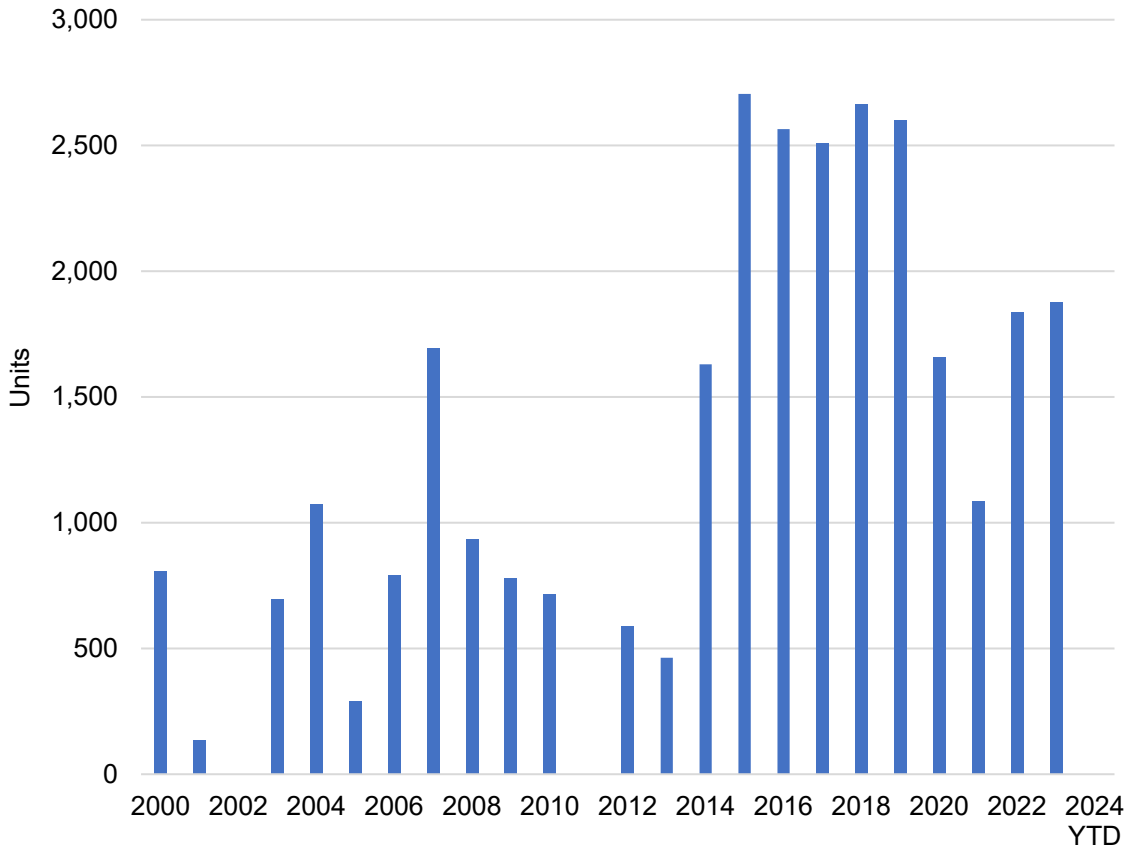


County of Los Angeles, Bureau of Land Management, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, EPA, USDA; CoStar, BAE, 2024.



Sources: CoStar; BAE, 2024.

Figure 25: Multifamily Deliveries by Year, Study Area, All Affordability Types



Sources: CoStar; BAE, 2024.

Recently Built Multifamily Performance

Table 6 summarizes the asking rents and vacancy rates for recently built multifamily projects in the Study Area.

- Asking rents were \$3,226 per month in Q1 2024, or \$3.81 per square foot, across all unit sizes.
- Asking rents were \$2,888 per month for one-bedroom units, which comprise the largest share of new inventory.
- The vacancy rate was 14.2 percent across all unit sizes in Q1 2024.
- Vacancy rates were 16.1 percent for one-bedroom units, compared to 13.5 percent for two-bedroom units and 11.9 percent for studio units.

Table 6: Asking Rents of Recently Built Multifamily Projects, Study Area

Multifamily Residential by Unit Size	Studio	1 BR	2 BR	3 BR	All Unit Types
Inventory, Q1 2024 (units)	3,627	7,262	3,869	568	15,331
Occupied Units	3,153	5,987	3,215	468	12,827
Vacancy Rate	11.9%	16.1%	13.5%	9.7%	14.2%
Avg. Unit Size (sf)	559	740	1,146	1,598	836
Avg. Asking Rents (units), Q1 2023 - Q1 2024					
Avg. Asking Rent, Q1 2023	\$2,412	\$2,966	\$4,343	\$6,998	\$3,366
Avg. Asking Rent, Q1 2024	\$2,343	\$2,888	\$4,091	\$6,405	\$3,226
% Change Q1 2023 - Q1 2024	-2.9%	-2.6%	-5.8%	-8.5%	-4.2%
Avg. Asking Rent (sf), Q1 2024	\$4.08	\$3.91	\$3.57	\$3.96	\$3.81

Sources: CoStar; BAE, 2024.

Under Construction Multifamily Projects

Over 4,000 multifamily units are currently classified as “Under Construction” in the Civic Center Study Area. Projects classified as under construction have secured a Building Permit from the Los Angeles Department of Building and Safety (LADBS) and are more likely than not to achieve their Certificate of Occupancy based on prior research. Figure 26 displays the location of these under construction multifamily developments in the Study Area, and Figure 27 displays the under construction multifamily development deliveries by year.

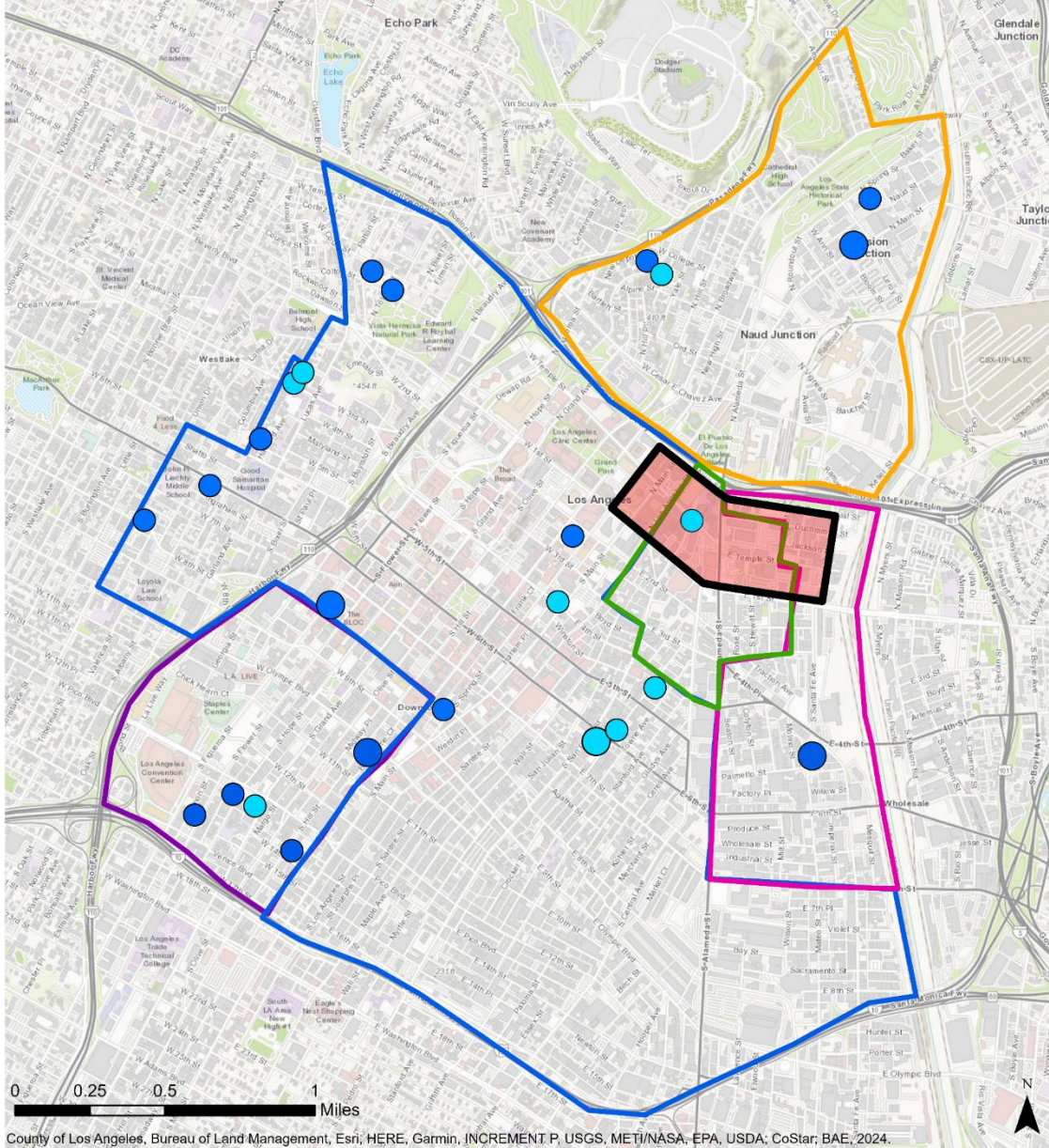
Geographic and Market Area Distribution

- Shown in lighter blue are 100 percent Affordable Projects currently under construction, which are more geographically distributed than those recently completed, and not all in Skid Row.
- One project is located within the Civic Center boundaries.

Under Construction Trends Over Time

- Since 2017, an average of 4,600 multifamily units have been “under construction” within the Civic Center Study Area in any given year.
- The number of units under construction peaked in 2016, when there were over 8,000 units in the development pipeline with a secured building permit.

Figure 26: Multifamily “Under Construction” Activity, Study Area

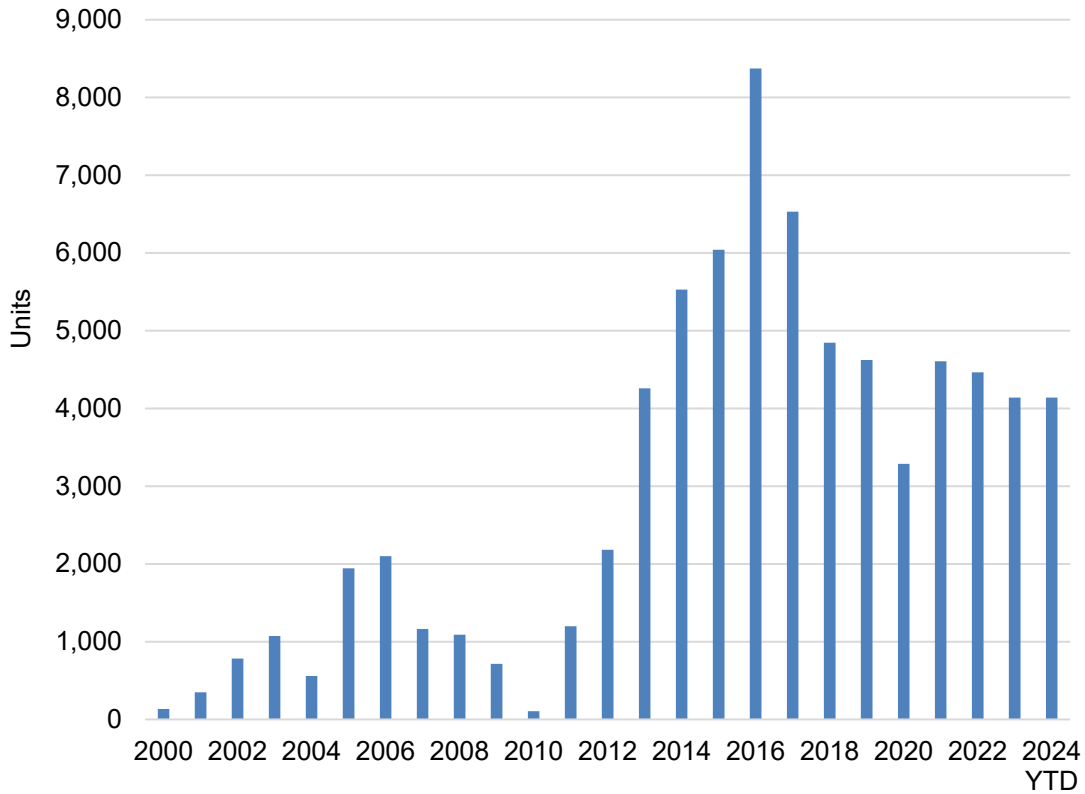


County of Los Angeles, Bureau of Land Management, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, EPA, USDA, CoStar, BAE, 2024.

- | | | |
|-----------------------------|---------------------------|------------------------|
| Civic Center | Under Construction | Number Of Units |
| Chinatown and Union Station | Market/Market Affordable | ≤ 300 |
| Little Tokyo | 100% Affordable | 301-700 |
| Arts District | | 701+ |
| Rest of Downtown LA | | |
| South Park | | |

Sources: CoStar; BAE, 2024.

Figure 27: Multifamily Units Under Construction by Year, Study Area, All Types



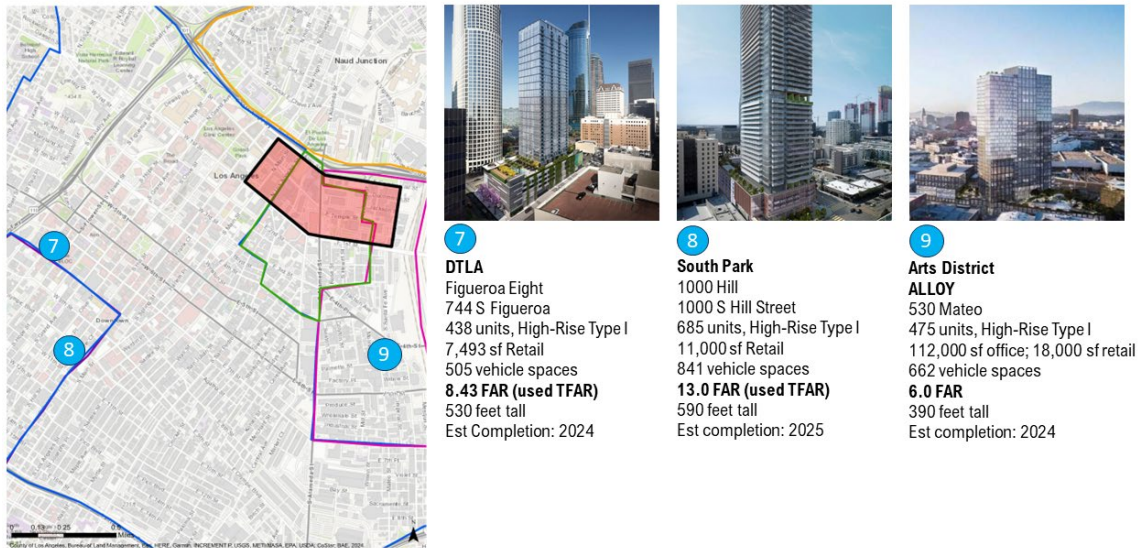
Sources: CoStar; BAE, 2024.

Under Construction – Market Rate Projects

The following three projects are classified as under construction and scheduled to open by the end of 2024 or early 2025.

- Their building typologies (e.g., Type I High-Rise) reflect the likely development constraints and opportunities associated with the available footprint in the Civic Center.
- All projects feature an FAR of 6.0 and above, and range in size from 438 - 675 units.
- Absorption rates during these projects' lease up period will provide useful context for future planning phases of the Civic Center Project.
- Building heights will range from a minimum of 390 feet to a maximum of 590 feet.
- All projects will feature ground-floor retail, with footprints anywhere from 7,500 square feet to 18,000 square feet.
- All projects include vehicle parking ratios of at least 1.0 per dwelling unit, despite the proximity to major transportation nodes.
- At least two projects utilized TFAR to exceed the maximum allowable FAR.

Figure 28: Multifamily Units Under Construction, Study Area Comparables



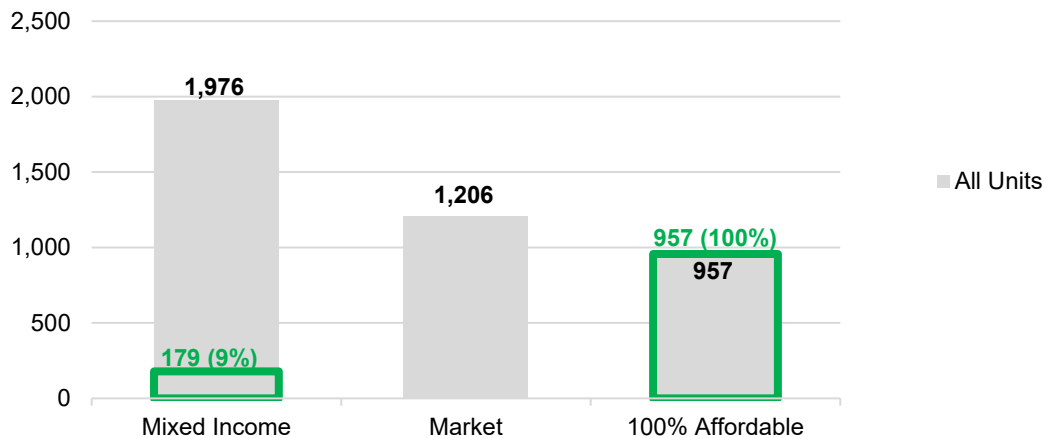
Sources: CoStar; BAE, 2024.

Under Construction – 100 Percent Affordable Projects

More multifamily units under construction are located 100 Percent Affordable Projects when compared to recent development.

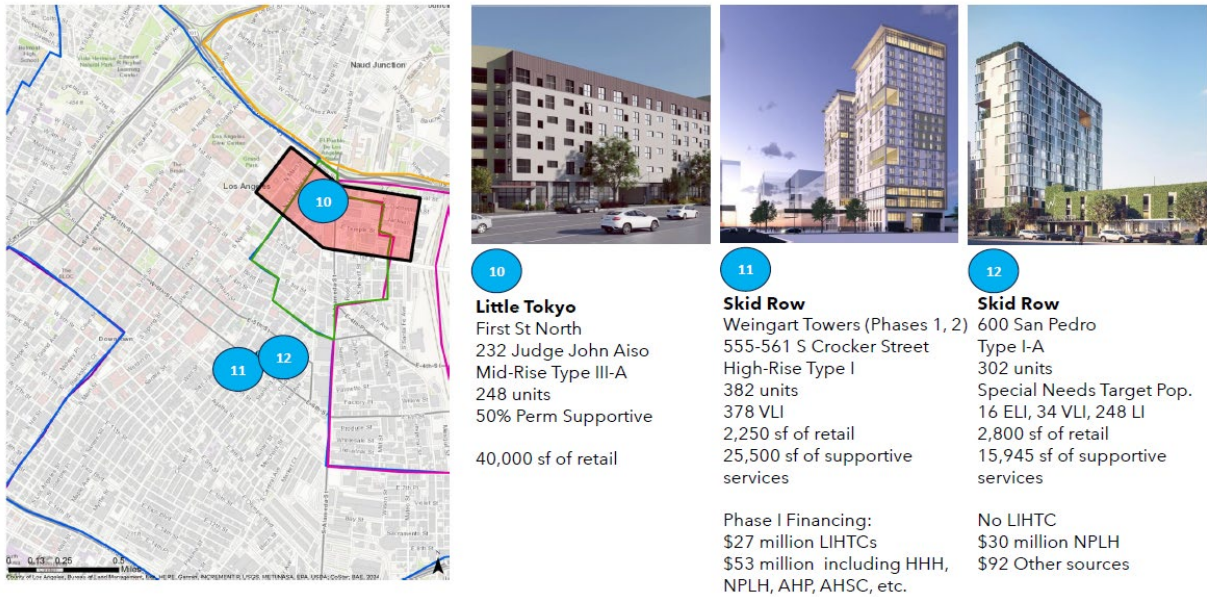
- As shown in the chart below, 957 of 4,139 units currently under construction are being built in 100 Percent Affordable Projects.
- This represents 23.1 percent of total project units currently under construction in the Civic Center Study Area.

Figure 29: Affordability Breakdown of Pipeline Units, Study Area



Source: CoStar; BAE, 2024.

Figure 30: 100 Percent Affordable Projects Under Construction, Study Area

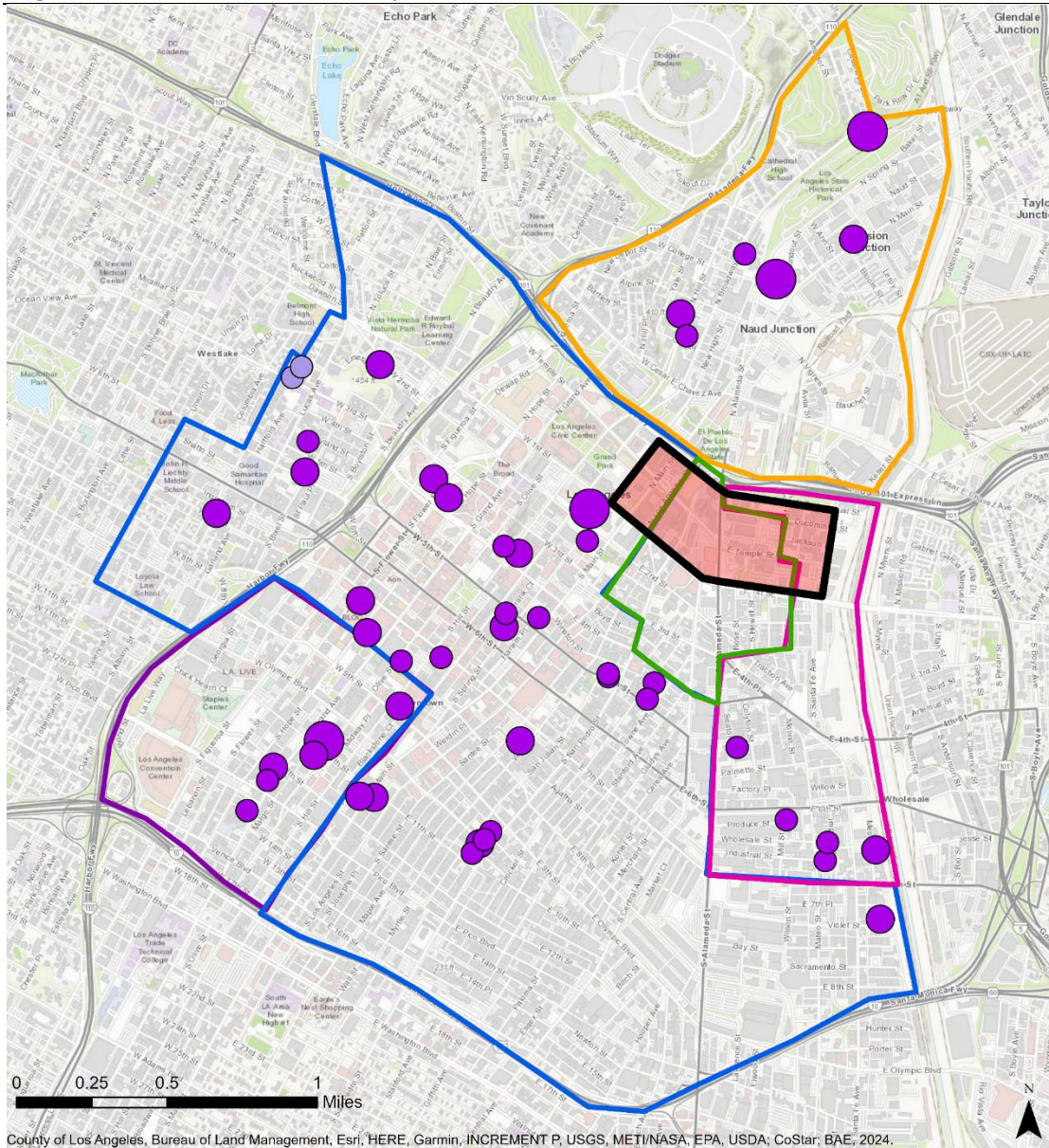


Sources: CoStar; BAE, 2023.

Proposed Multifamily Development

- 18,235 multifamily units in the Civic Center Study Area are currently classified as “Proposed”.
- Projects classified as “Proposed” are still in the Planning Phase and have not yet secured their building permit from LADBS.
- Based on previous research, only half of projects that are classified as proposed end up coming to fruition.
- There appears to be some evidence that “proposed” projects with Planning Commission approvals such as College Station (approved in 2018) are not commencing construction as soon as originally planned.

Figure 31: Proposed Multifamily Development, Civic Center Market Area

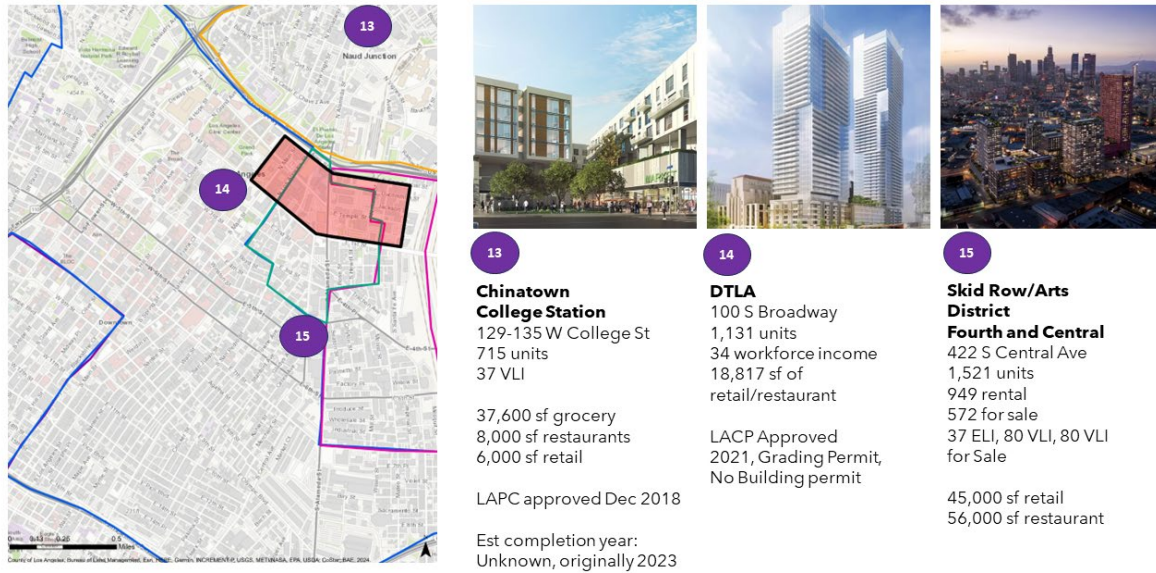


County of Los Angeles, Bureau of Land Management, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, EPA, USDA; CoStar; BAE, 2024.



Sources: CoStar; BAE, 2023.

Figure 32: Proposed Multifamily Projects, Study Area



Sources: CoStar; BAE, 2023.

Office Market Analysis

The following section provides a summary of recently built office projects in the Study Area, as well as an analysis of projects in the development pipeline.

Recently Built Office Projects (2017+)

Over 1,900,000 square feet of new office space has been delivered in the Civic Center Market Area since 2017. In Figure 33 the location of these office developments in the Study Area is displayed.

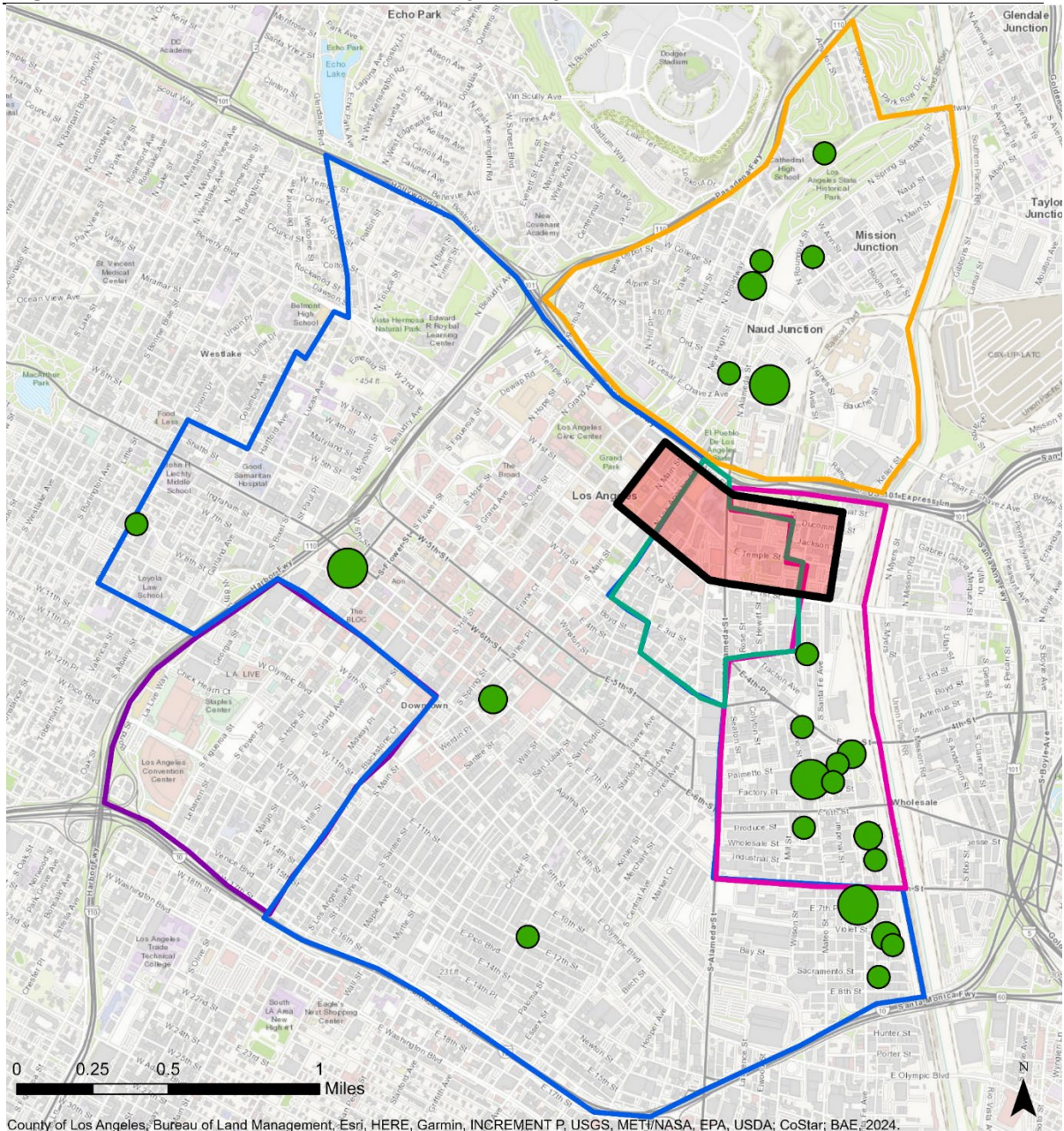
Geographic and Market Area Distribution

- Zero new office projects have been located within the Civic Center boundary itself, but nearby Chinatown, Arts District, and Little Tokyo have all seen new development activity.
- Most new office projects in Civic Center Market Area have been situated in the Arts District and comprise buildings that have been repurposed from former industrial uses.










Trends Over Time

- The Civic Center has experienced negative net office absorption since 2017 as vacancy rates have continued to increase.
- There have been few new office deliveries since the 2020 COVID-19 pandemic. Market area office vacancy rates have not dipped below 11.5 percent since before 2017.

Figure 33: Office Development Activity, Study Area



County of Los Angeles; Bureau of Land Management, Esri, HERE, Garmin, INCREMENT P, USGS, MET/NASA, EPA, USDA; CoStar; BAE, 2024.

- | | | |
|---|--|--|
|  Civic Center | Building Status | Rentable Building Area (sf) |
|  Chinatown and Union Station |  Existing (2017+) |  ≤ 60,000 |
|  Little Tokyo | |  60,001 - 140,000 |
|  Arts District | |  140,001+ |
|  Rest of Downtown LA | | |
|  South Park | | |

Source: CoStar, 2023; BAE, 2024

Study Area Office Inventory

Table 7 displays office data by submarket, as well as for the Study Area. The table assesses factors such as total inventory, asking rents, vacancy rates, net absorption, and recent construction activity as of Q3 2023.

Table 7: Office Inventory by Submarket, All Classes

Office Summary	Little Tokyo	Arts District	South Park	Chinatown/ Union Station	Rest of Downtown LA	Civic Center Market Area
Inventory (sf), Q4 2023	2,297,911	4,121,163	6,637,354	2,382,776	56,851,073	69,981,167
Available (Direct, sf)	109,252	1,118,619	1,398,688	174,322	10,753,033	12,799,903
Vacancy Rate	4.8%	26.5%	17.9%	7.3%	20.3%	18.9%
Net Absorption, 2017-2019	-519,954	545,134	-85,629	-391,014	-2,702,084	-3,463,588
Net Absorption, 2020-2023 QTD	98,975	-151,980	-416,002	228,795	-2,171,173	-2,073,965
New Deliveries, 2017-2023 QTD	0	982,627	0	360,183	1,000,643	1,952,142
Under Construction (sf)	0	200,381	0	0	0	200,381
Proposed RBA (sf)	0	1,661,387	1,152,574	0	801,045	1,240,026
Avg. Asking Rent (sf per month)	\$2.80	\$3.69	\$3.02	n.a	\$3.07	\$3.06

Sources: CoStar, 2023; BAE, 2024.

- Little Tokyo has the lowest Q4 2023 vacancy rate (4.8 percent) and reported asking rents.
- Since 2020, only the Chinatown/ Union Station and Little Tokyo subdistricts have experienced positive net absorption of office space.
- There is a lot of vacant office space available in the market area, but it is not necessarily adjacent to City offices.

Table 8: Office Inventory by Submarket, Class A

Office Summary, Class A	Little Tokyo	Arts District	South Park	Chinatown/ Union Station	Rest of Downtown LA	Civic Center Market Area
Inventory (sf), Q4 2023	936,141	357,643	4,461,804	1,615,552	37,259,780	44,385,228
Available (Direct, sf)	61,278	228,785	831,327	134,209	8,909,573	10,020,985
Vacancy Rate	4.9%	37.7%	16.7%	8.3%	23.2%	21.6%
Net Absorption, 2017-2019	-6,705	170,933	47,376	-31,851	-1,214,241	-1,055,179
Net Absorption, 2020-2023 QTD	-54	19,286	-402,510	192,672	-2,104,985	-2,215,768
New Deliveries, 2017-2023 QTD	n.a.	317,643	n.a.	282,380	742,386	1,342,409
Under Construction (sf)	n.a.	137,281	n.a.	n.a.	n.a.	137,281
Proposed RBA (sf)	n.a.	535,000	1,152,574	0	927,747	2,615,321
Avg. Asking Rent (sf per month)	n.a.	n.a.	\$3.50	n.a.	\$3.06	\$3.11

Sources: CoStar, 2023; BAE, 2024.

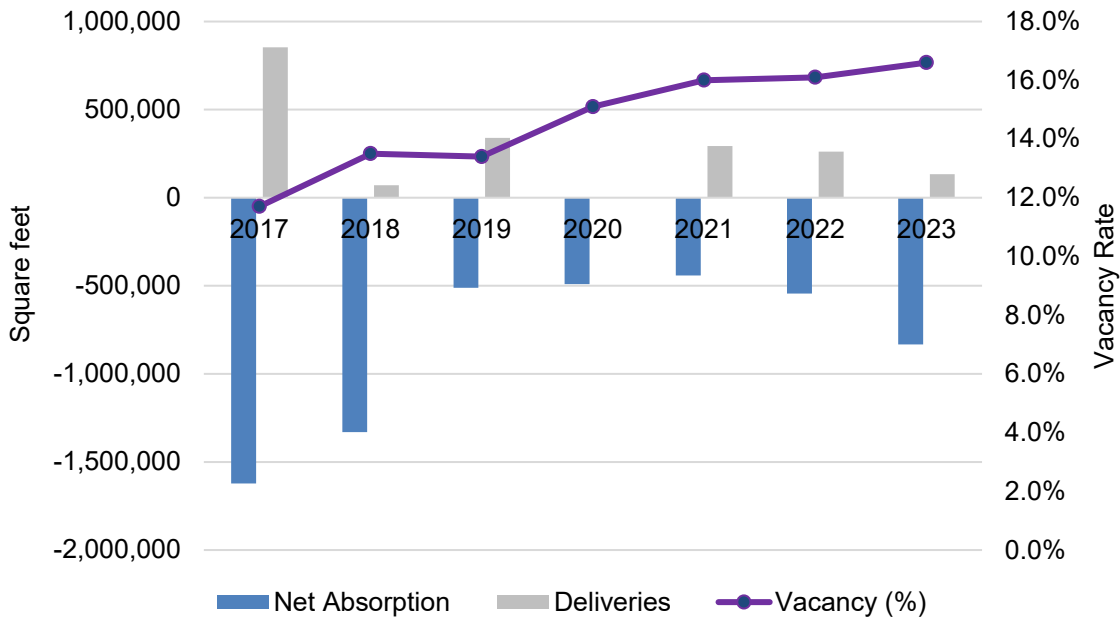
Class A Summary

- Little Tokyo also has the lowest Q4 2023 Class A vacancy rate (4.8 percent).
- Since 2020, Chinatown/ Union Station and the Arts District subdistricts have experienced positive net absorption of office space.
- Despite high vacancy rates, there is still significant amounts of office in the development pipeline in the Arts District, South Park, and Remainder of Downtown.
- Much of the proposed RBA had filed applications before the COVID-19 pandemic, but applications were also filed in 2021 and 2022.

Net Absorption, Deliveries, and Vacancy Rate

Figure 34 shows net absorption, new delivery, and vacancy rate trends from 2017 to 2023 in the Study Area. The office market shows weak demand, with negative net absorption ranging from negative 1.62 million square feet in 2017 to negative 441,838 square feet in 2021. During the same period, the vacancy rate steadily increased from 11.7 percent in 2017 to 16.6 percent in 2023. New deliveries have been few, with 853,914 square feet delivered in 2017 and every consequent year delivering fewer than 350,000 square feet.

Figure 34: Net Absorption, Deliveries, and Vacancy Rate, 2017-2023, Study Area

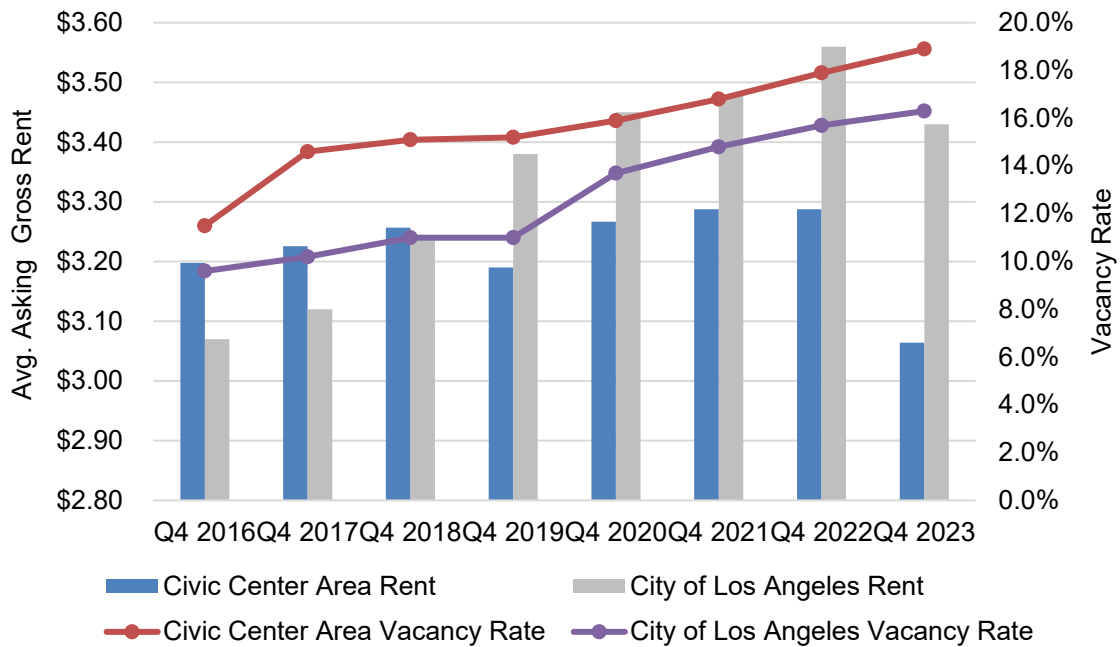


Source: CoStar, 2023

Average Asking Rents and Vacancy Rate Compared to the City of Los Angeles

Figure 35 shows how asking rents and vacancy rates compare between the City of Los Angeles and the Study Area. Until 2018, the Civic Center Study Area saw a higher average asking rent than the City. Presently, the gap has widened and in 2023, the citywide office asking rent was \$3.43 while in the Study Area it was \$3.06. During the entire period, the Study Area saw a higher vacancy rate, which had risen to 18.9 percent in 2023 vs 16.3 percent citywide.

Figure 35: Avg. Asking Rent and Vacancy Rate, Q4 2016-Q4 2023, Study Area and Los Angeles

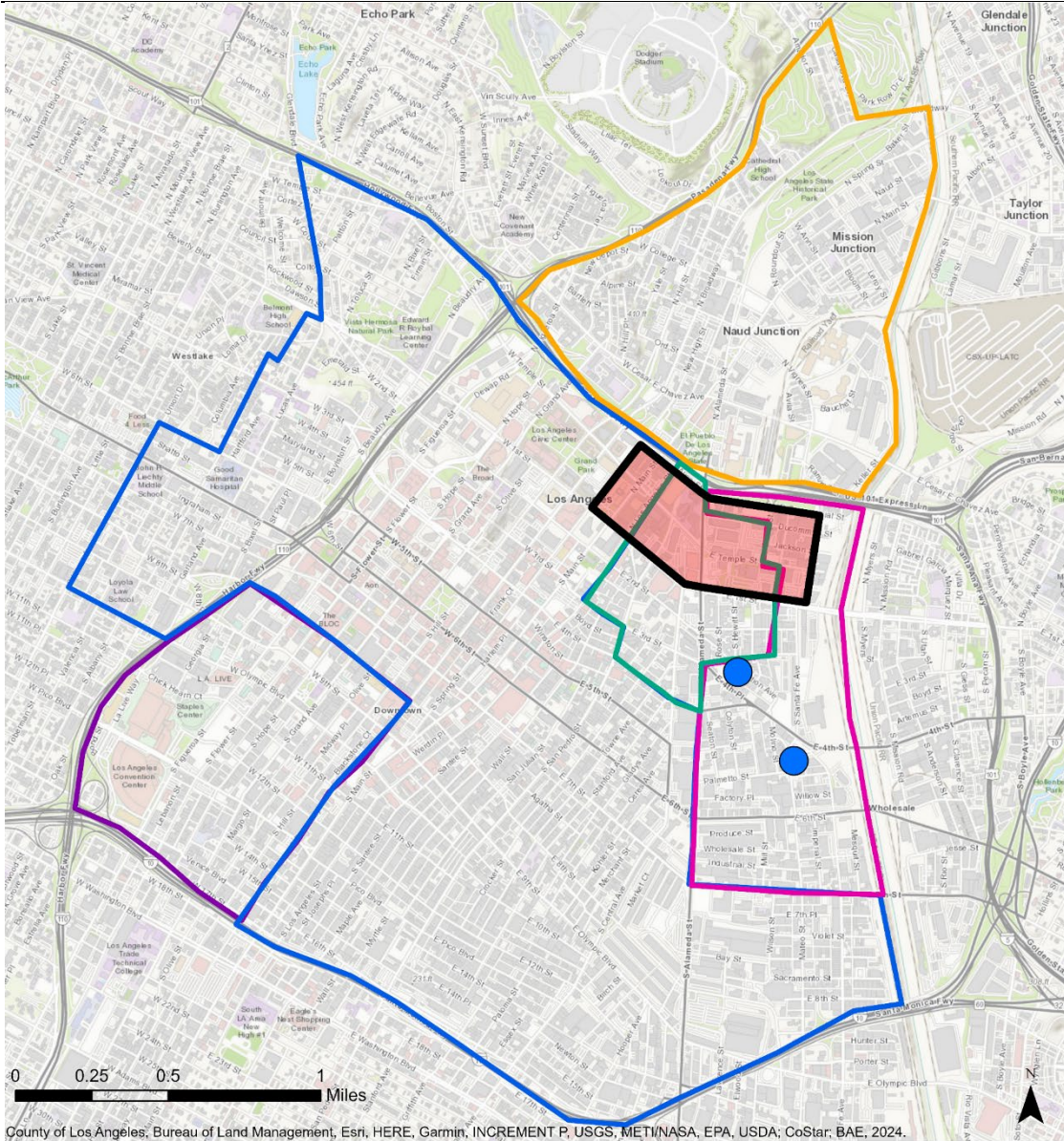


Source: CoStar, 2023.

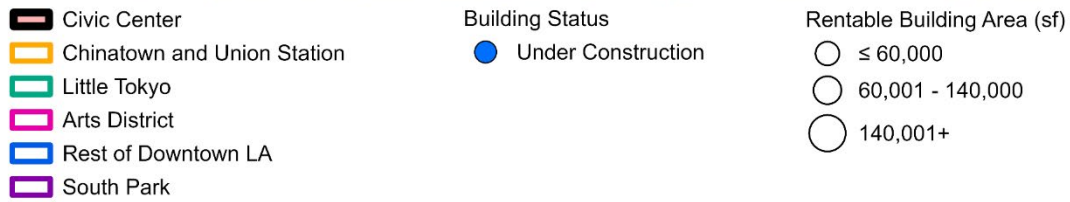
Under Construction Office Projects

The Civic Center Study Area has more than 4,000 multifamily units that are currently in the process of being built. Two projects are in the Arts District. Forge at Alloy is a new development with upscale rental units, premium retail, and innovative office space. It is situated south of the 4th Street Bridge, near One Santa Fe. AtTraction is at 3rd and Traction, closer to the Civic Center. It was acquired in 2021 for \$17 million. It was foreclosed in the middle of a renovation and is on the market again. It is reportedly fully leased.

Figure 36: Office Projects Under Construction, Study Area



County of Los Angeles, Bureau of Land Management, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, EPA, USDA, CoStar, BAE, 2024.



Source: CoStar, 2023; BAE, 2024

Proposed Office Development

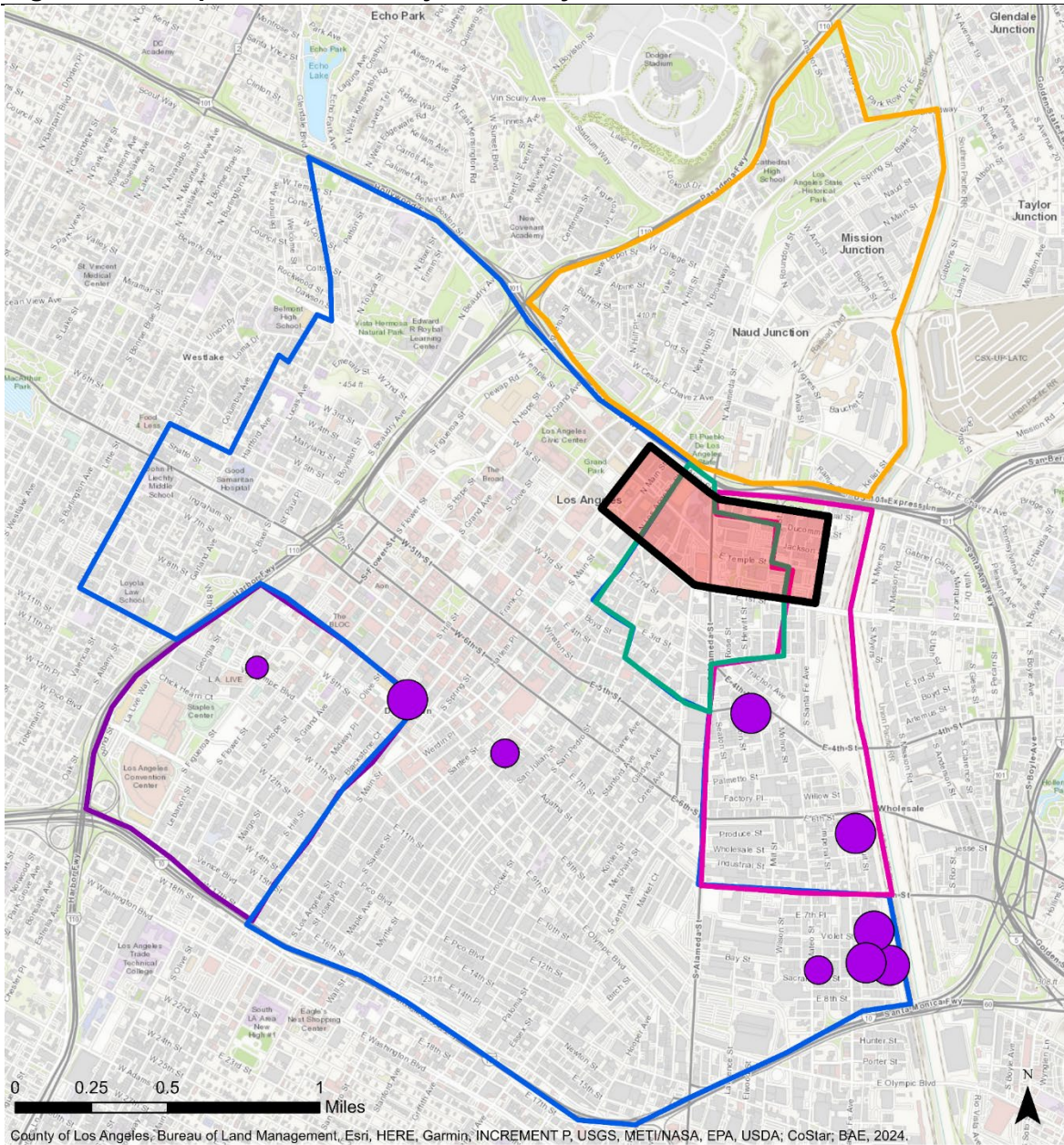
- 2.6 million square feet of office space in the Civic Center Market Area are currently classified as “Proposed.”
- Projects classified as “Proposed” are still in the Planning Phase and have not yet secured their building permit from LADBS.
- It is likely that many of these projects will not come to fruition due to office market uncertainty and capital market conditions.
- Significant projects in the Civic Center vicinity that could deliver are shown on the next page.

Aside from 2159 E Bay, the more likely developments include significant amounts of other uses that may be more marketable in the shorter term, allowing developers to deliver office uses in later phases.

Locations for proposed office development center around South Park and the Arts District, which command the Market Area’s highest rents.

More proposed office projects may come to fruition once a clearer post-COVID work standard for in-office vs. telecommute emerges, allowing developers to better plan space and users to know how much space they will need.

Figure 37: "Proposed" Office Projects, Study Area



County of Los Angeles, Bureau of Land Management, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, EPA, USDA; CoStar, BAE, 2024.

- | | | |
|-----------------------------|-----------------------------|---|
| Civic Center | Building Status
Proposed | Rentable Building Area (sf)
≤ 60,000 |
| Chinatown and Union Station | | 60,001 - 140,000 |
| Little Tokyo | | 140,001+ |
| Arts District | | |
| Rest of Downtown LA | | |
| South Park | | |

Source: CoStar, 2023; BAE, 2024

Available Office Space for Lease

The Civic Center Market Area has 5.2 million square feet of Class A office space that can accommodate large spaces of 200,000 square feet or more. However, some sites may not be suitable or accessible due to factors such as distance from City Hall or loan default status. The City may have the opportunity to lease Class A market space at a low rental rate if the space type and location fit the City's needs. The nearest buildings are One and Two Cal Plaza, which are 0.5 miles away from City Hall.

Table 9: Office Space for Lease

<u>Property Address</u>	<u>Property Building</u>	<u>Total Avail. Space</u>	<u>Building Class</u>	<u>Year Built</u>	<u>Avg. Weighted Rent psf</u>	<u>Neighborhood</u>
633 W 5th St	U.S. Bank Tower	474,118	A	1989	27	Rest of DTLA
523 W 6th St	PacMutual	276,744	A	1926	49	Rest of DTLA
110 E 9th St	California Market Center	956,179	A	1963	34.8	Rest of DTLA
445 S Figueroa St	Union Bank Plaza	301,287	A	1967	25.39	Rest of DTLA
444 S Flower St	FourFortyFour South Flower	450,614	A	1981	30.6	Rest of DTLA
515 S Flower St	City National Plaza	223,521	A	1971	36	Rest of DTLA
350 Grand Lower	Two California Plaza	242,045	A	1992	23.88	Rest of DTLA
707 Wilshire Blvd	Aon Center	422,302	A	1974	25.13	Rest of DTLA
355 S Grand Ave	Wells Fargo Center South	620,111	A	1983	-	Rest of DTLA
1055 W 7th St	ARCO Tower	500,682	A	1989	37.2	Rest of DTLA
601 S Figueroa St	Figueroa at Wilshire	360,239	A	1990	25.73	Rest of DTLA
865 S Figueroa St	TCW	296,952	A	1990	25.94	Rest of DTLA
300 S Grand Ave	One California Plaza	304,765	A	1985	26.8	Rest of DTLA
333 S Hope St	Bank Of America Plaza	440,763	A	1974	23	Rest of DTLA

Source: CoStar, 2024; BAE, 2024.

Available Office Space for Purchase

There are few office buildings near City Hall in Downtown Los Angeles that are on the market. Those that are nearby are much smaller than the City's desired size of 1.2 million square feet, usually less than 60,000 square feet. Some of the buildings for sale are under financial distress and might be bought at a lower price. Bigger buildings that are for sale might have current tenant leases that could pose a challenge.

Table 10: Office Space for Purchase

Property Address	Property Building	RBA	Building Class	Year Built	For Sale Price	Sale Price psf	Neighborhood
1346 5th		13,095	C	1928	-	-	Rest of DTLA
1350 5th		1,462	C	1919	-	-	Rest of DTLA
110 W 11th St	Harris Building	58,633	B	1923	-	-	South Park
950 S Broadway	The Broadway	34,831	B	1913	\$11,500,000	\$330	South Park
660 S Figueroa St	Figueroa Tower	284,505	A	1987	-	-	Rest of DTLA
801 S Grand Ave		215,097	A	1985	\$895,000	\$4	South Park
1035 S Grand Ave	South Park Arts Bldg	28,000	B	1920	-	-	South Park
734 S Main St		24,716	C	1915	-	-	Rest of DTLA
1026 S Santa Fe Ave		21,750	B	1924	-	-	Rest of DTLA
932 Wilson St		26,562	C	2010	-	-	Rest of DTLA
949 E 2nd St		36,848	B	2003	\$21,300,000	\$578	Arts District
1271 W 2nd St		5,232	C	1980	\$2,600,000	\$497	Rest of DTLA
412-418 W 6th St	Park Central Bldg	112,418	C	1910	\$38,000,000	\$338	Rest of DTLA
530 W 6th St	Telecom Center LA	160,359	B	1929	-	-	Rest of DTLA
510-514 S Broadway	Pettebone Building	38,304	A	1905	-	-	Rest of DTLA
800-810 Traction Ave	AtTraction	58,118	B	1908	-	-	Arts District
537 S Broadway	The F&W Grand	48,108	B	1931	-	-	Rest of DTLA
761 S Broadway	The Merritt Building	56,795	A	1915	-	-	Rest of DTLA
1144 S Broadway		9,695	C	1924	\$2,600,000	\$268	South Park

Source: CoStar, 2024; BAE, 2024.

Retail Market Analysis

The following section provides a summary of recently built retail projects in the Study Area, as well as an analysis of projects in the development pipeline.

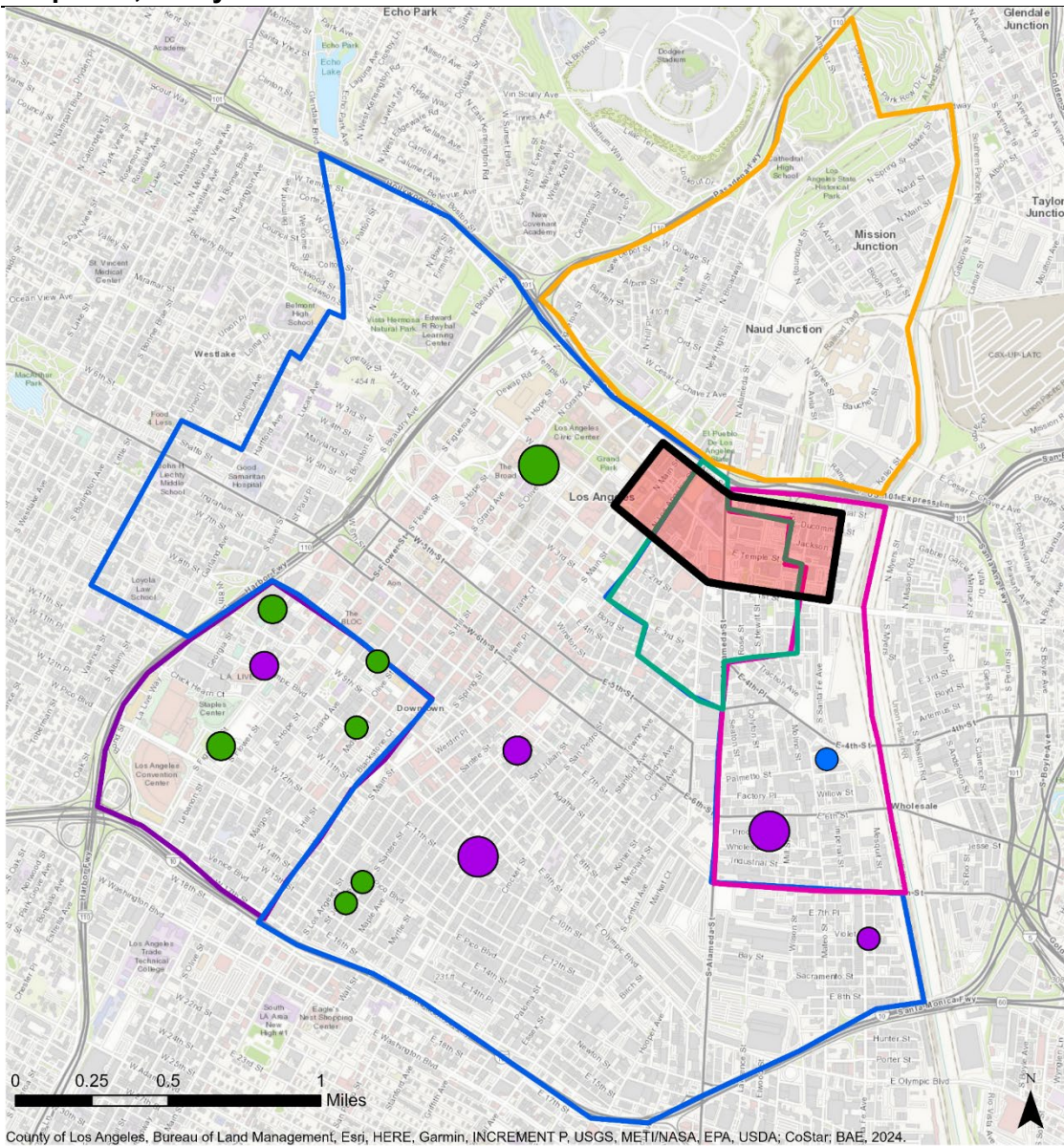
Recently-Built Retail Projects (2017+)

Over 349,185 square feet of retail space has been delivered in the Civic Center Study Area since 2017. Figure 38 displays the location of these retail spaces in the Study Area.

Market Area Distribution, Retail Delivery Pace Over Time, and Retail Development Activity

- Zero recent retail projects are located within the Civic Center boundary itself, but four of the seven new retail developments have occurred in the South Park neighborhood, three in Rest of Downtown LA.
- Over 475,000 square feet of retail space across four developments are proposed, with one in South Park, one in Arts District, and three in rest of Downtown LA.
- Over 20,000 square feet of retail space in one project is currently under construction in the Arts District as part of a 35-story mixed use tower.
- Over 336,000 square feet of retail space has been delivered in the Civic Center Study Area since 2017.
- Since 2017, there have been three major retail developments in the area, all as part of large, dense, mixed-use projects. The Grand and Circa see high vacancy rates of 20 percent and 32 percent, respectively. The 35-story tower will also house 475 live/work apartments, 105,000 square feet of office space, and 650 parking stalls.

Figure 38: Retail Development Activity Map, Recent, Under Construction, and Proposed, Study Area

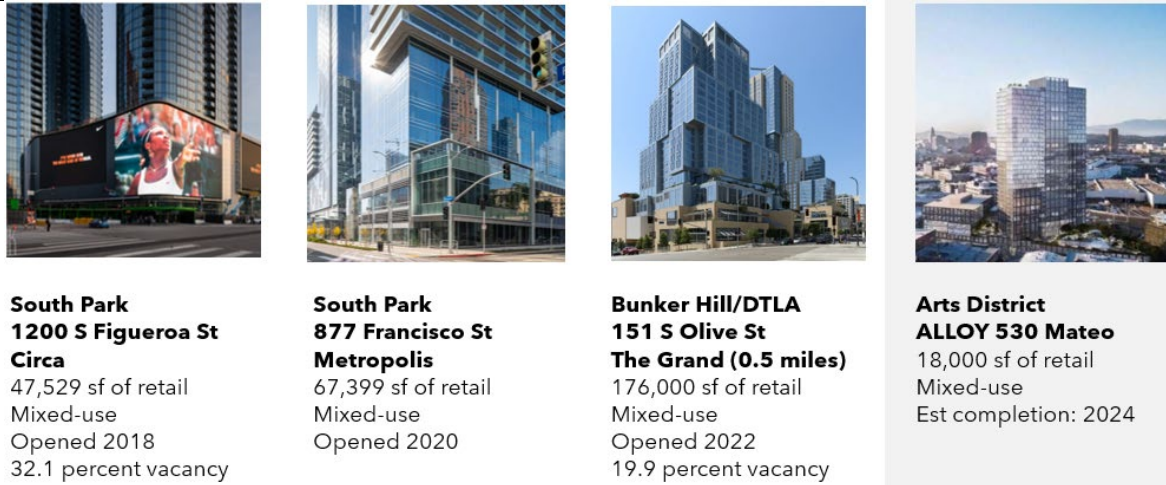


County of Los Angeles, Bureau of Land Management, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, EPA, USDA, CoStar, BAE, 2024.

- | | | |
|-----------------------------|------------------------|------------------------------------|
| Civic Center | Building Status | Rentable Building Area (sf) |
| Chinatown and Union Station | Existing (2017+) | ≤ 30,000 |
| Little Tokyo | Under Construction | 30,001 - 100,000 |
| Arts District | Proposed | 100,001+ |
| Rest of Downtown LA | | |
| South Park | | |

Source: CoStar, 2023.

Figure 39: Retail Comparables (Left) and Under Construction (Right), Study Area



Source: CoStar, 2023.

Retail Inventory Performance and Trends

Table 11 displays commercial retail data for the Market Area and its constituent geographies assessing factors such as total inventory, asking triple net (NNN) rents, vacancy rates, net absorption, and recent construction activity as of Q4 2023.

Table 11: Retail Inventory by Submarket, All Classes

Retail Summary	Little Tokyo	Arts District	South Park	Chinatown/ Union Station	Rest of DTLA	Civic Center Study Area
Inventory (sf), Q4 2023	837,712	129,047	2,683,451	1,472,351	12,282,931	17,383,841
Vacancy Rate	8.5%	10.2%	5.7%	2.8%	7.3%	6.8%
Net Absorption (sf), Q1 2016-Q4 2023	(23,564)	5,500	1,089,810	(102,164)	(262,843)	706,739
Net Absorption (sf), Q1 - Q4 2023	(2,344)	(5,470)	19,024	(14,565)	(155,102)	(158,457)
New Deliveries (sf), Q1 2016 - Q4 2023	0	0	129,959	0	219,226	349,185
Under Construction (sf), Q1 2024 QTD	0	20,017	0	0	0	20,017
Proposed RBA (sf)	0	151,000	0	0	425,590	576,590
Avg. Asking NNN Rent Direct (sf per month)	Not Avail.	Not Avail.	\$2.74	\$3.50	\$3.27	\$3.22

Sources: CoStar; BAE, 2023.

- The retail vacancy rate in the Study Area was 6.8 percent in Q4 2023, ranging from 2.8 percent in Chinatown/Union Station to 10.2 percent in Arts District.
- Asking NNN rents in the Study Area were \$3.22 per square foot in Q4 2023, ranging from \$2.74 in South Park to \$3.50 in Chinatown/Union Station.
- Between Q1 2023 and Q4 2023, net absorption in the Market Area stood at negative 158,457 square feet, although the area saw a positive net absorption over a longer period, from Q1 2023 to Q4 2023, of 706,739 square feet.
- South Park stands out as the neighborhood with the highest net absorption, of over one million between 2016 and 2023, while other neighborhoods except for Arts

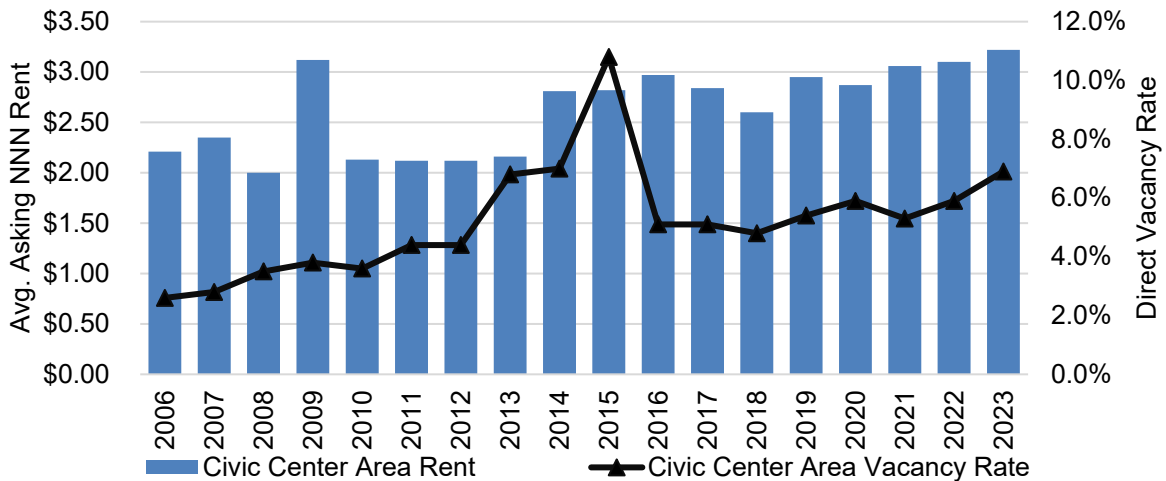
District saw negative net absorption during that period. Chinatown/Union Station sees higher rents than other areas, South Park sees the lowest, and Rest of Los Angeles sees rents most in line with the Study Area as a whole.

- Retail economics vary greatly by neighborhood. In the Historic Core and immediately surrounding areas, rents are relatively low, and they can vary widely from spot to spot (ie. -25-50 percent difference within 2-3 blocks of a hot area).
 - Historic Core \$2.00-3.00/SF NNN
 - Alameda/1st \$1.50-2.00/SF NNN
 - Arts District \$3.50-5.00/SF NNN for 1st generation space

Asking Rents and Vacancy Trends

Figure 40 shows that since 2006, retail vacancy rates in the Civic Center Area have steadily increased from 2.6 percent in 2006 to 6.9 percent in 2023. 2015 saw a spike in the vacancy rate to 10.8 percent. Triple net retail rents have also increased during the same period by 45.7 percent, from \$2.21 in 2006 to \$3.22 in 2023. Both vacancy and rent trends vary greatly from block to block within the Market Area.

Figure 40: Retail Asking Rent/sf and Vacancy Rate, Study Area

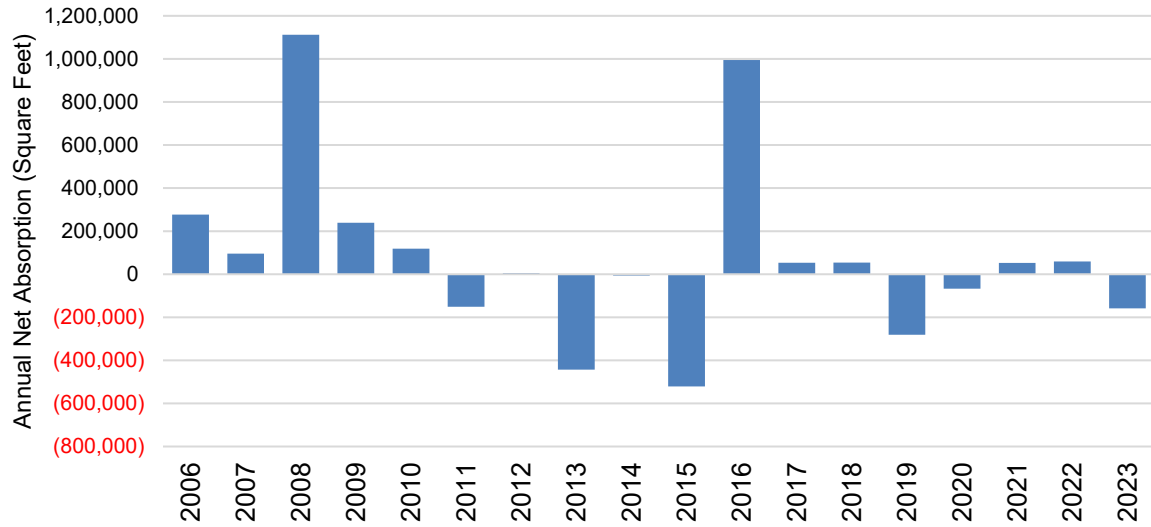


Sources: CoStar; BAE, 2023.

Net Absorption Trends

Figure 41 shows that net absorption reached 1.11 million square feet in 2008 and saw a steep decline, afterwards, likely due to the Great Recession. The year 2016 saw another spike in net absorption of 994,396 square feet, followed by years of moderate spikes and dips. Between Q1 2023 and Q4 2023, net absorption in the Market Area stood at negative 158,457 square feet. Over the longer period, from Q1 2016 to Q4 2023, the area saw a positive net absorption of 706,739 square feet.

Figure 41: Annual Net Absorption, Study Area

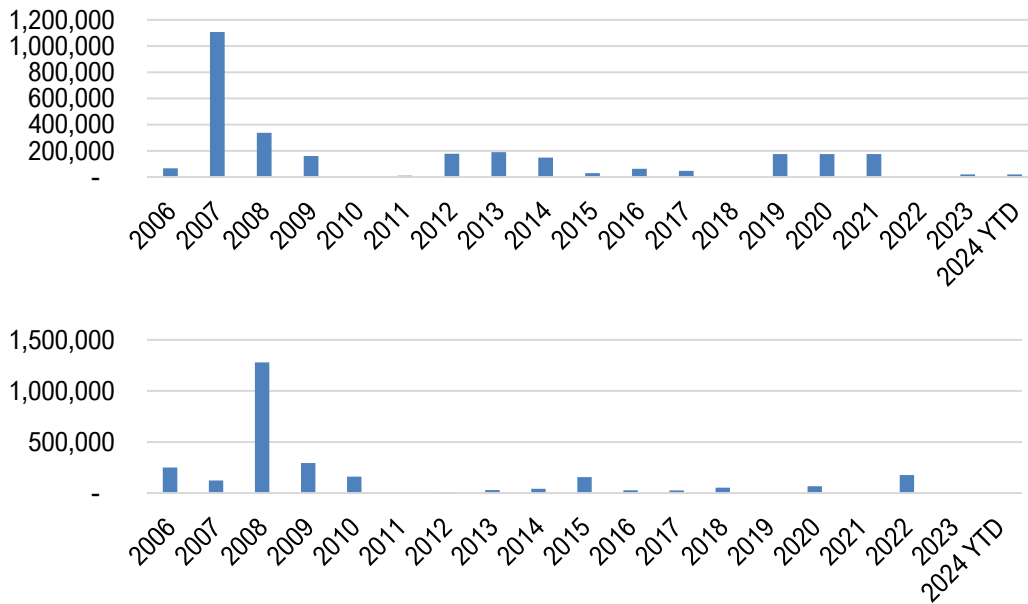


Sources: CoStar; BAE, 2023.

Under Construction and Delivery Trends

Figure 42 shows that deliveries tapered off during the Great Recession, grounding zero by the year 2011. Since 2014, the average yearly new retail space delivered is about 50,000 square feet. 2022 was the last year with significant new retail deliveries due to the construction of 176,000 square feet of retail in The Grand.

Figure 42: Retail Deliveries (Above) and Under Construction (Below), Study Area



Sources: CoStar; BAE, 2023.

KEY PROJECT CONSIDERATIONS

This section identifies and evaluates project-wide considerations that informed much of the scenarios and alternatives put forward in this report. When this project began, there were many unknown factors that we discovered through our due diligence.

Balancing City Goals

The City had three major goals at the start of this project:

1. Find/Create/Identify new City office space to improve City functions.
2. Provide housing development opportunities, including affordable housing, in a manner that helps to activate the area and support retail.
3. Make the project revenue neutral (i.e., new development ground leases and grants fund the entire project).

These goals can work together in some ways but can also work against each other. For example, market rate housing brings in new households with income who want to be able to eat and shop in their neighborhoods – supporting retail and keeping the area active after the Civic Center workers leave each evening. If these uses are feasible, they may also be able to contribute ground lease revenue to the city to help offset the cost of relocating staff, purchasing a building, or constructing a new building. Affordable housing units tend not to

have the same outcomes as market rate units, since the household incomes of affordable tenants tend to be much lower and less able to support retail.

Affordable housing provides socially desirable outcomes, housing people who cannot afford to buy or lease a market rate home, and even providing permanent housing for those currently experiencing homelessness. However, affordable housing relies on the layering of multiple subsidies to cover construction costs, with very little room for ground lease payments on an ongoing basis. While these developments can raise additional subsidies up front to pay a capitalized rent payment (net present value of the ground lease rent), those funds would likely come from a local or state housing fund, reducing the amount available for other units in order to pay the City a ground lease. It is far more common for the City to contribute land for affordable housing; however, LA Metro, which has federal requirements to obtain fair market value for its sites do employ a capitalized ground lease payment for 100 percent affordable housing projects. If the City does write down its land for affordable housing, it will be meeting the second goal, but will lose an opportunity to generate the necessary revenue for overall project cost neutrality.

Finally, the City is interested in making this project as close to cost-neutral as possible. Ideally, the City would use all of its available land to maximize value to help offset the costs of new development or building purchase prices and tenant retrofits. However, this ignores the goal of providing much-needed affordable housing. Still, managing the cost of any new City development is critical to realizing this project. Issues arise with some of the sites related to relocating expensive equipment or replacing public infrastructure that is close to the end of its life. This analysis surfaces and acknowledges those challenges. Where possible, the analysis identifies a path forward that would allow the City to make those investments at another time, not burdening this project with the cost of duplicating equipment or replacing utility infrastructure.

State and City Requirements

Local Zoning Requirements: Additional requirements for affordable housing, parking, open space, linkage fees, etc. specified in the Community Plan erode the ability to pay ground lease revenues to the City, at least in the early years. The recently adopted Downtown Community Plan includes requirements for at least 11 percent inclusionary housing units in each development.⁵

Surplus Land Act: In addition, the State of California requires public agencies to dispose of its property in compliance with the Updated Surplus Land Act (SLA) Guidelines. The SLA requires public agencies to notify other public agencies and housing developers of its plans to dispose of any property through the issuance of a Notice of Availability. For any residential developed

⁵ 11 percent very low-income. Percentages vary based on affordability levels.

on a publicly-owned property, at least 15 percent of units must charge affordable rents as defined in section 50079.5 of the Health and Safety Code. The SLA requires the City to follow a specific process, but does not specify a mandatory outcome. The City is committed to mixed-income housing and the Downtown Community Plan requires affordable units as part of each development.

Changing Workplace Practices

Employee Space Standards

Even before the COVID-19 pandemic sent workers home from their offices to work, space standard best practices were changing. Modern offices were moving from 200 square feet per employee down to as low as 133 square feet per employee. Much of this reduction could be a result of the digitalization of paper documents, reducing the need for file cabinet space. In addition, many office users were reconfiguring office standards to provide a more open office environment that could better foster collaboration. The City of Los Angeles is still using 200 square feet per employee, as required in the City's 2009 space standards. However, the City has plans to update its space standards in the near term, after this report has been completed. On March 18, 2024, the CAO issued a City Office Space Standards Task Order to evaluate the amount of space the City needs given changes in technology, workplace environments, and daily tasks performed. Until this analysis is complete and any changes adopted, any space that the City builds or purchases for staff use will need to comply with existing space standards, which both the City and the staff union agreed to in prior negotiations. Temporarily leased space does not need to meet these standards.

Remote Work Policy

Since the COVID-19 pandemic, a number of city staff members have been working from home on at least a part time basis. In addition to updating its space standards, the City is also considering a formal remote work policy that provides the parameters for the number of days working in the office, from home, etc. Currently, each department is setting its own remote work policies, with some departments coming in for an all-hands day, while others are more staggered.

Because these policies have not been negotiated or updated since before the pandemic, the formal policy remains for workers to come into the office five days per week. There are tradeoffs to having staff come in more or less frequently. As the market analysis shows, having more people in the office is better for local area retail and street activation. However, the City's ability to attract or retain staff may be negatively impacted if five days in office are required. Regardless of the number of days in office required, adopting a formal policy will help inform the amount of space and type of work environment needed to support each department. It will also provide a level of certainty for both workers and local retailers, who will be better able to plan around their in-office work schedules.

Specialty Infrastructure

Several sites have specialty infrastructure that can be expensive to relocate and/or replace. Because this analysis seeks to minimize any out-of-pocket City costs, expensive infrastructure needs inform the scenarios as well as timing and phasing. Below are the specific sites with infrastructure requirements.

Personnel Department Building

The Personnel building itself does not have any expensive infrastructure that would need to be replaced. However, there is a police communications tower located in its parking lot. Redeveloping the site to its maximum capacity would require the City to relocate the communications tower. A literature review suggests that a new communications tower could cost between \$1.0 million and \$2.5 million, with an average of \$1.75 million.

City Hall South

Beneath City Hall South, the City has a steam plant that generates energy for City Hall South, as well potentially for other buildings. The City estimates that the steam plant has at most four to five more years of useful life before it will need to be replaced. However, exact dates for when the equipment will stop working are unknown. The last iteration of a new building on the Parker Center site included a new Central Utility Plant (CUP) to replace the steam plant. Replacing the steam plant with a CUP underneath the new building added tens of millions to the building's project costs.

When the steam plant no longer operates, the City will need to replace the equipment with a CUP using funding from MICHLA or another as yet identified source. This analysis accommodates the future CUP infrastructure by leaving space on the Parker Center site for future development but does not include the costs of the new CUP in the financial analysis.

City Hall East

Site due diligence uncovered a few issues related to redeveloping City Hall East. The stormwater line underneath the building is broken, causing the building to flood whenever it rains. Any renovation or redevelopment would require fixing the broken line. However, grants and low-cost loans are available to help pay for these improvements.⁶ Regardless of when the site is available for redevelopment, the City should undertake this maintenance as soon as possible. The City Hall East underground floors contain expensive and essential equipment related to Fire Dispatch and Infrastructure Technology services that could be at risk from continued flooding.

The Fire Dispatch and Infrastructure Technology services themselves represent specialty expenses related to relocation or redevelopment. According to the City's ITA Department,

⁶ Appendix C shows the grant and low-cost loan sources available to help offset infrastructure repair costs.

approximately 80 percent of the City's data servers are located in P4, along with the Fire Department's Dispatch center. These uses include expensive equipment *and* require hardened space associated with essential services.

Although the ITA and Fire Services departments often use federal and other grant funding for new equipment, both require operational redundancy for a period of time. If the City relocates its servers as part of the project, ITA would require duplicating all the servers and equipment and running the new equipment along with the existing equipment to ensure that the services do not go down. The same is true for the Fire Dispatch services.

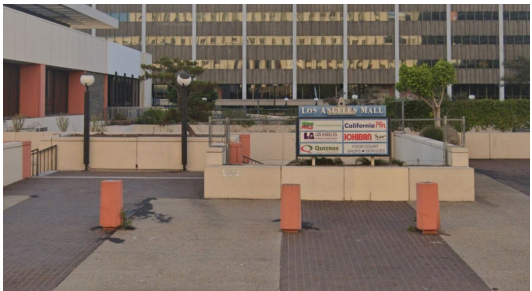
Because the City staff for each affected department indicates that funding for equipment is only available for replacement at the end of useful life for existing equipment, and not for equipment needed to create redundancies related to relocation of services, this analysis assumes that all costs from relocation into a new or other building would burden the City and project. This is an overly conservative assumption that does not account for efficiencies from enhanced technology and moving data to the cloud. Appendix B presents a cost estimate for replacing ITA and Fire Dispatch services in another building.

SITE CHALLENGES, OPPORTUNITIES, AND CONSTRAINTS

In addition to market conditions and overall project considerations, this analysis reviewed each site to identify their strengths, challenges, opportunities, and constraints (SWOC). The SWOC analysis informs the development potential for each site based on the amount and type of development the site could support, appropriate uses, and any extraordinary costs the City might incur from removing city uses.

LA Mall/Triforium

300 N Main Street


<p>Neighborhood Subarea: Downtown LA</p> <p>Current Tenants/Uses</p> <ul style="list-style-type: none"> • Civic Center Bridge Housing Facility (ABH) • General Services Department (GSD) Mail Services • Shopping mall tenants: California Pita; Sbarro; Express Lotto; Channel 35 Storage; Sears Shoe Repair: ACEBSA <p>Building Characteristics Building Size (sq. ft.): 47,867 sf Gross Leasable Area Year Built: 1974 Site Size (sq. ft.) 103,593.5 sf Stories: Not available</p> <p>Building and Site Constraints</p> <ul style="list-style-type: none"> • Unknown hazard and/or site contamination • Needs structural analysis to determine viability of redevelopment 	 <p>Potential Uses</p> <ul style="list-style-type: none"> • Affordable Housing • Mixed-Income Housing • Social Infrastructure • Continued City Use • Potential for retail in the long-term with housing and street activation
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SWOC Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Good proximity to City Hall and other offices • Garage is much nicer than Pershing Square 	<p>Weakness</p> <ul style="list-style-type: none"> • Inward facing spaces makes retail particularly difficult • City staff alone cannot support retail here, particularly if they are working hybrid or remote schedules • Homeless constituents create staffing challenges for retailers
<p>Opportunities</p> <ul style="list-style-type: none"> • Empty retail spaces are not currently being marketed or advertised • Retail spaces could be relatively easily repurposed for City services • GSD and Fleet Services could move into office space above their assets 	<p>Constraints</p> <ul style="list-style-type: none"> • Garage contains fleet vehicles as well as service and maintenance for them, which would need to be relocated as part of site redevelopment • Unknown whether garage can structurally support new development above • Subject to DOT special revenue fund

City Hall East

200 N Main Street

<p>Neighborhood Subarea: Downtown LA</p> <p>Current Tenants/Uses</p> <ul style="list-style-type: none"> • City Administrative Office • City Attorney • City Controller • Information Technology Agency • Los Angeles Fire Department • Los Angeles Police Department • Trimana (Restaurant) <p>Building Characteristics Building Size (sq. ft.): 575,000 sf Gross Leasable Area Year Built: 1972 (est.) Site Size (sq. ft.) 139,486.8 sf Stories: 20</p> <p>Building and Site Constraints</p> <ul style="list-style-type: none"> • Historic assets • Broken sewer pipe below building leads to flooding 	 <p>Potential Uses</p> <ul style="list-style-type: none"> • Affordable Housing • Mixed-Income Housing • Continued City Use • Potential for retail in the long-term with housing and street activation
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SWOC Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Good proximity to City Hall and existing office floorplate make this best use for City office 	<p>Weakness</p> <ul style="list-style-type: none"> • The building is structurally sound but outdated • Updating building will require swing space for workers
<p>Opportunities</p> <ul style="list-style-type: none"> • Take down the bridge to City Hall to activate Main Street • Could make workspaces more flexible within the existing building • Minimal cost outside building to activate through use of public art and amenities • Permanent street vender stalls that are rentable could help activate street and promote small local businesses 	<p>Constraints</p> <ul style="list-style-type: none"> • Programming the building for all departments currently in CHE would take a lot of involvement and outreach to department leadership • ITA and Fire Dispatch would be very expensive to move due to security and redundancy needs • Need to fix broken infrastructure below building

911 Emergency Call Center (LAPD Metro Comm. Dispatch Center)

100 N Los Angeles Street


<p>Neighborhood Subarea: Little Tokyo</p> <p>Current Tenants/Uses</p> <ul style="list-style-type: none"> • Los Angeles Police Department (LAPD) • 911 Emergency Call Center <p>Building Characteristics Building Size (sq. ft.): 53,761 sf Year Built: 2002 Site Size (sq. ft.) 77,889 sf (est.) Stories: 3</p> <p>Building and Site Constraints</p> <ul style="list-style-type: none"> • None 	 <p>Potential Uses</p> <ul style="list-style-type: none"> • Affordable Housing • Mixed-Income Housing • Continued City Use
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SWOC Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Essential services building sited and enforced per regulations 	<p>Weakness</p> <ul style="list-style-type: none"> • Beginning to experience deferred maintenance issues • Lack of secure parking is impacting ability to attract and retain workers • Shift work makes public transportation difficult • Currently 30% understaffed, 85% female workforce
<p>Opportunities</p> <ul style="list-style-type: none"> • Improve and maintain current use 	<p>Constraints</p> <ul style="list-style-type: none"> • Major infrastructure considerations to redevelop as another use • Would need to build a new dispatch center and get it up and running before this site could be taken offline • Essential services buildings are more expensive to build – likely cost prohibitive to redevelop in short term

City Hall South

111 First Street

<p>Neighborhood Subarea: Downtown Los Angeles</p> <p>Current Tenants/Uses</p> <ul style="list-style-type: none"> • General Services Department (GSD) <p>Building Characteristics Building Size (sq. ft.): 320,166 sf Year Built: 1955 Site Size (sq. ft.) 62,942 sf (est.) Stories: 9</p> <p>Building and Site Constraints</p> <ul style="list-style-type: none"> • Potential historic asset 	 <p>Potential Uses</p> <ul style="list-style-type: none"> • Affordable Housing • Mixed-Income Housing • Retail potential • Continued City Use
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SWOC Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • The site has a good location at 100 percent corner of 1st and Main Streets • Orientation towards 1st Street Could be most conducive for retail 	<p>Weakness</p> <ul style="list-style-type: none"> • In poor condition • Adjacent plaza underutilized
<p>Opportunities</p> <ul style="list-style-type: none"> • Redevelopment as a public facility could provide gateway into the Civic Center • Redevelopment with market uses could assist in activation of public realm • 50' wide building could support adaptive reuse to residential • Adjacent plaza could be available as part of new development 	<p>Constraints</p> <ul style="list-style-type: none"> • Cost to replace steam plant in basement before its end of life may impact ability to redevelop building and/or site without identifying additional funding for new Central Utility Plant (CUP). • Parking underneath City Hall South should be investigated for potential connection to parking under City Hall East and LA Mall.

Former Parker Center Site

150 N Los Angeles Street


<p>Neighborhood Subarea: Little Tokyo</p> <p>Current Tenants/Uses</p> <ul style="list-style-type: none"> • Vacant <p>Building Characteristics Building Size (sq. ft.): N/A Year Built: N/A Site Size (sq. ft.) 3.07 acres (est.) Stories: N/A</p> <p>Building and Site Constraints</p> <ul style="list-style-type: none"> • None 	 <p>Potential Uses</p> <ul style="list-style-type: none"> • Affordable Housing • Mixed-Income Housing • Retail potential • Continued City Use
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SWOC Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • The site is clear 	<p>Weakness</p> <ul style="list-style-type: none"> • Development potential is in the mid-block between the 911 Call Center and the Metropolitan Detention Center – two uses that do not interact with the outside environment.
<p>Opportunities</p> <ul style="list-style-type: none"> • Proximity to new Go for Broke development across San Pedro Street • Incorporate cultural elements related to history as part of Little Tokyo community • Large enough for multiple uses/developments • Staff can remain in place until building is ready – reduce need for swing space • Enough space on site to leave a pad for a future CUP 	<p>Constraints</p> <ul style="list-style-type: none"> • None

Judge John Aiso Parking Garage

101 Judge John Aiso Street


<p>Neighborhood Subarea: Little Tokyo</p> <p>Current Tenants/Uses</p> <ul style="list-style-type: none"> • Modern Parking, Inc. <p>Building Characteristics Building Size (sq. ft.): 128,636 sf Year Built: 2007 Site Size (sq. ft.) 56,562 (est.) Stories: 1 story, 2 below grade stories</p> <p>Building and Site Constraints</p> <ul style="list-style-type: none"> • Third party leases in parking lot • Responsible party for maintenance and security unclear • Subject to DOT Special Revenue Fund 	 <p>Potential Uses</p> <ul style="list-style-type: none"> • Affordable Housing • Mixed-Income Housing • Retail potential • Continued City Use
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SWOC Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Site is located at 100 percent corner of 1st and San Pedro Streets • Closest proximity of all sites to non-civic uses • Good location for the parking lot • Currently generating revenues from lease to parking company 	<p>Weakness</p> <ul style="list-style-type: none"> • Unclear who is responsible for plaza programming, security, and maintenance • Plaza closed off currently as a safety measure
<p>Opportunities</p> <ul style="list-style-type: none"> • Included in Little Tokyo Sustainability 2020 Plan • Historically and culturally significant to Little Tokyo Community • Plaza has high activation and temporary use potential 	<p>Constraints</p> <ul style="list-style-type: none"> • Parking continues to be needed and desired and would be expensive to replace • Removal of parking would result in lost DOT revenues • Any non-civic use would need to be bifurcated from the plaza

Personnel Building

700 East Temple Street


<p>Neighborhood Subarea: Arts District</p> <p>Current Tenants/Uses</p> <ul style="list-style-type: none"> • Personnel Dept. • Emergency Operations Center (EOC) Tower and Communication Site <p>Building Characteristics Building Size (sq. ft.): 138,460 sf Year Built: Unknown Site Size: 2.29 acres (est.) Stories: 3 stories, 1 below grade story</p> <p>Building and Site Constraints</p> <ul style="list-style-type: none"> • EOC Tower would need to be relocated • City recruitment would benefit from a nicer building/location 	 <p>Potential Uses</p> <ul style="list-style-type: none"> • Affordable Housing • Mixed-Income Housing
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SWOC Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Proximity to Arts District • Among the higher property values for City-owned sites • Can be leveraged for new City use buildings 	<p>Weakness</p> <ul style="list-style-type: none"> • EOC Tower would need to be relocated
<p>Opportunities</p> <ul style="list-style-type: none"> • Move staff closer to City Hall or into more modern space • Repurpose for affordable or mixed-income housing that can pay an upfront capitalized ground lease toward other project components 	<p>Constraints</p> <ul style="list-style-type: none"> • HR locations need to be private so that other staff do not see people entering or exiting • May be hard to find appropriate space in the market

Medical Services/Training and Testing Center

700 East Temple Street

<p>Neighborhood Subarea: Arts District</p> <p>Current Tenants/Uses</p> <ul style="list-style-type: none"> • Personnel Department Medical Services Division • Emergency Operations Center (EOC) • EOC parking <p>Building Characteristics Building Size (sq. ft.): 30,350 sf + 34,845 sf parking Year Built: 2006 Site Size: 37,722 sf (est.) Stories: 2</p> <p>Building and Site Constraints</p> <ul style="list-style-type: none"> • EOC parking would need to be replaced • City does not own the entire block (small parcel) 	 <p>Potential Uses</p> <ul style="list-style-type: none"> • Affordable Housing • Mixed-Income Housing • Continued City Use
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SWOC Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Proximity to Arts District • Can be leveraged for new City use buildings, including new location for EOC tower 	<p>Weakness</p> <ul style="list-style-type: none"> • EOC parking would need to be replaced close to the site
<p>Opportunities</p> <ul style="list-style-type: none"> • Move staff closer to City Hall or into more modern space 	<p>Constraints</p> <ul style="list-style-type: none"> • Cost to build new parking/ garage space would far surpass value of the site for redevelopment

MASSING STUDIES

The following massing studies show development potential on the Personnel, Medical Services Center, and Former Parker Center sites.

The massings are informed by a review of the new DTLA Plan, which was adopted by the Los Angeles City Council in December 2024. Development potential is based on an analysis of the CPIO Subarea C requirements, as well as potential density bonus allowances.

The massing studies are organized by building typology and include the following:

- **Residential Podium (Mid-rise, no commercial)**
- **Mixed-Use Residential (Mid-rise)**
- **Mixed-Use Residential (High-rise)**
- **City Office**

The first two typologies could be replicated on any site that the City no longer needs for its own use. The second two typologies could likely only be replicated on the former Parker Center site or other available sites located in the downtown core, where the zoning designation allows for more generous Floor Area Ratio standards.

In addition, massings for the Former Parker Center site illustrate potential design “Alternatives” that include different scales of residential development, a potential city office building, and space for a future central utility plant (CUP) to replace the steam plant underneath City Hall South. These are described in greater detail in the following chapter.

Ultimately, these massing studies inform the basis for estimating the value capture potential from site disposition through ground lease or fee simple transactions as described in the following section.

Residential Podium – Mid-Rise, No Commercial

As shown in Figure 43, the Residential Podium – Mid-Rise, No Commercial massing illustrations range between 116 dwelling units per acre and 148.6 dwelling units per acre. These developments feature four to five stories of wood frame construction over a single concrete podium story.

Neither of these massings include ground-floor retail, as they are located on sites that do not have a critical mass of daytime (employee) population or local residents who would be able to support retail uses. Developers favor these types of projects because the wood frame

construction over concrete is less expensive to build than a high rise that requires a steel frame with glass.

Figure 43: Podium Residential Massing



Source: Placeworks, 2024.

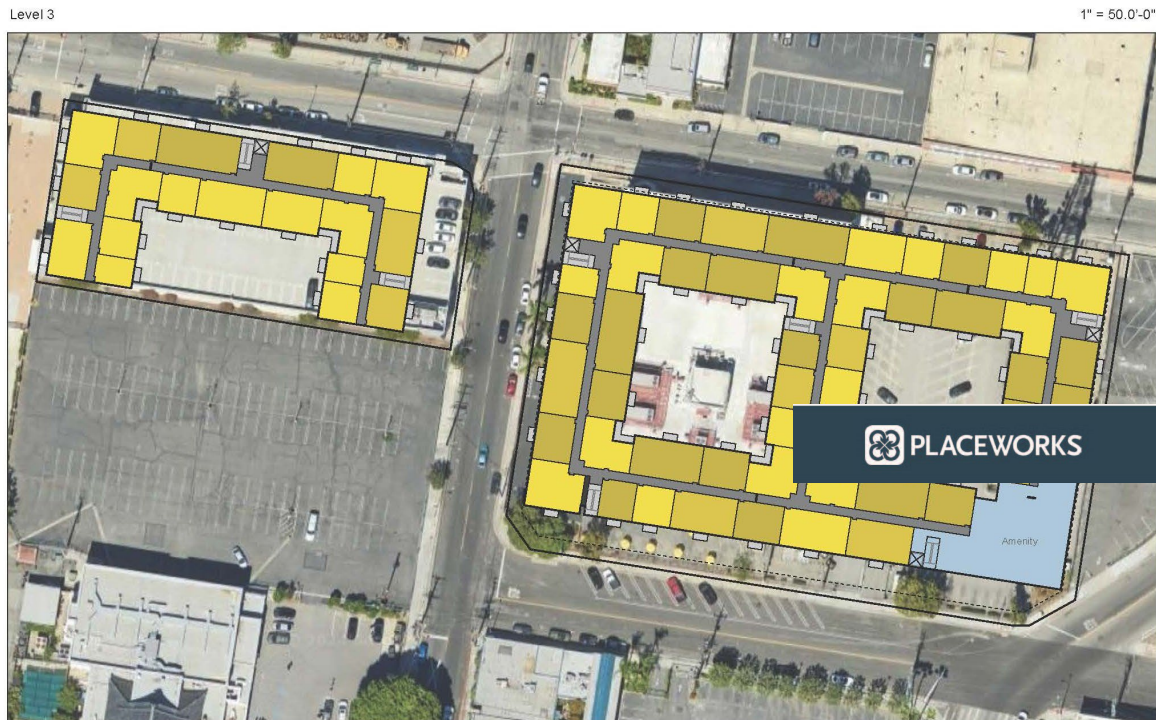
The Personnel Building Site includes a “Public Facilities” designation, meaning that there is no Base and Bonus structure whereby additional project affordability is needed to unlock more development potential.⁷

The Personnel Building site could accommodate a six-story building with five stories of wood-framed construction over a concrete parking podium on the first floor with room for 243 vehicle stalls. The resulting FAR of 3.79 would require that approximately 84,000 square feet of excess floor area be transferred from the Piper Tech site.

⁷ Site would need to transfer Floor Area ratio from a donor site such as the nearby City-owned Piper Tech site, which is zoned for 13.0 FAR.

The Medical Services Building site, meanwhile, could accommodate a five-story building with four stories of wood-framed construction over a concrete parking podium on the first floor with room for 85 vehicle stalls. The resulting FAR of 3.71 would require that approximately 9.5 percent of total project units be dedicated to ELI households. For the 100-unit building, this equates to approximately 10 ELI units.

Figure 44: Podium Residential, Site Plan



Source: PlaceWorks, 2024.

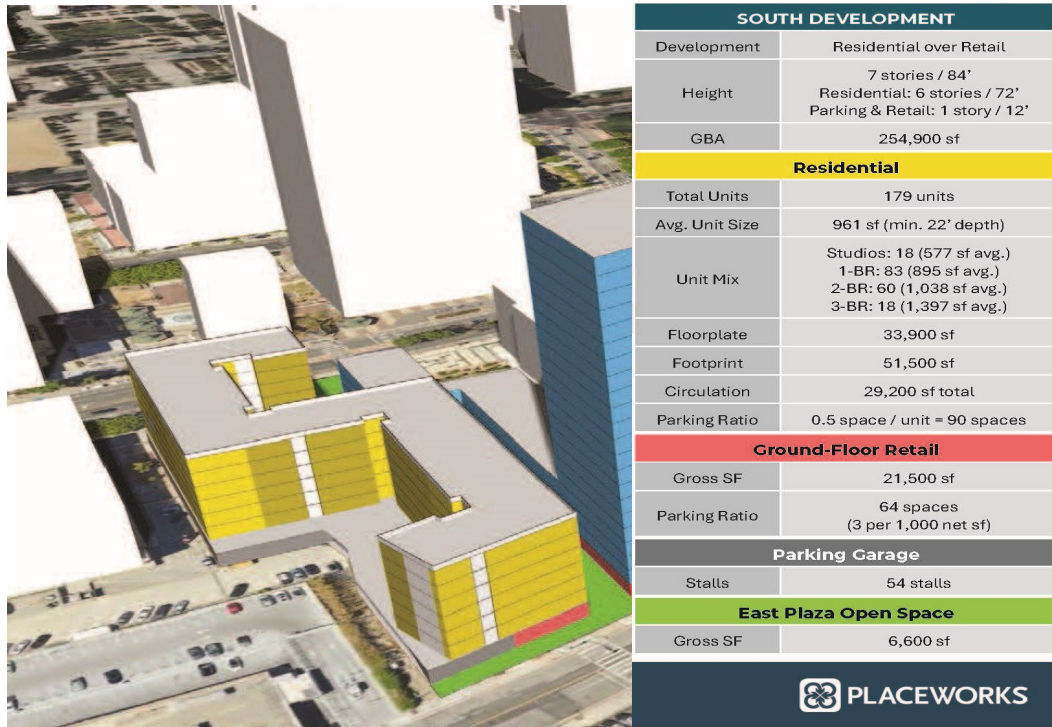
Residential Podium – Mixed-Use

Figure 45 shows the massing illustration for a podium residential mixed-use building with ground floor retail on the Former Parker Center Site. The mixed-use building maintains the roughly same density and parking configurations as in the residential-only massings, and includes dedicated retail space on a portion of the ground floor.

Since the mixed-use buildings would be located more closely to daytime activity surrounding City Hall and City Hall East, they have more potential for achieving a critical mass of daytime (employee) population or local residents who would be able to support retail uses than the Personnel and Medical Services building sites. While the massing shown here includes approximately 21,500 square feet of ground-floor retail to help activate a potential “Paseo,” actual mixed-use development in this area would likely include less retail space until workers

return to the area and new residential helps to provide the critical mass needed to support new retail.

Figure 45: Mixed-Use Residential Massing



Source: PlaceWorks, 2024.

Figure 46: Mixed-Use Site Plan

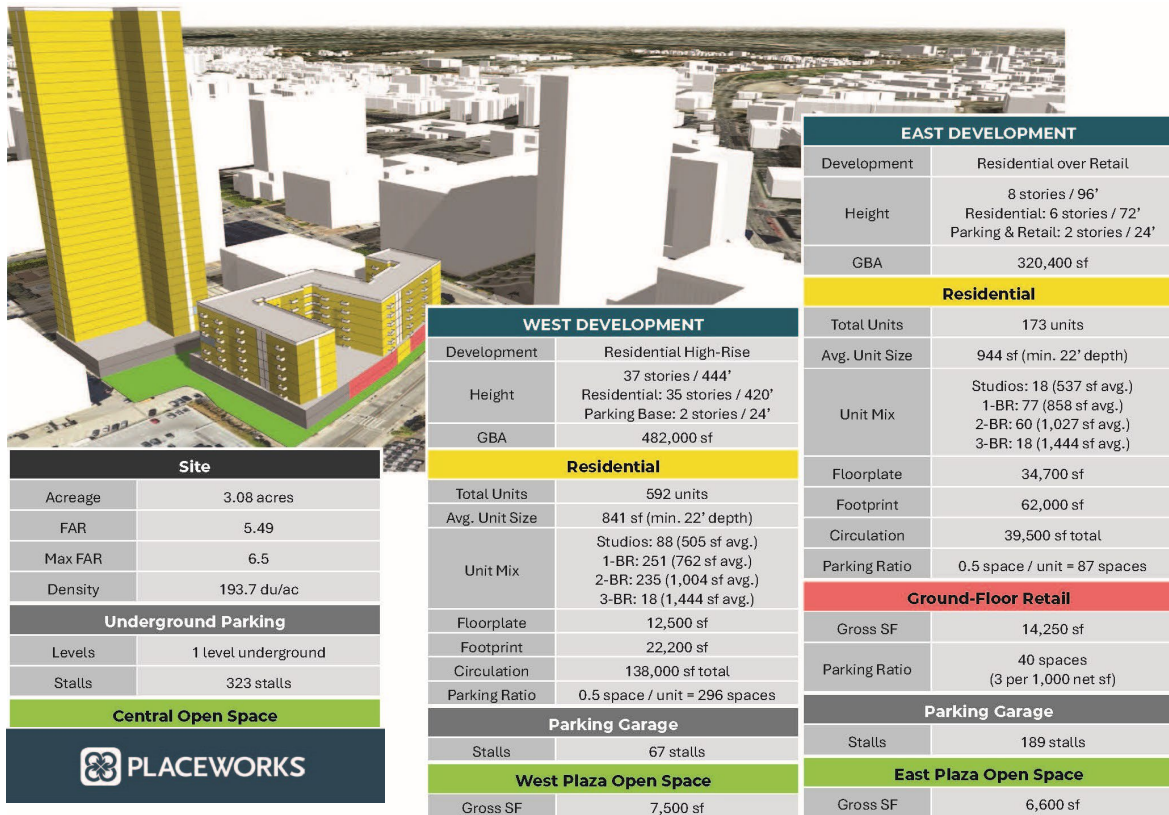


High Rise Residential

A high-rise development could support up to 37 stories of development under current zoning and Community Plan guidelines. This rendering shows the high-rise development as one part of new development on the Former Parker Center Site. However, it could be replicated on any of the City’s other downtown Civic Center area sites west of Alameda if/when market rents support the more expensive high-rise construction costs.

The value capture analysis in the following chapter evaluates the potential for market rents to support new podium and/or high-rise residential development on the City’s sites, and projects the amount of ground lease revenue that developers could pay and still undertake the project(s).

Figure 47: Mixed-Use Podium and High-Rise Residential Massing

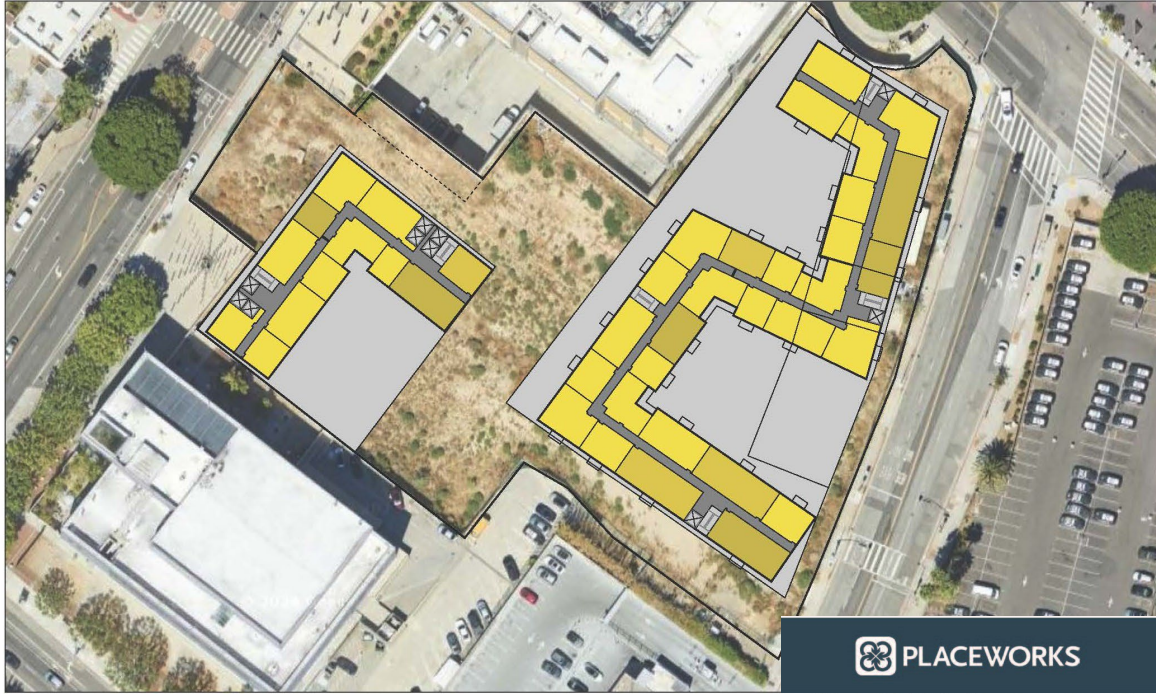


Source: PlaceWorks, 2024.

Figure 48: Mixed-Use Podium and High-Rise Residential Site Plan

Level 3

1" = 50.0'-0"



Source: PlaceWorks, 2024.

FEASIBILITY/ VALUE CAPTURE ANALYSIS

This section of the analysis provides the findings from the pro forma feasibility analysis of housing and mixed-use development on City-owned sites. It is based on the development programs provided in the massing studies.

The development programs are based in part on the massing studies described in the previous section, and form the basis for estimating the value capture potential from site disposition through ground lease or fee simple transactions.

Approach

BAE utilized pro-forma analysis to calculate the Residual Land Value (RLV) for each prototype and/or scenario based on factors such as current market rents, construction costs, and capitalization rates.

The Feasibility/Value Capture Analysis is grounded in the following concepts:

Construction Type:

With the exception of High-Rise Residential (Parker Center Scenario C), all development programs maximize their building envelope using wood-framed (e.g., Type V or Type III-A) construction, which is less expensive than steel-framed (Type 1) construction.

Parking Treatments:

Where possible, parking is structured above ground to minimize overall cost when compared to more-expensive subterranean parking. Under no scenario does the parking ratio exceed 1.0 space per unit for residential projects, and 3.0 spaces per 1,000 square feet of retail space.

Unit Size and Distribution:

For the residential projects, unit sizes and bedroom counts reflect the overall distribution of newly-constructed projects in the Civic Center Market Area (see Market Study Chapter). To this end, residential projects generally feature average unit sizes of between 800 and 900 square feet, with a mix of bedroom counts that emphasizes one and two-bedroom units over studios and three-bedroom units.

Retail Space in Mixed-Use Projects:

With the exception of the Paseo option under Parker Center Alternative B, ground-floor retail space is generally kept to a minimum (e.g., maximum of 15,000 square feet on the Parker Center Sites, and zero square feet on the Personnel Site). The inclusion of ground-floor retail space can weigh heavily on project feasibility due to factors such as TI (tenant

improvement) costs, uncertainty about potential demand and tenanting, and the costs of additional security.

Affordability Requirements

Affordability is assumed to represent the requirements of the DTLA Plan. This includes the option to provide eight percent of units to Extremely Low-Income (ELI) households earning up to 30 percent of Area Median Income (AMI) or 11 percent of units to Very Low-Income (VLI) households earning 30.01 to 80 percent of AMI, among other possible configurations.

Impact of Prevailing Wage:

The Value Capture Analysis includes a sensitivity analysis that isolates two options:

- **Prevailing Wage required** for all new private development, including Residential Podium, or
- **No Prevailing Wage required** for new private development. Instead, Prevailing Wage is applicable for 80/20 and 100 percent Affordable Projects only

Value Capture Potential - Personnel Building Site

The Personnel Building Site is likely to provide the City with ground lease revenues, either upfront (capitalized), or on an ongoing basis depending on whether the development is 100 percent affordable or an 80/20 project. With an “LF2” zoning designation, the parcel features a base FAR of 3.0, which allows for more zoning capacity and fewer site constraints. However, demolition of the existing 138,000 square foot building could be a challenge, with costs difficult to predict. Potential ground lease revenues are shown below for each type of development.

Market Rate Residential:

- Project Description
 - 363 units
 - 732 square feet per unit
 - 243 vehicle spaces (0.7 spaces per unit)
 - 149 DU/Acre
 - 3.79 FAR
 - 11 percent affordable to Very Low-Income (VLI) households
- Residual Land Value
 - \$22 million with No Prevailing Wage (\$9.2 million/acre)
 - -\$8.7 million with Prevailing Wage (-\$3.5 million/acre)
- Ground Lease Revenue Potential
 - \$1.3 million - \$1.8 million per year (6.0 – 8.0 percent of RLV), no prevailing wage
 - Zero with prevailing wage; project requires subsidies

80/20 Residential:

- Project Description
 - 363 units
 - 732 square feet per unit
 - 243 vehicle spaces (0.7 spaces per unit)
 - 149 DU/Acre
 - 3.79 FAR
 - 20 percent affordable to VLI households
- Residual Land Value
 - \$21.7 million with Prevailing Wage (\$8.9 million/acre)
- Ground Lease Revenue Potential
 - \$1.3 million - \$1.7 million per year (6.0 – 8.0 percent of RLV)

100 Percent Affordable Residential

- Project Description – conservatively assumes two separate 100-unit projects accommodated on the parcel. This configuration enhances competitiveness for TCAC financing.
 - 200 units
 - 732 square feet per unit
 - 243 vehicle spaces (0.67 spaces per unit)
 - 149 DU/Acre
 - 3.79 FAR
 - Affordability
 - 20 percent affordable to ELI households
 - 60 percent to VLI households
 - 20 percent to LI households
- Residual Land Value
 - -\$ 27.5 million per acre with no soft subsidies (other than LIHTC)
 - \$4.6 million with average soft subsidies seen in Los Angeles
- Ground Lease Revenue Potential
 - Up to \$16 million, based on value of Market Rate Residential project, discounted 30 percent paid as an upfront capitalized rent, assuming that the City pays for demolition of the Personnel building; having the developer pay for the demolition will likely result in a lower realized land value.

Site	Personnel Building-MR	Personnel Building-80/20	Personnel Building-AFF
Typology	Podium Residential	Podium Residential	Podium Residential
Affordability Type	Market Rate with 11% VLI Affordable	80% Market 20% Affordable	100% Affordable
# Units	363 units	363 units	200 units
# Affordable Units	40 VLI units	73 VLI units	40 ELI units 120 VLI units 40 LI units
RLV-With Prevailing Wage	(-\$3.5 million/acre)	\$7.3 million/acre	(-\$27.5 million/acre) to \$4.6 million/acre
RLV-No Prevailing Wage	\$9.2 million/acre	N/A	N/A
Land Value for Ground Lease/ Sale	Positive	Positive	If the unencumbered land value is \$9.2 million/acre, discount 30% from Metro.

Medical Services Center Value Capture Potential

The 0.86-acre Medical Services Center site is significantly more constrained than the 2.44-acre Personnel Building site. With a DM2 zoning district designation, the parcel features a base FAR of 2.0, which is lower than the Personnel Building's base FAR of 3.0. To achieve a higher FAR that maximizes revenue potential while still maintaining wood-framed construction type, the project would first need to dedicate eight percent of total project units to Extremely Low Income (ELI) households to achieve an FAR of 2.8 (e.g., a 40 percent bonus). For each additional 1.0 FAR, the project would need to add 1.5 percent ELI units.

The Medical Services Center site is additionally constrained by the fact that if the Medical Services Center building is repurposed, the entirety of the existing parking garage (totaling 189 regular and six handicapped vehicle spaces) would need to be replaced.⁸ As such, built into the pro-forma model is the cost to build an above-grade Replacement Garage with a 10 foot setback off First Street, and occupy the existing Commuter Lot footprint plus the sliver to the south owned by the City. At \$50,000 per space, the cost to construct the replacement garage

⁸ EMD's MOU with the Personnel Department includes 50 vehicle spaces on the top floor of the Medical Services garage and seven spaces on the second floor (for a total of 57 spaces)

would be approximately \$9.8 million, offsetting any value that the City could capture through ground-leasing the site for residential development.

Parker Center Value Capture Potential

The table below displays the value capture potential associated with each of the Parker Center Alternatives as described below.

- Alternative A: City Office + Mixed-use Residential with ground-floor commercial (Mid-rise)**
 Alternative A would provide room for new Central Utility Plant to replace the steam plant underneath City Hall South in place of a Paseo. Type V residential construction maximizes financial feasibility.
- Alternative B: City Office + Mixed-use Residential with ground-floor commercial (Mid-rise)**
 Alternative B prioritizes the Paseo from previous downtown planning efforts, and provides for more retail space in place of room for Central Utility Plant. At this time, this report does not believe that the market can support this amount of retail.
- Alternative C: Mixed-Use Mid-Rise and High-Rise Residential, No City Office**
 Alternative C prioritizes maximizing the residential yield of the former Parker Center site by including a High-Rise residential typology in addition to the Mid-Rise typology. There is no paseo, nor room for a central utility plant.

Site	Alternative A Includes City Office	Alternative B Includes City Office	Alternative C No City Office
Typology	Mixed-Use Mid-Rise	Mixed-Use Mid-Rise	Mixed-Use Mid-Rise Mixed-Use High-Rise
Description	Provides room for Central Utility Plant in place of Paseo.	Prioritizes Paseo and more aggressive retail assumption in place of room for Central Utility Plant.	No setaside for new City Office, under the assumption that other sites are preferable.
# Units	173 Mid-Rise units	179 Mid-Rise units	173 Mid-Rise units 592 High-Rise units
Retail	15,000 sf	50,000 sf	15,000 sf
Paseo?	No	Yes	No

Central Utility Plant?	Yes	No	No
# Affordable Units	11 VLI units	40 VLI units	73 VLI units
Land Value for Ground Lease/ Sale	Positive	Negative	Negative
RLV-No Prevailing Wage	\$8 million	Negative \$700 thousand	Negative \$73 million
RLV-With Prevailing Wage	Negative \$8 million	Negative \$8 million	N/A

Dissecting the Parker Center development alternatives into their components shows the amount of RLV and potential land value that the City could extract from new development on the Parker Center site, or other site(s) that become surplus during the course of the project.

PHASING ANALYSIS

Potential phasing strategies focus on prioritizing sites and moves that facilitate the City's stated goals of revenue neutrality for the project, providing housing and activating the area, and conducting City functions more efficiently.

At this point in the real estate cycle, with higher interest rates than we've seen in decades and an uncertain office market, land values alone are not likely to cover the cost to develop new public facilities. In addition, affordable housing is generally unable to pay market values for land, which is why local jurisdictions often discount or "write down" at least a portion of the land value for affordable housing projects.

The phasing strategy below illustrates an approach that minimizes upfront costs to the City, and allows for the City to generate revenues and cost savings in Phase 1 to assist in funding later phases that construct or otherwise acquire new City facilities.

Initial Phase: Personnel Building Site

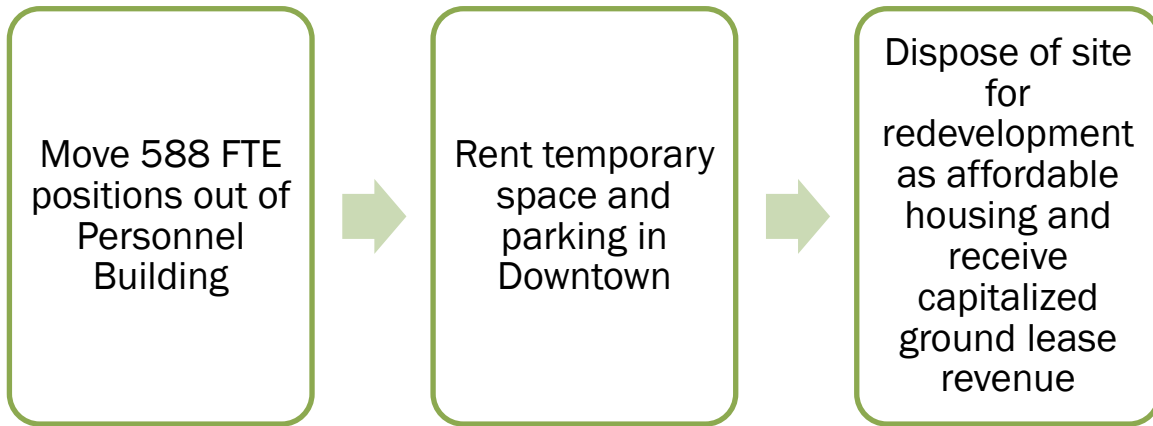
In Phase 1, the City would move staff out of the Personnel Building located east of Alameda into temporary downtown office space and the communications tower currently located onsite would be relocated to the Medical Services Center site. Because only the Personnel Building staff and uses would move at this time, the leased space should be able to accommodate critical departmental adjacencies and privacy needs required for sensitive Human Resources (HR) operations. Training can occur as needed in other underutilized City office space and/or in the temporary office space.

Figure 49: Phase 1, Personnel Building Site



Prepared by PlaceWorks

Figure 50: Phase 1, Activities



Temporarily moving staff from the Personnel building into vacant office space would allow the City to capitalize on the soft office market and low rents. It would also allow the City to take advantage of more efficiently utilized office space at space standards closer to 150 square feet per person, which is similar to the current conditions of staff previously located in the Garland building. Moving into more efficient and presumably modern space could also result in cost savings.

The Human Resources (HR) department has privacy requirements that make shielding its space from other departments. Staff often come to HR to lodge formal complaints. The comings and goings of staff should not be immediately apparent to people outside of the department. Temporarily locating these staff in vacant office space away from the rest of the civic uses will preserve the anonymity of the current location.

Focusing on this site for Phase 1 also allows the City to generate revenues from disposing of the site located closest to the high value Arts District. The site can either be redeveloped as mixed-income housing or affordable housing. Making the site a 100 percent affordable project would allow the City to meet Surplus Land Act needs. In addition, regional affordable housing developers are accustomed to paying a capitalized ground lease as part of doing business with the Los Angeles County Metropolitan Transportation Authority (LACMTA). The City could generate upfront revenues from an affordable housing development, where a mixed-income development would create a long-term revenue stream that the City may not realize for several years.

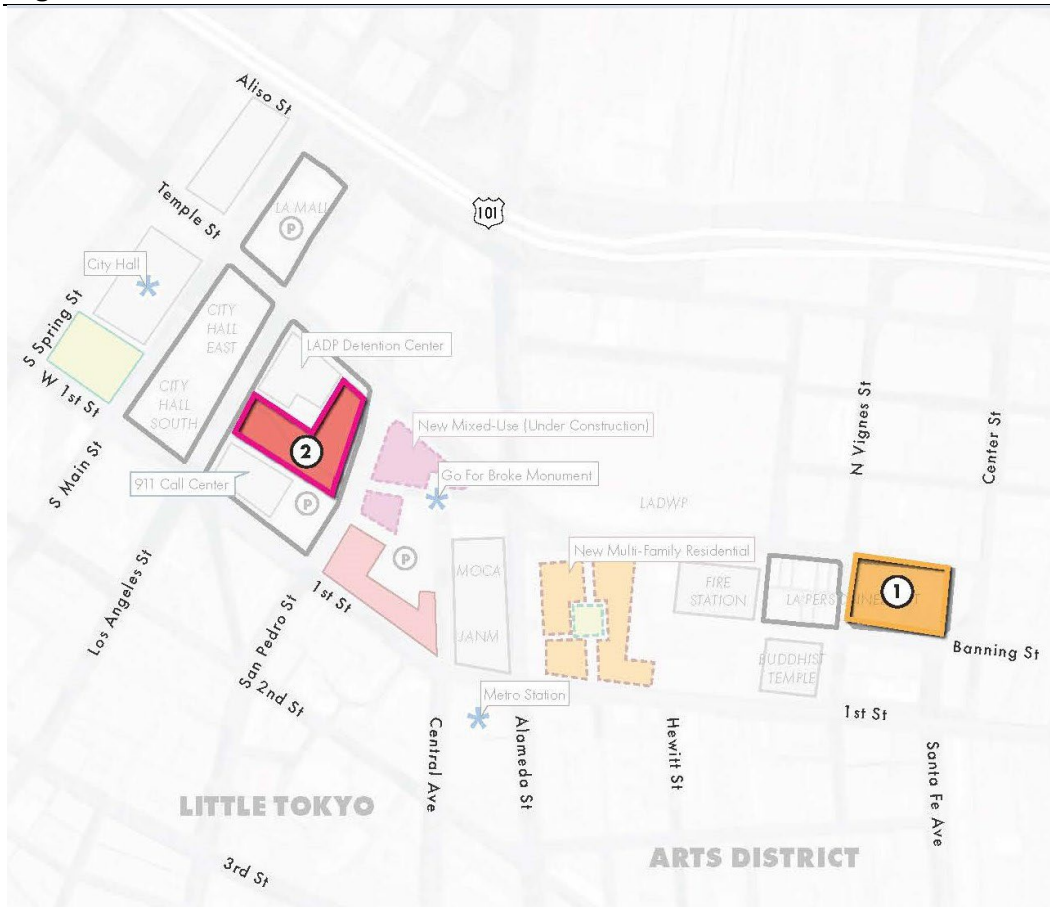
Mid-Term: Former Parker Center Site

Depending on which scenario the City chooses, development on the Former Parker Center site can occur during Phase 1 and/or Phase 2. The Parker Center site is large enough to accommodate multiple developments.

The scenarios presented include the following potential land uses:

- Mixed-use residential/retail and City office;
- Mixed-use residential/retail (multiple buildings); and,
- Mixed-use residential/retail, City office, and a development pad for a future Central Utility Plant.

Figure 51: Phase 2, Former Parker Center Site



Prepared by PlaceWorks

Any Former Parker Center Site mixed-use or residential development could be part of Phase 1. Since the site is already clear, the City could issue an RFP for part or all of the site to be developed as housing or mixed-use. However, developers interviewed as part of this analysis stated that the site's proximity to the Detention Center and lack of amenities make the site less desirable. Waiting for the Go For Broke site to develop and absorb could help make the

site more desirable. Providing a new City office building could also improve the site's economic conditions. This analysis focuses on the Former Parker Center Site as part of Phase 2 in an effort to extract more value from the site and potentially develop new City facilities.

Figure 52: Former Parker Center Site Options

All Residential/ Mixed-Use	City Office and Mixed-Use Residential
<ul style="list-style-type: none"> • Can be part of Phase 1 • Master developer or two RFPs • One project could be 100 percent affordable <ul style="list-style-type: none"> • Satisfies Surplus Land Act requirements • Potential for capitalized ground lease payment 	<ul style="list-style-type: none"> • Mixed-Use residential can be part of Phase 1 • Potential benefits of waiting for residential development <ul style="list-style-type: none"> • More cost efficient to do site work once - allow residential mixed-use development at the same time as City office development • City investment in office facilities may enhance site desirability and value

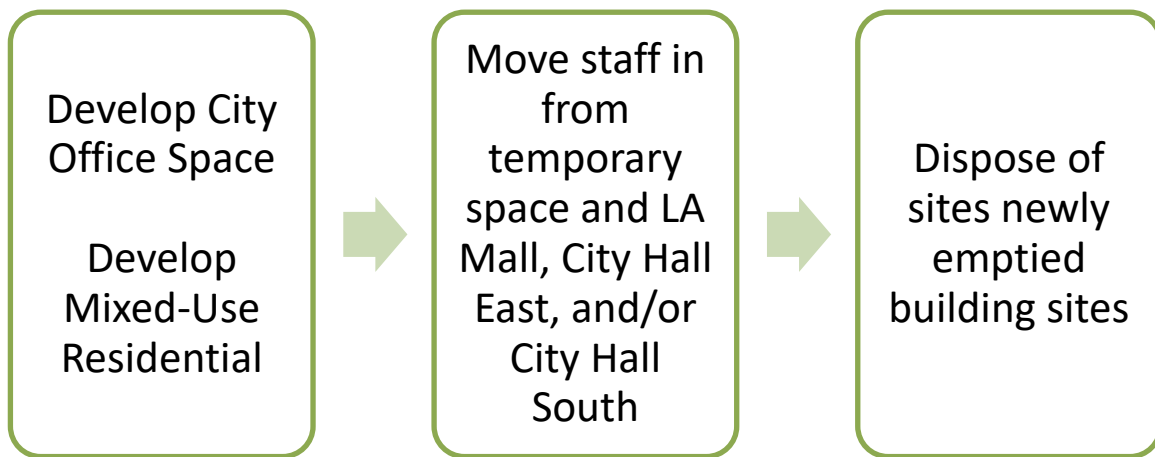
All Residential/Mixed-Use

The City can release one or more requests for proposals to redevelop the site with mixed-use residential. The City can release a single RFP for the entire site, or two separate RFPs. Two separate RFPs would allow the City to develop part of the site as an affordable project, which may be able to pay a capitalized up front ground lease as opposed to an ongoing ground lease. It would also provide the affordable units required by the Surplus Land Act and would allow the other development to maximize its value as a market rate project, optimizing revenue to the City while creating a mixed-income community. The amount of retail that the new developments can support will depend on the number of units, existence of other retail, and daytime population. Retail should be sized and located appropriately, facing San Pedro to interact with the retail on the future Go for Broke development.

City Office and Mixed-Use Residential

The City could opt to develop a portion of the site as mixed-use residential and the other portion as City office space. The investment in new City facilities could enhance both the desirability and value of the remainder of the site for residential mixed-use development. While the City could move forward with the residential portion of the site during Phase 1, it is the creation of the City office space that will create additional value. In addition, developing both uses consecutively could provide efficiencies in conducting site at utility work at once.

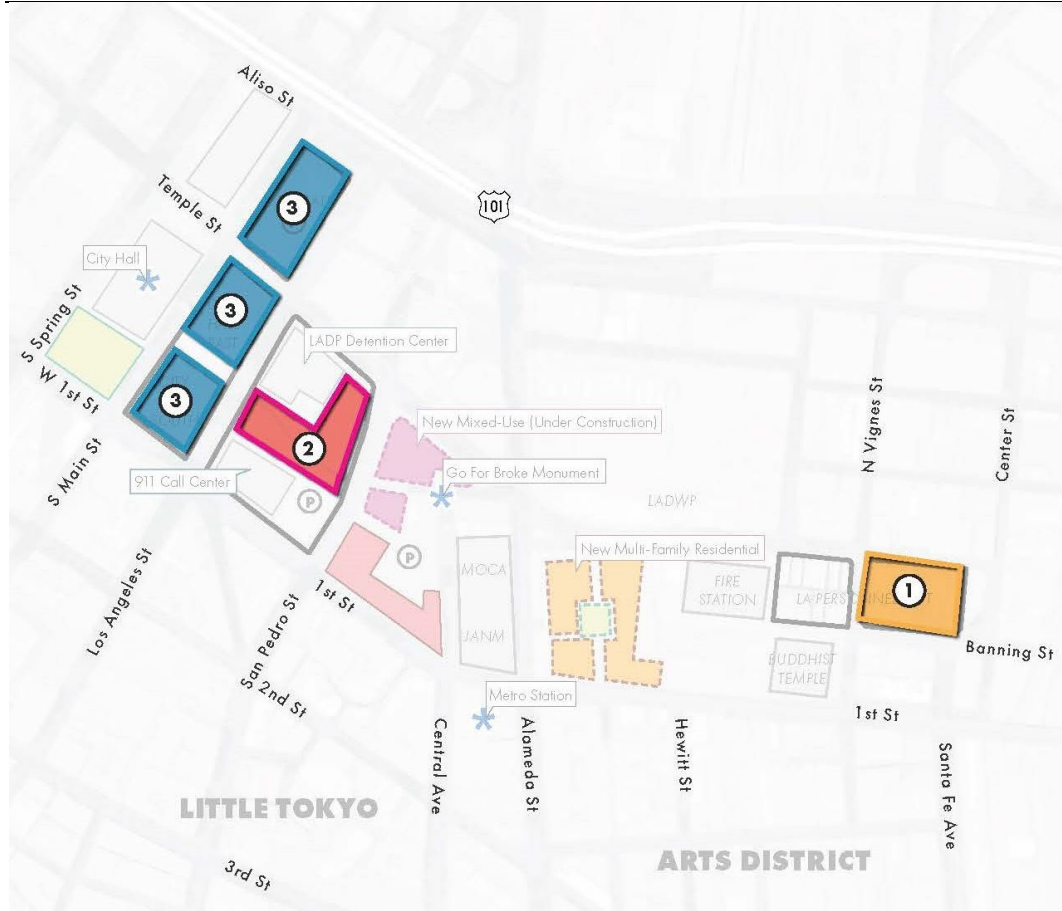
Figure 53: Phase 2 Activities, Mixed-Use and City Office Development



Long Term: City Hall South, City Hall East, and LA Mall

Phase 3 includes the redevelopment or renovation of either City Hall South, City Hall East, and/or the LA Mall. This analysis only envisions the development of one building for City use. However, it is also unlikely that the City would or should redevelop all of these sites for residential or mixed-use projects. These buildings are all included in Phase 3 as they each have their own redevelopment challenges.

Figure 54: Phase 3, City Hall South/ City Hall East/ LA Mall Sites

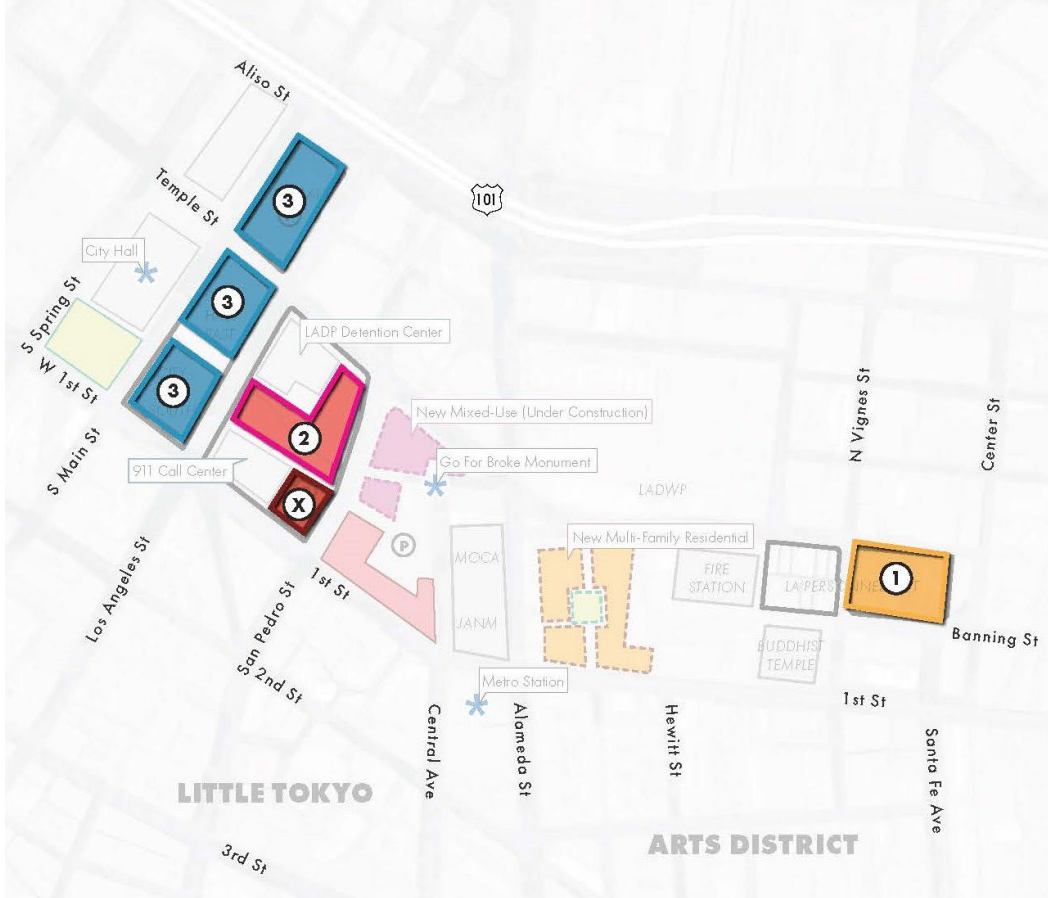


Prepared by PlaceWorks

Phase X: Judge John Aiso Garage

Redevelopment of the Judge John Aiso Parking Garage is not dependent on any other phases as no active City staff would need to move. City staff have indicated a preference for retaining the parking structure, which is subject to the Special Parking Revenue Fund. Although the Little Tokyo Community Council has also indicated a desire not to redevelop the site, the City and Little Tokyo Community Council could coordinate to program the existing plaza with culturally appropriate “SteelCraft” retail, which uses shipping containers to provide local artisans with pop-up space.

Figure 55: Phase X, Judge John Aiso Parking Garage Site



Prepared by PlaceWorks

SITE RECOMMENDATIONS SUMMARY

Recommendation/ Site	LA Mall/ Triforium	City Hall East	911 Call Center	City Hall South	Former Parker Center Site	Judge John Aiso Parking Garage	Personnel Building	Medical Services Center
Land Use	Future City office or housing	Future City office or housing	Continued City use	Future City office	City office and/or housing	Continued City Use	Housing	Continued City Use
Phasing	Late phase	Mid- or Late Phase	N/A	Mid-Phase	Initial and/or Mid- Phase	N/A	Initial Phase	N/A
Land Value for Ground Lease/ Sale			Negative			Negative		Negative
Rationale	More information is needed on the structural integrity of parking garage, need to replace spaces, etc.	The cost of replacing the IT uses in P4 make this building more suitable for redevelopment in a later phase.	The cost to move the 911 Call Center is prohibitive until the building ends its useful life. <i>It is excluded from further analysis</i>	This site's location could provide a gateway to the Civic Center and City Hall. It should be developed once the steam plant expires or the City plans for its replacement	This site can be developed as either a city office use, residential, or both. The residential portion(s) can be developed in an initial phase to start generating revenues.	Users of the parking garage as well as the Little Tokyo community are intent on this site remaining as parking. <i>It is excluded from further analysis</i>	This site can be developed in the initial phase, taking advantage of temporarily relocating staff into inexpensive downtown office space.	The cost to replace the parking spaces (\$18 million) far exceed the potential site value (\$5 million). <i>It is excluded from further analysis</i>

PROJECT SCENARIOS

Development Feasibility Analysis

Our team tested several development scenarios against the baseline scenario to demonstrate that the city can build or buy a new building for less than the cost of remaining in its existing structures. While the Preferred Scenario noted above is the most cost-effective, the other scenarios analyzed below have merit as well.

1) Baseline – Scenario #1

To analyze the development feasibility, our team first considered the baseline cost of doing nothing. The baseline costs include:

- Ongoing operating and maintenance costs,
- Deferred maintenance and cycle costs; and
- A new offsite building to accommodate the 1,053 staff formerly at the Garland Street location.

Using our baseline assumptions, as fully detailed below, the city’s occupancy cost will grow from \$30 million per year currently to \$128.1 million per year by 2061. This baseline model was used as our comparison for the preferred scenario outlined above.

Staffing Plan

It is important to note that the City of Los Angeles has 35,206 authorized staff positions. Our development scenarios consider only those staff housing in the study area buildings in the chart below. Our analysis considers office needs for the 2,670 staff listed below will remain in the five locations detailed in Table 12 below.

Table 12: 2018 Staff Data (Updated BOE Numbers)

	# of Staff	5% Growth Factor	Total Staff With Growth
Garland Building			
Housing and Community Investment	571	29	600
Office of Finance (a)	243	12	255
Economic Workforce and Development	170	9	179
<u>LA Police Department</u>	<u>69</u>	<u>3</u>	<u>72</u>
<i>Subtotal, Garland Building</i>	<i>1,053</i>	<i>53</i>	<i>1,106</i>
Personnel Building			
LA World Airports	16	1	17
City Attorney	52	3	55
LA Harbor Department	1	0	1
LA Police Department	60	3	63
<u>Personel Department</u>	<u>459</u>	<u>23</u>	<u>482</u>
<i>Subtotal, Personnel Building</i>	<i>588</i>	<i>29</i>	<i>617</i>

City Hall South			
General Services Department	285	14	299
<i>Subtotal, City Hall South</i>	285	14	299
City Hall East			
Information Technology Agency	336	17	353
Controller's Office	147	7	154
<u>City Administrative Officer</u>	<u>134</u>	<u>7</u>	<u>141</u>
<i>Subtotal, City Hall East</i>	617	31	648
Total Staff, All Buildings	2,543	127	2,670

Notes:

(a) Includes Leased space for Office of Finance employees

Source: City of Los Angeles; Fullerton LLC; BAE, 2024.

Ongoing Maintenance Costs

The current civic center building portfolio includes old and inefficient buildings. The City provided operation and maintenance costs for FY 2024 for most buildings. Those costs totaled \$14 million per year or \$18.30 per square foot⁹ across the portfolio of city-operated buildings are included in this Civic Center Master Plan as detailed in Table 13.

Table 13: Civic Center Building Operation and Maintenance Costs

Building	Utilities	Maintenance	Custodial	Total
City Hall East	\$2,822,932	\$2,050,438	\$1,026,427	\$5,899,797
City Hall South	\$286,163	\$1,682,220	\$554,817	\$2,523,200
LA Mall	\$335,069	\$1,531,937	\$1,010,375	\$2,877,381
Personnel Building	\$556,543	\$579,224	\$735,190	\$1,870,957
<u>Medical Services Building</u>	<u>\$133,855</u>	<u>\$143,029</u>	<u>\$640,627</u>	<u>\$917,511</u>
Total	\$4,134,562	\$5,986,848	\$3,967,436	\$14,088,846

Source: City of Los Angeles, 2024.

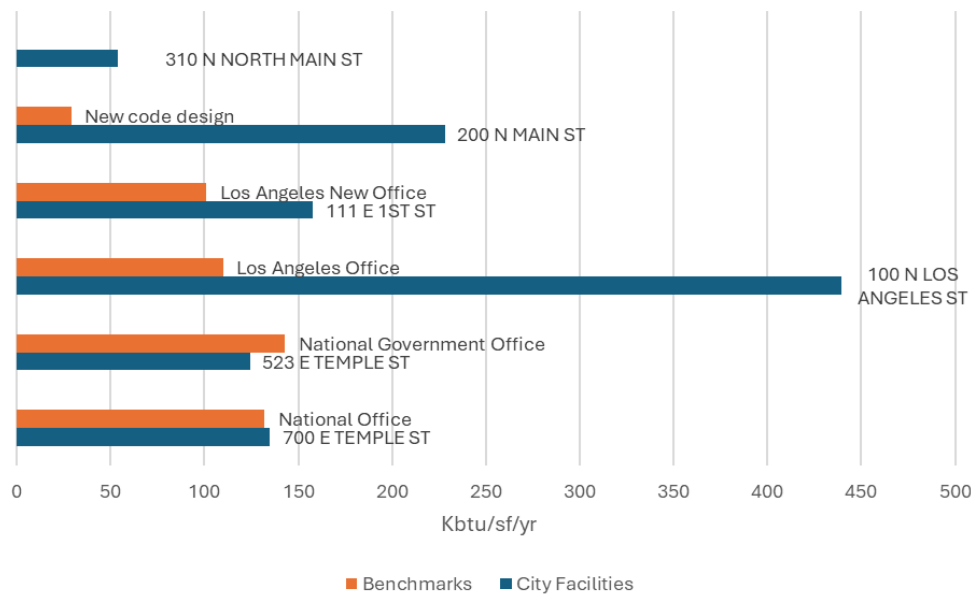
Energy Use

One area of significant opportunity for cost savings with a new building is energy use. The City is spending over \$4 million annually on electricity to run its campus. The City of Los Angeles currently monitors and reports the energy and water use from its building portfolio per the city's EBEWE Ordinance and the state's AB 802.¹⁰ The 2022 scorecards for each building shows energy use above the best practice benchmarks as illustrated in Figure 56 below.

⁹ The Square footage data provided on the operating report does not appear to accurately reflect the usable floor plates in each building (especially City Hall East). We have used visual estimates, available measurements, and public data to estimate the usable conditioned space to compare operating costs. A reconciliation is provided in Appendix G.

¹⁰ The latest reporting can be found at <https://retrofit.la/>.

Figure 56: Civic Center Office vs. Benchmarks



Source: City of Los Angeles; Fullerton LLC, 2024.

A new building designed to the current code would be expected to operate at 28-30 Kbtu per square foot per year. This efficiency represents approximately 15 percent of the current building utility consumption. This efficiency gain is because the current Title 24 energy code and other new building standards would require significantly more efficient mechanical systems and building envelope elements than the current buildings. Based on these projections, the city could save up to \$3.5 million annually.

Since the project is located on the City’s downtown campus, the City should consider or at least review the option of providing a centralized heating plant. The City has a 50+ year-old steam plant in City Hall East. Part of this project could include a transition away from that old plant to a new, more efficient model. A new central plant would add further efficiencies across multiple city buildings.

As another alternative, the County of Los Angeles Department of Public Works is currently renovating its central utility plant that supports 11 downtown buildings, including the Kenneth Hahn Hall of Administration. The cooling capacity of that plant is being expanded by 27 percent as part of the project. With the County’s recent acquisition of the Gas Company tower, there may be additional capacity in the county’s downtown cup depending on the future use of the Kenth Hall of Administration. The new equipment will be significantly more energy efficient than the current plant. The city could potentially take advantage of marginal capacity by tying into the county CUP and favorable rates.

Deferred Maintenance

It is important to note that the costs provided by the city do not include any of the currying of deferred maintenance. Emergency repairs will be required in the short term. One example is repairing a sewer line under City Hall East, which has an estimated report cost of \$5 million. ARUP reviewed the existing building conditions and estimated a total of \$451 million of deferred maintenance that would need to be spent to modernize the existing buildings and get them into good condition. This includes items such as roof replacements, replacing the steam plan in City Hall South, and other items that are likely beyond their life expectancy. It is important to note that the scope of this engagement did not include a thorough building assessment and that the score of the near-term emergency repairs could be better estimated with a detailed facilities condition assessment report.

In order to keep the buildings in a state of good repair once these emergency repairs are complete, the city should dedicate two dollars per square foot annually towards a sinking fund to cover the cost of future equipment lifecycle replacement and emergency repairs. That totals two million dollars before accounting for inflation, as detailed in Table 14.

Table 14: Deferred Maintenance and Annual Lifecycle Costs by Building

<u>Building</u>	<u>Deferred Maintenance</u>	<u>Annual Lifecycle</u>
City Hall East	\$287,000,000	\$1,150,000
City Hall South	\$128,066,400	\$640,332
LA Mall	\$18,428,795	\$95,734
Personnel Building	\$9,578,250	\$69,660
<u>Medical Services Building</u>	<u>\$8,346,250</u>	<u>\$60,700</u>
Total	\$451,419,695	\$2,016,426

Source: ARUP; Fullerton LLC, 2024.

2) Right Sized New Development - Scenario # 2

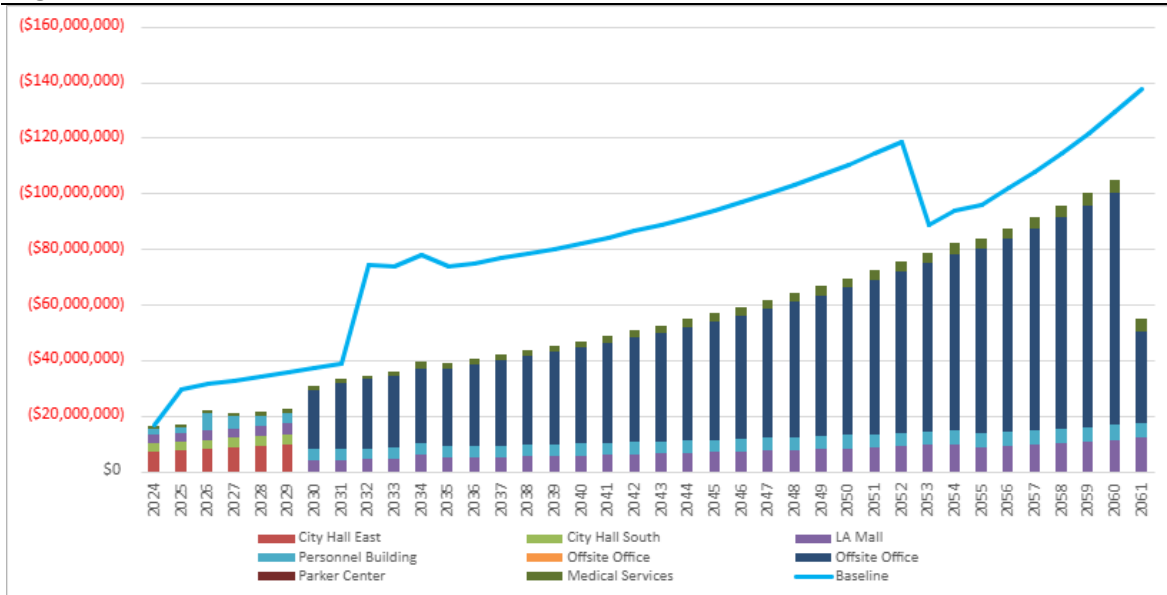
Under this development scenario, the city would build a new building on half of the Parker Center site. That building would be right sized to accommodate the staff currently working in City Hall East and City Hall South as well as those that were formerly housed in the Garland Building. Staff in The HR building and Medical Services Building also remain in this scenario due to the constraints of redeveloping those sites as outlined above. The total number of staff accommodated in the new building would be 2,053.

The current city building standards require 200 GSF per person. Using that assumption, the building would be approximately 410,550 square feet. The City also requires each employee to have a parking stall or a 4:1,000 square foot parking ratio, which is well above market standard. Due to the high costs of building new parking, this scenario retains the LA mall and

the 2,400 parking stall garage below to accommodate the city staff parking needs in the new building

As illustrated in Figure 57, the city’s occupancy cost under this scenario is below the baseline.

Figure 57: Cost Comparison Scenario #2



Source: Fullerton LLC; ARUP; BAE, 2024.

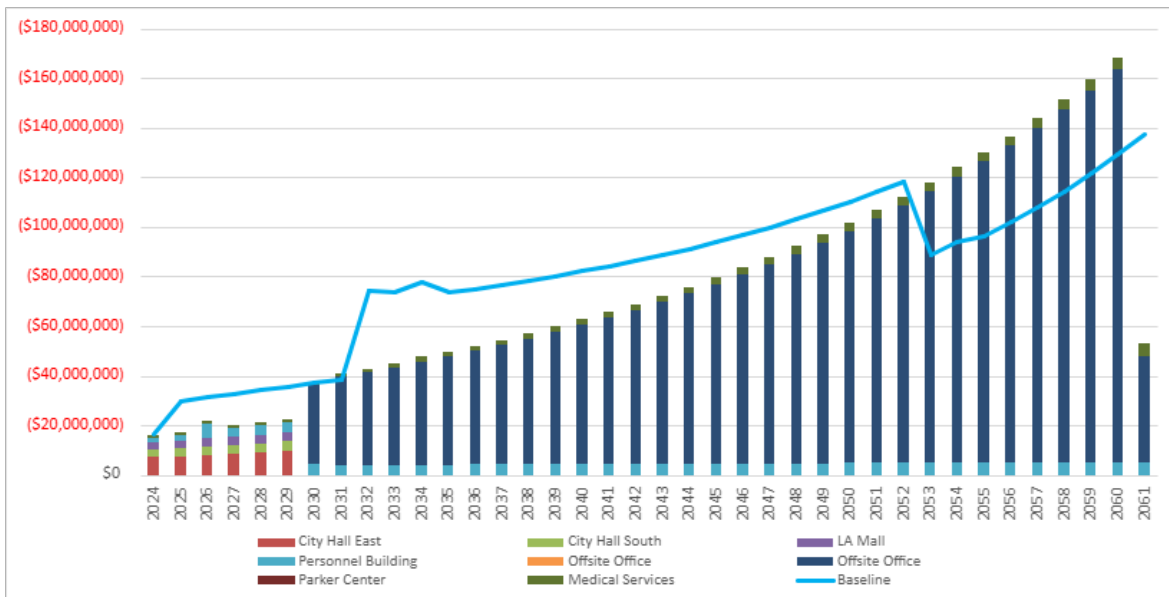
3) Full Build New Development - Scenario # 3

Under this development scenario, the city would build a new 534,030 square foot office building on the Parker Center site to accommodate the full 2,670 staff in the program at the city’s 200 per square foot per person space requirement. This structure would also include a new underground car park for 2,670 cars replacing the garage under the LA mall. Under this scenario, the following sites would be redeveloped to their highest and best use, providing ground lease income to partially offset the debt service and operating costs for the new building.

- City Hall South
- City Hall East
- LA Mall
- Personnel Building

As illustrated in Figure 58, this scenario could also be accomplished for less than the baseline, but it is a more costly and disruptive project primarily due to the high cost of replacing parking at the LA mall.

Figure 58: Cost Comparison Scenario #3



Source: Fullerton LLC; ARUP; BAE, 2024.

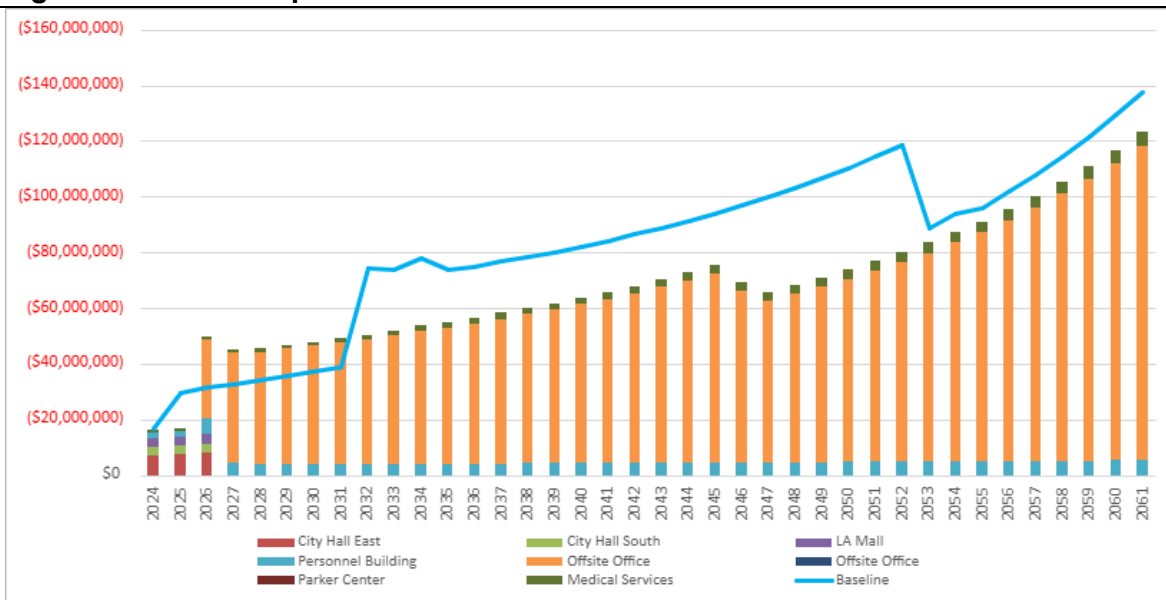
4) Lease Space Offsite - Scenario # 4

Under this development scenario, the city would lease an existing 534,030 square foot office building (or space in multiple buildings) to accommodate the full 2,670 staff in the program at the city’s 200 per square foot per person space requirement. The city would also lease parking stalls to accommodate 2,670 spaces for city staff. It is important to note we have not identified a building that meets this requirement. The City would likely be able to accommodate its staff office space and parking needs in one or more offsite leases because there is significant office vacancy in Downtown Los Angeles, as discussed in the Market Analysis section of this report. The analysis below is meant as a financial feasibility analysis. Should the City wish to proceed with this scenario, we recommend engaging a leasing broker to identify specific sites. Under this scenario, the following sites would be redeveloped to their highest and best use, providing ground lease income to partially offset the lease payments for the new space(s):

- City Hall South
- City Hall East
- LA Mall
- Personnel Building

As illustrated in Figure 59, this scenario would cost the city significantly less than the baseline scenario. For the purpose of this analysis, we have assumed the city would finance its own TI and pay the market lease rate in the new facilities because this would provide the lowest capital cost for the TI work.

Figure 59: Cost Comparison Scenario #4



Source: Fullerton LLC; ARUP; BAE, 2024.

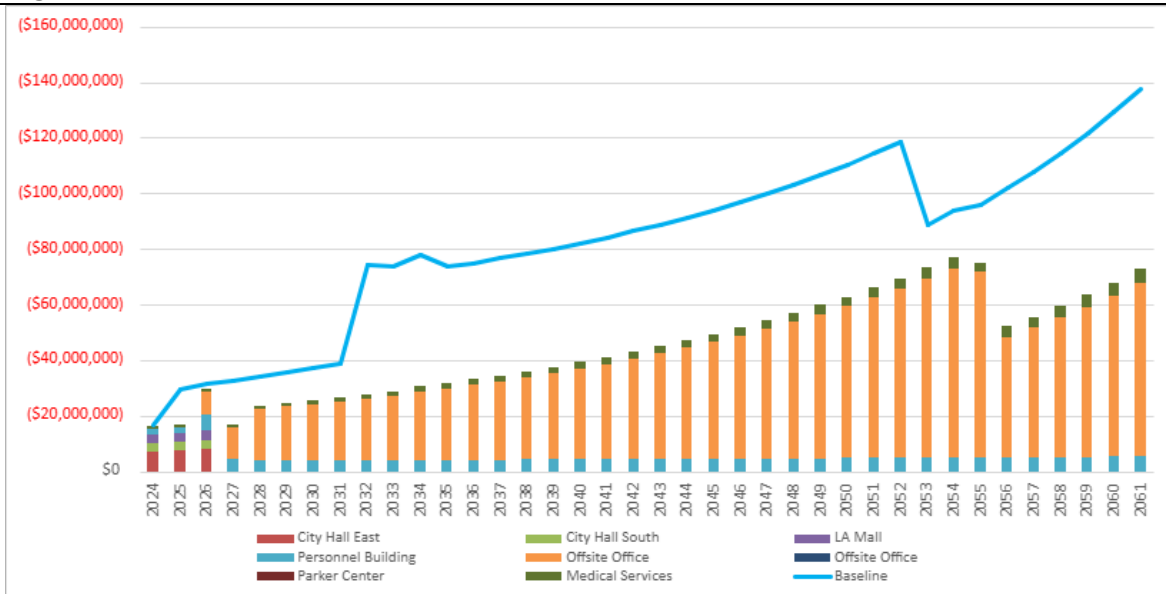
5) Buy an Existing Building - Scenario # 5

Under this development scenario, the city would buy an existing building downtown with at least 534,030 square feet of space to accommodate the full 2,670 staff in the program at the city’s 200 per square foot per person space requirement and the required 2,670 spaces for city staff. It is important to note we have not identified a building that meets this requirement. Should the City wish to proceed with this scenario, we recommend engaging a leasing broker to identify specific sites. Under this scenario, the following sites would be redeveloped to their highest and best use, providing ground lease income to partially offset the debt service and operating costs for the new building:

- City Hall South
- City Hall East
- LA Mall
- Personnel Building

As illustrated in Figure 60, this scenario would cost the city significantly less than the baseline scenario. For purposes of this analysis, we have assumed the city would finance the purchase and tenant improvement work with a credit tenant lease structure as discussed below to avoid the use of MICLA funds.

Figure 60: Cost Comparison Scenario #5



Source: Fullerton LLC; ARUP; BAE, 2024.

Project Financial Analysis

City of Los Angeles Downtown Civic Center Financing Options

The City has stated one of its primary goals is to reduce or eliminate the use of MICLA funds in the project. There are several alternative sources of capital and financing structures that the city may consider to accomplish this goal. These sources include revenue generation opportunities, grants, low-interest loan programs, and private capital, as explored below. In most cases, these financing sources can be used for either a new build or the acquisition of an existing structure. Each of these options is not necessarily mutually exclusive. To develop an optimal plan of finance we would expect the capital stack to include several of the sources outlined in Table 15.

Table 15: Civic Center Financing Options Summary Chart

Option	Use of Funds	Risks Transfer	Credit Impact	Cap on Proceeds	Transaction Costs	Est Cost
Grants & Tax Credits						
ECCB Grant	New & Existing Building Equipment	N/A	None	\$3M	Low	N/A
179D	New Building	N/A	None	\$5/sf	Minimal	N/A
ITC	New Building Equipment	N/A	None	30% of Building Systems Est \$1M	Minimal	N/A

Zero by Design	Reduces energy rates in New Buildings	N/A	None	N/A	N/A	N/A
Low Interest Loan Programs						
TIFIA	New Building	N/A	Yes	49%	Low	4.2%
RIFF	New Building	N/A	Yes	75%	Low	4.2%
ECAA loan	Existing Building Equipment Upgrade	N/A	None	\$3M	Low	1.0%
Private Capital						
CTL	New or Existing Building	Construction Costs	Yes	None	Low	5.1%
Market Lease	Existing Building	None	Maybe	None	Low	6.5%
6320	New or Existing Building	Construction & Maintenance Costs	Yes	None	Medium	4.0%
DBF	New Building	Construction Costs	Yes	None	Medium	4.5%
DBFOM	New Building	Construction & Maintenance & life-cycle Costs	Maybe	None	High	5.5%
ESPC	New Building Equipment or Existing Building Upgrades	Energy use	None	Building Systems. Est \$3M	High	Var.

Source: Fullerton LLC, 2024.

Revenue Generation *[NTD this is BAE's core work so just including here as a place holder.*

Can develop this more depending on how it integrates with the rest of the report]

The BAE team has been working with the City on planning the civic center master plan in a manner that maximizes opportunities for private development. The team's highest and best use analysis resulted in a view that residential uses would provide the best opportunity for value creation within the master plan. The draft master plan creates \$2.5 million of potential one-time funds from capitalized ground lease revenues land sales and \$18 million of annual revenue from lease revenue. In addition, the market rate housing will generate new tax increment to the City.

Cost Savings

The current Civic Center Buildings are not energy efficient. If the City replaces any of the buildings being considered in this project saving would be realized. Currently the City owns the City Hall East, City Hall South, the 911 call center, medical services center, the LA Mall and the

personnel department building. Each of these buildings has an energy footprint that is significantly higher than downtown LA class A office benchmarks.¹¹

If the city chooses to lease an existing building to replace any of the Civic Center Buildings, the City would likely realize savings from lower energy costs. As an example, City Hall East is currently consuming 228 KBTU per square foot annually, which is about 1.6 times the average of downtown class A office buildings.¹² Based on this comparison, the City would save approximately \$10 per square foot per year in energy consumption by moving out of City Hall South and into a leased building. That savings would be increased if the city and landlord invested in energy upgrades as part of the lease requirements. The programs outlined below could be used to fund those programs.

If the City Chooses to build a new building, there would be even greater savings associated with lower energy costs. A new energy efficient building would be expected to operate at 28-30 KBTU per square foot. That is 12.7 percent of the energy that 200N Main used in 2022, saving the city an estimated \$21 per square foot per year. The current buildings are quite inefficient, and the new building design contemplated by the BAE Team would significantly lower energy consumption. Other cost savings will come in the form of lower maintenance costs, capital repair and replacement costs, and gains in productivity.

1) Grants and Incentives

In addition to the operating costs savings, a new building (or a newly acquired building with energy upgrades) would qualify for energy incentive programs that can form part of the capital stack for the city's office requirement including:

- A. Energy Efficiency and Conservation Block Grant (EECBG). The Department of Energy has allocated \$3.1 million under the program to Los Angeles. It can be used to purchase energy efficiency and electrification equipment.
- B. The section 179D tax deduction has been made permanent, and its value has more than doubled from \$1.80 per square foot to \$5. This credit is transferable and can be assigned to private entities. In public-private partnership projects it is often used as a partial payment for engineers and architects and other soft costs.
- C. There is currently a 30 percent investment tax credit for energy storage devices and heat pumps. Since the new LA building code would require an all-electric heating solution, there would be no additional cost to incorporate heat pump technology. The tax credit is transferable and can be utilized by private companies in the context of a public-private-partnership procurement. Depending on building design, energy generation could realistically be part of this project as well. The tax credit may be increased if a micro-grid can be achieved on site.
- D. LADWP has a Zero By Design's Whole Building Performance program that rewards developments that exceed Title 24 requirements by at least 5 percent with reduced

¹¹ See Appendix G

¹² Based on comparison of Building Performance data for 200 N. Main at <https://retrofit.la/> and the national database from DOE <https://bpd.lbl.gov/>

electrical rates for the new buildings. The incentives under this program could be captured in the project through an energy as a service (ESCO) contract.

There are similar incentives available for building retrofits if the City were to acquire an existing building and upgrade certain components. Private ESCO financing is also available to support energy upgrade costs in an existing building acquisition.

Should the city wish to further pursue any of these options, our team will develop a comprehensive analysis of the target capital amounts, cost of capital and an award strategy to the extent the grants are competitive.

2) Agency Loan Programs

- A. *Federal TIFIA & RIFF programs.* Civic center is in an area that qualifies for federal loans under both the TIFIA and RIFF Transit-oriented development (TOD) programs. These loans carry a low interest rate (typically 10bp over treasury), making them cost effective debt for up to 49 percent of the project cost for TIFIA and 75 percent for RIFF. These programs have a relatively long application period and carry other restrictions including a need to obtain Federal NEPA clearance, Buy America requirements, an investment grade credit rating requirement, FTA project management oversight, project labor agreements and other contracting requirements listed [here](#). For the Downtown LA Civic Center project, these requirements are less burdensome than other projects because of the timeline, permitting and contracting requirements that the project will be subject to regardless. However, it will still be important to consider the timeline more fully if TIFIA or RIFF loans are to be part of the plan of finance.
- B. *State ECAA Loans.* The California Energy Commission's Energy Conservation Assistance Act (ECAA) 1 percent rate loans to public entities that can finance, energy efficiency and energy generation projects, energy storage systems, and electric vehicle charging infrastructure. These loans cap at \$3 million, but could be used to fund those tenant improvements on a building acquisition that are energy efficiency related.

3) Private Capital

After considering these sources, the City may still have a financing gap to meet its 266,000 square foot office requirement. There are several finance and development vehicles that the city should consider for the gap financing. Some of these options are valid for either the construction of a new city administration building or the acquisition of an existing office building. Below is a qualitative analysis of each of the options identified by our team.

A) *Credit Tenant Lease (CTL) with purchase option*

This structure can be used for either a new build to suit or a new build. Credit tenant lease investors offer competitive financing rates for the acquisition or construction of net leased government facilities. Features of this structure include:

- **Lease payments:** Lease terms can be structured together with the financing strategy so the city can customize its monthly payment to meet budget requirements. The payments typically escalate over the lease term. The escalation factor is negotiable to help the city match its payments to projected revenues.
- **Ownership:** This financing typically requires a first lien on the property in favor of the investor. The city can retain ownership of the land through a lease-lease back structure

where the city retains the land and only leases back the improvements. The city will also have a purchase option at the end of the lease term. Lease payments can be structured as fully amortized or have a balloon payment(s) of up to 50 percent of the project costs. The balloon payment feature is one key tool to help sculpt the city's payment amounts.

- **On Credit:** While the private sector would provide 100 percent of the capital for the project, the long-term nature of the lease likely qualifies the structure for capital lease accounting treatment, which will require the city to recognize the long-term asset and associated liability on its balance sheet.
- **Proceeds:** Up to 100 percent of the financing requirement can be funded through a CTL structure. This can include hard and soft costs for new construction. For acquisitions it can include both the purchase price and renovation costs.
- **Term:** The lease term is typically 20 years but can be longer or shorter depending on the city's preferences. Unlike bond financing the city would not be required to make any payments until they take occupancy of the building.
- **Costs and Fees:** CTL structures are simple and efficient. The up-front legal costs and financing fees are considerably lower than in other financing structures. Their simplicity also allows for short-term availability with an ability to fund and close within around a 30-day timeline.
- **Maintenance Costs:** The leases are typically based on a triple net structure. The city would be fully responsible for its utility, maintenance, capital repair and operating costs during the lease term. With the purchase option, they would also end up with the obligation to replace any building systems that had reached the end of their lifecycle before the end of the lease term.
- **Indicative Rates:** The lease rate is determined based on the desired payment terms, timeline, capital costs and financing rates. CTL financing rates are currently benchmarked at 100 to 140 basis points over the applicable treasury rates based on the mid-point of the lease amortization period. For example, in a 20 year fully amortizing lease the rate would be based on the 10-year treasury yield putting current costs in the 4 percent range (i.e. $3.65\% + 1.4\% = 5.05\%$).

A) Credit Tenant Lease without purchase option.

This structure is essentially the same as the city leasing office space in a building. Given the current market conditions in Los Angeles, a lease requirement from the City could be used to facilitate the acquisition and retrofit of an existing building for the city's use. This may be attractive both politically and financially given the current office leasing environment in downtown Los Angeles.

Under this structure the City would develop a lease requirement and solicit competitive proposals from current landlords as well as new investors. Having the City as a credit tenant prior to the closing of escrow would create investor confidence in purchasing one of the distressed properties in Downtown Los Angeles. By allowing opportunistic buyers to submit lease proposals with the intent investors to acquire an office property that meets the City's needs, the city would play a role in supporting the downtown office market while creating a competition to find terms and locations meet the city's needs.

This option has the political benefit of supporting the downtown office market without committing city capital to the purchase. Features of this structure include:

- **Payments:** Lease terms would be negotiated to match the current market lease rates for downtown class A office space. If the city required an above market level of tenant improvements however, the payment could be higher.
- **Ownership:** The building would be owned by the private sector in this deal. The city could include a purchase option at the end of the lease term, but that would be an uncommon feature of this structure and would negatively affect some of the other options.
- **On Credit:** This structure should avoid any need to recognize the lease on the city's balance sheet and it should not affect its credit. One key factor here however will be the length of the lease. A shorter-term lease will be less of a risk for creditors but a higher risk for the landlords, which may increase the project costs. The City would need to work with the owner/investor to balance costs with the desired accounting and credit treatment.
- **Proceeds:** 100 percent of the building acquisition would be provided by the private sector in this scenario. The city may have to fund a share of the tenant improvement costs depending on what modifications are required to the building to accommodate the city's needs.
- **Term:** The lease term is typically 5-10 years but can be longer or shorter depending on the city's preferences. If longer terms are negotiated, it can help lower pricing and enable the possibility of an early call/exit provision. Typically, the city would be required to make payments once they take position of the space and tenant improvement work begins unless a period of relief is specifically negotiated.
- **Costs and Fees:** There would be minimal transaction costs fees borne by the city in this structure.
- **Maintenance Costs:** The lease can be structured on a triple net or full gross basis. In either scenario, the city will end up responsible for its share of operating and maintenance costs in the building. Some risk share may be negotiated with the landlord, but typically the city as a tenant would be billed for operating cost increases after the first year of occupancy even under a full gross lease structure.
- **Indicative Rates:** The overall lease rate could also be lower than any project financing, because the investor would only expect a return on their capital and not a return of capital. We expect pricing of this structure to be a function of the city lease payment and capitalization rates for government net lease structures. Currently that would be in the 6 percent - 8 percent range [NTD – need to confirm with brokers], which would compare to a 7.3 percent loan constant on a fully amortized 20-year bond or lease financing with a 4 percent interest rate.

A) 63-20 Lease – Lease Back Structure

To avoid the use of the city's MICLA capital funds, the city could enter into a Lease-Lease Back Structure with a conduit financing entity. This would allow the project to access tax exempt capital at a cost similar to MICLA funds, but it would still be independent project financing. Under this structure, the city would lease the Parker Center Site to a 501(3)C registered not-

for-profit agency, and simultaneously enter into a space lease that agency for the completed facility improvements. The agency would also enter into an agreement with the developer requiring them to complete the facility constructed to the city's specifications. The developer would guarantee the one-time and on-budget completion of the facility. This structure has been used by LA county on several local projects. Features of this structure include:

Features of this structure include:

- **Payments:** Under a 63-20 structure, payments are typically sized to match the cost of the project finance debt rates and are fully amortized over the contract term. The city can however manage the payment amount through the bond term and amortization schedule. The City can also include such features in the financing such as capitalized interest if the city does not want to make payments until move-in.
- **Ownership:** A 63-20 transaction is typically structured as a lease-lease back where the city retains ownership of the land throughout the lease term. Under this structure the city leases the land to the financing entity for a nominal amount, then leases back the building upon completion. The land lease and building lease are typically coterminous so the city would own building outright at the end of the lease term.
- **On Credit:** While the financing is provided by an independent entity, the fully amortizing nature of this structure means the city has all the risks and benefits of ownership, so the debt is typically considered on credit by rating agencies and is recognize don financial statements.
- **Proceeds:** Up to 100 percent of the financing requirement can be funded through a 63-20 structure. This can include all the development hard and soft costs for a new construction and turn-key delivery.
- **Term:** The lease term is typically the same as the bond term. 20-30 years is the standard but can be longer or shorter depending on the city's preferences. Typically, the city would be only required to start making payments once they moved in. Some agencies opt to make project payments earlier to lower project costs.
- **Costs and Fees:** The costs and fees in a 63-20 structure include legal fees to negotiate the development agreement and design-build terms. Developer fees and finance origination costs are also typical in this structure. On aggregate, however, the transaction costs are similar to entering into separate construction, financing and development contracts, but they are bundled in one retain these functions.
- **Maintenance Costs:** The city can also require the developer to maintain the structure through a Qualified Management Agreement (QMA). Under a QMA the lifecycle risk is typically shared through a sinking fund. The QMA limitations also mean that, as a practical matter, performance risk during the operating period is limited to the security in the contract and unearned revenue for the operator.
- **Indicative Rates:** In our experience this type of project financing has priced at 30bp – 50bp over the equivalent general obligation rate.

A) *DBF structure.*

Similar to the 63-20 structure above, the city could avoid the use of the city's MICLA capital funds, with a Design-Build-Finance arrangement. Under this structure the developer would set

up a special purpose financing entity to borrow funds required to complete the project. The City would be responsible for repaying the funds at completion, either through a long-term lease commitment, or one time repayment. Features of this structure include:

- **Payments:** Under a DBF structure, payments can be flexible to match the city's needs. DBF structures have been used to provide short-term financing only through the construction period and longer-term project financing. The city can however manage the payment by adjusting the agreement term and amortization schedule. A DBF structure would not typically require the city to make any payment until move in.
- **Ownership:** A DBF transaction is typically structured as a lease-lease back where the city retains ownership of the land throughout the lease term. Under this structure the city leases the land to the financing entity for a nominal amount, then leases back the building upon completion. The land lease and building lease are typically coterminous so the city would own building outright at the end of the lease term.
- **On Credit:** While the financing is provided by an independent entity, the fully amortizing nature of this structure means the city has all the risks and benefits of ownership, so the debt is typically considered on credit by rating agencies and is recognized on financial statements.
- **Proceeds:** Up to 100 percent of the financing requirement can be funded through a DBF structure. This can include all the development hard and soft costs for a new construction and turn-key delivery.
- **Term:** The terms of a DBF are flexible and can range from 1-30 years depending on the city's preferences and project needs. Shorter-term financings typically are used as bridge financing and have a significant balloon repayment obligation at the end of the term.
- **Costs and Fees:** The costs and fees in a DBF structure include legal fees to negotiate the development agreement and design-build terms. Developer fees and finance origination costs are also typical in this structure. On aggregate, however the transaction costs are similar to entering into separate construction, financing and development contracts, but it is bundled in one retain these functions
- **Maintenance Costs:** The city would be responsible for its own maintenance and lifecycle costs under a DBF structure.
- **Indicative Rates:** In our experience this type of project financing has priced at 50bp – 150bp over the equivalent general obligation rate. The developer would also be responsible for any cost overruns or delivery delays under a performance guarantee.

A) *DBFOM structure.*

A Design-Build-Finance-Operate-Maintain structure could also be used to avoid MICLA funding the project. A DBFOM structure would use private capital to fund the project. The primary advantage of this structure is that it funds ongoing maintenance costs and shifts building operational risks to the private sector. The DBFOM structure was used by the City of Long Beach for its city hall and has been used by other municipalities across the country. It should be noted however that the CLA and CAO offices evaluated this structure for the Los Angeles Convention Center expansion project and ultimately recommend moving forward under an

alternative structure. DBFOM structure would apply primarily to new construction. Conceptually, a DBFOM structure could be used for a building acquisition; however the risk premium associated with underwriting an existing building would likely make this option cost prohibitive. Features of this structure include:

- **Payments:** Unique to this structure is the availability payment concept. The city would begin making payments once the facility was completed and available for use. In the event that part or all of the facility was unavailable at any time during the contract term because of any building system failure, the availability payment would be reduced. The payments would be structured to amortize the project costs over the contract term. The payments also typically escalate over the contract term to cover the inflationary components of the operating costs. Payments can be sculpted to an extent in order to meet the long-term funding plan.
- **Ownership:** The city would retain ownership of the land and the building throughout the project term. The developer only has a service contract.
- **On Credit:** DBFOMs are typically structured as annual service contracts subject to appropriation. These features can allow the structure to avoid capital lease treatment on the balance sheet. Some rating agencies will consider it a long-term obligation and view it as on credit, but it depends on the terms of the transaction.
- **Proceeds:** Up to 100 percent of the financing requirement can be funded through a DBFOM structure. This includes hard and soft costs for new construction, developer and financing fees, building component lifecycle costs throughout the contract term, and all other project costs.
- **Term:** The contract term typically matches the amortization period of the debt capital in the project. Most contracts are 20-30 years. Shorter contracts do not realize the value of life-cycle replacement so are uncommon. Longer-term contracts have been used on occasion to achieve specific legal and operational objectives.
- **Costs and Fees:** Given the long-term nature and more comprehensive risk transfer under a BFOM the development fees, legal fees and other transaction costs tend to be higher in this structure. The costs and fees in a DBFOM structure include legal fees to negotiate the service contract with its performance requirements and penalty regimes.
- **Maintenance Costs:** The availability payment includes 100 percent of the ongoing building maintenance as well as the life-cycle replacement of key building components. The developer is responsible for ensuring that the building consistently meets its performance specifications. There are also hand back provisions to ensure that building is in excellent condition at the end of the term.
- **Indicative Rates:** In our experience this type of project financing carries risk premiums in the construction pricing, the maintenance pricing and the financing, which can make the project more expensive up front. Over the long-term, the project costs can be lower due to higher building performance standards enforced under the contract. ADBFOM also avoids cost overruns that can be more common in traditional delivery methods. Private equity in the project capital stack supporting the risk premium can make the financing rates 50pb to 100bp higher than other project financing options.

A) *Energy Savings Performance Contracts (ESPC)*

There are a number of Energy as a Service Companies (ESCO) that will fund a component of the project costs and take repayment from energy savings under a long-term service agreement. An ESCO could provide a portion of the capital stack for either an existing building acquisition or a new building, making this source of funds an add to other financing options.

For an existing building acquisition, an ESPC contract could be useful to the city as a cost-effective way to complete those tenant improvements that involve energy upgrades. Under this structure, the ESCO would perform a baseline energy audit based on the historical performance of the building, then they would complete the upgrades and guarantee a cost saving number that could be used to offset the city's payment for the building. If the energy consumption is higher than projected, the ESCO would cover the difference.

For a new building, an ESPC contract could be used to fix a portion of the utility costs. We would expect a new building to have a significantly lower energy footprint than the current civic center buildings. The ESPC could be a stand-alone contract or part of a DBFOM structure. In either scenario the City could choose one of two structures:

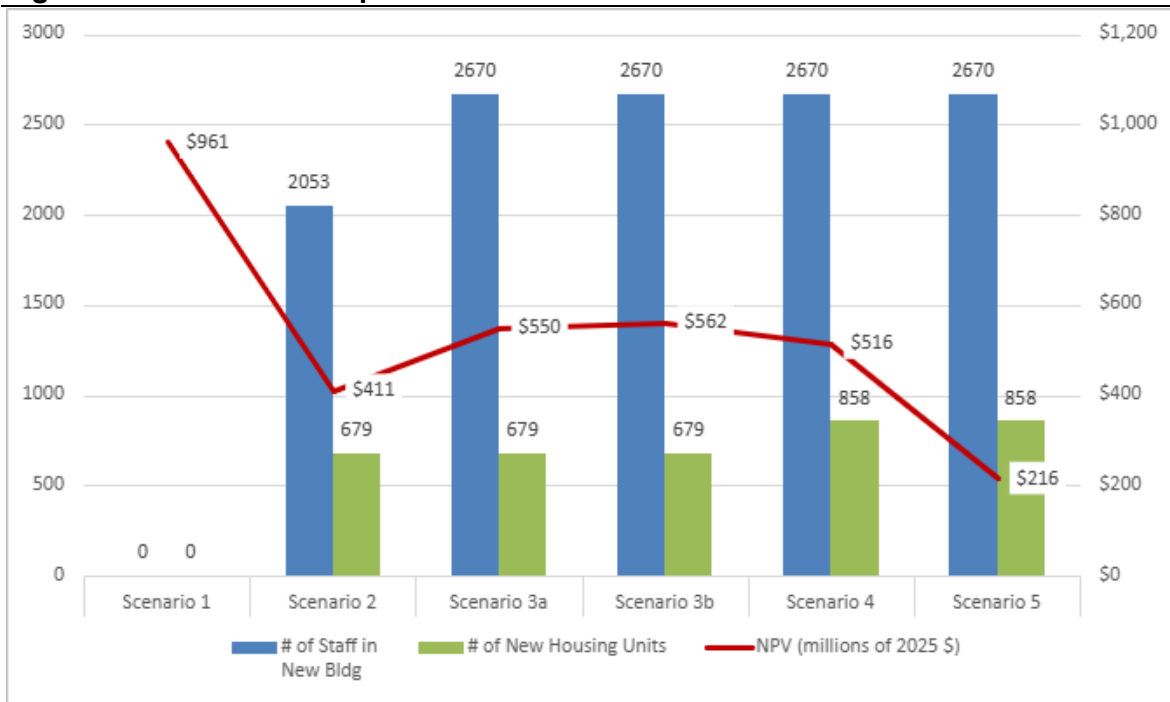
- 1) The City could pay the utility bills directly. At the end of the year, the building performance would be compared to the guarantee and the ESCO would make up any shortfall. Under this scenario the City would capture the energy savings from the new building as a reduction of operating costs.
- 2) The City could make an annual payment to the ESCO in an amount equal to its historical consumption and current energy costs. The City would be paying the same utility costs as it is now, just paying it to the ESCO rather than the utility provider. Under this scenario the City could finance part of the improvements directly through energy cost savings.

RECOMMENDATIONS

Scenario Comparison

Scenarios 1 through 5 offer a variety of options for the City to obtain office space for its employees and create new housing units. As Figure 61 shows, Scenarios 3a, 3b, 4, and 5 provide enough office space to support 2,670 City employees. However, Scenarios 4 and 5 have lower net present value costs and allow for the most new housing development due to the City leasing all of its existing sites for new housing development and moving staff to new location(s) in downtown. This may not be the preferred scenario, as the one of the City’s primary goals was to consolidate staff in the Civic Center for more efficient operations. Scenario 2 balances the goals of providing new efficient space for consolidating 2,053 staff into the Civic Center at a cost of \$411 million, while providing 679 new housing units.

Figure 61: Scenario Comparison



Source: Fullerton LLC; ARUP; BAE, 2024.

Next Steps

The City should engage local stakeholders to provide project updates and address gaps necessary for drafting a Request for Qualifications (RFQ) or Request for Proposals (RFP) for the first phase of this analysis. The initial step is selecting a scenario, followed by solidifying plans for:

- Obtaining cost and site-fitting estimates for relocating the Communications Tower from the Personnel site to the Medical Services Center.

- Determining the preferred housing model for the Personnel site (80/20 or 100% affordable).
- Finalizing remote work policies and space requirements to optimize the new building's development, including:
 - Selecting departments and identifying special needs (e.g., ITA).
 - Considering adjacency requirements.
 - Defining office and shared space needs.
- Identifying potential grants or other funding sources to support new City facility development.

Completing these steps will enable the City to draft a detailed RFP, ensuring developers can submit well-informed proposals that align with the City's needs. Moving forward without these details may lead to uncertainty in developer pricing, potentially resulting in suboptimal outcomes.

OUTREACH

BAE and Fullerton Consulting Partners reached out to traditional developers as well as P3 infrastructure equity firms to obtain feedback from the market on their evaluation of risks and potential for this project. The market sounding we conducted demonstrated market interest in the downtown sites. The qualitative feedback received through this process can be used to inform the city on how to structure a procurement and/or market the sites included in the study area. Some summary conclusions from our market sounding include:

- 1) The Medical Services and Human Resources Buildings are the most desirable for redevelopment among market-rate residential developers; however, the immediate availability of the Parker Center site is also attractive.
- 2) The market would look to develop the Medical Services and Human Resources site with mid-rise products but support more density on the Parker Center, City Hall South, and City Hall East sites. The existing parking structure under the LA mall was a concern to developers on that site.
- 3) Developers are concerned about the cost of doing business in Los Angeles, especially on a city-owned parcel that will require project labor agreements or higher construction costs. Impact fees and the “Mansion Tax” were also frequently mentioned as a burden that reduces land value and development potential.
- 4) Market rate developers preferred a 150-250 unit project on 1.5-2.5 acres. That seems the most financeable project size in this market
- 5) Fee waivers and expedited permitting (including entitlements) were the most mentioned incentives that would increase the city’s land values.
- 6) Market rate developers prefer an outright land sale to any ground lease. Affordable housing developers and infrastructure developers prefer a ground lease.
- 7) There are some developers who would respond to a bundled RFP and can provide land value as a direct offset against project costs, but the market response would be greater if the project was unbundled. The city would likely receive a lower cost on its office and higher land values due to a higher market response from an unbundled transaction.

Methodology

We reached out to 46 people representing 36 firms that have been active in downtown development efforts or were otherwise known to have an interest in the project. Given the range of potential uses for the site in the study area, we reached out to a spectrum of real estate development firms for our sample, including:

- 18 market rate housing developers
- 8 affordable housing developers
- 4 office/infrastructure developers
- 6 firms that conduct business in all of the above asset classes

To keep the feedback uniform, we organized the outreach as a survey that respondents filled out. We received 9 full responses to the survey and informal feedback through verbal conversations or emails from another 5 participants.

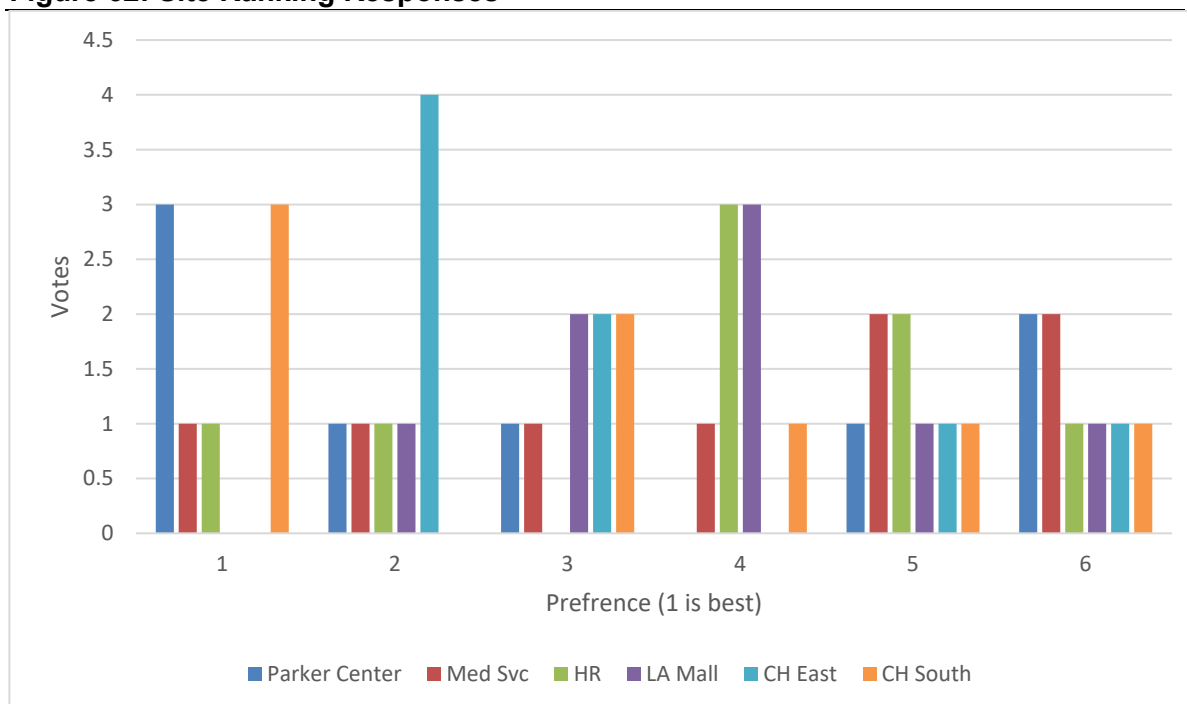
Complete Findings

The following section compiles the relevant responses received by those market participants taking the survey. There is a section at the end of the memo where we have summarized feedback provided verbally or through emails.

The responses are provided without the firm or individual name to preserve anonymity in this process. However, it is worth noting that the responses tend to match the firm's market sector. Firms that build primarily multi-family structures would build multi-family or mixed-use structures on each site and look to reduce mansion tax PLA requirements and other incentives. Firms that are infrastructure investors would preserve each site for civic uses and encourage the city to procure the office needs separately from any market risk. Our team would be happy to provide additional detail on any of the individual responses below should the City wish to better understand the market sector and the perspective that each firm is grounded in to provide context for the response.

Question #1 - Please rank the parcels based on their relative value to your firm for future development, with 1 being the most desirable location and 6 being the least desirable location for development among the parcels. See Figure 62 for the site ranking responses.

Figure 62: Site Ranking Responses



Question #2 - Please answer the following questions for each site:

- What use would you prefer on each site to reflect the highest value;
- What would be your target density/FAR for that use; and
- Which (if any) existing incentive programs would you employ to meet your development goals?

Parker Center

- 7 stories family housing with 100-150 units, ground floor retail
- Dense, mixed-use residential
- Civic
- Multifamily - 200 du/a no FAR cap podium midrise, TOC/State level density
- Residential, ground floor retail. 500 units, 520k feet of FAR, State Density Bonus

Medical Services

- 7 stories affordable family housing with 100-150 units, ground floor retail
- Mid/low-rise multifamily
- Civic
- Multifamily - 200 du/a no FAR cap podium midrise, TOC/State level density
- Residential, ground floor retail. 225 units, 250k feet of FAR, State Density Bonus

Human Resources

- 7 stories family housing with 100-150 units, ground floor retail
- Mid/low-rise multifamily
- Civic
- Multifamily - 200 du/a no FAR cap podium midrise, TOC/State level density
- Residential, ground floor retail. 250 units, 275k feet of FAR, State Density Bonus

LA Mall

- Probably a dense mix of market rate and affordable in a tower/mid-rise with ground floor retail
- Park area or green space with preservation of garage if still structurally sound
- Multifamily - 200 du/a no FAR cap podium midrise, TOC/State level density
- Residential, ground floor retail. 250 units, 275k feet of FAR, State Density Bonus

City Hall East

- Probably a dense mix of market rate and affordable in a tower/mid-rise with ground floor retail
- Consider residential conversion utilizing LA city incentives for commercial property conversions
- Multifamily - 200 du/a no FAR cap podium midrise, TOC/State level density
- Residential, ground floor retail. 500 units, 520k feet of FAR, State Density Bonus.

City Hall South

- Probably a dense mix of market rate and affordable in a tower/mid-rise with ground floor retail
- Multifamily - 200 du/a no FAR cap podium midrise, TOC/State level density

- Residential, ground floor retail. 250 units, 275k feet of FAR, State Density Bonus

Question #3 - *What are the development risks you would be most concerned about for these sites? What length of escrow/ options period would you require to mitigate those risks?*

- Any site that has not been already vacated by the current use presents a risk to the project's financing timeline. Any site whose development is contingent on other city action, relocation, or city-sponsored development presents a high risk. Sites available now and to be developed with affordable housing would ideally have a 2-year escrow to allow time for financing applications and approvals.
- If a public facility development requirement is included in this process, the biggest risk would be related to timing and approval, where any future value to be unlocked would depend on the advancement of public facility first.
- Environmental stemming from demolition/abatement; would need considerable due diligence period of at least 12 months.
- PLA, local hire requirements, ULA transfer taxes in addition to the usual length of entitlement approvals and permit issuance. Escrow and option periods allowing for close at time of issuance of construction permit to ensure financing is in place and no land carry is required.
- Entitlement and financing. 3-4 year escrow for time to entitle. Mansion Tax is making financing very difficult to impossible in Los Angeles. May need further incentives to overcome the Mansion tax.

Question #4 - *What is the most attractive parcel size for the city to offer for your preferred development?*

- If sites 2 & 3 in the "north arts district" are vacated, they may be the most attractive (though there may be concerns about polluted land). If redevelopment of the Parker Center site is not dependent on any additional actions or assembly and is ready to develop immediately, this would be the most attractive site.
- 1.5 - 2.0 acres
- A 200-300 unit development of a total deal capitalization in the \$150-180 million range is the most economically viable today. Building this density in a lower-density product (wrap or podium with minimal subterranean digging) is the most attractive.
- 2.5 to 5 acres

Question #5 - *What incentives, if any, would most increase the value of these sites for you? (reduced parking requirements, fee reduction, ministerial review, etc.)*

- *Waiver of entitlement, linkage, and building permit fees would financially incentivize affordable housing development of the site. Parking requirement waivers should be included for these highly-transit accessible and walkable sites. Sites should be "pre-entitled" to the extent possible prior to disposition. Some guarantee of inclusion in the City's LAHD managed pipeline would go a long way toward mitigating financing risk on these sites.*
- *As of right permitting, streamlined environmental review*

- *Avoiding PLAs, local hire requirements, ULA transfer tax requirements and muni fee/park fee reductions would all meaningfully improve the land value of sites within the City of LA.*
- *Fee reduction, ministerial approval, state density bonus*

Question #6 - *How does your perception and interest change, if at all, between a ground lease and a fee simple transaction?*

- *Not substantially. Leased Land should be free of capitalized upfront cost for affordable housing developments. Residual receipts payments set at a pro-rata share based on the appraised value of the property would work for financial compensation for affordable housing developments.*
- *Generally, the value of the land would be lower under a ground lease vs. a fee-simple approach, given the bias towards rentals; if any development could be structured as a for-sale transaction, ownership of the asset would come with a defined termination period, thereby decreasing the value for each unit sale.*
- *Fee simple will maximize value for city; highly recommend as opposed to ground lease*
- *A ground lease would not be an appealing option for capital markets. This would need to be a fee simple transaction unless the ground lease is proposed simply as a structure to avoid transfer tax issues (ULA).*
- *Significantly due to challenges with financing ground lease agreements. Ground lease would need to be 99 years with a defined escalator.*

Question #7 - *The City may consider bundling their new office requirement with the sale of surplus parcels. Would your firm be interested in a competitive market process whereby the sites noted above were provided as payment or partial payment for the city office requirement?*

- *For a primarily or 100 percent affordable housing development, this may be difficult to structure. If the city is looking to provide a committed lease-back structure upon which the office component of the mixed-use development was financed, that could work for us. However, the land provision would likely need to be free or substantially below-market anyway to facilitate affordable housing.*
- *"As a developer of public infrastructure using a Design-Build-Finance-Maintain (DBFM) approach, the majority of the questions do not pertain to us and we would likely sit out a pure real estate monetization play. However, if the City is considering the development of new office space for city employees on a portion of the parcels identified in this questionnaire, we recommend the City take a different approach than that currently contemplated. In its current iteration, the product the City would receive would be developed for the lowest first cost, given a developer's incentive to spend as little on the public portions as possible in service of maximizing the revenue potential of the private portions. This would likely saddle the City with a facility that would be expensive to maintain over the long-run, with all management risks retained by the City once the building is turned over, and the facility would likely not reflect the needs for a flexible and functional space for the many decades for which it should be designed and built. Additionally, by combining the two aspects in a single deal, public and private, developers will be inclined to incorporate contingencies for the very real political, permitting, and timing risks inherent in these types of hybrid deals, ultimately*

resulting in a lower total value to the City. Instead, we suggest the City look to procure a development partner that will focus on delivering a functional and flexible public facility for the City first and foremost, while simultaneously working collaboratively to monetize the excess parcels in a way that will generate the best revenue and serve the needs of a public serving district for decades to come. The private partner would work to develop a cohesive master plan, advance the development of the public office space under a performance-based contracting structure, and work to market and sell and/or develop on its own the remaining parcels to help offset any cost to the City. By taking this approach, the City will have more cost-effective public facilities with a locked-in price for decades to come, realize greater value in total from the monetization of the private parcels, and benefit from a more collaborative approach that removes contingencies and better manages timing risks.

- Yes; the new office could be structured as turnkey development with the parcel values serving to "buy-down" the total development cost of the office borne by the City upon completion of the project or in the long-term lease rate (if applicable).
- Yes, this could be a viable option. More study is needed about the proposed office and the cost to complete that work to understand how such an exchange would be structured to everyone's benefit.
- I do not understand the office requirement comments. Would need further information to address this.

Additional feedback through email and verbal conversation

Respondent #1- I reviewed the survey, but don't think that I have much valuable to add at this time. I do not see any of those sites being feasible for residential development (which is what we do) for the foreseeable future.

This issue is that there is so much existing residential downtown, and recent trades are well below replacement costs. So there is no margin. These locations are pretty inferior to most other areas of downtown (Absent the City making a major investment in public safety and quality of life in a way that would change the dynamic in this general neighborhood).

Respondent #2 - Thank you for including us. I just looked through the questions. They are hard for me to answer. We have not had the best experience(s) in the City of Los Angeles. We have found it difficult to develop in the City of Los Angeles on multiple levels.

Developing in City limits comes with an enormous burden and added bureaucracy. We have a pipeline of few other City of Los Angeles projects, which is enough for us for now. In terms of housing, the downtown market (I think) comes with some additional hardships. I'm sure there will be a desire for density, but the rents downtown don't consistently support development costs associated with such density. Layer on the inevitable requirements for affordable housing and labor in the context of the current economic dynamics - pursuing these opportunities now seems daunting.

Putting these blocks on the market all together seems like Grand Avenue all over again. If I were working at the City, I would take OCII's approach in SOMA where they auctioned off a block at a time over a few years.

Respondent #3 - We are not pursuing additional investments in Los Angeles. We have had bad experiences with working on a new project only to face a council member at the end of a long and painful entitlement process that is looking for a handout before granting us project approvals. Our residents face safety concerns at properties we own in downtown Los Angeles, and police watch as the property is vandalized. Until we see an end to corruption, the city council supporting the police, and a meaningful decrease in the homeless population in the city core, we are not making further investments.

Beyond the political issues, the cost of development makes these parcels unaffordable. The mansion tax and potential rent control measures spook our investors. The costs of capital and cost of construction mean projects on the city sites would just not pencil for us even if the land was free.

Respondent #4 - We have no interest in working in downtown Los Angeles except as a fee developer.

Respondent #5 - We would be very interested in supporting the city to develop its city office requirements. We do not have any interest in private development parcels and will not take any market risk as part of the project. Our model depends on having only government credit counterparties.

APPENDIX A: DEMAND CALCULATIONS

This Appendix shows the commercial and residential demand projections calculated in the market analysis. These serve the basis for determining the amount of housing and retail that new development on City-owned sites can support.

Table A-1: Housing Demand Projections through 2033

2023 Study Area Households (Est.)	57,854	(a)	
2023 Study Area Housing Units	63,245		
Absorbable Supply and Pent-Up Demand			
Stabilized Vacancy (%)	5.0%	(b)	
Stabilized Vacancy (units)	3,162		
Actual Current Vacancy (%)	8.5%	(c)	
Actual Current Vacancy (units)	5,391		
Absorbable Vacant Supply (units)	2,229		
Pent-Up Demand (units)	(2,229)		
Household Growth Rate Scenarios			
Annual Growth through 2033	Conservative	(d)	Historical (e) Projected (f)
Projected Annual Growth Rate	1.22%		3.72% 4.88%
2033 Net New Households (Market Area)	7,491		25,497 35,337
Plus: 2033 Stabilized Vacant Units	394		1,342 1,860
Plus: Pent Up Demand	(2,229)		(2,229) (2,229)
<i>Less: Units Under Construction (g)</i>	(4,139)		(4,139) (4,139)
Housing Unit Demand (Market Area)	1,517		20,471 30,829
Assumed Capture Rate	10%		10% 10%
Housing Unit Demand (Civic Center)	152		2,047 3,083
2033 Net New Households (Civic Center) (h)	144		1,945 2,929

Notes:

- (a) 2023 Study Area Households figure sourced by applying the ACS 2018-2022 vacancy rate (8.5 percent) to the number of 2023 Market Area Housing Units (63,245) as reported by Esri Business Analyst.
- (b) A stabilized housing market with healthy turnover generally maintains a vacancy rate of 5.0 percent.
- (c) Vacancies above stabilized levels indicate that there is negative demand in the current market with 2,229 units needed to be rented out to match long-term stabilization.
- (d) Based on the annualized projected citywide household growth estimate between 2019 and 2035, per SCAG.
- (e) Based on the annualized Market Area household growth rate between 2010 and 2023, per ERSI Business Analyst.
- (f) Based on the annualized projected Market Area household growth rate between 2019 and 2035, per SCAG.
- (g) Under-construction figures are sourced from CoStar.
- (h) Factoring in 5% stabilized vacancy rate and project Housing Unit Demand.

Sources: SCAG, 2023; US Census Bureau, 2022; Esri, 2023; CoStar, 2024; BAE, 2024

Demand projections account for pipeline supply by deducting the 4,139 residential units currently under construction as reported by CoStar. This translates into supportable demand for anywhere from 152 to 3,083 net new housing units over the forecast period.

Commercial Demand Projections

Commercial demand projections for the Civic Center area are calculated below. Each growth scenario—Conservative, Historical, and Projected—is evaluated at a low capture rate, which assumes residents will conduct 15 percent of their Neighborhood category retail shopping in the Civic Center area, and a high capture rate, which assumes 30 percent. Neighborhood center-style retail is oriented around convenience and retailers with a smaller footprint. BAE assumes that household size will reflect the current Market Rate figure of 1.75 persons per household. After calculating the estimated future population, a per capita spending figure, based on Neighborhood retail, is derived from 2023 California Department of Tax and Fee Administration taxable sales data for the City of Los Angeles and an adjustment based on the percentage of taxable sales. Retail sales per square foot, based on the 2008 Dollars & Cents of Shopping Centers per square foot estimate for Neighborhood retail sales, and inflated using the Consumer Price Index, is then used to calculate the estimated total new retail space demanded by future residents.

Table A-2: Resident Retail Demand Projections through 2033

	Conservative		Historical		Projected	
	Low Capture	High Capture	Low Capture	High Capture	Low Capture	High Capture
Est. Civic Center 10-Year Household Growth (a)	144	144	1,945	1,945	2,929	2,929
Persons per Household, Market Area (b)	1.75	1.75	1.75	1.75	1.75	1.75
Est. Civic Center 10-Year Population Growth	252	252	3,403	3,403	5,125	5,125
Per Capita Spending on Goods and Services (c)	\$7,638	\$7,638	\$7,638	\$7,638	\$7,638	\$7,638
Est. Annual Retail Demand Spending (millions)	\$1.93	\$1.93	\$25.99	\$25.99	\$39.15	\$39.15
Neighborhood Retail Spending psf (d)	\$538	\$538	\$538	\$538	\$538	\$538
Est. Total New Resident Retail Space Demand (sf)	3,580	3,580	48,305	48,305	72,748	72,748
Capture Rate (assumption) (e)	15%	30%	15%	30%	15%	30%
Est. Civic Center Retail Space Resident Demand (sf)	537	1,074	7,246	14,492	10,912	21,824

Notes: (a) Based on 2023 SCAG TAZ projections, assuming a capture rate and 5 percent long-term vacancy.

(b) Based on 2023 household size for the Market Area, per ESRI Business Analyst.

(c) Based on City of Los Angeles per capita sales calculated based on 2023 California Department of Tax and Fee Administration for the Food and Beverage Stores, General Merchandise Stores, and Food Services and Drinking Places categories.

(d) Based on the ULI Dollars & Cents of Shopping Centers per square foot estimate for Neighborhood retail sales, inflated using the Consumer Price Index.

(e) BAE assumes that most residents will shop primarily outside of the Civic Center.

Sources: ESRI, 2023; California Department of Tax and Fee Administration, 2023; Urban Land Institute, 2023; US Census Bureau, 2022; BAE, 2024.

Table A-3: Worker Retail Demand Projections DRAFT

	Two Days in Office		Three Days in Office	
	<u>Low Capture</u>	<u>High Capture</u>	<u>Low Capture</u>	<u>High Capture</u>
Daytime Worker Population (2023)	9,336	9,336	9,336	9,336
Expected Spending per Worker per Day	\$29	\$29	\$29	\$29
Potential Daily Untapped Demand	\$270,744	\$270,744	\$270,744	\$270,744
Weekdays in 2024 (#)	261	261	261	261
City of LA Holidays (#)	13	13	13	13
Working Days in a Year	248	248	248	248
Assumed Commuting Factor	0.4	0.4	0.6	0.6
In Office Working Days per Year	99	99	148	148
Annual Retail Demand	\$26,803,656	\$26,803,656	\$40,070,112	\$40,070,112
Neighborhood Retail Spending psf	\$538	\$538	\$538	\$538
Est. Potential Annual Retail Space Demand (sf)	49,811	49,811	74,464	74,464
Capture Rate (assumption)	50%	75%	50%	75%
Est. Civic Center Worker Retail Space Demand (sf)	24,905	37,358	37,232	55,848

Notes: (a) Based on ESRI's methodology for calculating Daytime Worker Population.

(b) Owl Labs 2023 State of Hybrid Work commuter spending estimates for the breakfast/coffee and lunch categories.

(c) Based on the ULI Dollars & Cents of Shopping Centers per square foot estimate for Neighborhood retail sales, inflated using the Consumer Price Index.

Sources: City of Los Angeles, 2023; ESRI, 2023; Owl Labs, 2023; Urban Land Institute, 2023; BAE, 2024.

APPENDIX B: IT REPLACEMENT COST ESTIMATES

Memorandum

To Sherry Okun-Rudnak, bae Urban Economics
Date 11/25/2024
Copies
Reference number C-144171/v.01
From Sean Delos Santos, Mani Manivannan
File reference 299986-0, LACC IT Relocation Technical Memo.docx
Subject LA Civic Center Masterplan – CHE IT Relocation

Overview

This memorandum has been produced in support of the preparation of a new Masterplan for the City of Los Angeles. The focus of the Masterplan is to redevelop the City Hall location as mixed-use multi-family, retail and commercial office premises. This redevelopment would necessitate the relocation of the City's core IT infrastructure, the majority of which is currently accommodated within City Hall East (CHE).

Arup understands that relocation of equipment from CHE is primarily driven by the need to vacate the building as part of a scenario within the Masterplan proposal. We also understand that the building has some inherent seismic integrity and flooding risk at the basement levels that impact on the high availability needs of the IT and communications infrastructure.

This memorandum has been prepared to provide an understanding of the scope that could lead to an indicative high-level rough order magnitude (ROM) cost estimate for vacating CHE. The early scoping work in relation to IT infrastructure within CHE shows that further scoping and costing work is necessary to develop the indicative ROM cost identified in this memorandum since this initial scoping effort has highlighted some areas of uncertainty within the ROM cost. The level of accuracy to be established is Class 5 ROM (as defined by AACE).

Note that IT infrastructure within other buildings at the City Hall location is not within remit of this cost estimate. For example, it is noted that the City has decided that the LAPD 911 call center and the LAFD Emergency Operations Center (EOC) will not be relocated as part of the Masterplan.

The objective of this memorandum is to report on the findings from a visual survey of CHE and to summarize the work to study the scope of IT infrastructure associated with CHE that needs to be relocated out of the building. This work comes as part of Phase 1 of the greater masterplanning effort, and further consideration of possible IT relocation options needs to be studied in Phase 2. There are various scenarios for the relocation, and scenario planning and analysis of relocation options is necessary to contextualize the ROM cost estimate and introduce potential capex reducing technology and procurement options. The possible IT options that could be further explored to optimize expense

flows associated with IT relocation are described in this memo. The ROM cost quoted in this memorandum is only to be used to indicatively represent the extent of IT investment within CHE. However, it should be noted that alternative technologies and IT services’ procurement methods may result in reduction of expense flows.

The City Hall Site

CHE is one of many buildings within the Los Angeles Civic Center owned by the City. Other relevant buildings near CHE are City Hall South and the EOC. The site of the now-demolished Parker Center lies one block southeast of CHE; the Los Angeles Mall lies one block northeast of CHE.

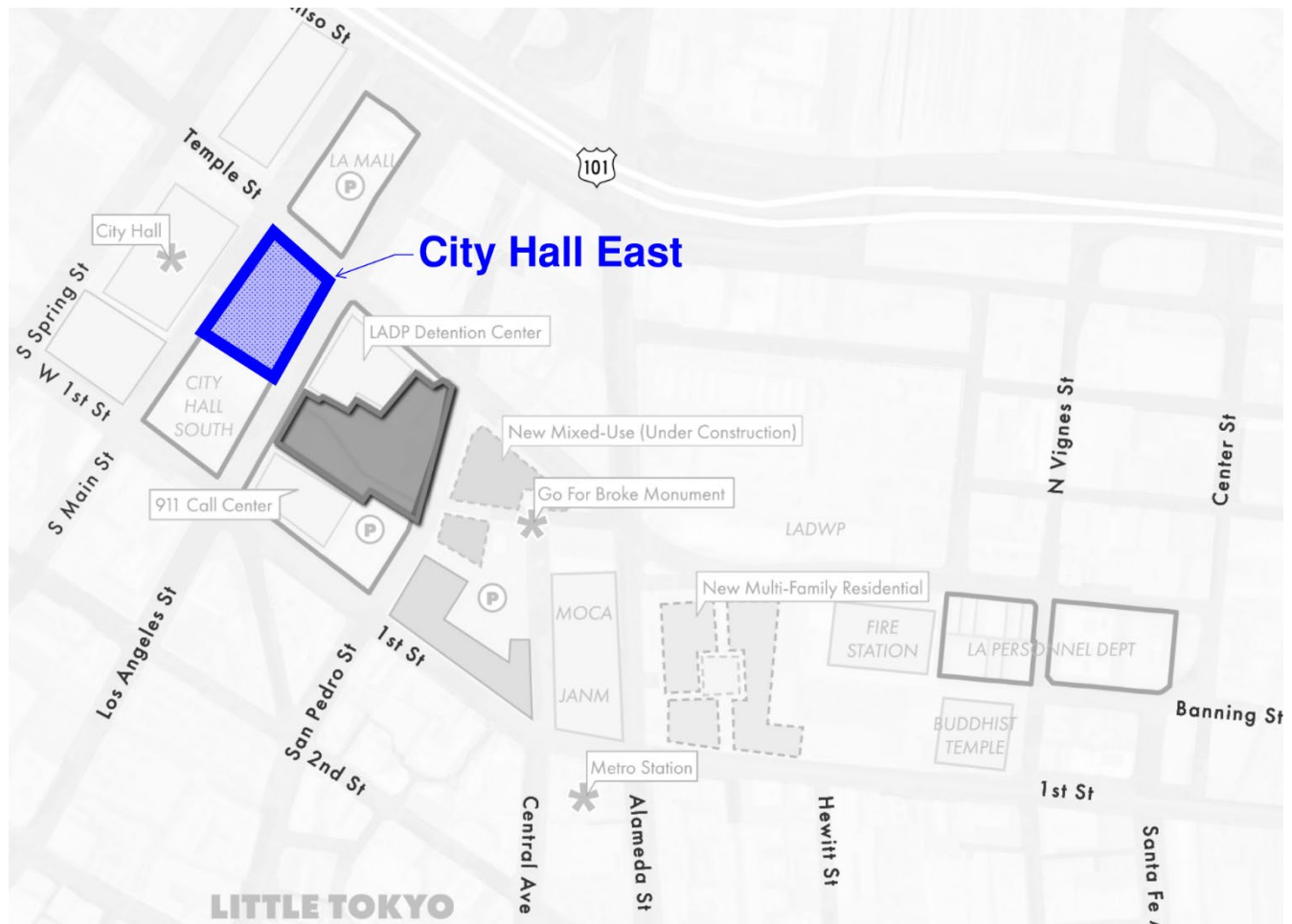


Figure 1 Map of the Los Angeles Civic Center

At present, it is estimated that CHE contains around 70-80% of IT infrastructure operated by the Los Angeles Fire Department (LAFD), Los Angeles Police Department (LAPD), and several other City services – excluding IT investments in the 911 dispatch center and LAFD EOC. Most significantly, CHE houses the Los Angeles Information Technology Agency’s (LA ITA) primary data center and many of the City’s core microwave backhaul equipment supporting radio communications spanning much of Los Angeles County.

Relocation methods

With such complexity and high volume of equipment to be moved out of CHE, a greater understanding of the technological and operational constraints and service availability (or mission critical) requirements which impact users of the equipment is required. Therefore, a further detailed study is recommended to understand the business requirements associated with IT services categorized as essential and mission critical.

Arup's initial proposal regarding the movement of equipment to their new host location is that there will be two methods available to the project team: equipment replication and/or relocation – each described in the following sections:

Replication

Replication involves the duplication of equipment at the future host location, to prevent a break in service and prove service continuity prior to decommission of IT equipment at CHE. This is done to ensure that services can be maintained with no downtime to the end users. With this method, new equipment will be installed with the same specifications, functionality and capacity at their new host locations, to the greatest extent possible. This means that there will be a temporary, interim phase in which communications equipment and computing servers will need to operate in parallel from the two host locations (existing and new), the new site being used to prove that the infrastructure is correctly configured and operational, whilst the legacy location is in active service. After a defined testing and burn-in period, all services should migrate to the new location. The communications equipment within CHE will be decommissioned when services at the new location are proven to be reliable. The City's ITA team agree that replication will be required for all the City's critical communications and computing services which cannot afford any downtime typically associated with a relocation. Whilst there is significant bespoke equipment associated with City functions especially for LAPD, LAFD and ITA corporate services suggesting a high cost of vacating CHE, there will be technology options that need to be explored which may potentially mitigate the cost of new accommodation, power, and environmental conditioning for the equipment to be replicated.

Relocation

The City's non-critical services (which can afford some downtime), or devices with tolerable downtimes, may be more flexible in their movement. Relocation involves powering down equipment, moving it to their destination location, and powering it up again during a scheduled (allowable) outage window. Because there will not be a requirement to house duplicate equipment within two locations at the same time, relocation will prove to be the more cost-effective method when compared with replication.

The definitions of the two methods for the movement of equipment were agreed upon between Arup, BAE, and the City. However, it was further determined in a subsequent IT visual survey that because of dependencies within the CHE network, all equipment would require replication as a means of moving equipment out of CHE. Therefore, all mention of "relocating" equipment henceforth within this memo will specifically refer to the use of the replication method described above.

The following sections describe the IT Discovery Work performed and the subsequent conclusions found.

IT Discovery Work

To help quantify the extent of IT infrastructure at CHE, Arup conducted a site survey of communications equipment rooms within CHE. This also included the recently commissioned ITA data center facility. The purpose of the survey was to understand the extent of communications and computing equipment that will be impacted by a future relocation.

CHE is comprised of 24 floors, starting with P5 located beneath the building and ending with the 19th floor at the top of the building. The building houses many of the City's core services, with head-end IT equipment primarily housed on Floors 19 and P4.

The following is a listing of the various technical rooms within CHE with rooms in bright green being those visited during the preliminary site visit on June 5, 2024. Access to the other rooms in dark green was not possible during the site visit.

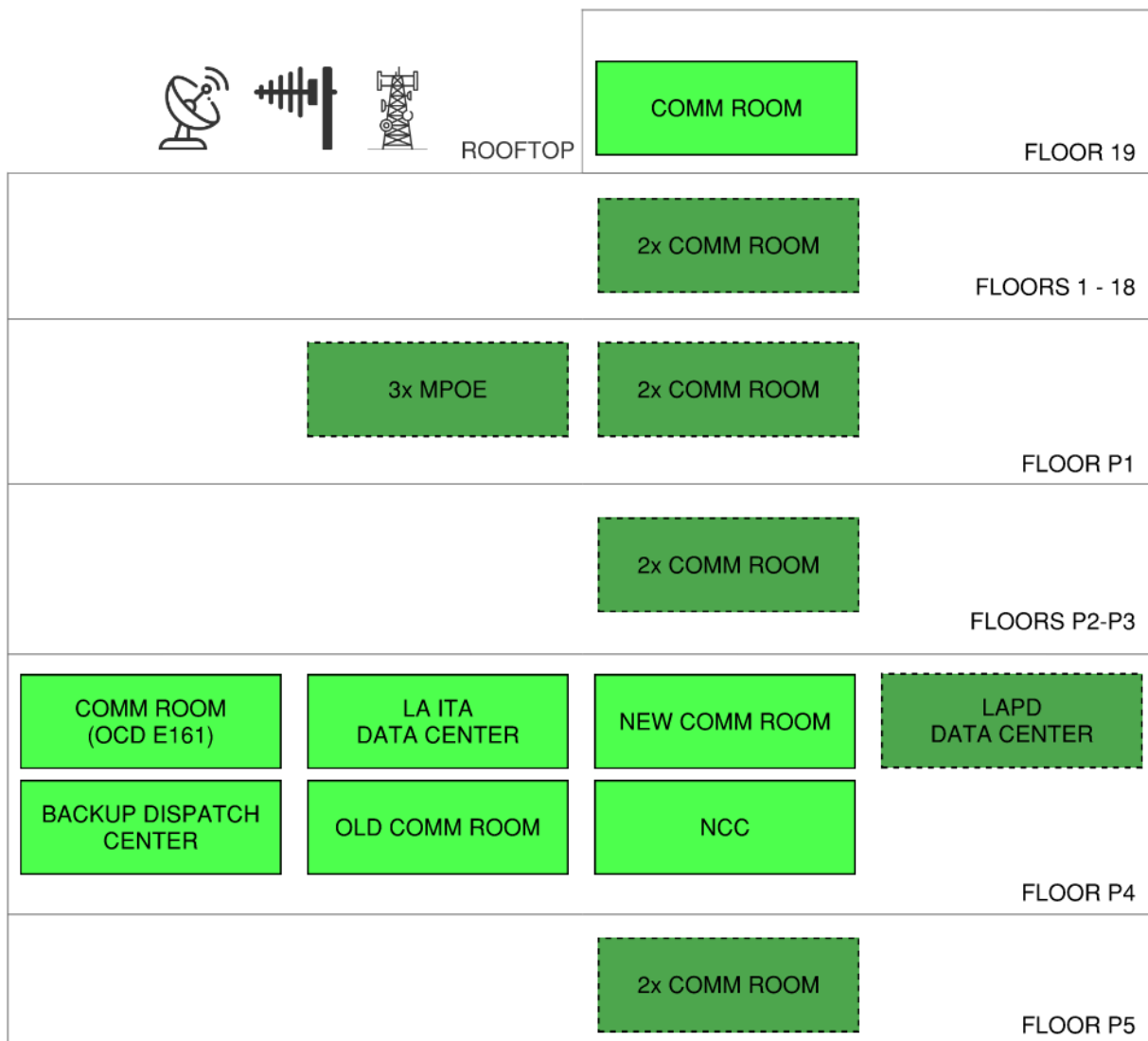
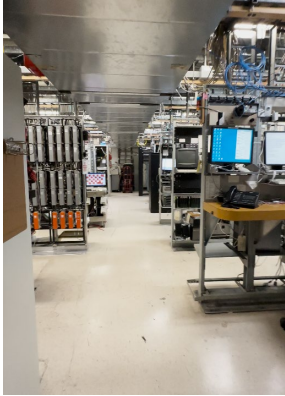

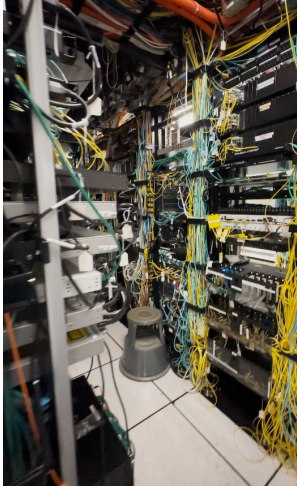
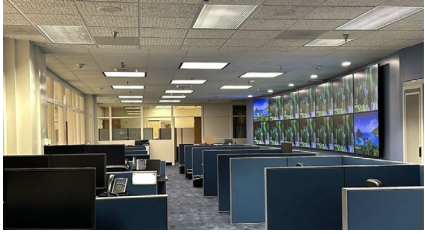

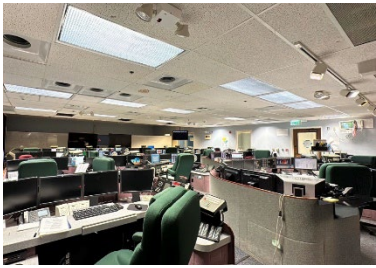
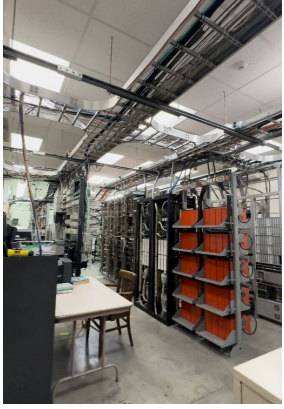


Figure 2 LA CHE IT Technical Rooms Diagram

Floor	Technical Rooms	Related Images
Floor P1	<p>MPOEs –</p> <p>Three (3) MPOEs on the 1st floor contain third-party service provider equipment supporting the building</p>	
Floor P4	<p>OCD E161 –</p> <p>The main communications room for CHE serving backbone connections to other operational rooms and fiber to 117 LAFD satellite offices</p>	
Floor P4	<p>New Comm Room –</p> <p>The newer Comm Room on Floor P4 with equipment serving LA ITA and LAPD services.</p>	
Floor P4	<p>Old Comm Room –</p> <p>A largely decommissioned room with about 3 racks left in operation.</p>	

Floor	Technical Rooms	Related Images
Floor P4	<p>Network Communications Center (NCC) –</p> <p>A newly-built monitoring center with large wall-mount displays and several workstations.</p>	
Floor P4	<p>LA ITA Data Center –</p> <p>The City’s primary data center. Three “pods” (distinct clusters of racks, approximately 22 each) with enclosed cold aisles house the City’s essential servers.</p>	
Floor P4	<p>LAFD Backup Dispatch Center –</p> <p>A newly-upgraded operations room with wall-mount displays and several consoles located on dispatch workstations. The room serves as a training location and as a backup to the primary dispatch center located within LAFD’s EOC.</p>	
Floor 19	<p>Comm Room –</p> <p>The communications room containing most of the City’s radio infrastructure. All city services route between each other through this room and all radio transmissions are broadcast from equipment housed within these racks.</p>	


Floor	Technical Rooms	Related Images
Floor 19	Rooftop – Antennas for point-to-point wireless bridges, two-way radio, and public safety radio can be found attached to the floor and sides of the 19th Floor Rooftop.	
Floor P5 and Floors 1 - 18	Comm Room – Two comm rooms on each floor support network distribution for typical office environments.	

Table 1. LACC CHE IT Technical Room Descriptions

Note: The LAPD Dispatch Center and the Emergency Operations Center (EOC) located outside of CHE were not included in site activities and are excluded from the cost model. These locations are noted only as supplemental information.

Following site investigations, Arup met with representatives from LA ITA, LAFD, LAPD, and members of the project team to determine the key requirements and dependencies associated with the equipment located within the CHE IT rooms. This work was primarily focused at scoping the amount of IT equipment and cable infrastructure that needed to be relocated with an understanding that any early ROM cost estimation would be indicative of scope rather than true cost of relocation out of CHE. Thus, the discussions culminated in the creation of a spreadsheet developed by the LA ITA team that inventoried IT equipment and their costs within each of CHE’s IT and communications rooms.

The spreadsheet includes sections to identify systems residing within the rooms, to describe mission criticality of the various devices in the rooms, to estimate project costs of equipment installs and/or upgrades as reported in accessible ITA records, and to provide special considerations specific to the systems described. Cost information was acquired from accessible records including vendor invoices and prior project budgets held by the ITA department.

Scope Categories for IT

As many existing systems lacked up-to-date documentation (e.g. as-built records and project costs), many areas of the spreadsheet remained empty or contained best-guess values. Parsing and analyzing the data was therefore a complex task which included adjusting historic numbers for inflation, estimating operating expenses by room square footage, etc. Costs reported by the ITA team are used as ROM values. Where years of expense were provided, costs have been adjusted to 2024 pricing numbers using Consumer Price Index (CPI) information published by the US Bureau of Labor Statistics.

The following ROM relocation costs have been summarized by scoping categories to better communicate in simple terms capture types of IT investment within CHE associated with specific functions of the various equipment. The findings are as follows:

Scope Category	2024 Inflation-Adjusted System Cost to Replicate*
Radio Systems	
Comm Room Radio Equipment	\$30,373,317
Rooftop Equipment	\$8,000,000
Data Center	
LA ITA Data Center	\$18,182,674
LAPD Data Center	\$3,693,514
Operational Rooms	
Network Communications Center	\$3,050,000
LAFD Backup Dispatch Center	\$33,603,727
Building IT Network	\$59,000,000
Miscellaneous Costs	
Project Management	\$1,003,385
Fiber Network to Connect to New Site	\$250,000
Maintenance Contract Cost	\$23,573,493
Contingency for TBD Items	\$45,182,528
Total Estimated Cost	\$225,912,638
Estimated ROM Cost	\$226,000,000

*Inflation-adjustment was performed using Consumer Price Index (CPI) information published by the US Bureau of Labor Statistics. See Appendix A for a breakdown of expense years used to calculate inflation-adjusted costs. Costs for which no expense years were provided are assumed to be at 2024 pricing.

Table 2. 2024 Inflation-Adjusted Replication Costs by Scope Category

Next Steps

Although the above estimated ROM cost can be used to strategically indicate the scope of the IT relocation effort, further work to close the gaps in cost information will be essential to ensuring adequate financial provisions exist for a successful relocation effort. Refinement of the ROM cost information will require multiple trades, such as mechanical, electrical, public health (MEP), architecture and structure, to estimate the cost of replicating supporting MEP equipment associated with IT operations and the construction with fit out of finishes to equipment rooms e.g. walls, ceilings, flooring, doors and related architectural finishes.

Continued development of realistic relocation scenarios and increased specificity of project timelines will also help to define scoping for ancillary supporting infrastructure, and to define preferred procurement routes. Specifically, the masterplanning project will need to identify contributing trades as part of future Phase 2 and to sequence future scoping activities for further refinement of the estimated ROM cost.

The calculation of the CHE IT relocation ROM was completed with the assumption that systems be replicated at their new host locations like-for-like to the greatest extent possible. However, with the ever-changing technology landscape and increasing availability of new features within the IT industry, there may be additional technology options available to the CHE IT relocation effort which may both provide betterment to organizational operations and reduce relocation costs. Migration of on-premises infrastructure at CHE to the public or private cloud or relocation of equipment to shared data center colocation spaces, for example, may be viable relocation strategies that offset capex associated with relocation of ITA's current technology systems as future op-ex. Exploration of these alternative relocation options will require holistic technology relocation strategy planning that will involve consultations with all departments, focused on delivering solutions which cater best to their required, respective functions.

Scope Exclusions

Work to provide the ROM IT relocation costs excludes the following activities:

- Review of wide-area network infrastructure and other incoming communications services **off-site**.
- Review of MEP facilities supporting the communications infrastructure including communication rooms power, backup power, UPS, cooling, cable pathways and environmental controls. This is a significant cost that is not represented above.
- Review of configuration of active network equipment including network management and monitoring and cybersecurity for CHE, whether supporting building automation or office IT applications.
- Commentary on standards and code compliance. Specifically, Life Safety systems such as fire alarm, public address, voice evacuation, two-way communications, and Emergency Responder Radio Systems.
- Communications cabling and network infrastructure for electronic security such as access control, video surveillance, digital signage, video conferencing, meeting room AV, and command center IT/AV systems. Cost of office IT equipment such as printers, PCs, multifunction devices and other peripherals is excluded.

Assumptions and risks within Cost Model

In addition to exclusions reported above, there are assumptions made in compiling the costing spreadsheet. The following list identifies these assumptions:

- Gaps in cost data exist within the current spreadsheet, as reported by the ITA team.
- ITA costs reported are understood as ROM values.
- All equipment for which costs are reported is for city services. For example, there are no other unreported equipment costs associated with sensitive government communications.
- Antiterrorism Force Protection is not required at the replication site.
- Costs for beneficial improvements to the power, cooling or environmental specifications at the new site is not accounted for and will be subject to further study.
- The location of a new site (or sites) is to be determined. The geographic distance from the current CHE location will impact on cost of relocating wide area network connections.

- LAPD, LAFD, and DOJ IT standards between the issuance of this report and the time of relocation will remain the same. Future changes in standards, necessitating unforeseen costs, are not accounted for.
- ROM costs are based on current and existing equipment surveyed. Costs for planned technology refreshes between the issuance of this report and the time of relocation are not included.
- Equipment in-situ and decommissioned but not removed from CHE is not reported in the cost model.
- Labor costs for administrative PM and technical leadership will be approximately triple the cost of field technicians involved in the relocation effort.
- Difficulty in documenting complexity of the different systems adds to the relocation effort.
- There will be an escalation in costs at the time of relocation. At a minimum, make allowance for cost escalation for a relocation in 7 years' time.
- Cost of network provision in CHE is inclusive of network and Wi-Fi provisioning for office automation and building operations. This may or may not form part of the replication costs for mission critical services.
- The timing of any relocation would commence after known major sporting events planned (e.g. World Cup, Olympics)
- There will be significant radio planning and design associated with relocating roof top antennas. This is not reported and is identified as a cost risk.

**Appendix
Appendix A**

Inflation-adjustment was performed using Consumer Price Index (CPI) information published by the US Bureau of Labor Statistics. Costs for which no expense years were provided are assumed to be at 2024 pricing.

LACC City Hall East ITA Rough Order Magnitude System Costs

Total Cost of all Systems

\$ 225,912,638.35

Floor	Room	System	User Group	2024 Inflation-Adjusted System Cost to Replicate	Expense Year
Level P4	OCD E161	LAFD Radio (Main Tactical Channels)	LAFD	\$ 10,200,000.00	2018
		LAFD Backup Radio and Mutual Aid	LAFD	\$ 500,000.00	2023
		Cellular DAS/BDA	LA ITA	TBD	
		PD 911/Fire Alarm Rack	LAPD	TBD	
		Mobile Data Network for P4 and 19th Flr	LAFD	\$ 1,463,317.40	2015
		Racks and Cabinets	LAFD/ITA	\$ 300,000.00	
	Network Communications Center	Comm Room C401	LA ITA	\$ 2,000,000.00	
		Comm Room E101	LA ITA	\$ 300,000.00	
		NCC Area	LA ITA	\$ 750,000.00	2024
		AV system	LA ITA	TBD	
	LA ITA Data Center [C409]	Cabling and Pathway	LA ITA	\$ 12,182,673.84	2020
		Cooling Units	LA ITA	TBD	
		UPS System [located in P3]	LA ITA	TBD	
		Storage Area Network	LA ITA	\$ 3,000,000.00	
		Servers (Synergy, AIX, Rack)	LA ITA	\$ 3,000,000.00	
	LAFD Backup Dispatch Center	Cabling and Pathway	LAFD	TBD	
		Dispatch Console	LAFD	\$ 11,300,796.07	2018
		Logging Recorders	LAFD	\$ 11,300,796.07	2018
		Legacy Logging Recorder	LAFD	\$ 200,000.00	
		Furniture for Dispatch Staff	LAFD	\$ 380,000.00	
		Audio/Video Wall	LAFD	\$ 1,373,298.08	2012
		911 Phone Switch	LAFD	\$ 1,241,741.77	2023
		Network Cabling for Dispatch Console	LAFD	\$ 280,000.00	
		Firewall	LAFD	\$ 236,000.00	
		Power - new Radio, Console and Logging Recorder	LAFD	\$ 400,000.00	
		MOSCAD	LAFD	\$ 133,595.27	2022
		Cabling and Pathway	LAFD	\$ 187,500.00	
		CAD Servers	LAFD	\$ 2,250,000.00	
		Dispatch PCs	LAFD	\$ 520,000.00	
		CAD Firewall/Network	LAFD	\$ 300,000.00	
NG 911 Switch		LAFD	\$ 2,000,000.00		
Purvis Servers/Network		LAFD	\$ 1,000,000.00		
Redcom - FSAS		LAFD	\$ 500,000.00		

Floor	Room	System	User Group	2024 Inflation-Adjusted System Cost to Replicate	Expense Year
P4	LAPD Data Center	Synergy	LAPD	\$ 644,634.66	
		3 par	LAPD	\$ 995,000.00	
		StoreOnce	LAPD	\$ 771,000.00	
		UPS	LAPD	\$ 1,282,879.82	
19th Fir	Comm Room	LA City Servers - BeON (Citywide), STRS Core, and Other	LA ITA	TBD	
		Mutual Aid Radio Servers, Channel Bank, Core Equipment, Routers	LA ITA	TBD	
		Microwave Telecom Rack - Citywide, LAPD, LAFD, Solar WiFi, etc.	LA ITA	\$ 7,000,000.00	
		Microwave Servers/Equipment	LA ITA	TBD	
		Simulcast Trunked Radio System (STRS)		\$ 4,000,000.00	
		Microwave Backhaul for new Radio, Console and Logging Recorder	LAFD	\$ 45,000.00	
		LAPD Radio Equipment	LAPD	TBD	
		LAFD Radio Equipment	LAFD	TBD	
		SONET	LA ITA	\$ 1,500,000.00	
		Side Tone Receivers (STR)	LAFD	TBD	
		MUXes	LAFD	TBD	
		underground	LA ITA	\$ 1,265,000.00	2024
		Routers		TBD	
		Switches		TBD	
		Batteries	LA ITA	\$ 200,000.00	
		Eye-in-the-Sky/Video downlink		TBD	
		Emergency Communications Connectivity, Redundancy and Sidelink Receiver Subsystems		\$ 1,200,000.00	
	Monitoring Equipment		TBD		
	Cable Trays, Racks for CHE 19th floor and P4, OCD (Tech Control) only		\$ 2,200,000.00		
	Monitoring Equipment	LA ITA	\$ 500,000.00		
	Rooftop	Microwave Backhaul Antennas (Dishes and Radio Antennas)	LA ITA	\$ 6,000,000.00	
		Wireless Bridge Antennas	LA ITA	TBD	
		Broadcast Television Antennas	LA ITA	TBD	
Time Sync Antennas (By AT&T)		LA ITA	TBD		
Waveguides, Cable Trays, Co-ax Cables and Other Accessories		LA ITA	\$ 2,000,000.00		
Public Safety Radio Antennas		LA ITA	TBD		

Floor	Room	System	User Group	2024 Inflation-Adjusted System Cost to Replicate	Expense Year
All floors	Comm Room	Network equipment for users on every floor(2 Comm rooms per floor)	LA ITA	\$ 17,100,000.00	
		Switch for each Floor	LA ITA	\$ 10,000,000.00	
		Cabling for Switches	LA ITA	\$ 30,000,000.00	
		multi-carrier LTE Service Provider Augmentation	LA ITA	\$ 1,900,000.00	
		Major Provider Coverage (P1-P4)		TBD	
		Wifi		TBD	
		Security Badge Cabling		TBD	
		Services needed to replicate at the other site		TBD	
		Project Management	LA ITA	\$ 1,003,385.00	
		Fiber Network to connect to the new site	LA ITA	\$ 250,000.00	
		Maintenance Contract Cost		\$ 23,573,492.70	
		Contingency for TBD Items		\$ 45,182,527.67	

Appendix B

Spreadsheet Notes:
 1. Use either initial capital value or most recent system upgrade for estimated system cost (Column G). Provide dates of initial install or upgrade in the System Notes column.
 2. Where estimated facilities costs cannot be determined, enter room floor square footage estimates into the System Notes column.
 3. Where current system standards are inadequate and betterment is required, add the betterment requirements into the System Notes column.

UNADJUSTED LACC City Hall East ITA Rough Order Magnitude System Costs

Floor	Room	System	User Group	Mission Criticality * Yes - no downtime accepted (system to be replicated) OR * No - downtime acceptable (system to be relocated)	Estimated System Cost to Replicate/Relocate	City Staff/Materials cost	Estimated Facilities Cost (Power, UPS, Room Lighting, Cooling, Finishes)	System Notes	
Level P4	OCD E161	LAFD Radio (Main Tactical Channels)	LAFD	Yes	\$9 Million for both MFC and OCD - based on 2018 price	\$1.2 Million			
		LAFD Backup Radio and Mutual Aid	LAFD	Yes	\$500k - based on 2023 price				
		Callular DAS/BDA	LA ITA	No	no cost estimate - Service Provider Project				
		PD 911/Fire Alarm Rack							
	New Comm Room (Data Center) C401	Mobile Data Network for P4 and 19th Flr	LAFD	Backup/Primary System is MFC		\$1,000,000 at 2015 Cost	\$100,000		The cost documented includes OCD E161 and 19th FL Comm Rm
		Racks and Cabinets	LAFD/ITA	Yes	200 racks				
		Telecom Racks	LA ITA						For Data Center/NCC
		Cooling Units	LA ITA						For Data Center/NCC
	Old Comm Room (Vendor connection) - needs information from Engineering and NCC	Cabling and Pathway	LA ITA						For Data Center/NCC
		Network/Hardware/Equipment							For Data Center/NCC
		Telecom Racks	LA ITA						For Data Center/NCC
	Network Communications Center	Comm Room C401	LA ITA	Yes	\$2,000,000				For Data Center/NCC
		Comm Room E101	LA ITA	Yes	\$300,000				For Data Center/NCC
		NCC Area	LA ITA	Yes	\$750,000 (2024)				For Data Center/NCC
	LA ITA Data Center [C409]	ask Mike/Arleen for monitoring tools and NCC build out - AV system							
		Cabling and Pathway	LA ITA					\$10,000,000 (Note: The project cost include the New Network Communications Center [C401] in 2020)	Approximately 66 server cabinets; new Data Ctr sqft=2849
		Cooling Units	LA ITA			cost provided by GSD to Aksei			
		UPS System (located in P3)	LA ITA						
	LAFD Backup Dispatch Center	Storage Area Network	LA ITA	Yes	\$3,000,000				ITA (Citywide), LAFD TEAMS I
		Servers (Synergy, AIX, Rack)	LA ITA	Yes	\$3,000,000				ITA (Citywide) VMware, LAFD TEAMS II, PrimeGov/Legislative Management System
		Cabling and Pathway	LAFD						
		Dispatch Console	LAFD	Yes	\$9 Million for both MFC and OCD - based on 2018 price				
		Logging Recorders	LAFD	Yes	\$9 Million for both MFC and OCD - based on 2018 price				
		Legacy Logging Recorder	LAFD	No	\$200,000				
		Furniture for Dispatch Staff	LAFD	Yes	\$350,000				
		Audio/Video Wall	LAFD		\$1,000,000 - based on 2012 price				
		911 Phone Switch	LAFD	Yes	\$1,200,000.00 - based on 2023 price				
		Network Cabling for Dispatch Console	LAFD	Yes	\$280,000				
		Firewall			\$236,000				
		Power - new Radio, Console and Logging Recorder			\$400,000				
MOSCAD		LAFD	Yes	\$124k - based on 2022 price					
Cabling and Pathway		LAFD	Yes	85 racks and 40 cabinets at MFC Rm 215 - 19' Chatsworth Product Inc., racks - add for future growth					
CAD Servers		LAFD	Yes	\$2,250,000		23 servers			
Dispatch PCs		LAFD	Yes	\$520,000		310 PCs			
CAD Firewall/Network	LAFD	Yes	\$300,000						
NG 911 Switch	LAFD	Yes	\$2,000,000						
Purvis Servers/Network	LAFD	Yes	\$1,000,000						
P4	LAPD Data Center	Redcom - FSAS	LAFD	Yes	\$500k -2nd HDX			The computing and processing capacity of 400 virtual servers	
		Synergy	LAPD	Yes	\$644,634.66			Ensuring seamless virtual machine management	
		3 par	LAPD	Yes	\$995,000.00			An enhanced backup and archive solution to safeguard critical data effectively.	
		StoreOnce	LAPD	Yes	\$771,000.00			Ensure redundant power supply to maintain system operation during power interruptions.	
		UPS	LAPD	Yes	\$1,282,879.82				

Floor	Room	System	User Group	Mission Criticality * Yes - no downtime accepted [system to be replicated] OR * No - downtime acceptable [system to be relocated]	Estimated System Cost to Replicate/Relocate	City Staff/Materials cost	Estimated Facilities Cost (Power, UPS, Room Lighting, Cooling, Finishes)	System Notes
		LA City Servers - BeON (Citywide), STRS Core, and Other	LA ITA	Yes	ask Harry			
		Mutual Aid Radio Servers, Channel Bank, Core Equipment, Routers	LA ITA	Yes	ask Samar, Tony			
		Microwave Telecom Rack - Citywide, LAPD, LAFD, Solar WiFi, etc.	LA ITA	Yes	\$7,000,000			Considering Microwave equipment on the racks @ 14 links from the roof top
		Microwave Servers/Equipment	LA ITA	Yes	ask Todd, Tony			
		Simulcast Trunked Radio System (STRS)		Yes	\$4,000,000			Current ongoing project being implemented by Bailey-Wells with Harris radios. This includes core replacement and some site equipment. This does not include the Cisco routers that were replaced by ITA in last couple of years
		Microwave Backhaul for new Radio, Console and Logging Recorder	LAFD	Yes	\$45,000			
		LAPD Radio Equipment	LAPD	Yes	no available cost, there is a plan to replace it			
		LAFD Radio Equipment	LAFD	Yes	no available cost, there is a plan to replace it			
		SONET	LA ITA	Yes	\$1,500,000			ITA Network Engineers recently replaced all the Cisco SONET equipment. The cost of Microwave connections between CHE and MFC via EOC Tower is estimated here. Also no cost is included for the Fiber Optics connections between CHE and EOC
		Side Tone Receivers (STR)	LAFD	Yes	no available cost			Mani - asking the size of the network, Cisco SONET
		MUXes	LAFD	Yes	no available cost, there is a plan to replace it			
	Comm Room	Bi-Directional Amplifiers throughout the building (19 floors plus 4 floors underground)	LA ITA	Yes	\$1,265,000			City Hall East has BDA for the entire building which was installed a several years ago. We do not have any available cost for the old system. However, \$55,000 is a recent price (Year 2024) from a proposal that is considered to be for one floor facility only. The price shown here is for the entire CHE of 23 floors
		Routers		Yes				
		Switches		Yes				
		Batteries	LA ITA	Yes	\$200,000			
		Eye-in-the-Sky/Video downlink		Yes				
		Building Communications Connectivity Accessories and: Sidestone Receiver Subsystems Amateur Radio Subsystems LAFD Scanner Subsystems LAPD Harris Multiplexer LAFD MDT Subsystems Audio Distribution Systems Rooftop Cabling and Other accessories		Yes	\$1,200,000			These items and accessories are present in CHE 19th floor and P4 areas for the Radio Communications Systems only. The price is a guesstimate
		Monitoring Equipment		Yes				TSM 8000 for Nokia Microwave systems, Farscan for Harris Radios and Moscad for Motorola Radios for LAPD and LAFD
		Cable Trays, Racks for CHE 19th floor and P4, OCD (Tech Control) only		Yes	\$2,200,000			There are at least 200 racks and about 120 cabinets existing in CHE for radio and microwave systems only. This includes switches, routers and battery racks that are strictly for radio communications only. The pricing and quantity for other Network equipment may be provided by other groups
		Monitoring Equipment	LA ITA	Yes	\$500,000			
		Microwave Backhaul Antennas (Dishes and Radio Antennas)	LA ITA	Yes	\$6,000,000 rough cost estimates			
		Wireless Bridge Antennas	LA ITA	Yes				
		Broadcast Television Antennas	LA ITA	Yes	No data available			
		Time Sync Antennas (By AT & T)		Yes				
		Waveguides, Cable Trays, Co-ax Cables and Other Accessories	LA ITA		\$ 2,000,000 rough cost estimates			
		Public Safety Radio Antennas	LA ITA		No cost available			
19th Flr								
Comm Rooms for 19 floors in CHE		Network equipment for users on every floor(2 Comm rooms per floor)	LA ITA		\$150K/comm room plus \$300K cabling. Each floor will cost approx \$900,000			
		Switch for each Floor			200 staff per Floor,\$10 Million			
		Cabling for Switches			\$30 Million			

Floor	Room	System	User Group	Mission Criticality * Yes - no downtime accepted [system to be replicated] OR * No - downtime acceptable [system to be relocated]	Estimated System Cost to Replicate/Relocate	City Staff/Materials cost	Estimated Facilities Cost (Power, UPS, Room Lighting, Cooling, Finishes)	System Notes
P1 MPOE	MPOE for Service Providers		LA ITA		\$900,000 for the three comm rooms in P1	Fiber cost for LADWP - confirm with Frank/Harry		The ISPs come into CHE through these 3 comm rooms. Also these room are used to transport data to the other floors in CHE via Fiber and copper.
	Firewall - c/o Miguel Collins							
Each Floor	LTE Service Provider Augmentation	multi-carrier			\$1.9 Million			
	Major Provider Coverage (P1-P4)							
	Wifi				\$2 Million			
	Security Badge Cabling							
	Services needed to replicate at the other site							
	Project Management	2 staff, 1 - Senior Communications Engineer \$ 216,880 and 1 - Communications Engineer \$ 184,474, Total per year = \$ 401,354 per year	LA ITA		\$ 401,354 per year			
	Fiber Network to connect to the new site	\$100 per linear ft, cost depends on the location of the new site	LA ITA					
	Maintenance Contract Cost	what is the cost to replicate the system to a new site location? for all system?						

APPENDIX C: INFRASTRUCTURE REPAIR FUNDING

Table C-1: Funding Sources for Water Infrastructure Repairs

Source	Grantor	Eligible Uses	Funding Information
Clean Water State Revolving Funds	<p>State Water Resources Control Board</p> <p>Learn More: https://www.waterboards.ca.gov/water_issues/programs/grants_loans/</p>	<p>Activities under the Clean Water Act Section 603(c) are eligible. Eligible activities include but are not limited to the following:</p> <ul style="list-style-type: none"> Measures to manage, reduce, treat, or recapture stormwater or subsurface drainage water to any municipality, intermunicipal, interstate, or State agency. Measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse. To plan, develop, and obtain financing for eligible projects, including planning, design, and associated preconstruction activities. 	<p>Low-interest, 30-year, competitive, loans.</p> <p>Available funding is dependent on annual allocations from the federal government to the State Water Resources Control Board. Eligible projects are selected on an annual basis.</p> <p>Funding is competitive and is contingent on annual federal allocations and the ability of the applicant to meet scoring objectives.</p> <p>Loan amount varies by project. According to the State Fiscal Year 2024-2025 Intended Use Plan, the highest loan allocation was \$100 million, and the lowest loan allocation was \$950,000.</p>
Sewer Overflow and Stormwater Reuse Municipal Grants	<p>State Water Resources Control Board</p> <p>Learn More: https://www.usbr.gov/watersmart/index.html</p>	<p>Funds can be used for the planning, designing, and construction of combined sewer overflows (CSOs), sanitary sewer overflows (SSOs), and stormwater management projects.</p>	<p>Competitive grants.</p> <p>Funding is prioritized for small and disadvantaged communities. Funding also is prioritized for applicants who have previously applied and were not selected.</p> <p>According to the State Fiscal Year 2024-2025 Intended Use Plan, the highest grant allocation was \$6 million, and the lowest grant allocation was \$1.5 million.</p>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Infrastructure Revolving Funds</p>	<p>California Infrastructure and Economic Development Bank (IBank)</p> <p>Learn More: https://ibank.ca.gov/loans/infrastructure-loans/#</p>	<p>Eligible projects include a wide variety of public infrastructure and economic expansion projects (excluding housing) that improve and sustain communities, helping individuals and families thrive. IBank has a focus on supporting small and moderate-sized local governments, but all local governments are eligible to apply.</p> <p>Projects include but are not limited to: city streets, county highways, state highways, drainage, water supply and flood control, educational facilities, environmental mitigation measures, goods movement-related infrastructure, housing-related infrastructure, parks and recreational facilities, port facilities, power and communications facilities, public transit, sewage collection and treatment, solid waste collection and disposal, water treatment and distribution, defense conversion, public safety facilities, military infrastructure, and economic development facilities.</p>	<p>Low-cost, 30-year, direct loans (not competitive).</p> <p>Financing is available in amounts ranging from \$1 million to \$65 million with a maximum term of 30 years. The loans are not competitive. If the applicant is approved for a loan, funding is available on a first come first serve basis. Interest rates awarded for past projects have ranged from 4.04 to 4.78 percent.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">WaterSMART Grants: Water and Energy Efficiency Grants</p>	<p>U.S. Department of the Interior Bureau of Reclamation</p> <p>Learn More: https://www.usbr.gov/watersmart/index.html</p>	<p>Eligible projects are projects that result in quantifiable water savings, implement renewable energy components, and support broader sustainability benefits. These projects conserve and use water more efficiently; increase the production of renewable energy; mitigate conflict risk in areas at a high risk of future water conflict; and accomplish other benefits that contribute to sustainability in the Western United States. This includes but is not limited to the following project types:</p> <ul style="list-style-type: none"> • Small-Scale Water Efficiency Projects - Funding is for water efficiency improvements that have been identified through previous planning efforts. • Environmental Water Resources Projects - Funding is to support projects focused on benefits to ecological values or watershed health. 	<p>Competitive grants with a cost sharing requirement.</p> <p>Small-Scale Water Efficiency Projects – This is a grant program with a 50 percent matching requirement. According to the Fiscal Year 2024 – 2025 Notice of Funding Opportunity, the award ceiling per applicant is \$125,000.</p> <p>Environmental Water Resources Projects – This is a grant program with a 50 percent matching requirement. Applicants may request federal funding up to \$3 million for projects with total project costs of \$6 million or less to be completed within 3 years. Funding is awarded on a competitive basis.</p>

Safe Clean Water Program	<p>Los Angeles County</p> <p>Learn More: https://safecleanwaterla.org/</p>	<p>Eligible projects maximize the ability of local governments to address local stormwater and urban runoff challenges and opportunities. Eligible activities include but are not limited to the following:</p> <ul style="list-style-type: none"> • Design, planning, preparation of grant applications, preparation of environmental documents, obtaining permits, construction, O&M, and inspection. • Real property acquisition. • Scientific and technical studies. • Water quality and resilience planning. • Stormwater or urban runoff residential/commercial retrofits. • Feasibility studies. • Debt financing. • And more. 	<p>Funding is dispersed to municipalities in compliance with program requirements.</p> <p>This program collects parcel tax from properties within the Los Angeles County Flood Control District (District), generating approximately \$280 million per year. 40 percent of this funding is allocated to municipalities. The City of Los Angeles receives funding from the Safe Clean Water Program proportionally to the amount of parcel tax collected within its boundaries.</p>
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Sources: California State Water Resources Control Board, California Infrastructure and Economic Development Bank, U.S. Department of Interior Bureau of Reclamation, Los Angeles County, BAE, 2024.

APPENDIX D: TOUR NOTES

City Hall East
200 N Main St

Neighborhood Sub-Area:
Downtown LA

- Current Tenants/Uses:**
- City Administrative Officer
 - City Attorney
 - City Controller
 - Information Technology Agency
 - Los Angeles Fire Department
 - Los Angeles Police Department
 - Trimana (Restaurant)

Building Characteristics
Building Size (sq. ft.): Not available.
Floorplate listed as 180' by 185'
Building Age (Year built): 1972 (est.)
Site Size (Sq. Ft.): 139,486.8 sf
Stories (#): 20

Building and Site Constraints (Y/N/?)
Building Condition:

Historic Assets: Y

Building Hazards:

Site Contamination:

Potential Uses (Y/N/M)

Affordable Housing: Y
Mixed-Income Housing Y
Retail: M
Social Infrastructure: M
Continued City Use: Y



Notes:

- Building Conditions
 - Proximity to City Hall proximity and existing floor plates make this best used as City office space.
 - Building is structurally sound but outdated.
 - Updating the building will require swing space for workers.
 - Bridge to City Hall is a feature that should be considered for removal to create a more pedestrian friendly corridor and activate Main Street Below.
- Building Use
 - This building contains several departments. Programming for these employees is likely to be the most involved.
 - Survey of leadership of each department stationed in CHE is necessary for a successful buy-in process.
 - Increased space needed, a mix of uses with more flexible workspaces would be ideal
- Benefits of Redevelopment
 - Greater opportunities for ground level commercial in a new project would be beneficial to users of the building
- Potential to Improve As-Is
 - Public Features & Amenities including but not limited to public art, public squares, closure of access to vehicles could make for a more user-friendly town square.
 - Addition of permanent street vendor stalls that are rentable could also add a public benefit
- Difficulty for reuse score – high for this site due to building conditions and use

**911 Emergency Call Center
(LAPD Metro Comm.
Dispatch Center)**
100 N Los Angeles St

Neighborhood Sub-Area:
Arts District Little Tokyo

Current Tenants/Uses:
• Los Angeles Police Department (LAPD)
• 911 Emergency Call Center

Building Characteristics
Building Size (sq. ft.): 53,761 sf
Building Age (Year built): 2002
Site Size (Sq. Ft.): 77,889 sf (est.)
Stories (#): 3 stories

**Building and Site
Constraints (Y/N/?)**

Building Condition:

Historic Assets: Y

Building Hazards:

Site Contamination:

Potential Uses (Y/N/M)

Affordable Housing: _M_
Mixed-Income Housing _M_
Retail: _N_
Social Infrastructure: X
Continued City Use: X



Notes:

- Building Condition
 - 21-year-old building appears to start having deferred maintenance issues. Stories from staff of water pipe leaks rodents and power failures. If project goes DBFOM consider having this essential facility in the maintenance and lifecycle program to ensure uptime.
 - Lack of secure Parking is a huge challenge for recruitment; Because of shift schedule, public transport is not ideal.
 - 30% understaffed, 85% female workforce
- Potential Uses
 - Like to remain 911 Call Center for foreseeable future
 - Major infrastructure considerations make this an unlikely candidate for being repurposed as a new use
 - Likely cost prohibitive to redevelop.
 - Would need to create a third location before redeveloping this site
 - Not well sited for retail
- Benefits to Redevelopment
 - Could be a good location for housing to activate area and support new retail
- Potential to Improve As-Is
 - Should improve use to update and maintain
- Difficulty to Reuse Score – very high due to cost to relocate 911 call center (essential services building) and locate a site large enough for a new building and an anti-terrorism force protection boundary

Mangrove Site (Medical Services/Training & Testing Center)
520 E Temple St

Neighborhood Sub-Area:
Arts District Little Tokyo

- Current Tenants/Uses:**
- Personnel Department Medical Services Division
 - Personnel Department Training and Training Center

Building Characteristics
Building Size (sq. ft.): 30,350 sf + 34,845 sf parking
Building Age (Year built): 2006
Site Size (Sq. Ft.): 37,722 sf (est.)
Stories (#): 2 stories

Building and Site Constraints (Y/N?)
Building Condition:

Historic Assets: N

Building Hazards:

Site Contamination:

Potential Uses (Y/N/M)

Affordable Housing: Y
Mixed-Income Housing: Y
Retail: M
Social Infrastructure: _M_
Continued City Use: M



Notes:

- Building Conditions
 - Newer building
- Building Use
 - Currently houses uses complementary to Personnel Building
 - Training center
 - Requires staff to come in
- Benefits of Redevelopment
 - Valuable property (Arts District adjacent) relative to other City properties
 - Repurpose for Housing and Commercial Uses
 - Can be leveraged for new City use buildings
 - Move departments closer to City Hall
- Potential to Improve As-Is
 - N/A
- Difficulty for reuse score – low

LA Personnel Department
700 E Temple St

Neighborhood Sub-Area:
Arts District Little Tokyo

- Current Tenants/Uses:**
- Personnel Dept.
 - Emergency Operations Center (EOC) Tower and Communication Site
 - Actual EOC on 500 E Temple

Building Characteristics
Building Size (sq. ft.): 34,830 sf
Building Age (Year built): 1937
Site Size (Sq. Ft.): 2.29 acres
Stories (#): 3 stories + 1 basement story

Building and Site Constraints (Y/N/?)
Building Condition:

Historic Assets: N

Building Hazards:

Site Contamination:

Potential Uses (Y/N/M)

Affordable Housing: X
Mixed-Income Housing X
Retail:
Social Infrastructure:
Continued City Use:



Notes:

- Building Conditions
 - Newer building
 - Existing Emergency Operations Center tower on site
- Building Use
 - Currently houses Personnel Building
 - Not the best first impression for potential City recruits
- Benefits of Redevelopment
 - Valuable property (Arts District adjacent) relative to other City properties
 - Repurpose for Housing and Commercial Uses
 - Can be leveraged for new City use buildings
 - Move departments closer to City Hall
 - Potential to connect to Union Station
- Potential to Improve As-Is
 - N/A
- Difficulty for reuse score – Moderate, need to find alternative site for EOC tower

LA Mall/Triforium
300 N Main St

Neighborhood Sub-Area: Downtown LA

Current Tenants/Uses

- Civic Center Bridge Housing Facility (ABH)
- General Services Dept. (GSD) Mail Services
- Shopping mall tenants
 - California Pita, Sbarro, Express Lotto, Channel 35 Storage, Sears Shoe Repair, ACEBSA

Building Characteristics

Building Size (sq. ft.): 47,867 sf
(Gross Leasable Area)
Building Age (Year built): 1974
Site Size (Sq. Ft.): 103,593.5 sf
Stories (#): Not available

Building and Site Constraints (Y/N/?)

Building Condition:

Historic Assets: Y

Building Hazards:

Site Contamination:

Potential Uses (Y/N/M)

Affordable Housing: Y
Mixed-Income Housing: Y
Retail: M
Social Infrastructure: Y
Continued City Use: Y



Notes:

- Building Conditions
 - Inward facing makes it a challenge
 - Good proximity to City Hall and other offices
 - Four-level garage much nicer than Pershing Square garage
 - Garage contains fleet vehicles and well as service and maintenance functions for them. Would need to be relocated as part of site redevelopment.
- Building Uses
 - Empty retail spaces aren't currently being actively marketed / advertised
 - City staff alone cannot support retail here if they are only in the office 3 days per week.
 - Homeless constituents create staffing challenges for retailers.
- Benefits of Redevelopment
 - Potential uses are unclear and will depend on engineering report
 - Need traffic counts and other data to determine viability for continued retail use
- Potential to Improve As-Is
 - Initial thought is to remain open space and parking. Re-purpose Retail for city services.
 - Move GSD and Fleet Services into offices garage above to ensure that services are complimentary
- Difficulty for reuse score – high due to the need to find replacement fleet and other parking. If garage remains below and City offices are developed above, could be symbiotic.

City Hall South
111 1st St

Neighborhood Sub-Area:
Downtown LA

Current Tenants/Uses
• General Services Dept. (GSD)

Building Characteristics
Building Size (sq. ft.): 320,166 sf (est.)
Building Age (Year built): 1955 (est.)
Site Size (Sq. Ft.): 62,942.3 sf
Stories (#): 9

Building and Site Constraints (Y/N/?)

Building Condition:

Historic Assets: Y

Building Hazards:

Site Contamination:

Potential Uses (Y/N/M)

Affordable Housing: _M_
Mixed-Income Housing _Y_
Retail: _Y_
Social Infrastructure: _Y_
Continued City Use: _M_



Notes:

- Building Conditions
 - There is a steam production feature under CHS which is available in the as-builts and will need to be considered for any redevelopment of the site.
 - In worst condition of public buildings
 - Is the parking under building segmented from LA Mall and other underground parking? How could this impact potential redevelopment?
- Potential Uses
 - Plaza between City Hall South & City Hall East could be redesigned into a more user-friendly public amenity/passive recreation park
 - City Hall South Building redevelopment could accommodate a multitude of uses including employee housing/workspaces
 - City staff is only in the office 3 days per week, making retail a challenge; however orientation towards 1st Street could be more retail-supportive.
- Benefits of Redevelopment
 - Potential to impact public realm and activate area with location at 1st and Main
- Potential to Improve As-Is
 - Consider residential conversion since building is 50' wide.
- Difficulty for resale score – low due to poor conditions. Steam generator will need consideration, as will any potential connection of below-grade parking garage to other parking under CHE and LA Mall.

Former Parker Center Site
150 N Los Angeles

Neighborhood Sub-Area:
Arts District Little Tokyo

Current Tenants/Uses:
• Vacant

Building Characteristics
Building Size (sq. ft.): N/A
Building Age (Year built): N/A
Site Size (Sq. Ft.): 3.07 acres (est.)
Stories (#): N/A

Building and Site Constraints (Y/N/?)
Building Condition:

Historic Assets: Y

Building Hazards:

Site Contamination:

Potential Uses (Y/N/M)

Affordable Housing: X
Mixed-Income Housing X
Retail: X
Social Infrastructure: X
Continued City Use: X



Notes:

- Building Conditions
 - Site may become staging area for little Tokyo project.
 - Adjacent to John Aiso parking garage and plaza
- Potential Use
 - Initial thought is for new city office building.
 - Can be built while staff operate in their current locations, reducing swing pace costs.
 - Mixed use building would make the most sense at this site (commercial, housing, office space, community center space)
- Benefits of Redevelopment
 - Can promote social justice goals: site history with Little Tokyo should be considered; Little Tokyo community should be heavily consulted
- Potential to Improve As-Is
 - N/A
- Difficulty for reuse score – very low; site is clear for development

**Judge John Aiso Parking
Garage**

101 Judge John Aiso St

Neighborhood Sub-Area:
Arts District Little Tokyo

Current Tenants/Uses:
• Modern Parking, Inc.

Building Characteristics

Building Size (sq. ft.): 128,636 sf
Building Age (Year built): 2007
Site Size (Sq. Ft.): 56,562 sf (est.)
Stories (#): 1 story, 2 basement stories

**Building and Site Constraints
(Y/N/?)**

Building Condition:

Historic Assets: Y

Building Hazards:

Site Contamination:

Potential Uses (Y/N/M)

Affordable Housing: _M_

Mixed-Income Housing _Y_

Retail: _Y_

Social Infrastructure: _M_

Continued City Use: _Y_



Notes:

- Building Conditions
 - Lack of security is concerning
 - Third party leases in parking lot
 - The Plaza is underutilized and should be incorporated into any new development
 - Responsibility for parking and plaza maintenance and security is unclear
- Potential Uses
 - This is a good location for the parking lot
 - Activating the plaza could make this a good space for retail uses
 - Historically sensitive site for Little Tokyo community
 - Little Tokyo Sustainability 2020 includes this site
- Difficulty score – Moderate due to the existing third-party leases and need to potentially bifurcate from plaza for private development

Table E-2: Parker Center Site, Midrise, 11% Affordable at Very Low AMI, Limited Retail

Development Program Assumptions				Cost and Income Assumptions		Development Costs (excluding land)				
Total Site Size (acres, sf)	3.08	134,165		Hard Costs		Development Costs	Mid-Rise Res	Retail	City Facilities	Total
Parker Center Use	Footprint (sf)	GBA (sf)	GBA (%)	Site Prep Cost (per site sf)	\$25	Site Prep Costs	\$897,998	\$61,462	\$2,554,660	\$3,514,120
MF Type I High-Rise	-	0	0.0%	Type I Residential Hard Cost (per sf)	\$700	Hard Costs	\$82,239,000	\$5,457,218	\$360,880,000	\$448,576,218
MF Type V Mid-Rise	-	208,200	26.8%	Type V Residential Hard Cost (per sf)	\$395	Site Amenities/Improvements	\$605,203	\$41,422	\$1,613,875	\$2,260,500
Retail	-	14,250	1.8%	Retail Hard Cost (per gross sf)	\$383	Central Utility Plant				
City Office	-	555,200	71.4%	Retail TI, per rentable sf	\$125	Tenant improvements	\$0	\$1,603,125	\$0	\$1,603,125
Utility Plant	6,400	0	0.0%	Office Hard Cost, per sf	\$650	Podium parking costs	\$7,450,000	\$2,000,000	\$3,350,000	\$12,800,000
Plazas	41,100	0	0.0%	Podium Parking (per space)	\$50,000	Subterranean parking costs	\$0	\$0	\$46,950,000	\$46,950,000
Paseo	0	0	0.0%	Subterranean Parking (per space)	\$75,000	Subtotal, Hard Costs	\$91,192,201	\$9,163,228	\$415,348,535	\$515,703,963
Total	47,500	777,650	100.0%	Open Space / Paseo Cost (per sf)	\$55.00	<i>Hard Cost per unit/sf</i>	<i>\$527,123</i>	<i>\$643.03</i>	<i>\$748.11</i>	
Use by Net Area	Circulation %	NLA (sf)	NLA (%)	Soft Costs (% of hard costs)	20%	Soft Costs	\$18,238,440	\$1,832,646	\$83,069,707	\$103,140,793
Net Residential	82%	170,724	25.0%	Impact Fees (per unit)	\$7,395	Impact Fees	\$1,279,386	\$12,398	\$483,024	\$1,774,808
Net Retail	90%	12,825	1.9%	Impact Fees (per sf commercial)	\$0.87	Construction interest	\$5,463,370			
Net Office	90%	499,680	73.1%	Contingency (% hard costs)	7.50%	Construction loan fees	\$592,749	\$548,974	\$34,219,527	\$35,361,250
Total Net Area		683,229	100.0%			Contingency	\$6,839,415	\$59,561	\$5,399,531	\$12,298,507
Parking by Type	Podium (#)	Subt (#)	Total	MF Construction Financing		Subtotal, Soft Costs	\$32,413,361	\$2,453,578	\$123,171,789	\$158,038,728
HR Residential	0	0	0	MR Loan-to-Cost	65%	Total Development Costs	\$123,605,561	\$11,616,805	\$538,520,324	\$673,742,690
MR Residential	149	0	149	Loan Fees	1%	TDC per Unit	\$714,483			
Retail	40	0	40	Drawdown Factor	65%	TDC per sf	\$593.69	\$815.21	\$969.96	\$866.38
Office	67	626	693	Interest rate	7.09%	Share of TDC	18%	2%	80%	100%
Total	256	626	882	Loan Term (months)	24					
MF Parking Ratio (spaces/u)	0.86			Office Construction Financing		Income Capitalization				
				MR Loan-to-Cost	65%	Projected Income	MR Res	Retail	City Facilities	Total
				Loan Fees	2%	Gross annual rents	\$8,230,236	\$500,175	\$0	\$8,730,411
				Drawdown Factor	65%	Less gross annual vacancy/loss	(\$411,512)	(\$50,018)	\$0	(\$461,529)
				Interest rate	6.50%	Gross annual parking revenue	\$268,200	\$0	\$1,663,200	\$1,931,400
				Loan Term (months)	36	Effective Gross Income (EGI)	\$8,086,925	\$450,158	\$1,663,200	\$10,200,282
				Developer Fee/Profit (% TDC)	10%	Less operating expenses	(\$2,469,071)	(\$25,009)		(\$2,494,080)
				MR Asking Rents (\$/unit/mo, blended)	\$3,807	Net Operating Income (NOI)	\$5,617,854	\$425,149	\$1,663,200	
				Retail Rents (\$/sf)	\$3.25	Capitalized Value				
				Vacancy Rate, Residential	5%	Capitalization Rate	4.48%	5.0%	7.0%	
				Vacancy Rate, Retail	10%	Capitalized Value	\$125,398,520	\$8,502,975	\$23,760,000	
				MF Residential Parking Revenue/mo	\$150	Residual Project Value				
				Office Parking Revenue/mo	\$300	Residual Value				
				Residential OpEx (% gross revenues)	30%	Total Capitalized Value	\$125,398,520	\$8,502,975	\$23,760,000	\$157,661,495
				Retail NNN OpEx (% gross revenues)	5%	Less TDC	(\$123,605,561)	(\$11,616,805)	(\$538,520,324)	(\$673,742,690)
				Office NNN OpEx	5%	Less Developer Profit	(\$12,360,556)	(\$1,161,681)	(\$16,155,610)	(\$29,677,846)
						Residual Land Value	(\$10,567,597)	(\$4,275,511)		
						Combined RLV	(\$14,843,108)			
						Annual Ground Lease	(\$634,056)			
						YOC no land no profit	4.54%			

Notes:

- (a) 3% y-o-y escalation based on 2024 Base Rents, 3 year period
- (b) Construction costs assume prevailing wages.
- (c) Developer prepares site for Central Utility Plant but does not build plant.

Sources: California Tax Credit Allocation Committee, 2024; Housing Authority of the City of Los Angeles, 2024; BAE, 2024.

Table E-3: Parker Center Site, Midrise, 11% Affordable at Very Low AMI, Retail on Paseo

Development Program Assumptions				Cost and Income Assumptions		Development Costs (excluding land)					
Total Site Size (acres, sf)		3.08	134,165	Hard Costs		Development Costs		Mid-Rise Res	Retail	Total	
Parker Center Use		Footprint (sf)	GBA (sf)	GBA (%)	Site Prep Cost (per site sf)	\$25	Site Prep Costs	\$808,423	\$196,343	\$1,004,765	
MF Type I High-Rise		-	0	0.0%	Type I Residential Hard Cost (per sf)	\$700	Hard Costs	\$80,343,000	\$18,918,355	\$99,261,355	
MF Type V Mid-Rise		-	203,400	24.1%	Type V Residential Hard Cost (per sf)	\$395	Site Amenities/Improvements	\$186,914	\$45,396	\$232,310	
Retail		-	49,400	5.9%	Retail Hard Cost (per gross sf)	\$383	Central Utility Plant				
City Office		-	577,100	68.4%	Retail TI, per rentable sf	\$125	Tenant improvements	\$0	\$5,557,500	\$5,557,500	
Utility Plant		0	0	0.0%	Office Hard Cost, per sf	\$650	Podium parking costs	\$0	\$2,700,000	\$2,700,000	
Plazas		14,100	0	0.0%	Podium Parking (per space)	\$50,000	Subterranean parking costs	\$6,750,000	\$4,050,000	\$10,800,000	
Paseo		14,000	14,000	1.7%	Subterranean Parking (per space)	\$75,000	Subtotal, Hard Costs	\$88,088,337	\$31,467,594	\$119,555,930	
Total		28,100	843,900	100.0%	Open Space / Paseo Cost (per sf)	\$55.00	<i>Hard Cost per unit/sf</i>	<i>\$492,114</i>	<i>\$637.00</i>		
Use by Net Area		Circulation %	NLA (sf)	NLA (%)	Soft Costs (% of hard costs)		Soft Costs	\$17,617,667	\$6,293,519	\$23,911,186	
Net Residential		86%	174,200	23.6%	Impact Fees (per unit)	\$7,428	Impact Fees	\$1,329,558	\$42,978	\$1,372,536	
Net Retail		90%	44,460	6.0%	Impact Fees (per sf commercial)	\$0.87	Construction Interest	\$5,277,416			
Net Office		90%	519,390	70.4%	Contingency (% hard costs)		Construction loan fees	\$572,574	\$1,885,239	\$2,457,813	
Total Net Area			738,050	100.0%		7.50%	Contingency	\$6,606,625	\$204,539	\$6,811,165	
Parking by Type		Podium (#)	Subt (#)	Total	MF Construction Financing		Subtotal, Soft Costs		\$31,403,841	\$8,426,275	\$39,830,116
Total		18900			MR Loan-to-Cost	65%	Total Development Costs		\$119,492,178	\$39,893,869	\$159,386,047
HR Residential		0	0	0	Loan Fees	1%	TDC per Unit	\$667,554			
MR Residential		0	90	90	Drawdown Factor	65%	TDC per sf	\$587.47	\$807.57	\$188.87	
Retail		54	54	108	Interest rate	7.09%	Share of TDC	75%	25%	100%	
Office		0	482	482	Loan Term (months)	24					
Total		54	626	680	Office Construction Financing						
<i>MF Parking Ratio (spaces/lu)</i>		<i>0.50</i>			MR Loan-to-Cost	65%	Income Capitalization				
Unit Mix and Affordability Breakdown					Loan Fees	2%	Projected Income		MR Res	Retail	Total
Unit Mix		Mid Rise	High-Rise	Total	Drawdown Factor	65%	Gross annual rents	\$8,155,644	\$1,733,940	\$9,889,584	
Studio		18	0	18	Interest rate	6.50%	Less gross annual vacancy/los	(\$407,782)	(\$173,394)	(\$581,176)	
1-BR		83	0	83	Loan Term (months)	36	Gross annual parking revenue	\$162,000	\$0	\$162,000	
2-BR		60	0	60	Developer Fee/Profit (% TDC)		Effective Gross Income (\$7,909,862	\$1,560,546	\$9,470,408
3-BR		18	0	18	MR Asking Rents (\$/unit/mo, blended)	\$3,784	Less operating expenses	(\$2,446,693)	(\$86,697)	(\$2,533,390)	
All Units		179	0	179	Retail Rents (\$/sf)	\$3.25	Net Operating Income (NOI)	\$5,463,169	\$1,473,849		
Affordability %VLI		11%	0%		Vacancy Rate, Residential	5%	Capitalized Value				
Affordability # units		20	0		Vacancy Rate, Retail	10%	Capitalization Rate	4.48%	5.0%		
Affordable Share		Mid-Rise	High-Rise	Total	MF Residential Parking Revenue/mo		Capitalized Value		\$121,945,726	\$29,476,980	
Studio		2	0	2	Office Parking Revenue/mo	\$300	Residual Project Value				
1-BR		10	0	10	Residential OpEx (% gross revenues)	30%	Residual Value				
2-BR		7	0	7	Retail NNN OpEx (% gross revenues)	5%	Total Capitalized Value	\$121,945,726	\$29,476,980	\$151,422,706	
3-BR		2	0	2	Office NNN OpEx	5%	Less TDC	(\$119,492,178)	(\$39,893,869)	(\$159,386,047)	
All Units		21	0	21	Office NNN OpEx		Less Developer Profit	(\$11,949,218)	(\$3,989,387)	(\$15,938,605)	
Rents by Type		VLI	Mid-Rise (a)	High-Rise	Residual Land Value		Residual Land Value		(\$9,495,670)	(\$14,406,276)	(\$23,901,946)
Studio		\$1,171	\$2,499	\$3,000	Combined RLV		Annual Ground Lease		(\$23,901,946)		
1-BR		\$1,240	\$3,743	\$4,500	Annual Ground Lease				(\$1,434,117)		
2-BR		\$1,484	\$5,190	\$5,300	YOC no land no profit				4.57%		
3-BR		\$1,709	\$5,561	\$6,700							

Notes:

(a) 3% y-o-y escalation based on 2024 Base Rents, 3-year period

(b) Construction costs assume prevailing wages.

Sources: California Tax Credit Allocation Committee, 2024; Housing Authority of the City of Los Angeles, 2024; BAE, 2024.

Table E-4: Parker Center Site, Midrise and High Rise, 11% Affordable at Very Low AMI, Limited Retail

Development Program Assumptions				Cost and Income Assumptions				Development Costs (excluding land)					
Total Site Size (acres, sf)		3.08	134,165	Hard Costs				Development Costs		Mid-Rise Res	HR Res	Retail	Total
Parker Center Use	Footprint (sf)	GBA (sf)	GBA (%)	Site Prep Cost (per site sf)	\$25	Site Prep Costs	\$1,058,153	\$2,223,543	\$72,424	\$3,354,120			
MF Type I High-Rise	-	437,500	66.3%	Type I Residential Hard Cost (per sf)	\$700	Hard Costs	\$82,239,000	\$306,250,000	\$5,457,218	\$393,946,218			
MF Type V Mid-Rise	-	208,200	31.5%	Type V Residential Hard Cost (per sf)	\$395	Site Amenities/Improvements	\$824,187	\$1,731,902	\$56,411	\$2,612,500			
Retail	-	14,250	2.2%	Retail Hard Cost (per gross sf)	\$383	Central Utility Plant							
City Office	-	0	0.0%	Retail TI, per rentable sf	\$125	Tenant improvements	\$0	\$0	\$1,603,125	\$1,603,125			
Utility Plant	0	0	0.0%	Office Hard Cost, per sf	\$650	Podium parking costs	\$7,450,000	\$3,350,000	\$2,000,000	\$12,800,000			
Plazas	47,500	0	0.0%	Podium Parking (per space)	\$50,000	Subterranean parking costs	\$0	\$17,175,000	\$0	\$17,175,000			
<u>Paseo</u>	0	0	0.0%	Subterranean Parking (per space)	\$75,000	Subtotal, Hard Costs	\$91,571,340	\$330,730,445	\$9,189,177	\$431,490,963			
Total	47,500	659,950	100.0%	Open Space / Paseo Cost (per sf)	\$55.00	<i>Hard Cost per unit/sf</i>	<i>\$529,314</i>	<i>\$558,666</i>	<i>\$644.85</i>				
Use by Net Area				Soft Costs (% of hard costs)				Soft Costs		\$18,314,268	\$66,146,089	\$1,837,835	\$86,298,193
	Circulation %	NLA (sf)	NLA (%)	Impact Fees (per unit)	\$8,143	Impact Fees	\$6,229,690	\$4,820,884	\$12,398	\$11,062,972			
Net MR Residential	81%	523,197	62.6%	Impact Fees (per sf commercial)	\$0.87	Construction interest	\$5,486,085	\$19,814,226					
Net HR Residential	68%	299,500	35.8%	Contingency (% hard costs)				Construction loan fees	\$595,214	\$19,814,226	\$550,528	\$20,959,968	
Net Retail	90%	12,825	1.5%	7.50%		Contingency	\$6,867,851	\$24,804,783	\$59,730	\$31,732,364			
Net Office	90%	0	0.0%	MF Construction Financing				Subtotal, Soft Costs		\$37,493,107	\$135,400,210	\$2,460,491	\$175,353,807
Total Net Area		835,522	100.0%	MR Loan-to-Cost	65%	Total Development Costs		\$129,064,447	\$466,130,655	\$11,649,668	\$606,844,770		
Parking by Type						Drawdown Factor	65%	TDC per Unit	\$746,037	\$787,383			
	Podium (#)	Subt (#)	Total	Loan Fees	1%	Interest rate	7.09%	TDC per sf	\$619.91	\$1,065.44	\$817.52	\$919.53	
HR Residential	67	229	296	Drawdown Factor	65%	Loan Term (months)	24	Share of TDC	21.3%	76.8%	1.9%	100%	
MR Residential	149	0	149	Interest rate	7.09%	Office Construction Financing				Income Capitalization			
Retail	40	0	40	Drawdown Factor	65%	MR Loan-to-Cost	65%	Projected Income		MR Res	HR Res	Retail	Total
Office	0	0	0	Interest rate	7.09%	Loan Fees	2%	Gross annual rents	\$8,230,236	\$28,869,314	\$500,175	\$37,599,725	
Total	256	229	485	Drawdown Factor	65%	Drawdown Factor	65%	Less gross annual vacancy/loss	(\$411,512)	(\$1,443,466)	(\$50,018)	(\$1,904,995)	
<i>MF Parking Ratio (spaces/ul)</i>	<i>0.86</i>	<i>0.50</i>		Interest rate	6.50%	Interest rate	6.50%	Gross annual parking revenue	\$268,200	\$532,800	\$0	\$801,000	
Unit Mix and Affordability Breakdown						Loan Term (months)	36	Effective Gross Income (\$8,086,925	\$27,958,648	\$450,158	\$36,495,730	
Unit Mix	Mid Rise	High-Rise	Total	Developer Fee/Profit (% TDC)	10%	Net Operating Income (NOI)		\$5,617,854	\$19,571,054	\$425,149			
Studio	18	88	106	MR Asking Rents (\$/unit/mo, blended)	\$861	Capitalized Value		Capitalization Rate		4.48%	4.48%	5.00%	
1-BR	77	251	328	Retail Rents (\$/sf)	\$3.25	Total Capitalized Value	\$125,398,520	\$436,853,875	\$8,502,975	\$570,755,371			
2-BR	60	235	295	Vacancy Rate, Residential	5%	Less TDC	(\$129,064,447)	(\$466,130,655)	(\$11,649,668)	(\$606,844,770)			
3-BR	18	18	36	Vacancy Rate, Retail	10%	Less Developer Profit	(\$12,906,445)	(\$46,613,065)	(\$1,164,967)	(\$60,684,477)			
All Units	173	592	765	MF Residential Parking Revenue/mo	\$150	Residual Project Value		Residual Value					
Affordability %VLI						Total Capitalized Value	\$125,398,520	\$436,853,875	\$8,502,975	\$570,755,371			
	11%	11%	86	Office Parking Revenue/mo	\$300	Less TDC	(\$129,064,447)	(\$466,130,655)	(\$11,649,668)	(\$606,844,770)			
Affordability # units						Residential OpEx (% gross revenues)	30%	Residual Land Value		(\$16,572,371)	(\$75,889,845)	(\$4,311,660)	(\$96,773,876)
	20	66	86	Residential NNN OpEx (% gross revenues)	5%	Office NNN OpEx	5%	Combined RLV		(\$96,773,876)			
Affordable Share						Residual Value		Annual Ground Lease		(\$5,806,433)			
	Mid-Rise	High-Rise	Total	YOC no land no profit		4.35%	4.20%	3.65%					
Studio	2	10	12										
1-BR	9	28	37										
2-BR	7	26	33										
3-BR	2	2	4										
All Units	20	66	86										
Rents by Type													
	VLI	Mid-Rise (a)	High-Rise (a)										
Studio	\$1,171	\$2,499	\$2,623										
1-BR	\$1,240	\$3,743	\$3,342										
2-BR	\$1,484	\$5,190	\$5,499										
3-BR	\$1,709	\$5,561	\$13,366										

Notes:

(a) 3% y-o-y escalation based on 2024 Base Rents, 3-year period

(b) Construction costs assume prevailing wages.

Sources: California Tax Credit Allocation Committee, 2024; Housing Authority of the City of Los Angeles, 2024; BAE, 2024.

Table E-5: Personnel Site, Market Rate with Inclusionary Units

Development Program Assumptions						Development Cost Analysis					
Site Size - acres / square feet	2.44	106,286	Construction			Site Prep Costs (per site sf)	\$25	Hard Costs			
Assumed FAR		3.79	Open Space Costs (per sf)		\$15	SITE PREP / DEMO					
Assumed Density (du/ac)		149	Residential Hard Cost (per gross sf)		\$395	Hard Construction (Residential)		\$8,674,286			
Total Dwelling Units		363	Commercial Hard Cost (per gross sf)		\$383	Hard Construction (Commercial)		\$123,364,541			
Gross Building Area (sf)		312,315	Garage Parking Cost (per space)		\$50,000	Open Space		\$0			
Gross Commercial Area (sf)		0	Soft Costs (% of hard costs)		20%	Garage Parking		\$12,150,000			
Gross Residential Area (sf)		312,315	Impact Fees (per unit)		\$7,395	Hard Costs per Unit					
Circulation (% / sf)	15%	46,847	Impact Fees (per sf commercial)		\$7.12	\$397,214					
			Developer Profit (% of hard and soft)		10%	Soft Costs					
Avg. Unit Size (sf)		732	Financing			Const. Loan Fees		\$28,917,208			
Total Parking Spaces		243	MR Loan-to-Cost		65%	Const. Loan Interest		\$2,684,492			
Surface Spaces		0	Loan Fees		1.0%	Total Development Costs					
Podium Spaces		243	Drawdown Factor		65%	\$170,269,683					
Underground Spaces		0	Interest rate		7.09%	TDC per Unit					
Residential Parking (spaces/res unit)		0.67	Loan Term (months)		24	\$469,062					
Commercial Parking (spaces/1,000 sf.)		0.0	Revenues and Expenses			Valuation Analysis					
			Studio	ELI	VLI	LI	Market	Gross Scheduled Rents			
			1-BR	\$728	\$1,213	\$1,456	\$2,248	\$12,351,288			
			2-BR	\$780	\$1,300	\$1,560	\$2,687	Less: Vacancy			
			3-BR	\$936	\$1,560	\$1,872	\$3,478	(\$617,564)			
			Commercial Revenue (\$/sf)		\$	2.42		Less: Operating Expenses			
			Vacancy Rate, Residential			5.0%		(\$3,705,386)			
			Vacancy Rate, Retail			10%		Net Operating Income			
			OpEx (% gross revenues)			30%		\$8,028,337			
			Capitalization Rate			4.5%		Total Capitalized Value			
								\$179,203,955			
								Less TDC			
								(\$170,269,683)			
								Less Developer Profit			
								(\$17,618,774)			
								Residual Land Value			
								(\$8,684,502)			
								Annual Ground Lease			
								(\$521,070)			
								Yield on Cost (NOI/Costs)			
								4.7%			
								Yield on Cost no profit			
								4.3%			
								RLV/Acre			
								(\$3,559,222)			

Notes:

(a) Assumes rental limits based on Maximum Multi-Family Tax Subsidy (MTSP) Rents for LA County projects placed in service after 4/1/2024.

(b) Affordable rents shown subtract a utility allowance based on the Housing Authority of the 2023/2024 City of Los Angeles (HACLA) utility allowance schedule.

Sources: California Tax Credit Allocation Committee, 2024; Housing Authority of the City of Los Angeles, 2024; BAE, 2024.

Table E-6: Personnel Site, 80% Market Rate, 20% Affordable

Development Program Assumptions		Cost Assumptions		Development Cost Analysis		Feasibility Analysis		
Site Size - acres / square feet	2.44 106,286	Construction						
Total Dwelling Units	363	Site Prep Costs (per site. sf)	\$25					
Built Project Density	149	Hard Cost per residential sf	\$395	Site Prep and Demolition Costs	\$1,734,857	\$6,939,429	Project Income	
Number of Stories		Podium Parking Cost per space	\$50,000	Hard Cost	\$24,672,908	\$98,691,633	Gross Scheduled Rents	\$1,248,672
Gross Building Area	312,315	Soft Costs (% of hard costs)	20%	Podium Parking	\$1,825,000	\$10,325,000	Less Vacancy	(\$62,434)
Gross Commercial Area (sf)	0	Res. Impact Fees (per market rate unit)	\$13,095	Soft Costs	\$5,846,553	\$23,191,212	Less Operating Expenses	(\$445,856)
Net Commercial Area	0	Res. Impact Fees (per affordable unit)	\$12,143	Impact Fees	\$4,407,876	\$4,753,359	Net Operating Income	\$740,382
Circulation (% / sf)	15%	Aff. Developer Fee (% of hard and soft)	15%	Subtotal	\$38,287,194	\$143,900,633		\$9,123,713
		MR Developer Profit (% of hard and soft)	10%					\$9,864,096
Gross Residential Area (sf)	312,315	Financing		Construction Financing			Feasibility	
Net Residential Area (sf)	265,468	Construction-Period		Const. Loan Fees	\$382,872	\$935,354	Total Development Costs	\$44,399,188
Circulation (% / sf)	15%	MR Loan-to-Cost	65%	Const. Loan Interest	\$3,229,122	\$7,405,199	Per sq.ft.	\$711
Avg. Unit Size	731	Loan Fees	1%	Aff. Developer Fee	\$2,500,000	n.a.	Per Unit	\$608,208
Total Parking Spaces	243	Drawdown Factor	65%	Developer Fee/Profit (MR Only)	n.a.	\$14,390,063		\$574,591
Podium Spaces	243	Interest rate	6.09%	TOTAL DEVELOPMENT COST	\$44,399,188	\$166,631,249		\$581,351
Surface Spaces	0	Loan Term (months)	24				Capital Stack	
		Permanent Loan					Supportable Private Debt	\$9,796,216
		Debt/Service Coverage Ratio	1.15				LIHTC Equity	\$19,301,215
		Loan Fees	1%				Total Funding Sources	\$29,097,431
		Interest rate	5.09%	Low-Income Housing Tax Credits Calculations				
		Loan Term (years)	30	Eligible Basis Factor		95%	Feasibility Surplus/(Gap)	(\$15,301,757)
Residential - 100% Affordable	Site Acreage: 2.44	Rental Revenue		Total Eligible Basis	\$42,179,229	130%	Surplus/Gap per unit	(\$209,613)
Total Units	363	Monthly Rental Rate by AMI-Level		QCT/DDA Adjustment				\$59,838
Affordable (% - count)	20%	Unit Type	ELI (30%)	Total Adjusted Eligible Basis	\$54,832,997		Yield on Cost	5.99%
Market Rate (% - count)	80%	Studio	\$686	Total Adjusted Threshold Basis Limit	\$60,199,638		YOC Spread	151
Leasable sq.ft. (% - sf)	265,468	1-BR	\$720	Qualified Basis	\$54,832,997			5.02%
Circulation & Community Room	46,847	2-BR	\$860	Applicable Percentage		4%		
		3-BR	\$987	Total Annual Federal Credit	\$2,193,320			
ELI (% - count)	0%			Total Federal Credit	\$21,933,199			
VLI (% - count)	20%			LIHTC Price	\$0.88			
LI (% - count)	0%			Total Equity Raised by Federal Credits	\$19,301,215			
Market Rate (% - count)	80%	Operating Costs						
		Annual op. cost - per du	\$6,108	2024 Los Angeles County TCAC Basis Limits				
		Vacancy Rate, Residential	5.0%	Unit Type	Per Unit Limit	Total		
		Market Rate Cap Rate	4.48%	Studio	\$437,727	\$3,064,089		
				1-BR	\$504,695	\$7,570,425		
Unit Mix				2-BR	\$608,800	\$26,787,200		
Studio	10%	ELI	7	3-BR	\$779,264	\$5,454,848		
1-BR	20%	VLI	15	Eligible Basis Limit		\$42,876,562		
2-BR	60%	LI	44	Prevailing Wage Adjustment		20%		
3-BR	10%	MR	29	Elevator Access Adjustment		10%		
All Units	100%	All	363	Type III Adjustment		10%		
				Affordability Adjustment		0.4%		
Total Residential sq.ft	312,315			Adjusted Basis Limit		\$ 60,199,638		
Total Res. Parking Spaces	243							
Aff. Podium Parking	37							
MR Podium Parking	207							
Parking spaces per du	0.67							

Notes:

- (a) The total funding sources demonstrate the range of subsidies the project could be eligible for.
- (b) Assumes rental limits based on Maximum Multi-Family Tax Subsidy (MTSP) Rents for LA County projects placed in service after 4/1/2024.
- (c) Affordable rents shown subtract a utility allowance based on the Housing Authority of the 2023/2024 City of Los Angeles (HACLA) utility allowance schedule.
- (d) Operating costs based on a sample of Los Angeles LIHTC projects.
- (e) Construction costs assume prevailing wages.

Sources: California Tax Credit Allocation Committee, 2024; Housing Authority of the City of Los Angeles, 2024; BAE, 2024.

Table E-7: Personnel Site, Market Rate with Inclusionary Units

Development Program Assumptions			Cost Assumptions			Development Cost Analysis			Feasibility Analysis		
Site Size - acres / square feet	0.67	29,280	Construction			Site Prep and Demolition Costs	\$2,389,610		Project Income		
Total Dwelling Units	100		Site Prep Costs (per site, sf)	\$25		Hard Cost	\$33,984,722		Gross Scheduled Rents	\$1,639,776	
Built Project Density	149		Hard Cost per residential sf	\$395		Podium Parking	\$2,500,000		Less Vacancy	(\$81,989)	
Number of Stories			Podium Parking Cost per space	\$50,000		Soft Costs	\$7,774,866		Less Operating Expenses	(\$610,762)	
Gross Building Area	86,037		Soft Costs (% of hard costs)	20%		Impact Fees	\$1,214,291		Net Operating Income	\$947,025	
Gross Commercial Area (sf)	0		Res. Impact Fees (per affordable unit)	\$12,143		Subtotal	\$47,863,490		Feasibility		
Net Commercial Area	0		Aff. Developer Fee (% of hard and soft)	15%		Construction Financing			Total Development Costs	\$54,829,402	
Circulation (% / sf)	15%	0	MR Developer Profit (% of hard and soft)	10%		Const. Loan Fees	\$478,635		Per sq.ft.	\$637	
Gross Residential Area (sf)	86,037		Financing			Const. Loan Interest	\$3,987,277		Per Unit	\$548,294	
Net Residential Area (sf)	73,132		Construction-Period			Aff. Developer Fee	\$2,500,000		Capital Stack		
Circulation (% / sf)	15%	12,906	MR Loan-to-Cost	65%		Developer Fee/Profit (MR Only)	n.a.		Supportable Private Debt	\$12,530,372	
Avg. Unit Size	731		Loan Fees	1%		TOTAL DEVELOPMENT COST	\$54,829,402		LIHTC Equity	\$23,835,438	
Total Parking Spaces	67		Drawdown Factor	65%					Total Funding Sources (a)	\$36,365,810	
Podium Spaces	67		Interest rate	6.1%					Potential Soft Sources		
Surface Spaces	0		Loan Term (months)	24					AHSC	\$6,675,000	
Residential - 100% Affordable	Site Acreage:	0.67	Permanent Loan						IIG	\$4,103,487	
Total Units	100		Debt-Service Coverage Ratio	1.15					LA - AHMP	\$5,650,000	
Affordable (% - count)	100%	100	Loan Fees	1%					LA - LAHD Other Loan	\$2,931,438	
Market Rate (% - count)	0%	0	Interest rate	5.1%					Deferred Dev. Fee	\$2,187,284	
Leasable sq.ft. (% - sf)	73,132		Loan Term (years)	30					Total Soft Sources	\$21,547,208	
Circulation & Community Room	15%	12,906	Rental Revenue						Without Soft Funding		
ELI (% - count)	20%	20	Monthly Rental Rate by AMI-Level			Eligible Basis Factor	95%		Feasibility Surplus/(Gap)	(\$18,463,592)	
VLI (% - count)	60%	60	Unit Type	ELI (30%)	VLI (50%)	LI (60%)	MR		Surplus/Gap per unit	(\$184,636)	
LI (% - count)	20%	20	Studio	\$686	\$1,171	\$1,414	\$2,248		With Soft Funding		
Market Rate (% - count)	0%	0	1-BR	\$720	\$1,240	\$1,500	\$2,687		Feasibility Surplus/(Gap)	\$3,083,616	
			2-BR	\$860	\$1,484	\$1,796	\$3,478		Surplus/Gap per unit	\$30,836	
			3-BR	\$987	\$1,709	\$2,069	\$4,465				
			Operating Costs								
			Annual op. cost - per du	\$6,108							
			Vacancy Rate, Residential	5.0%							
			Market Rate Cap Rate	4.48%							
			2024 Los Angeles County TCAC Basis Limits								
			Unit Type				Per Unit Limit	Total			
			Studio				\$437,727	\$4,377,270			
			1-BR				\$504,695	\$10,093,900			
			2-BR				\$608,800	\$36,528,000			
			3-BR				\$779,264	\$7,792,640			
			All Units	100%	20	60	20	0	100		
			Total Residential sq.ft					86,037			
			Total Res. Parking Spaces					67			
			Aff. Podium Parking					50			
			MR Podium Parking					17			
			Parking spaces per du					0.67			

Notes:

- (a) The total funding sources demonstrate the range of subsidies the project could be eligible for.
- (b) Assumes rental limits based on Maximum Multi-Family Tax Subsidy (MTSP) Rents for LA County projects placed in service after 4/1/2024.
- (c) Affordable rents shown subtract a utility allowance based on the Housing Authority of the 2023/2024 City of Los Angeles (HACLA) utility allowance schedule.
- (d) Operating costs based on a sample of Los Angeles LIHTC projects.
- (e) Potential soft sources based on a sample of Los Angeles LIHTC projects.
- (f) Construction costs assume prevailing wages.

Sources: California Tax Credit Allocation Committee, 2024; Housing Authority of the City of Los Angeles, 2024; BAE, 2024.

APPENDIX F: AFFORDABLE HOUSING GROUND LEASE OPPORTUNITIES

Depending on whether a housing project is developed as 100 percent affordable (i.e., income restricted to low-income households), or as mixed-income, it may be able to pay ground lease revenues to the City. However, the amount and form of the payments will vary depending on the percentage and affordability of the affordable units.

Generally, 100 percent affordable development programs support an initial, one-time capitalized ground lease payment to a land-owner. Affordable development programs are able to support a ground lease payment due to the existence of state and local gap funding sources that could support the project. If the project can secure more funding than needed for construction, the difference can be paid as an upfront capitalized ground lease payment. Affordable housing developers across Los Angeles and California are familiar with this practice, as LA Metro and other transit agencies across the state are often required by the federal government to obtain some value for their sites. There is generally not enough annual cashflow to pay an ongoing ground lease, so the developer obtains sufficient subsidies during its initial capital campaign to pay for the ground lease up-front. This is called paying a “capitalized ground lease payment”.

No 100 percent affordable development projects have sufficient cash flow to support an annual ground lease payment. Most affordable developments have limited cash flow due to the low rental payments from the property, leaving insufficient net operating income to support ongoing annual ground lease payments. Ground lease payments would reduce net operating income, which would reduce the size of the permanent loan that each project would qualify for based on lenders’ debt service coverage ratios.

Market rate developments with a 20 percent affordable component can support ongoing lease payments, but no upfront ground lease payment. In contrast to 100 percent affordable developments, market rate developments with a 20 percent affordable component cannot support an upfront ground lease payment, but can generate sufficient cash flow to support ongoing lease payments. Annual lease payments may start small and grow over time, and could include participation in the upside of financing and/or sale events when the developer is able to pull value out of the project.

It is important to know that 100 percent affordable projects can contribute a meaningful upfront ground lease payment, but would not be able to pay over time. The one-time payment could be used to pay down debt on the public facility, or be paid upfront to reduce the City’s annual ongoing payment.

In contrast, a mixed-income development with 80 percent of units priced at market rents and 20 percent income-restricted would only be able to pay an ongoing ground lease revenue. The City would not be able to use this source to reduce its cost burden up front, but could contribute the annual revenues towards its annual project payment.

APPENDIX G: BUILDING SIZE UTILITY BENCHMARKING

Building Size Analysis

Building	SF per Operating Expense Report	SF per Satellite Measurement	SF per floorplate estimate	SF Per EBEWE Energy Audit/RCx report	Used for benchmarks
200 N MAIN ST	1,836,745	720,000	632,700	823,272	575,000
111 E 1ST ST	320,166	83,400	not available	73,815	73,815
700 E TEMPLE ST	34,830	105,600	not available	not available	34,830
520 E TEMPLE ST	30,350	16510	not available	not available	30,350
100 N LOS ANGELES ST	53,761	70,200	available	55,800	55,800