



2021

LA RiverWorks Site - North Spring Street Corridor



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LOS ANGELES LDC
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Request For Qualifications
("RFQ")
Development Partner
LA RiverWorks
Site
North Spring Street Corridor
Lincoln Heights – East Los Angeles

INTRODUCTION

LA RIVERWORKS Holdings, LLC (the "Sponsor") seeks responses from qualified Minority developers or Minority led- Joint Venture Partners ("Developer") for the LA RIVERWORKS Site.

This Request for Qualifications ("RFQ") contains requirements for the proposal and describes the

- Development opportunity, and
- Sponsor's assessment and expectations

The Sponsor seeks a developer who can create a sustainable, economically vibrant, distinctive project that reflects the historical activities and services of the area; and takes maximum advantage of the surrounding commercial, educational, retail environments, while acknowledging the site's location in a high traffic transit corridor (TOC1).

The City of Los Angeles no longer has redevelopment areas; however, the Lincoln Heights community was formerly included in the East Los Angeles State Enterprise. In 2018, the underlying census tract #1997.00 has been designated an Opportunity Zone tract, which offers tax incentives for long term investments in Lincoln Heights:

- Renovation of obsolete industrial building into office, retail, and community facilities;
- Rehabilitation of existing buildings; and
- Provision of new community and recreational facilities.

The primary goals for the LA RIVERWORKS site are to:

- Generate an above average financial return for LA RIVERWORKS Holdings, LLC, including measurable positive social impacts;
- Attract businesses that serve the needs of neighborhood residents in the impact area;
- Capitalize on the new public sector infrastructure improvements;
- Attract living wage employment opportunities for neighborhood residents;
- Evaluate the economic feasibility of developing new housing on the site after a ten year holding period.

LA RIVERWORKS

DEVELOPMENT OPPORTUNITY

Location

- The LA RIVERWORKS site is within the Lincoln Heights neighborhood, at the northwestern corner of North Broadway and Avenue 18, north of Chinatown and downtown Los Angeles (see Site Plan).



- The LA RIVERWORKS site is an approximately 17,500 square feet or .38 acres on the North Spring/North Broadway commercial corridor within a 1.5 mile or 4 minute drive to the University of Southern California Health Sciences Campus (USCHSC) and Los Angeles County – USC Hospital, which are both to the east.
- The site is adjacent to the new Albion RiverSide Park and Downey Recreation Center which are bordered by the LA River.
- 1782 – 1786 North Spring Street Los Angeles, CA 90031
- Assessor Parcel Numbers #5447-206-002 and #5447-026-021





Area Analysis

- Essential demographic characteristics of the Lincoln Heights community include its primarily Latino and Asian heritage and its relatively low income levels (the median household income in the area was approximately \$38,900 in 2018, according to (Esri Business Analyst).
- The North Spring/North Broadway corridor's real estate market is also fairly fragmented. The North Broadway corridor consist of more than 176 parcels, 134 landowners, and 143 buildings. Many properties in this corridor under two stories are of pre – 1940's vintage.
- Across all property types in Lincoln Heights, the occupancy rate is above 97 percent. Pre COVI-19, the retail spaces in Lincoln Heights had achieved occupancy rates approaching over 80 percent, which means that most renovated storefront were filled; however, quality local retail remains in high demand. The post COVI-19 vacancy rate must be determined.
- The Lincoln Height neighborhood has more than ten (10) churches, with several like Young Nak and Sacred Heart Catholic church, which are located on the major thoroughfares of North Broadway and Griffin.
- Lincoln Heights is home to four (4) high schools, both public and private, with two (2) on the North Broadway corridor and upwards of ten (10) K-8 schools that feed into these high schools.
- To the west and immediately adjacent to the site is low-priced multifamily rental housing in two and three-story apartment buildings.
- The USCHSC and LAC+USC are both local anchor institutions in East Los Angeles and east of the site, offering residents and workers access to employment. Residents include retirees on fixed incomes who have lived in the neighborhood for decades.
- The site is one block away from the LA River and at the end of North Broadway, near Abraham Lincoln High School, a new mixed use project has been completed and occupied by a LA County Mental Health office and space for ancillary retail.
- At the Chinatown Gold Line Station is one of LA oldest commercial buildings the Capitol Millings building @ 1231 N Spring Street. The adaptive reuse project has recently been completed.
- Adjacent to Capitol Millings 1245 North Spring, heading toward the LA River (Lincoln Heights – over the Spring Street Bridge, is the 32 acre California State Historic Park, with extensive sports and fitness facilities.
- Just across the Spring Street bridge is **Majordōmo** <https://www.majordomo.la/> at 1725 Naud Street - a California restaurant from David Chang's Momofuku organization; additionally, **ApothekeLA**, <http://www.apothekela.com> at 1746 North Spring Street – a high end Chinatown lounge and bar. Both are recent additions during a pre COVID-19 period.



- The LA RiverWorks Project is centrally located and readily accessible by many modes of transportation. Convenient public transportation is available, including the Gold Line—the area has numerous bus lines on North Broadway. There are no bike lanes on North Broadway, which has a daily vehicular trips of 25,000 and extend through the North Broadway commercial corridor.
- Access to Interstate 5 is 0.4 of a mile away of the site.

NEIGHBORHOOD HISTORY

Lincoln Heights is the original streetcar suburb of Los Angeles—a heritage that is obvious in the grid and patterns of the neighborhood, as well the low-scale development and the pedestrian orientation of the streets. The age of the buildings along the North Broadway corridor is a highly sought after characteristic of desirable neighborhoods in the contemporary United States—the buildings and street have “good bones,” as planners and developers like to say. Given that the majority of buildings were built before World War II, many buildings are likely to need upgrades, but the bones and the scale of the neighborhood are a major benefit to the community. Many neighborhoods in the city and around the country would envy this kind of built environment. This authenticity of Lincoln Heights cannot be faked. The subject property is located on North Spring Street. Its neighborhood is defined by North Broadway Avenue to its North; North Main Street to the South; the 5 Freeway to its East; and the Los Angeles River to its West. Access to this neighborhood is predominantly via the 5 & 110 freeways.

Lining each side of North Broadway is a mix of small businesses and name brands, mom and pop restaurants and cafes, national fast food chains, a high school, an elementary school, national drug stores, and four major banks. A lot of what the basic goods and services are available to the community at a local scale—that local scale may no longer fit the aspirational wants and needs going forward for this community.

But recent trends have begun to pressure businesses, and concerns about being priced out of the corridor are growing. Many residents and business owners worry that more investment could bring more gentrification and displacement. Initiatives, like the Spring Street bridge renovation, the new Albion Riverside Park renovation, the Lincoln Heights Jail adaptive reuse, and the Los Angeles River Revitalization Master Plan are signs of hope to many. It is not clear to others that these projects are harbingers of increasing rents and, inevitably, displacement.

Moreover, the City of Los Angeles is moving forward on plans to build five affordable housing projects on City-owned (LADOT) parking lots adjacent to the heart of the commercial corridor. Many local business owners fear the loss of parking could depress future economic growth.

The essential demographic characteristics of the Lincoln Heights community include it’s primarily Latino and Asian Heritage, and its relatively low income levels (the median household income in the area was approximately \$38,900 in 2018, according to Esri Business Analyst). The community is deeply rooted—many longtime residents and employees know each other personally and each other’s families, creating a feeling of connection that is hard to match anywhere else in Los Angeles.

In that context of strong community ties, rising rents are perceived as a major threat to Lincoln Heights. The fear of displacement looms over many of the communities of color and low-income residents in Los Angeles, and particularly neighborhoods near downtown, where significant



outside investment is already flowing into nearby neighborhoods, and Lincoln height residents already feel rent pressure. Talk of additional investment and new development provokes more fear about change.

In the early 2000s, the adaptive reuse boom hit the historic core section of downtown Los Angeles, bringing both new residents and neighborhood serving businesses. The development trend has continued north into Chinatown and Lincoln Heights.

CURRENT ZONING

The LA RIVERWORKS site is located on the North Spring/North Broadway commercial corridor in Northeast Los Angeles Community Plan Area. It is Hybrid Industrial under the General Plan use within the Cornfield Arroyo Seco Specific Plan and zoned Urban Village (UV):

Zoning UV (CA)

Zoning Information (ZI) ZI-2427 Freeway Adjacent Advisory Notice for Sensitive Uses

Zoning Information (ZI) ZI-2129 EAST LOS ANGELES STATE ENTERPRISE ZONE

General Plan Land Use Hybrid Industrial

General Plan Note(s) Yes

Specific Plan Area Cornfield / Arroyo Seco

Adaptive Reuse Incentive Area Adaptive Reuse Incentive Area

ECONOMIC INCENTIVES

Business Improvement District LINCOLN HEIGHTS BENEFIT ASSOCIATION OF LA

Hubzone Qualified

Opportunity Zone Yes

State Enterprise Zone EAST LOS ANGELES STATE ENTERPRISE ZONE

New Markets Tax Credits CT Yes

California Tax Competes Tax Credits Yes

LA RIVERWORKS SITE VISION - CHALLENGE

The subject project is located at the intersection of Spring Street and North Broadway. Lincoln Heights has three major commercial corridors, including North Figueroa and North Main Street. Overall, Lincoln Heights is experiencing an increase in development and homelessness. It is uncertain whether the current post COVID-19 conditions represents heightened risk or greater opportunities.

Crimes against people—robbery, assault, etc.—are low; however, property crimes are an increasing problem for Lincoln Heights’s residential neighborhoods bordering the site. The LA RIVERWORKS building has been vacant since 2014. Renovation has been delayed due to ongoing widening and \$59 million renovation of the Spring Street Bridge and construction of the \$40 million Albion Riverside Park.

North Spring Street/North Broadway are one of Los Angeles’ oldest commercial corridors and is just above the LA River. Given the age of the structures in this corridor means that many buildings need love, façade improvements, structural reinforcement, and other obsolescence mitigation efforts. Very recently, new investment has been attracted to the corridor and reactivation appears to be gaining momentum.



The sponsor’s initial development vision for the site was to upgrade and address the physical obsolesces of the property to accommodate creative office spaces targeted toward professional and social services. The site previous owners were user and utilized the space primarily for office uses. The site has a substantial amount of on-site parking it easy access to the Albion RiverSide Park are attributes that are not easily replicated in the immediate Lincoln Heights business corridor.

Any respondent is not limited in their assessment of a development strategy that is consistent with the primary goals for LA RIVERWORKS. Your vision for the site should be based current market conditions and your assessment of future trends in this sub market.

LAND COST

The Sponsor acquired the property (LA RIVERWORKS site) in Lincoln Heights through foreclosure. The Sponsor will offer the land, in a negotiated legal structure, at the current market value price to a developer/JV Partner who will be responsible for the renovation of the building in a manner consistent with the goals and objectives stated in the RFQ. The Sponsor expects to recover its investment, and earn a market rate of return on its entire investment during the 10 year hold period.

DEVELOPER’S RESPONSIBILITY FOR SITE IMPROVEMENTS

The developer is solely responsible for construction of all improvements on the site. The site includes the existing underground utilities, street lighting, curbs, street trees, and sidewalks.

ENVIRONMENTAL ANALYSIS

Studies have revealed no evidence of contamination from past uses and activities on the LA RIVERWORKS site.

MARKET ANALYSIS

What Land Uses Does the Market Demand Support?

In 2018, the Sponsor commissioned a ULI Los Angeles Technical Assistance Panel Report (TAP), which included market analysis of the North Broadway corridor to determine viable uses for the site. The analysis concluded that demand exists for residential, office, and retail space within the Lincoln Heights neighborhood.

Product Type	Inventory SF (units)	# of Buildings	Occupancy	Avg. Rent \$/SF (unit)	Avg. Building Area	Avg. Lot Area	Avg. Year Built	Avg. Building Age
Industrial	5,293,931	146	97.8%	\$0.79	6,154	14,605	1967	51
Retail	1,380,143	214	99.2%	\$3.15	7,000	12,746	1952	66
Office	890,730	46	96.8%	\$2.56	6,328	7,552	1925	93
Multifamily	3,471	258	97.5%	\$1,263.25	3,503	6,511	1913	105



Neighborhood Retail Demand

Focusing specifically on the creative office offerings, many industries are already presently locating in the North Broadway corridor. In the North Broadway corridor, there are a lot of miscellaneous retail—i.e., general merchandise retailers like dollar stores, 99 cent stores, or off-brand convenience stores that sell anything from soap to nachos. There are also many food establishments, but the retail distribution may be deemed to lack quality and balance. There is a lot of fast food, but minimal fresh or healthy fare. Even though there are already many fast food establishments, the market has room for additional food establishments of a broader variety in the area.

In terms of unmet demand, there is a relatively long list of categories that could find demand in the local community.

Neighborhood Retail Annual Demand Forecast:

It has been estimated 25,000 square feet per year for the next three years (Note Big Saver Foods – Cypress Park closed and has been replaced with retail tool supply company)

Food Desert – Supermarket

Just under 35,000 people are living within a 1 mile radius of the North Broadway corridor of Lincoln Heights. With the potential for increasing demand for residential units, demand exists for one supermarket (grocery with drugstore) within the area in the next three years. However, attracting a qualified tenant operator to the Lincoln Heights site will require a location that provides convenient access for shoppers from the three-mile radius. With limited local grocery offerings by Big Saver Foods and Smart & Final, it appears existing Lincoln Heights residents can support and desire more access to quality grocery shopping.

Residential - Housing Demand

Successful retail depends on successful residential neighborhoods. Retailing cannot survive in an environment of deteriorating neighborhood housing, declining population and homeownership rates, disinvestment, crime, and neglect. Most important, successful retail needs a growing number of high-quality residents because this is what retailers look for. High-quality residents are found in high-, medium-, and low-income brackets, so individually and as a group, residents need to take ownership of their streets and start changing the negatives in their neighborhoods, so the environment is right to attract retailers.

Great streets are usually always surrounded by dense residential development. Where residential growth and revitalization is occurring, retail is primed to follow; it simply will not occur the other way around. Retailers will not be attracted to a neighborhood street, regardless of how much public money they get, unless they see the cash registers ringing, and this depends on the strength of the surrounding residential market.

Streets evolve or decline over time, and the quality and amount of the residential development will dictate what type of retail tenant will be interested in leasing space. The typical pattern is for home-grown, startup businesses and creative enterprises looking for low-cost locations to move



in first, followed by mass-market national stores and, if the neighborhood is very successful, by specialized higher-end retailers. The community should not expect the best stores to move in immediately, but to the extent that higher-quality residential development occurs, retailing will continue to improve. Increased residential development creates a customer base for neighborhood-serving retail, especially grocery store and pharmacy anchors. It is important for such stores, which commonly are national chains and require the most parking, to conform to the urban character of the community.

Lincoln Heights has a very low vacancy rate across all property types of properties. Like everywhere in Los Angeles, the demand for housing is acute – the demand for housing far exceeds the available supply of units, and Lincoln Heights is no exception to this fact.

Most of the housing in Lincoln Heights is dominated by single family homes, and there is limited supply of sizable multifamily residential buildings. On the North Broadway corridor, there are many existing older (pre-1930s) two story buildings with ground floor retail space. With virtually all properties at full occupancy (97%), it provides for the opportunity to build well designed and well maintained higher density development to help ease the housing shortage and meet the needs of the existing community. Potentially, the LA RIVERWORKS site, after the initial 10 year holding period, could offer such a development solution on North Spring; however, under the existing CASP zoning, no housing or mixed use projects have been produced.

The Sponsor is looking for the Developer-JV Partner to evaluate the feasibility of a potential two phase development strategy:

- 1) Adaptive reuse of existing structure
- 2) New housing development after 10 year period

Neighborhood Issues and Outreach

As currently conceptualized, the renovation of the RIVERWORKS had approved plans; however, the Sponsor and its successful Developer-JV partner are not limited in its proposed development program. If a change in use is necessary, the developer will have to work closely with neighborhood residents in Lincoln Heights and other North Broadway business owners to ensure future or revised development strategies respects input to create neighborhood support. Prospective developers are strongly encouraged to assess the potential input from neighborhood organizations and neighboring property owners/occupants and describe its expertise and experience in preparing its response to the RFQ.

North East Los Angeles, including Lincoln Heights, has a vibrant and growing activist segment among its residents. A successful Developer-JV partner candidate will assist the Sponsor in determining each group's standing in the neighborhood and the group's concerns or positions and what steps, if any, are necessary to garner their support with the Developer's goals and objectives.

PROPOSAL CONTENT

The proposal shall have the following components and shall be laid out in the following format as shown here:



PROPOSAL GUIDELINES

- 1. PROPOSAL LETTER** (see Section 5); this letter must be completed and executed by an authorized representative of the Proposer.
- 2. EXECUTIVE SUMMARY** (maximum of 2 pages)
 - a. Indicate name, e-mail address, and phone number of the designated contact person/s of the Proposer for this Proposal response.
- 3. FIRM'S QUALIFICATIONS, SKILLS, AND EXPERIENCE**
 - a. Knowledge and competence in the product type and technical work areas for which the proposer/sponsor(s) are likely to propose;
 - b. Demonstrated past performance on similar projects within the last five (5) years; including record of successful completion, quality, and compliance with milestone schedules. List projects with development strategy or similar scopes.
 - c. Experience of proposer/sponsor(s) in working with subcontractors, and experience of subcontractors on tasks similar to those outlined within in the last five (5) years.
 - d. Strength and stability of the firm, as exemplified by tenure of staff.
- 4. PROJECT MANAGER AND KEY STAFF'S QUALIFICATIONS AND AVAILABILITY**
 - a. Experience with similar projects within the last five (5) years. List three to five (3-5) relevant projects overseen by the project manager/Team.
 - b. Clear and reasonable organizational chart for team and/or tasks.
 - c. Relevant experience in federal, and state, tax incentives by key staff.
 - d. Identification of key personnel, including resumes, and supportive client references.
- 5. MANAGEMENT AND UNDERSTANDING OF THE SCOPE OF DEVELOPMENT**
 - a. Demonstrated understanding of the site and existing zoning requirements.
 - b. Clearly delineates the roles and responsibilities of each Team member for all tasks and demonstrates continuity of personnel through the project's proposed time line for completion.
 - c. Demonstrates innovation, creativity, and effectiveness of approach in completing projects in high poverty communities of color.

EVALUATION CRITERIA

All responses to this request for qualifications will be evaluated based on five (5) characteristics listed below with the intent to identify a list of at least three (3) proposer/sponsor(s) to offer the opportunity to submit a formal development proposal for this site.

- 1. FIRM'S QUALIFICATIONS, SKILLS, AND EXPERIENCE - 25%**
- 2. PROJECT MANAGER AND KEY STAFF'S QUALIFICATIONS AND AVAILABILITY - 30%**
- 3. MANAGEMENT AND UNDERSTANDING OF THE SITE - 25%**
- 4. PROSPECTIVE RETURN ON INVESTMENT - 10%**
- 5. DIVERSE COMPOSITION OF DEVELOPMENT TEAM - 10%**



Virtual Pre-Proposal Conference will be held on Wednesday, February 10, 2021, from 10:00 a.m. – 11 am (PST), via ZOOM. (LDC will provide registration date by February 4, 2021)

Deadline for Submission of Proposals

The original proposal must be delivered via U.S. Mail or e-mail BY the deadline date:

Attention: Teresa Isago
Los Angeles LDC
520 N. La Brea Avenue, Suite 108
Inglewood, CA 90302
(213) -362-9111
info@losangelesldc.com

DEADLINE DATE: Friday, February 26, 2021

By no later than 11:59 p.m. PST on the deadline date, to the submission address(s) listed above on this document.

You are invited to a Zoom meeting.

When: Feb 10, 2021 10:00 AM Pacific Time (US and Canada)

Register in advance for this meeting:

<https://us02web.zoom.us/meeting/register/tZwsf-2oqzgtGdXhtUHa38A0FuPoPbIJQWN3>

After registering, you will receive a confirmation email containing information about joining the meeting.