



DEPARTMENT OF CITY PLANNING

RECOMMENDATION REPORT



Los Angeles City Planning Commission

Date: June 9, 2011
Time: After 8:30 a.m.
Place: City Hall
200 N. Spring Street, 10th Floor
Los Angeles, CA. 90012

Public Hearing: April 12, 2011
Appeal Status: To City Council
Expiration Date: June 18, 2011
Multiple Approval: Development Agreement is appealable to City Council.

Case No.: CPC-2010-3431-DA
CEQA No.: ENV-2008-3887-MND-REC2.

Related Cases: CPC-1986-406-DA, CPC-2004-1790-DA VTT-70318, ZA-2008-2700-VCU
Council No.: 11, Bill Rosendahl
Plan Area: Westchester-Playa del Rey
Specific Plan: Los Angeles Coastal Transportation Corridor Westchester – Playa Del Rey
Certified NC:
GPLU: Regional Commercial, Low Residential
Zone: C2-1, R1-1
Applicant: BRE/TTZ HHL, Holdings LLC
Representative: Terry Speth; Bruce A. Miller & Associates

PROJECT LOCATION: 5900 W. Center Drive and the area generally bounded by Sepulveda Boulevard, Interstate 405 (San Diego Freeway), and Howard Hughes Parkway.

PROPOSED PROJECT: The Third Amendment to the Howard Hughes Center Development Agreement which includes a 15 year extension of the Development Agreement to November, 2026, and additional flexibility regarding the permitted uses of the four remaining undeveloped lots at Howard Hughes Center. The proposed amendment would allow an alternative development option for the four remaining vacant lots which would allow development of any use permitted within the C2 (Commercial) Zone with specified exceptions. The project would retain mitigation measures previously adopted pursuant to CEQA for development at Howard Hughes Center as applicable, as well as the other development limitations (including limitations on building height, the existing PM peak hour trip cap, and the 3:1 average floor area ratio limitation) of the existing Development Agreement.

REQUESTED ACTIONS:

1. Pursuant to Section 21082.1(c)(3) of the California Public Resources Code, **Adopt** the Mitigated Negative Declaration (MND), ENV-2008-3887-MND-REC2, as reconsidered for the above referenced project.
2. Pursuant to Section 65864-65869.5 of the California Government Code and the City Implementing procedures, a Development Agreement between BRE/TTZ HHL, LLC and the City of Los Angeles. The Development Agreement is intended to provide reasonable assurances to the Applicant with respect to their ability to implement proposed Project Approvals, with the Applicant providing the City with certain Public Benefits. BRE/TTZ HHL, LLC requests an extension of the term of the Development Agreement until November 4, 2026.

RECOMMENDED ACTIONS:

1. **Approve** and **recommend** that the City Council **adopt** the requested **Amendment** to the Development Agreement dated November 3, 1986 between Equity Office, owner of the Howard Hughes Center and the City of Los Angeles to permit a 15 year extension of the Development Agreement to November, 2026, and additional flexibility regarding the permitted uses of the four remaining undeveloped lots.
2. **Recommend** that the City Council **adopt** an ordinance, attached as Exhibit C, and subject to review by the City Attorney as to form and legality, authorizing the execution of the subject Development Agreement amendment.
3. **Approve** and **recommend** that the City Council adopt ENV-2008-3887-MND-REC2.
4. **Adopt** the attached Findings including the Environmental Findings.
5. **Advise** the applicant that, pursuant to California State Public Resources Code Section 21081.6, the City shall monitor or require evidence that the mitigation conditions, identified as "(MM)" on the condition pages, are implemented and maintained throughout the life of the project and the City may require any necessary fees to cover the cost of such monitoring.

MICHAEL J. LOGRANDE
Director of Planning

Daniel Scott, Principal City Planner

Kevin D. Jones, Hearing Officer
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- A – Maps
 - A1 – Vicinity Map (required)
 - A2 – Radius Map (required)

- B – Environment Document – ENV-2008-3887-MND-REC2

- C – Draft Development Agreement.

- D. – Others, photos and correspondence

PROJECT ANALYSIS

Project Summary

This report contains discussions, recommendations, findings, and conditions for the third Amendment to the Howard Hughes Center (HHC) Development Agreement which includes an extension of the term of the Development Agreement for an additional 15 years, changing the termination date from November 4, 2011 to November 4, 2026 and will provide additional flexibility regarding the permitted uses of the four remaining undeveloped lots at Howard Hughes Center. The proposed amendment would allow an alternative development option for the four remaining vacant lots which would allow development of any use permitted within the C2 (Commercial) Zone with specified exceptions.

The proposed Third Amendment would preserve the remaining development rights under the Development Agreement and, in addition, would provide for an alternative development option for the four undeveloped lots. This alternative option would expand the range of permitted uses beyond the commercial, office, hotel and/or residential uses currently allowed. This option would authorize any use permitted in the City's C2 zone (either by right or pursuant to a subsequent discretionary action), with specified exceptions. These exceptions consist of many of those uses prohibited by Los Angeles Municipal Code (LAMC) Section 12.16 (a) through (q) in the C4 zone, other than hospitals, sanitariums, gymnasiums, health clubs, and similar uses, which would be permitted. C2 Uses prohibited under the proposed Third Amendment include:

Boxing arena; games of skill and science; merry-go-round, ferris wheel or carousel; penny arcade; shooting gallery; skating rink; strip tease show including adult cabarets; billiard or pool hall; bowling alley; indoor swap meets; baseball or football stadium; carpenter shop; circus or amusement enterprises; feed and duel store; ice storage house; pawnshop; plumbing or sheet metal shop; pony riding ring; Public Services including electric distribution substation; second hand store; and public auctions.

This use flexibility would allow for new uses, for example senior housing, and would permit the exchange of commercial uses for additional residential uses, or vice versa. The range and mix of permitted uses is consistent with Howard Hughes Center's General Plan designation of Regional Center.

Other than expanding the range of authorized uses, the proposed Third Amendment would make no changes to the development criteria and conditions governing development under the existing Development Agreement and HHC Project Approvals. Thus, the height limits for individual parcels, the 3:1 floor area ratio (FAR) limitation, lot configurations and other development criteria previously set and determined by the Deputy Advisory Agency, City Planning Commission and City Council, all of which has been subject to public process, hearing and environmental review under CEQA, would be retained.

The changes to the Development Agreement do not conflict with the zoning on the site or the Plan land use. No other discretionary reviews or entitlements are being requested.

Traffic. Through consultation with the Department of Transportation, Equity established that the number of PM peak hour trips associated with its unutilized vested development rights is 1,397

PM peak hour trips (hereinafter referred to as the “Available Trips”).¹ While Equity requests that a broader range of uses be authorized for the four remaining lots, Equity proposes to limit the development by the number of Available Trips. The Department of Transportation has agreed that the number of Available Trips consumed by a proposed use would be calculated by applying the appropriate trip generation rates in Ordinance 160394 (the Coastal Transportation Ordinance that applies to Howard Hughes Center under the Development Agreement) or, for uses not addressed in that ordinance, the appropriate rate in the most current publication of the Institute of Transportation Engineers manual, Trip Generation. Trips associated with a proposed use would be subtracted from the Available Trips and building permit clearance would be given only if sufficient Available Trips remained.

In addition, the total trips at Howard Hughes Center would continue to be governed by the existing Trip Cap imposed in connection with the City’s previous approval of the existing Development Agreement and HHC Approvals (4,785 PM peak hour inbound and outbound trips). No building permit clearance would be given without current evidence that Howard Hughes Center is achieving at least a 17 percent reduction in PM peak-hour trips once Phase IV development is triggered.

Thus, while the proposed Third Amendment would authorize a wider variety of uses for Howard Hughes Center’s remaining undeveloped lots, it would not change the physical massing limitations or result in more PM peak hour trips than previously authorized for Howard Hughes Center.

PROJECT SITE DISCUSSION

The 69-acre Howard Hughes Center (HHC) project site is located within the Westchester-Playa del Rey Community Plan area of the City of Los Angeles. The Westchester-Playa del Rey Community Plan was adopted on April 13, 2004 (pursuant to Council File 04-0297). The Westchester-Playa del Rey Community Plan land use designation for the site is Regional Commercial with corresponding zones of CR, C1.5, C2, C2(PV), C4, RAS3, RAS4, R3, R4, and R5. The HHC site is generally bounded by Sepulveda Boulevard, Interstate-405 (the San Diego Freeway), and Howard Hughes Parkway. Vehicular circulation is provided on Center Drive, Park Terrace and Center Drive West. The zoning on the site is R1-1 and C2-1 and the maximum floor area ratio (FAR) permitted by the Development Agreement is 3:1.

The HHC is substantially built-out and four undeveloped parcels remain. The remaining development rights consist of 488,659 sq. ft. of office and retail uses and 600 residential units or hotel rooms. In 2009 and 2010, Equity Office and Properties applied for and obtained a Vesting Tentative Tract Map and Vesting Conditional Use Permit that facilitate the build-out of the four remaining vacant lots with 488,569 sq. ft. of office and retail uses in two buildings, and 550 residential units in two buildings.

Build-Out to Date

Through the twenty-fourth year of the Development Agreement, the Company and the prior owners of the Project have made substantial progress. The first building in the Project, a 16-story, approximately 300,000 square foot office building located at 6701 Center Drive West (now

¹ This number represents the number of trips remaining within the 1985 Traffic Study forecast and was determined by applying the trip rates used in prior environmental review to the remaining undeveloped uses at Howard Hughes Center. Thus, the 488,659 sq. ft. of remaining commercial requires 977 PM trips and the 600 residential units (approved by the City Council in 2005) requires 420 PM trips, for a total of 1,397 trips.

known as the "Howard Hughes Tower"), was completed during the first year of the Development Agreement.

The second building in the Project, a 6-story, approximately 100,000 square foot office building located at 6601 Center Drive West was completed in July 1992.

The third building in the Project, a 2 ½-story, approximately 36,000 square foot health club (The Spectrum Club) located at 6833 Park Terrace was completed in September 1993.

The fourth building in the Project, a 5-story, approximately 96,000 square foot medical office building (Kerlan-Jobe Orthopedic Clinic) located at 6801 Park Terrace Drive was completed November 1997.

At the beginning of April 1998, a prior owner of Howard Hughes Center, Arden Realty Limited Partnership ("Arden"), acquired the remaining development rights to the Project from Howard Hughes Properties, Limited Partnership ("HHP"). Soon thereafter, Arden entered into a Construction Management Agreement with Lowe Enterprises for the construction of the remaining office portion of the Project. By October 1998, Arden had replaced the bonds previously posted with the City of Los Angeles by HHP for various infrastructure improvements.

In April 1998 Arden obtained a B permit for the construction of sewer and storm drain facilities located within the right-of-way of Center Drive. This infrastructure was completed in April 1999. Additionally, a B-permit was obtained in November 1999 for the construction of the roadbed for Center Drive. This roadbed connects the completed intersection of Center Drive and Park Terrace through the Project, crossing over the southbound on-and off ramps from the San Diego Freeway, and intersection with a signalized intersection at Howard Hughes Parkway. Paralleling this effort, Arden received permits from the State of California, Department of Transportation ("CalTrans") for the construction of a bridge which spans the southbound on and off-ramps from the San Diego Freeway. The construction of the bridge completed in March 2000, followed by completion of the roadbed in August 2000.

The fifth building in the Project, a 10-story, approximately 233,414 square foot office building located at 6060 Center Drive was completed in November 2000.

When Arden acquired the development rights to the Project, Arden assumed the contract of Snyder Properties Venture ("Snyder") for the purchase of approximately five acres for the development of the Promenade at Howard Hughes Center (the "Promenade"). The Promenade is located adjacent to the Howard Hughes Tower garage and fronts along the San Diego Freeway. The Promenade is a two-story, 250,000 sq. ft. entertainment/retail complex that includes an eighteen screen theater (4,250 seats), a 45,000 sq. ft. Nordstrom Rack, a 25,000 sq. ft. Borders Books and Music, and various restaurants and retail shops. Construction was completed on the restaurants and retail shops in March 2001. Construction was completed on the theaters by the end of 2001.

Under the Development Agreement 100,000 square feet of retail is permitted. Thus, in order to accommodate the Promenade, the following principal entitlement modifications were processed and approved by the City of Los Angeles (the "City"):

1. A modification of the recorded tract to permit the development of a 250,000 square foot entertainment/retail complex in lieu of a portion of the previously approved commercial office uses. (This retail space is in addition to the 100,000 square feet already approved for the Project).

2. A modification of the building height from 65 to 75 feet for a portion of the site on which the Promenade is located.

On August 13, 1998 the Advisory Agency approved the Promenade. Upon appeal, the Planning Commission on September 10, 1998, unanimously approved the Promenade. Upon further appeal, the City Council on October 16, 1998, also voted unanimously to approve the Promenade. On November 16, 1998, a lawsuit challenging the City's approval of the Promenade was filed by A Coalition of Concerned Communities, Inc. (the "Coalition"). This lawsuit was vigorously opposed by the City, Snyder and Arden. On June 16, 1999, a judgment was entered dismissing the case, which judgment was appealed. The appeal was voluntarily dismissed in March 2000.

On July 9, 2002 the City Council approved an amendment to the Development Agreement (the "Amendment," a copy of which is included in Appendix A attached hereto). Among other things, the purpose of the Amendment was to revise the definition and description of "Project" in the Development Agreement so that it explicitly matches the description of the "Project" under Tentative Tract Map No. 35269 ("Tract 35269") after the City Council's approval in 1998 of the modifications to Tract 35269 that allowed development of The Promenade at Howard Hughes Center. On August 2, 2002 the Coalition filed a lawsuit challenging the City's approval of the Amendment. This lawsuit was settled and dismissed without the validity of the Amendment being affected.

The sixth building in the Project, a 12-story, approximately 280,228 square foot office building located at 6080 Center Drive was completed in October 2001.

The seventh building in the Project, a 4-story, approximately 158,435 square foot build-to-suit office building located at 5999 Center Drive, was submitted for plan check in January 2000. Foundation permits were issued and construction began in April 2000. Building permits were issued in August 2000. A Certificate of Occupancy was issued in October 2001.

The eighth building in the Project, a 12-story, approximately 272,056 square foot office building located at 6100 Center Drive was submitted for plan check in July 2000. Grading permits were issued and construction commenced in September 2000. Building permits were issued in December 2000. A Temporary Certificate of Occupancy for the building was issued in April 2002, and a permanent Certificate of Occupancy was issued on December 16, 2003.

The second Final Map (Tract No. 49299) for the Project was recorded June 26, 1991. The third Final Map (Tract No. 51419) was recorded on February 24, 1994. The Company also continues to maintain the landscaped buffers on Lots OS2 through OS6 of Tentative Tract No. 35269, which were completed as a part of Phase I of the Project under the Development Agreement (see Appendix A., Exhibit C, paragraph C), as well as the street trees and street median landscaping which were installed in the first year of the Development Agreement

Remaining Development Entitlements

Four undeveloped lots remain at the Howard Hughes Center. On December 11, 2009 a Vesting Tentative Tract Map was approved and on February 1, 2010 a Vesting Conditional Use Permit implementing the right under the Development Agreement to improve the four undeveloped lots with:

- A 248,871 sq. ft. office building at 5900 Center Drive;
- A 238,222 sq. ft. office building at 5901 Center Drive;

- A mixed use building at 6040 Center Drive comprised of 325 unit residential units with 1,500 sq. ft. of ground-floor commercial/retail uses; and
- A 275 unit residential condominium building at 6055 Center Drive.

Background

The City Planning Commission approved the Development Agreement between the City of Los Angeles and Howard Hughes Properties on July 20, 1984. The City Council adopted Ordinance No. 170,059 authorizing the execution of the Development Agreement and was recorded on November 4, 1986, in the Official Records of Los Angeles County, California as Instrument number 86-1507410.

As part of the development of Howard Hughes Center, in 1986 the City Council approved Tract Map 35269. The development plan was the same project as described in the Development Agreement. In 1998, the developers requested a modification to Tract Map 35269 to develop the Hughes Entertainment Center which required an exchange of 250,000 square feet from commercial office uses to entertainment and retail uses. The City Council in November of 1998 approved the modification of Tract Map 35269 and Hughes Entertainment Center.

First Amendment Request

On July 9, 2002 the City Council adopted an ordinance authorizing the execution of an amendment to the Development Agreement between the City of Los Angeles and Arden Realty Limited Partnership for the Howard Hughes Center to reduce commercial office/retail development from 2,700,000 square feet to 1,950,000 square feet; to add a 250,000 square foot entertainment center including a 4,500 seat theater and supporting retail of up to 100,000 square feet and to modify phasing of the project. The environmental effects of this change were analyzed in a separate EIR, which was prepared and certified in 1998.

Second Amendment Request

On March 10, 2004, Arden submitted the Second Amendment to the Development Agreement requesting (i) an extension of the term of the Development Agreement from November 4, 2006 to November 4, 2011, (ii) to allow residential units to be constructed in lieu of hotel rooms and (iii) to make conforming changes to the phasing plan for the Project as described in Exhibit C of the Development Agreement. On September 9, 2004, the Planning Commission recommended approval of the Second Amendment which was approved by the City Council on March 9, 2005 after approval an Addendum to the previous environmental impact studies for Howard Hughes Center. The Addendum to the 1986 and 1998 EIRs (the 2005 Addendum) determined that extending the term and developing 600 residential units as an alternative to 600 hotel rooms would not result in any new significant environmental impacts not previously considered, mitigated or overridden through the City council's adoption of Overriding Considerations in 1986.

The original Development Agreement, and the amendments thereto are referred to collectively hereafter as the "Development Agreement".

Surrounding Zones and Uses

North: – North of the subject site is the City of Culver City. Properties north of I-405 and Centinela Boulevard are fully developed with offices, a hotel, a California Highway Patrol station, a Cemetery, a church and Automobile related uses.

East: [Q]R4-1 and M1-1 – The area east of the site is developed with a large apartment building and an Automobile Sales facility.

South: R1-1 – Properties, south of the site were developed more than 50 years ago with single family dwellings. A Landscape buffer was installed as part of the improvement on the south side of Howard Hughes Parkway.

West: R1-1 and C4-1 – The west side of Sepulveda Boulevard between Howard Hughes Parkway and Center Drive is developed with single family dwellings that were constructed in the 1950's. The west side of Sepulveda Boulevard between Center Drive and Centinela Boulevard is developed with commercial uses including; offices, storage facilities, a hotel, restaurants, retail and other commercial uses.

Streets and Circulation

Sepulveda Boulevard: adjacent to the west side of the project site is a designated Major Highway Class I with a dedicated variable width between 119 and 136 feet.

Howard Hughes Parkway: adjacent to the south side of the project site is a designated Secondary Highway with a dedicated width of 132 feet.

Center Drive: is a designated Local Street with a dedicated variable width between 106 and 120 feet.

Center Drive West: is a designated Local Street with a dedicated variable width between 80 and 88 feet.

Park Terrace: is a designated Local Street that has a variable width between 82 and 128 feet.

CONCLUSION

The Department recommends the proposed amendment to the Development Agreement as discussed in this report. The extension of the term allows for the continued development of the subject site in a more consistent manner that is agreed to between the City and the applicant. The applicant requests that a broader range of uses be authorized for the four remaining lots, and proposes to limit the development by the number of Available Trips. The proposed amendments will not conflict with the zoning on the site or the Plan land use. No other discretionary reviews or entitlements are being requested. The additional flexibility and time would allow the applicant to complete the build-out of Howard Hughes Center with uses that best respond to market conditions and community needs and interests.

Several of the issues raised in the supplemental Environmental Impact Report have been addressed by the project's proposed mitigation measures. The total trips at Howard Hughes Center would continue to be governed by the existing Trip Cap imposed in connection with the City's previous approval of the existing Development Agreement and HHC Approvals (4,785 PM peak hour inbound and outbound trips). No building permit clearance would be given without

current evidence that Howard Hughes Center is achieving at least a 17 percent reduction in PM peak-hour trips once Phase IV development is started.

Annual reports on the development and compliance with the Development Agreement terms are part of the case records. The reports document that the applicant has fully complied with the terms and implemented the required mitigation measures. The identified impacts continue to be mitigated to the extent possible. The mitigation measures for traffic impacts have been quite successful.

Development in older urban areas usually present challenges for the developer and the community, who become accustomed to existing surroundings and conditions. The project as conditioned fulfills several of the Community Plan's goals and objectives. The intent of the Development Agreement is to provide development and mitigation assurances for continued operation of a commercial center that is near significant amounts of transit options and provides significant employment opportunities.

FINDINGS

General Plan Findings

1. General Plan Land Use Designation. The subject site is located within the Westchester-Playa Del Rey Community Plan adopted by City Council on June 13, 1974. A Community Plan Update (CPU) was adopted by the City Council April 13, 2004 (CPC Case No. 1998-0010 CPU; CF 04-0297). The Plan map designates the subject site for Community Commercial with corresponding zones of C2, C4, and CR. The existing zoning is C2-1 and R1-1 and they are consistent with the Community Commercial land use designation.
2. The **Transportation Element** of the General Plan will not be affected by the recommended action herein. A Transportation Demand Management ("TDM") Program for Howard Hughes Center was approved by the City of Los Angeles Department of Transportation in December of 1986. Under the TDM Program, TDM performance monitoring reports are prepared and submitted annually to the Department of Transportation. As of the last reporting period, December 2010, the developers of Howard Hughes Center are in full compliance with the TDM Program and the Coastal Transportation Specific Plan (Ordinance 168,999).
3. **Development Agreement Findings**

The following information has been developed pursuant to the City of Los Angeles Department of City Planning's Special Instructions for Private Project Development Agreements (CPC 86-404). Pursuant to Section 65868 of the California Government Code, the applicant requests an amendment to the existing Howard Hughes Center Development Agreement to extend the current term of the agreement and to expand the range and mix of uses currently authorized for the four remaining lots at Howard Hughes Center, in accordance with the objectives set forth in the General Plan, the Westchester-Playa del Rey Community Plan and any other applicable City rules, statutes, regulations and policies. The proposed Third Amendment would retain the 3:1 FAR limitation under the Applicable Rules of the Development Agreement, as well as all other applicable limitations on the density and intensity of development at Howard Hughes Center, including but not limited to maximum building height (Section II.D.5), and the 17% peak hour trip reduction required pursuant to Section II.E.2(b) of the Development Agreement.

The expanded range of uses requested is consistent with -- but more limited than -- the underlying zoning for Howard Hughes Center (C2) as well as consistent with the General Plan's Regional Center designation for Howard Hughes Center. The range of uses permissible under the Development Agreement has twice been expanded previously in connection with the First and Second Amendments to the Development Agreement.

Section V.A. of the Development Agreement provides that its duration may be extended by mutual consent of the parties. The term of the Development Agreement was previously extended pursuant to the Second Amendment of the Development Agreement.

The applicant requests approval of the Third Amendment to the Development Agreement to (1) provide assurance that it may complete the Howard Hughes Center Project by developing the four remaining parcels in accordance with the expanded range and mix of authorized uses provided for in the amendment, and to the density and intensity previously approved by the City through the existing Development Agreement and the previous granting of the various land use entitlements; (2) assure attainment of the public objectives and benefits for the City as described in the Third Amendment; (3) eliminate uncertainty in planning for and secure orderly development of the remaining four lots at Howard Hughes

Center; (4) assure the most efficient utilization of resources within the City at the least economic cost to its citizens; and (5) otherwise achieve the goals and purposes for which the Development Agreement Act was enacted. The Development Agreement amendment process was initiated by the applicant and all proceedings have been taken in accordance with the City's adopted procedures.

As set forth below, all of the required findings for consistency, per California Government Code § 65867.5, can be made in approving the proposed Third Amendment to the Development Agreement. The proposed Third Amendment is a legislative act subject to approval by the City Council and is in compliance with CPC 86-404. As further described below, the Development Agreement and the proposed Third Amendment are consistent with the objectives, policies, and programs specified in the City of Los Angeles General Plan, including the Westchester-Playa del Rey Community Plan and the Coastal Transportation Corridor Specific Plan (Ordinance 160394), which governs the site under the existing Development Agreement.

Having conducted a public hearing in accordance with applicable City and State procedures, and pursuant to Section 65867.5 of the Government Code, and Section 558(b) of the City's Charter, the City Planning Commission of the City of Los Angeles hereby recommends approval of that certain Third Amendment to the Development Agreement by and between BRE/TZ HHL, LLC (as the success in interest to "Company" under the Development Agreement) (hereafter "Company") and the City of Los Angeles, and makes the following findings with regard to the Third Amendment to the Development Agreement and its approval by the City.

- A. State Government Code Sections 65864 through 65869.5 authorizes municipalities to enter into binding development agreements with persons having legal or equitable interest in real property for the development of such property and authorizes the amendment of a previously approved development agreement.
- B. The City of Los Angeles ("City") has adopted rules and regulations establishing procedures and requirements for consideration of development agreements under Citywide Development Agreement Procedures (CF 85-2313-S3).
- C. The Howard Hughes Center Development Agreement (the "HHC Development Agreement") between the City of Los Angeles and Howard Hughes Properties, Limited Partnership, a Delaware limited partnership ("HHP") was entered into on November 3, 1986 and recorded on November 4, 1986 in the County of Los Angeles as Instrument No. 86-1507410.
- D. BRE/TZ HHL Holdings, L.L.C., a Delaware limited liability company (the "Applicant") and the successor to HHP under the HHC Development Agreement, requested that the City consider amending the HHC Development Agreement as set forth in attached "Exhibit C". The amendment process was initiated by the Applicant and all proceedings have been taken in accordance with the City's adopted procedures.
- E. Section 65865.2 Finding. The Development Agreement and the proposed Third Amendment thereto comply with all applicable City and State regulations governing development agreements, including without limitation the requirements of Government Code 65865.2.
- F. Pursuant to Section 65867.5 of the Government Code, the Amendment is consistent with the objectives, policies, and programs specified in the City of Los Angeles General Plan, including the Westchester-Playa Del Rey Community Plan which is

- part of the General Plan. The Amendment is consistent with the General Plan in that the purpose of the Amendment is to allow for the development of housing at this site. Objective 1-2 of the Community Plan is to locate housing near commercial centers, public facilities, and bus routes and other transit services, to reduce vehicular trips and congestion and increase access to services and facilities. A Policy of the Plan (1-2.1) is to locate higher residential densities near commercial centers, public facilities, bus routes and other transit services. Another Policy of the Plan (1-4.4) is to encourage multiple family residential and mixed use development in commercial zones, pedestrian oriented areas, and near transit corridors. Amending the development Agreement to extend the term and to allow for the development of multiple-family residential uses will permit the potential development of housing at this location. The Amendment also conforms to the phasing plan for the Project described in Exhibit C of the HHC Development Agreement. The Amendment is consistent with the Coastal Transportation Specific Plan, Ordinance 168,999.
- G. Ensuring Orderly Development. The Third Amendment of the Development Agreement is necessary to strengthen the public planning process and to reduce the public and private costs of development uncertainty. The proposed Third Amendment will promote the orderly development of the subject property in accordance with good land use practice. The original Development Agreement and HHC Project Approvals were adopted by the City Council, after substantial study, analysis and discussion, to provide for the orderly development of a regional commercial center to serve the surrounding area. The completion of the development of Howard Hughes Center has taken longer than originally envisioned, and is impacted by current adverse market and finance conditions. Additional time is also desirable to enable a broader range of uses to be considered for the remaining undeveloped lots. Pursuant to the LAMC, the applicable existing entitlements are valid for varying periods of time, and could require the applicant to re-apply, perhaps multiple times. Extension of the Development Agreement will have the beneficial effect of continuing to vest the applicable entitlements for a single, uniform period of time. The proposed Third Amendment facilitates and encourages the completion of Howard Hughes Center by expanding the range and mix of permitted uses, consistent with the existing General Plan and zoning designations for the subject site, to respond to changing market conditions and community needs and interests.

The proposed Third Amendment would not change any of the physical massing limitations established by the existing Development Agreement and HHC Project Approvals. Thus, the existing detailed development limitations and criteria, including height limitations for each parcel, a maximum floor area ratio of 3:1, and individual lot configurations, all previously set and determined by the Deputy Advisory Agency, City Planning Commission and City Council, after extensive public process, hearing and environmental review under CEQA, would be retained.

In addition, the Third Amendment would not result in more PM peak hour trips than previously authorized for Howard Hughes Center. While the Third Amendment authorizes a broader range and mix of uses for the four undeveloped lots, it would also limit development of those lots by the number of PM peak hour trips associated with the applicant's unutilized vested development rights as determined by the Department of Transportation (1,397 PM peak hour trips). The total trips at Howard Hughes Center, including trips from development on the four remaining lots, would also continue to be governed by the existing Trip Cap imposed by the existing Development Agreement and HHC Approvals (4,785 PM peak hour inbound and outbound trips).

- H. Past Public Benefits. The City has received the public benefits provided by the existing Development Agreement, including without limitation the construction of the Transportation Improvements (Section II.E.2), which were completed in their entirety, prior to full build-out of Howard Hughes Center (which mitigated project impacts and provided significant regional-serving transportation improvements), the implementation of a comprehensive ongoing TDM program and 17% PM peak-hour reduction requirement and implementation of the City's Bicycle Plan. As part of the Second Amendment adopted in 2005, the City received additional public benefits consisting of (1) a \$150,000 contribution to the Westchester Streetscape Improvement Association ("WSIA") (or the equivalent in expenditures towards the Westchester Streetscape Improvement Plan) and (2) the provision to the WSIA of construction, management, design and permitting services to coordinate and supervise improvements on Sepulveda Boulevard at no cost to the WSIA.
- I. The intensity and uses set forth in the Amendment are permitted by and consistent with the zone in which the Howard Hughes Center Property is located and within Tract 35269, as modified in 1998.
- J. The Amendment is consistent with conditions of previous discretionary approvals for the subject development.
- K. Public Necessity, Convenience and General Welfare. The Third Amendment to the Development Agreement will not be detrimental to the public necessity, convenience and general welfare because it encourages and facilitates the completion of Howard Hughes Center as a vibrant regional commercial center that incorporates uses that better respond to market demand and community interests and needs, which is desirable and beneficial to the public. Furthermore, the Third Amendment does not modify those provisions of the Development Agreement which specifically permit application to the proposed project of rules and regulations enacted after the effective date of the Development Agreement that are necessary to protect the public health and safety and are generally applicable on a citywide basis, as specified in the Amended and Restated Development Agreement. The Amendment is necessary to strengthen the public planning process and to reduce the public and private costs of development uncertainty.
- L. Based upon the above findings, the Amendment to the HHC Development Agreement is deemed consistent with public necessity, convenience, general welfare and good zoning practice.

4. Environmental Findings (CEQA)

- A. Prior CEQA Review. The significant environmental impacts of the original Howard Hughes Center Development Agreement (the "Development Agreement") and associated entitlements and permits approved in 1986 (including without limitation Tentative Tract Map 35269) were studied in an Environmental Impact Report (EIR No. 23-83-ZC(CUZ)(ZV)(SUB) and SCH No. 83090705) (the "1986 EIR"), which was certified on January 24, 1986. In connection with its certification of the 1986 EIR, the City of Los Angeles adopted a Statement of Overriding Considerations for environmental effects that were not reduced to less than significant levels (including, cumulative impacts on local and regional air quality, operational noise, traffic, non-renewable energy resources, interim sewer treatment capacity, landfill capacity, and view obstruction).

In connection with the City's approval of the Promenade at Howard Hughes Center, which was the subject of the First Amendment to the Development Agreement, a second Environmental Impact Report was certified on October 16, 1998, EIR No. 97-0182-SUB(CUB) and SCH No. 97061068 (the "1998 EIR").

In connection with the Second Amendment to the Development Agreement, which extended the term of the Development Agreement, authorized the exchange of up to 600 hotel units for up to 600 residential units, and made conforming changes to the phasing plan for the Howard Hughes Center project, the City prepared and adopted an Addendum in 2005 pursuant to CEQA Guidelines Section 15164 (the "2005 Addendum"). Pursuant to CEQA Guidelines Section 15162, the 2005 Addendum determined, based on substantial evidence, that the Second Amendment, including without limitation, the development of 600 residential units as an alternative to 600 hotel rooms (1) would not result in any new significant environmental impacts not already considered, mitigated or overridden through the City Council's adoption of a Statement of Overriding Considerations in connection with the 1986 EIR; (2) would not involve a substantial increase in the severity of previously identified significant effects; and (3) that pursuant to CEQA Guidelines Section 15162 a Subsequent EIR was not required for the Second Amendment to the Development Agreement and the residential development authorized thereby. Among other things, the analysis of the 2005 Addendum determined that (1) the existing approved Development Agreement allowed for 1,950,000 square feet of commercial floor area, 250,000 square feet of entertainment center uses and 600 hotel rooms (with the potential to exchange commercial square footage for up to 900 additional hotel rooms); (2) the exchange of hotel rooms for residential dwelling units is consistent with underlying zoning and General Plan designations and would not increase the overall density of the Howard Hughes Center project or result in any significant new or increased water demand impacts; (3) the intensity, building heights and uses set forth in the Second Amendment are consistent with Tentative Tract Map 35269 and would not result in any new impacts or increase the severity of impacts with respect to zoning or land use consistency; and (4) the Second Amendment would not result in any significant traffic impacts above and beyond those already anticipated and mitigated where feasible. A Notice of Determination for the 2005 Addendum was filed with the County Recorder and posted April 1, 2005.

In connection with its approval of Vesting Tentative Tract Map 70318-CN and Vesting Conditional Use Permit ZA-2008-2700-VCU-1A, which implemented development rights pursuant to the Development Agreement and permitted, respectively, (1) a two-lot subdivision for two residential buildings (consisting of a 325-unit apartment building with 1,500 sq. ft. of retail/commercial space and a 225-unit residential condominium building); and (2) floor area averaging in a unified development (3:1 average FAR) for the construction of the two residential buildings and two office buildings (consisting of 248,871 sq. ft. and 238,222 sq. ft.) on the four remaining undeveloped parcels at Howard Hughes Center in accordance with the Development Agreement (the "2009 Project"), the City prepared an Initial Study and Mitigated Negative Declaration (ENV-2008-3887-MND(REC1)) (the "2009 MND"), which analyzed whether the 2009 Project would result in new or increased potential environmental impacts not previously addressed by prior environmental review. The 2009 MND reflected the City's independent judgment and was prepared utilizing the principals of tiered environmental analysis pursuant to CEQA Guidelines Section 15152. The 2009 MND concluded that the potentially significant environmental effects of the 2009 Project had been mitigated, avoided or overridden as a result of the prior environmental review actions of the City in connection with the 1986 EIR, 1998 EIR, and/or 2005 Addendum, or had been mitigated or avoided as a result of revisions or mitigation measures agreed to by the applicant prior to release of the 2009 MND for public review, and, with the mitigation measures

described in the 2009 MND, there was no substantial evidence that the 2009 Project may have a significant effect on the environment. The City approved the Vesting Tentative Tract Map and Vesting Conditional Use Permit (and adopted the 2009 MND for each approval) on December 9, 2009 and February 1, 2010, respectively. On January 11, 2010, litigation was commenced in Los Angeles County Superior Court challenging the 2009 MND and the approval of the 2009 Project (the "2010 Litigation"). However, the 2010 Litigation was dismissed with prejudice on November 23, 2010.

- B. The 2011 Mitigated Negative Declaration. An initial study dated December, 2010 was prepared to analyze any new or additional potentially significant impacts of the modifications to the Development Agreement proposed by the Third Amendment. On March 3, 2011 the Department of City Planning issued Initial Study/Mitigated Negative Declaration No. ENV-2008-3887-MND(REC2) (the "2011 MND"). The 2011 MND reflects the City's independent judgment and was prepared utilizing the principals of tiered environmental analysis pursuant to CEQA Guidelines Section 15152. The 2011 MND analyzed whether the Third Amendment would result in new or increased potential environmental impacts not previously addressed by prior environmental review. The analysis of the 2011 MND indicates that the potentially significant environmental effects of the Third Amendment had been mitigated, avoided or overridden as a result of the prior environmental review actions of the City in connection with the 1986 EIR, 1998 EIR, 2005 Addendum and/or the 2009 MND, or had been mitigated or avoided as a result of revisions or mitigation measures agreed to by the applicant prior to the release of the 2011 MND for public review, and that there is no substantial evidence that the Third Amendment may have a significant effect on the environment. Among other things, the analysis of the 2011 MND indicates that while the Third Amendment allows additional flexibility in the type and combination of uses permitted, buildout of the four vacant lots under the alternate development option authorized by the Third Amendment (1) would be subject to the same conditions limiting height and massing as presently govern development under the existing Development Agreement and associated approvals; (2) would not change the previously approved building density height, or scale of the Howard Hughes Center; (3) would not result in significant new water supply impacts meeting the thresholds of Public Resources Code Section 15155(a)(1) or Water Code Section 10912; and (4) would remain within both the forecast of the traffic study of the 1986 EIR and the existing Trip Cap under the Development Agreement. A notice of intent to adopt the 2011 MND was published on March 3, 2011 and the 2011 MND was circulated for agency and public review and comment between March 3 and April 4, 2011. No third-party agency or public comments were received by the City during the public circulation period.
- C. The lead agency has independently reviewed and considered the 2011 MND, which reflects its independent judgment as well as other pertinent evidence in the administrative record. On the basis of the entire record before it, the lead agency finds and determines that any potentially significant environmental effects of the Third Amendment have been mitigated, avoided or overridden as a result of the prior environmental review actions of the City in connection with the 1986 EIR, 1998 EIR, 2005 Addendum and/or the 2009 MND, or have been mitigated or avoided as a result of revisions or mitigation measures agreed to by the applicant prior to release of the 2011 MND for public review, and that there is no substantial evidence that the Third Amendment may have a significant effect on the environment.
- D. The project site and the surrounding area are presently developed with structures and do not provide a natural habitat for either fish or wildlife. The fee required by Fish & Game Code Section 711.4 was paid on December 11, 2009 and February 11, 2010 in connection with ENV-2008-3887-MND.

- E. The custodian of the documents or other material which constitute the record of proceedings upon which the City Council's decision is based, including without limitation the 1986 EIR, 1998 EIR, 2005 Addendum, the 2009 MND and the 2011 MND, are located with the City of Los Angeles, Planning Department, 200 North Spring Street, Room 750, Los Angeles, CA 90012.
- F. The lead agency hereby readopts the Mitigation Monitoring and Reporting Program prepared and adopted in connection with the 2009 MND (ENV-2008-3887-MND(REC1) and ENV-2008-3887-(REC2)).

PUBLIC HEARING AND COMMUNICATIONS

Public Hearing

The Public Hearing on this matter was held at the Westchester Municipal Building, Community Room, 7166 Manchester Avenue, Los Angeles, California on Tuesday, April 12, 2011 at 10:30 AM.

1. Present: Approximately 20 people attended.
2. Speakers: 7 total; 5 in support and 2 with general comments.
3. Representatives from the Neighborhood Council of Westchester Playa, LAX Coastal Area Chamber of Commerce, Westchester Vitalization Corporation, Westchester Streetscape Improvement Association, and the Westchester Town Center Business Improvement District spoke in support of the amendment.
4. Two individuals provided testimony that outlined concerns. One speaker had concerns about traffic circulation. The speaker requested that modifications to street access in the residential neighborhood to south be implemented to reduce cut-through traffic. It was explained to the speaker that the process of considering the Development Agreement amendment does not allow for the changes to street circulation as requested. A second speaker identified the concern that all uses in the C2 zone would be permitted as described in the Public Hearing Notice Project Description. The applicant's representative indicated that they would address this concern by providing a list of proposed prohibited uses.

Communications Received

Letters - Support: Eight (8) letters of support were received from the Neighborhood Council of Westchester Playa, Ballona Ecosystem Education System, LAX Coastal Area Chamber of Commerce, Westchester Vitalization Corporation, Westchester Streetscape Improvement Association, Westchester Town Center Business Improvement District, and individuals.

Letters – One (1) letter with general questions and comments was received. The Letter requested information on previous actions taken by the applicant and City. The letter outlined a primary concern that all uses in the C2 zone would be permitted as described in the Public Hearing Notice Project Description. The case records indicate that some use limitations are included in the amended Development Agreement. The prohibited uses by LAMC Sec. 12.16.(a) through (q) in the C4 Zone with the exception of hospitals, sanitariums, gymnasiums, health clubs, and similar uses, which shall be permitted. A detail list of the prohibited uses is in this staff report.