



PREPARED FOR THE CITY OF LOS ANGELES
ECONOMIC & WORKFORCE DEVELOPMENT DEPARTMENT



FEASIBILITY STUDY FOR CITY-OWNED SITES: LEIMERT PARK STATION

APRIL 21, 2017

HR&A
Analyze. Advise. Act.

TABLE OF CONTENTS

FIGURES AND TABLES	3
EXECUTIVE SUMMARY	4
Project Background	4
Site Context.....	4
Analysis Approach	5
Parking Analysis	5
Market Opportunities	6
Financial Feasibility Assessment	7
Key Conclusions	7
1 DEVELOPMENT POTENTIAL	9
Site Context and Zoning Considerations	9
Community Stakeholder Meetings: Key Findings	10
Market Analysis: Key Findings.....	10
Parking Study: Key Findings	12
Parking Scenarios.....	13
Development Scenarios	13
2 FINANCIAL FEASIBILITY	16
Key Assumptions	16
Financial Feasibility Conclusions	18
3 THE PREFERRED SCENARIO	19
Precedent Images.....	21
APPENDIX A: MARKET COMPARABLES	I
Land Sale Comparables.....	i
Residential Rental Comps	ii
Residential For-Sale Comps	iii
Retail Rent Comps	iv
APPENDIX B: MARKET REPORT	V
APPENDIX C: FINANCIAL FEASIBILITY PRO FORMAS	VI
APPENDIX D: PARKING STUDY	VII
APPENDIX E: GENERAL & LIMITING CONDITIONS	VIII

FIGURES AND TABLES

Figure 1 – Site Plan..... 4

Table 1 – Replacement Parking Need Estimate 5

Figure 2 – Site Plan..... 9

Table 3 – Amended Specific Plan Summary..... 9

Table 4 – Supportable Retail Space at Leimert Park Station Area..... 11

Table 5 – Supportable Multifamily/Attached Residential Units at Leimert Park Station Area 11

Table 6 – Supportable Office Space at Leimert Park Station Area 11

Table 7 – Replacement Parking Need Estimate 12

Table 8 – Parking Requirement Variations by Development Scenario 13

Table 9 – Development Scenario Summary..... 14

Table 10 – Key Cost and Revenue Assumptions..... 17

Table 11 – Residual Land Value Summary 17

Figure 3 – Preferred Scenario Site Plan 19

Figure 4 – Preferred Scenario Bird’s Eye View 20

EXECUTIVE SUMMARY

PROJECT BACKGROUND

The City of Los Angeles Economic and Workforce Development Department (“City”) retained HR&A Advisors, Inc. (“HR&A”), with the support of Kimley-Horn and Associates (“KHA”) and City Design Studio (“CDS”), to explore market opportunities and to determine the highest and best use for transit-oriented development at two City-owned parking lots (“subject sites”) adjacent to the future Leimert Park Metro Station on the under-construction Crenshaw/LAX light rail transit (“LRT”) line. As part of this assignment, the HR&A team conducted a market analysis, conducted a parking needs study, participated in community stakeholder meetings, and tested the physical and financial feasibility of three development scenarios. The focus of the parking study, conducted by KHA, was to evaluate and quantify the need for replacement parking in the event that the City-owned parking lots are developed. Key findings for each of these tasks is summarized below and described in greater detail within the body of this report.

SITE CONTEXT

LEIMERT PARK VILLAGE

At its heart, Leimert Park Village is a vital enclave of African-American arts organizations, galleries, and small businesses. Anchoring the Village is the historic Vision Theatre, which was constructed in 1931 and is currently undergoing a \$22.5 million renovation. Surrounding the theater is a cluster of small, independently owned businesses and arts organizations, which help to foster a unique dynamic that draws in residents and visitors alike. Despite having many thriving small businesses, better access to Metro’s rail network presents opportunities for a wider variety of land uses and for new development that can



Source: HR&A, Google Maps

Figure 1 – Site Plan

potentially enhance Leimert Park’s position as a vibrant cultural district with a mix of uses.

SUBJECT SITES

The subject sites, as shown in Figure 1, are located within Leimert Park Village, roughly bound by Crenshaw Boulevard on the west, West 43rd Street on the north, Leimert Boulevard on the east, and West Vernon Avenue on the south. The western lot, or “Site A,” is approximately 71,400 square feet (“SF”) and currently contains 172 parking spaces. The eastern lot, or “Site B,” is approximately 103,200 SF and currently contains 198 parking spaces.¹ Site C is a Metro-owned parcel that was initially under consideration but is not developed in this study.

DEVELOPMENT STANDARDS

Development standards for the sites are specified in the Amended Crenshaw Corridor Specific Plan (“Specific Plan”), the latest version of which, as of this writing, is pending final adoption by City Council. Current zoning allows for a maximum buildable area of approximately 524,000 SF. Height restrictions,

¹ Note that Site B is composed of two discrete parcels (municipal lot #764 and lot #626), one owned by the City of Los Angeles Department of Transportation (LADOT) and the other owned by the Department of General Services. Both are currently operated by LADOT as a single parking lot, but

disposal of these two sites would require that LAEWDD coordinate with both entities. Site A is municipal lot #625 and is also operated by LADOT.

however, preclude new development from fully utilizing the allowable floor area. The latest version of the Specific Plan also contains an amendment stipulating that any residential development on the subject sites must be limited to live/work units only. At the time that HR&A commenced financial feasibility testing, the live/work requirement was not yet introduced. Therefore, all scenarios align with the March 1, 2016 version of the Specific Plan but some do not comply with the most recent the live/work restriction. HR&A has retained the non-compliant scenarios in this report to illustrate development potential under the earlier draft Specific Plan.

ANALYSIS APPROACH

Over the course of the project, HR&A engaged in several tasks to determine market supportable development scenarios that would also align with the vision and desires of community stakeholders. To understand community desires, HR&A carefully reviewed the recommendations and goals of **recent community and stakeholder initiatives**, such as the work of the 20/20 Vision Initiative and the ULI Technical Assistant Panel Report from December 2015. This understanding was further supplemented by a series of three **stakeholder meetings**, during which community members discussed what they would like to see developed on the subject sites.

Informed by the existing reports and stakeholder meetings, HR&A conducted a **market analysis** to identify market-supportable uses and to quantify likely future investment potential, given the better connection and access provided by the future Crenshaw/LAX light rail line. The results of the market analysis, which focused on residential, retail, and office uses, were intended to provide the City and relevant stakeholders with an understanding of existing conditions, supportable uses, and likely future trends that will affect the development of the publicly-owned sites.

HR&A then synthesized findings from the tasks described above to develop three **illustrative development scenarios** in collaboration with City

Design Studio. HR&A tested the feasibility of these scenarios both *physically* (i.e., evaluating what will physically fit and be functional on the site, while respecting relevant zoning and land use regulations) and *financially* (i.e., determining the financial feasibility of each scenario, given existing and projected market conditions).

PARKING ANALYSIS

Because the redevelopment of the subject sites would necessarily remove the parking spaces that exist there today, KHA conducted a parking analysis concurrently with HR&A's work.

Specifically, KHA estimated:

1. The amount of **replacement parking** needed based on current utilization of available parking spaces in the Parking Study Area;²
2. The **incremental replacement parking demand** generated by a renovated Vision Theatre (which is expected to offer a more extensive programming schedule) and full occupancy of the currently vacant commercial buildings in Leimert Park Village; and
3. The amount of **parking required to support new development** on the subject sites.

According to KHA, there is a need for **90 to 234 replacement public parking spaces** (i.e., spaces to accommodate existing buildings) if the subject sites are to be redeveloped. The Parking Study Area

Table 1 – Replacement Parking Need Estimate

	Spaces
Current Inventory (on- and off-street)	599
Less: City-owned parking lots	(370)
Supply after redevelopment	229
Less: Demand under current utilization	(319)
Replacement need under current utilization	(90)
Less: Additional demand assuming full occupancy and renovated Vision Theatre	(144)
Replacement need assuming full occupancy and renovated Vision Theatre	(234)

Source: Kimley-Horn

² See KHA Parking Study (Appendix E, pg. 6) for description of Parking Study Area.

currently provides 599 on-street and off-street public parking spaces, including the 370 off-street spaces currently located on the subject sites. The low end (90) reflects the amount of *current* parking demand that would not be accommodated by available on-street parking spaces (229) after the sites are redeveloped. The maximum amount (234) includes those 90 spaces plus the projected demand from full occupancy of existing buildings that are currently vacant within Leimert Park Village as well as a renovated Vision Theatre, which is expected generate more parking demand with a more extensive programming schedule. To determine the sensitivity of each development scenario’s financial feasibility to the cost of replacement parking, HR&A applied these two different amounts of replacement parking (as well as a baseline “zero replacement” amount) to the financial feasibility analysis as an additional variation on the development scenarios. In summary, each development scenario was subsequently tested under three different parking sub-scenarios:³

- **Zero Replacement Spaces** – Assuming that the developer only provides the amount of parking that is required by the new uses within each development scenario and no replacement parking.
- **+90 Replacement Spaces** – Assuming the developer provides parking for new uses as well as the net shortfall in currently utilized parking spaces lost after redeveloping the City owned parking lots.
- **+234 Replacement Spaces** – Assuming the developer provides parking for new uses, plus replacement parking for all existing buildings (90), plus the parking that would be required for full occupancy of the currently vacant buildings in Leimert Park Village and a

³ Please note that the HR&A consultant team was asked to test the feasibility of varying amounts of parking, but was not asked to provide specific recommendations regarding the amount of replacement public parking to be provided in a new development. LAEWDD must coordinate with LADOT and the Department of General Services to make this decision and to ensure that the amount of replacement parking provided will be consistent with the policies and objectives of all parties involved. Also, this study did not quantify the level of long-term (i.e., monthly) parking demand, so LAEWDD may need to

Table 2 – Supportable New Development at the Subject Sites

2015-2025	
Residential	
For-Sale	131 units
Rental	444 units
Retail	
Small Store	32,000 SF – 49,000 SF
Mid-Box	24,000 SF – 36,000 SF
Office	26,000 SF – 52,000 SF

Source: HR&A
remodeled and re-programmed Vision Theatre (144).

MARKET OPPORTUNITIES

There is potentially enhanced market demand for residential, retail, and office in the area surrounding Leimert Park Village, especially given the oncoming transit connection, but residential is the highest performing use and most likely to succeed on the subject sites. HR&A’s analysis found support for up to 48 for-sale residential units and 144 rental units through the year 2020 on the subject sites, and support for an additional 83 for-sale residential units and up to 300 more rental units through 2025.

With regard to retail, Leimert Park Village could capture support for 24,000 to 36,000 SF of new “mid-box” retail and 32,000 to 49,000 SF of new “small store” retail through year 2025. “Mid-box” retail refers to stores such as Walgreens, CVS, or small format grocery stores, which are, on average, 15,000 SF. “Small store” retail refers to cafes, clothing boutiques, or restaurants, which generally range in size between 1,000 and 5,000 SF. These store formats were determined by HR&A to be the most likely to be

evaluate the current usage of the subject sites for long-term public parking when determining the final amount of replacement parking. Further, note that HR&A was not instructed to study nor provide recommendations related to the ultimate ownership, operations, or maintenance of the replacement parking spaces after redevelopment, but these are all considerations that LAEWDD will need to address prior to issuing a developer RFP.

developed on the subject sites, given their physical configuration.

There is also market support for 26,000 to 52,000 SF of additional office space in Leimert Park. Building out the full amount of supportable office space on the subject sites, however, would likely require a built-to-suit or pre-lease arrangement with an end user that is specifically interested in locating in Leimert Park. Developers are unlikely to build speculative office space at this location.

FINANCIAL FEASIBILITY ASSESSMENT

As mentioned earlier, HR&A, in collaboration with CDS, crafted three illustrative development scenarios to test the development capacity of the subject sites. The particularities of the scenarios were driven by four primary site considerations, which were informed by preceding tasks:

- Regulatory Requirements
- Community Desires
- Market Conditions
- Urban Design

The first scenario, called “Apartments, Retail, Live/Work, and Townhomes,” is a high intensity mixed-use development program, which represents the program that HR&A expected to generate the highest value. It includes a mix of residential apartment units, for-sale townhomes, for-sale live/work units, and retail. Given the density of housing, this scenario is also most likely to generate a greater amount of weekday foot traffic, as desired by the community. As expected, this was generally the highest performing use.

The second scenario, called “Multi-Purpose Cultural Facility Scenario,” reflects the desire of certain community members to integrate a multi-purpose cultural facility as part of the new development. This scenario also includes for-sale live/work and townhome units as well as the same amount of retail space as in the previous scenario. The cultural facility is intended to be a community-oriented space for events and conferences as well as the creation, exhibition, and enjoyment neighborhood-driven arts, music, and photography. Overall, this was the lowest performing scenario.

The third scenario is “Live/Work,” which the City selected as the **Preferred Scenario**, by virtue of it being the only scenario that is in compliance with the latest draft Specific Plan. As its name suggests, the program is primarily live/work residential (for-sale), along some ground-level retail. HR&A added this scenario to test the implications of the late-breaking live/work requirement, which is currently pending adoption by City Council. Its financial performance falls short of Scenario 1 (except when no replacement parking is provided), and it is not likely to support the weekday foot traffic that is desired by the community.

KEY CONCLUSIONS

Across all scenarios, building the maximum potential amount of replacement parking (234 spaces) renders the project infeasible; the provision of replacement parking, in general, severely impacts project feasibility. Therefore, HR&A recommends that the City look carefully into the need for replacement parking and potential parking needs for new development.

If a mixed-use development program is ultimately desired, these sites will likely need to be developed as a single project by one developer. Developing the parcels together would allow higher performing uses (e.g. residential) to offset the cost burden of parking for other lower-performing uses (e.g. retail).

The height restriction of 45 ft. is a significant limiting factor in yielding market comparable land residuals. None of the scenarios are able to reach the current maximum FAR of 1.5:1 due to the height restriction. Greater height and density is required to offset the high cost of structured parking, especially if replacement parking is provided.

Scenarios 1 (Mixed-Use) is generally the highest performing scenario. Scenario 1 also carries minimal absorption risk, as there is clear demand for the amount of rental housing offered, and the density of residential use is likely to generate more foot traffic.

When no replacement parking is provided, Scenario 3 (Live/Work) achieves the highest total residual land value, but it carries higher absorption risk due to the uncertain demand for this number of live/work units. The number of live/work units proposed (54) in this scenario, exceeds HR&A’s near-

term (2015-2020) demand estimate for for-sale residential housing of 48 units. Furthermore, Scenario 3 will most likely not generate the community's desired amount of foot traffic to support cultural uses in Leimert Park Village.

The success of new retail at these sites will ultimately depend on finding an appropriate tenant mix that will draw in local residents either living near the Village or using transit as well as regular visitors from the surrounding neighborhoods. The success of the Vision Theater will also be critical in attracting new foot traffic to the Village and strengthening its position as an African American cultural and retail destination.

Applying for an affordable housing density bonus is not likely to aid feasibility on these sites due to the height restriction. Increasing density significantly would require a building height that exceeds what is currently allowed under the current Specific Plan. Furthermore, this level of density does not appear to be desired by the community.

Although the community is divided on the inclusion of affordable housing, the integration of mixed-income housing (beyond for-sale live/work units) would support affordable residential options for young adults, artists, teachers, and other low to middle-income individuals currently located in the area. This would ensure that such existing residents can remain in the neighborhood and benefit from the significant public investments and improved access associated with the Crenshaw/LAX LRT. This would also address concerns about displacement and support Leimert Park's continued identity as a cultural hub.

1 | DEVELOPMENT POTENTIAL

SITE CONTEXT AND ZONING CONSIDERATIONS

The subject sites are comprised of two City-owned parking lots within Leimert Park Village, which are roughly bound by Crenshaw Boulevard on the west, West 43rd St on the north, Leimert Boulevard on the east, and West Vernon Avenue on the south. The western lot, or “Site A,” is approximately 71,400 SF and currently contains 172 parking spaces. The eastern lot, or “Site B,”⁴ is approximately 103,200 SF and currently contains 198 parking spaces. Site C is a Metro-owned parcel that was initially under consideration but is not developed in this study. The Crenshaw/LAX Line will connect the subject sites and the surrounding neighborhoods to major regional



Source: HR&A, Google Maps

Figure 2 – Site Plan

employment centers like Downtown LA, Santa Monica, and Los Angeles International Airport. As such, this public transit investment is expected to unlock economic opportunity and to spur investment within Leimert Park Village.

At its heart, Leimert Park Village is a vital enclave of African-American arts organizations, galleries, and small businesses. Anchoring the Village is the historic Vision Theatre, which was constructed in 1931 and is currently undergoing a \$22.5 million renovation. Surrounding the theater is a cluster of small, independently owned businesses and arts organizations, which help to foster a unique dynamic that draws in residents and visitors alike. Despite having many thriving small businesses, better access to Metro’s rail network presents opportunities for a wider variety of land uses and for new development.

Development standards for the sites, summarized in Table 3 on the left, are specified in the Amended Crenshaw Corridor Specific Plan, the latest version of which is pending adoption by City Council. Currently, the sites are zoned as Commercial (C2), which allows for a variety of retail uses as well as residential units.

Table 3 – Amended Specific Plan Summary	
Zoning	Commercial (C2) <i>Allows for a variety of retail uses as well as single- and multi-family residential units. Must have ground floor with neighborhood-serving retail.</i>
Residential Use Restriction (proposed May 2016)	Live/Work Requirement <i>A new subsection of the Crenshaw Corridor Specific Plan, which is pending adoption, will limit all residential development on subject sites to live/work housing only.</i>
Height	45 ft. <i>Discretionary approval can raise limit up to 50 ft.</i>
Floor Area Ratio (FAR)	1.5:1 <i>Affordable housing density bonus can raise maximum FAR to 3:1.</i>
Parking	1 space per 500 sq. ft. of combined floor area. <i>Exceptions apply to restaurants, grocery stores, and mixed use projects.</i>

Source: HR&A, City of Los Angeles

⁴ Note that Site B is composed of two discrete parcels (municipal lot #764 and lot #626), one owned by the City of Los Angeles Department of Transportation (LADOT) and the other owned by the Department of General Services. Both are currently operated by LADOT as a single parking lot, but

disposal of these two sites would require that LAEWDD coordinate with both entities. Site A is municipal lot #625 and is also operated by LADOT.

Any mixed-use development with street frontage, however, must include ground level neighborhood-serving retail. Building height is limited to 45 feet and density is limited to a floor area ratio (FAR) of 1.5:1. The latest Specific Plan contains an amendment stipulating that any residential development on the subject sites must be limited to live/work units only. At the time that HR&A commenced financial feasibility testing, the live/work requirement was not yet introduced, and therefore some original scenarios do not align with the live/work restriction. Nevertheless, we have included these non-compliant scenarios in this report to illustrate development potential under the March 1, 2016 draft of the Specific Plan.

COMMUNITY STAKEHOLDER MEETINGS: KEY FINDINGS

HR&A participated in three City-led community stakeholder meetings to gather feedback and insight on community needs and desires. The meetings revealed a preference for small scale development that would enhance and strengthen the African American cultural character of Leimert Park Village. Community stakeholders also expressed a strong preference for artist live/work housing, a multi-purpose cultural facility, and a wider selection of retail outlets that cater to the needs to local residents. Local business owners and stakeholders also stressed the importance of encouraging uses that could generate more weekday foot traffic in the area. Stakeholders noted that the greatest level of activity at Leimert Park Village is limited to weekends or during special events. Stakeholders would prefer uses that would generate a more consistent level of pedestrian activity throughout the week, so that the Village can transform into a veritable retail and cultural destination.

MARKET ANALYSIS: KEY FINDINGS

HR&A evaluated the level of market demand for residential, retail, and office land uses in Leimert Park Village. The Crenshaw/LAX Line will connect Leimert Park Village to major regional employment centers like Downtown LA, Santa Monica, and Los Angeles International Airport, and is expected to unlock

economic opportunity and spur investment. As such, the arrival of light rail transit is assumed to be a new driver of market demand for all land uses. Leimert Park Village also has access to a strong immediate market with moderate to high incomes, which presents significant opportunities for retail demand. The View Park – Windsor Hills neighborhood, for example, is the single largest middle- and upper-middle class African American community in the United States⁵. These and other unique demographic and market characteristics of Leimert Park Village, and the neighborhoods surrounding it, were carefully considered in the formulation of HR&A's findings. The detailed existing market condition findings and demand analysis results are provided in the "Market Report for City/Metro-Owned Sites: Leimert Park Station," submitted to the City on June 28, 2016. Key findings and market demand estimates for primary land uses are summarized below.

RETAIL

Leimert Park Village is a cultural hub of the African American community. Building on the many thriving small businesses, further revitalization presents opportunities for a wider variety of retail types and better performance overall. When HR&A surveyed Leimert Park Village, we found that approximately 10% of the storefronts were underutilized or vacant. Local businesses and community stakeholders have expressed concern about the level of foot traffic that current land uses are able to generate. Community stakeholders have also expressed interest in a greater selection of goods and services that current retailers do not provide.

HR&A evaluated current resident retail spending within the Leimert Park Retail Market Area⁶ and compared it with current sales in that same area to determine current unmet spending potential. Table 4 below, shows HR&A's estimate for the cumulative total of supportable new retail space within Leimert Park Station Area over the next ten years. The estimates only include retail categories that HR&A believes are

⁵ Los Angeles Times. "Black Beverly Hills' debates historic status vs. white gentrification."

⁶ For full description of retail market analysis study area, see Market Report pg. 43.

Table 4 – Supportable Retail Space at Leimert Park Station Area (2015-2025)

Mid Box Retail (e.g. Walgreens or similar)	Small Store Retail (e.g. café or clothing boutique)
24,000 SF – 36,000 SF	32,000 SF – 49,000 SF

Source: HR&A

most likely to locate on the subject sites, including grocery stores, personal care stores, restaurants, or clothing boutiques. “Mid-Box” retail refers to stores such as a Walgreens, CVS, or small format grocery store, which are approximately 15,000 SF on average. Small store retail refers to cafes, clothing boutiques, or restaurants, which generally range in size between 1,000 and 5,000 SF. It is important to note that although the analysis illustrates cumulative demand, the configuration and locational characteristics of the sites would most likely preclude a new development from physically accommodating the full amount of retail cited in Table 4.

RESIDENTIAL

Housing in the area surrounding Leimert Park Village⁷ is comprised of a balanced mix of older, well-kept single-family homes and low-rise multifamily buildings. Nearly two-thirds of residents in this same area are renters, which is on par with the City of Los Angeles. With little new inventory and strong demand in the areas surrounding Leimert Park Village, rental housing vacancy rates are extremely low, and rents have followed the general upward trend of the City of Los Angeles. However, average rents in the Crenshaw/LAX Corridor are suppressed by the older age of the apartment stock; newer units command much higher rents. Table 5, below, outlines the total number of residential units that the Leimert Park Station Area could potentially support over two time periods: between 2015 and 2020 and between 2020 and 2025.

Table 5 – Supportable Multifamily/Attached Residential Units at Leimert Park Station Area

	2015-2020	2020-2025
For-Sale Units	48	83
Rental Units	144	300

Source: HR&A

OFFICE

The office market surrounding Leimert Park Village primarily includes neighborhood-serving offices in smaller and older structures built before 1970. Vacancy is high, but this is likely due to the older stock of buildings that are difficult to lease. Older buildings may not be well configured for modern office uses.

Future office demand was estimated by accounting for the expected employment growth in a larger Secondary Market Area surrounding Leimert Park Village, and translating that growth into supportable new office space. As shown below, the analysis shows that there is demand for a significant amount of office space in Leimert Park Village. Building out the full amount of supportable office space, however, would likely require a built-to-suit or pre-lease arrangement with an end user that is specifically interested in locating in Leimert Park. Neighborhood-serving office, such as insurance, dental, and real estate brokerage offices are most likely to locate in Leimert Park.

Given the current market risk for speculative office buildings, we have not included any office use in the development scenarios. That does not, however, preclude a creative developer from including some office uses, provided the developer can secure pre-lease commitments. Table 6 shows the likely supportable range of office space at the Leimert Park Station Area.

Table 6 – Supportable Office Space at Leimert Park Station Area

2015-2025
26,000 SF – 52,000 SF

Source: HR&A

⁷ For description of residential market analysis study area, see Market Report pg. 28.

MULTI-PURPOSE CULTURAL FACILITY

Some community stakeholders expressed a strong interest in integrating a multi-purpose cultural facility into new development at Leimert Park Village. The cultural facility is intended to be a community-oriented space for events and conferences as well as the creation, exhibition, and enjoyment neighborhood-driven arts, music, and photography. HR&A did not conduct a detailed demand analysis for such a facility, but we did review the physical and operational characteristics of similar facilities in Los Angeles County. SmashBox Studios in Culver City, for example, is a 25,000 SF ensemble of photo, video, and sound production studios as well as attractive event spaces. This particular facility is managed by a private, for-profit entity, but such a facility within Leimert Park could take on a number of different governance structures. For example, it could be exclusively managed by a non-profit partner looking to promote community-driven arts, or it could also be managed through a partnership between a private operator and non-profit.

One important finding uncovered in HR&A’s research was that cultural facilities like this typically occupy refurbished existing buildings and are not generally found in new construction buildings. This is likely due to the fact that the revenue potential of such a facility is not great enough to merit the costly investment of ground-up, new construction.

Such a facility is included in Scenario 2, assuming that it would be a community space supporting modest rental rates.

Table 7 – Replacement Parking Need Estimate

	Spaces
Current Inventory (on- and off-street)	599
Less: City-owned parking lots	(370)
Supply after redevelopment	229
Less: Demand under current utilization	(319)
Replacement need under current utilization	(90)
Less: Additional demand assuming full occupancy and renovated Vision Theatre	(144)
Replacement need assuming full occupancy and renovated Vision Theatre	(234)

Source: Kimley-Horn

⁸ This estimate reflects standard City of Los Angeles’ parking requirements.

PARKING STUDY: KEY FINDINGS

Kimley-Horn & Associates conducted a parking analysis in order to determine:

1. The amount of replacement parking needed based on **current peak utilization** of the available parking spaces within the Parking Study Area and with the assumption that the existing parking lots are redeveloped;
2. **Future incremental parking demand** generated by a renovated Vision Theatre and full occupancy of the current commercial buildings within Leimert Park Village; and
3. Parking **required to support new development** on the subject sites.

The two City-owned sites are currently used as public parking lots with a total of 370 parking spaces. At the direction of Council District 10, parking utilization was to be surveyed on a Sunday between the hours of 11 am and 6 pm, which represents current peak use. KHA conducted their parking utilization survey within that time frame on Sunday, April 3, 2016.

The Parking Study Area currently provides **599 on-street and off-street public parking spaces**, including the 370 off-street spaces that are currently provided on the subject sites. Redeveloping the subject sites would necessarily remove those 370 spaces.

Peak utilization of the 599 spaces within the Parking Study Area, which is the highest level of surveyed parking space utilization, was **319 spaces**. Accounting for this peak utilization, KHA identified a need for **90 replacement public parking spaces**, which represents the excess demand that will not be met once the 370 subject site parking spaces are redeveloped.

When also accounting for the required parking for a renovated Vision Theater and full occupancy of existing vacant commercial spaces located within Leimert Park Village, KHA estimated **a need for 234 replacement public parking spaces**.⁸ These replacement space amounts only account for demand generated by existing buildings, and does not account

for new demand generated by new development or shared parking opportunities.⁹

PARKING SCENARIOS

Each scenario will generate demand for new parking. The first column of Table 8 presents the parking spaces required by the development scenarios described in the following section. **Note that it is assumed that all townhomes and live/work units include their own two-car garages at the ground level.** Therefore, parking counts for these unit types are not included in Table 8.

In addition to satisfying the parking requirements of the proposed new development, the developer may be required to provide the replacement parking spaces indicated in KHA’s Parking Study. Accordingly, HR&A tested the impact of providing different amounts of replacement parking spaces under each development scenario, as project feasibility is highly sensitive to the amount of parking that will ultimately be required:

- **Zero Replacement Spaces** – Assuming that the developer only provides the amount of parking that is required by the new uses within each development scenario.
- **+90 Replacement Spaces** – Assuming the developer provides parking for new uses as well as the net shortfall in currently utilized parking spaces lost after redeveloping the City owned parking lots.

- **+234 Replacement Spaces** – Assuming the developer provides parking for new uses, plus replacement parking for all existing buildings (90), plus the parking that would be required for full occupancy of the currently vacant buildings in Leimert Park Village and a remodeled and re-programmed Vision Theatre (144).

Table 8, below, summarizes the total amount of required parking under the three replacement scenarios for each development scenario.

Table 9, on the following page, summarizes the program mix and varying parking for each site. The scenarios include the parking required by the proposed development, as well as the varying amounts of replacement parking, split between surface and structured parking facilities.

For a full explanation of how the HR&A team arrived at these parking amounts, please see KHA’s parking study, included herein as APPENDIX D: PARKING STUDY.

DEVELOPMENT SCENARIOS

HR&A crafted and tested three potential development scenarios in collaboration with City Design Studio, which were based on HR&A’s market analysis, community input, and development suitability of the two parcels. We must emphasize that these

Table 8 – Parking Requirement Variations by Development Scenario

Development Scenario	Total Parking Required with 0 Replacement	Total Parking Required with 90 Replacement	Total Parking Required with 234 Replacement
1. Apartments, Retail, Live/Work, and Townhomes	206	296	440
2. Multi-Purpose Cultural Facility	180	270	414
3. Live/Work	46	136	280

Source: HR&A, Kimley-Horn

⁹ Please note that the HR&A consultant team was not asked to provide specific recommendations regarding the provisioning of replacement public parking, aside from testing the feasibility of varying amounts of such parking. LAEWDD must coordinate with LADOT and the Department of General Services to make this decision and to ensure that the amount of replacement parking provided will be consistent with the policies and objectives of all parties involved. Also, this study did not quantify the level of long-term (i.e., monthly) parking

demand, so LAEWDD may need to evaluate the current usage of the subject sites for long-term public parking when determining the final amount of replacement parking. Further, note that HR&A was not instructed to study nor provide recommendations related to the ultimate ownership, operations, or maintenance of the replacement parking spaces after redevelopment, but these are all considerations that LAEWDD will need to address prior to issuing a developer RFP.

development scenarios are illustrative and are intended only to be “test-fits” to determine the buildable capacity of these sites. They are not intended to suggest a final development configuration for the subject sites, and it is expected that a private developer would consider these among a number of other possible configurations.

The program for Site A is exclusively residential and remains consistent throughout each scenario, though unit size and mix varies in Scenario 3. The decision to include only residential uses on this site is primarily driven by the lack of major street frontage, which would make retail and other commercial uses less than suitable. The program for Site B differs in each scenario, though portions of the site that do not have direct street frontage are allocated for parking in all three scenarios. The physical configuration of both sites makes large scale retail or office development difficult to support, given the height restriction and high cost of structured parking.

1. APARTMENTS, RETAIL, LIVE/WORK, AND TOWNHOMES SCENARIO

This scenario represents what would typically be the highest value development mix, given current market conditions. It is also the scenario that is most likely to generate the greatest amount of foot traffic, which

aligns with the desires of community stakeholders. The scenario attempts to maximize the FAR of Site B with ground floor retail fronting Degnan Boulevard and market rate apartments above. Site A is lined with a mix of townhomes and live/work units on the periphery, with a 45-space surface parking lot in the center that would contain replacement parking spaces, if provided. The scenario also assumes a parking structure on Site B, which would house parking for the apartment and retail uses as well as any remaining replacement parking spaces. Note that this scenario would not be allowed under the latest draft of the Amended Crenshaw Specific Plan, as it assumes multi-family housing and townhomes that are not live/work units. In this scenario, both Sites A and B achieve an FAR of 1.1.

2. MULTI-PURPOSE CULTURAL FACILITY SCENARIO

This scenario aligns with community stakeholders’ desire to include a multi-purpose cultural facility in the new development. It assumes the facility to be a 10,000 SF space fronting West 43rd Street on Site B, and that rental rents would be modest (i.e. 30 percent lower than retail and office). Sharing the remainder of Site B would be ground floor retail fronting Degnan Boulevard and part of West 43rd Street. It is also assumed that a parking structure would fill any

Table 9 – Development Scenario Summary

	Scenario 1 Apartments, Retail, Live/Work, and Townhomes		Scenario 2 Multi-Purpose Cultural Facility		Scenario 3 Live/Work	
	Site A	Site B	Site A	Site B	Site A	Site B
<u>Site</u>						
Land Area	71,000	103,000	71,000	103,000	71,000	103,000
Total Building Area (GSF)	80,000	57,000	80,000	36,000	80,000	43,000
Achieved FAR	1.1	1.1	1.1	0.3	1.1	0.4
<u>Development Program</u>						
Retail (NSF)	-	20,000	-	20,000	-	11,500
Multi-Purpose Cultural Facility (NSF)	-	-	-	10,000	-	-
<u>Residential Unit Mix</u>						
Flats (for rent)	-	63	-	-	-	-
Live/Work (for sale)	20	8	20	-	39	15
Townhomes (for sale)	19	6	19	-	-	-
<u>Parking</u>						
Parking (Surface / Structured)						
with 0 replacement spaces	45/0	0/161	45/0	0/135	-	46/0
with 90 replacement spaces	45/0	0/251	45/0	0/225	-	0/136
with 234 replacement spaces	45/0	0/395	45/0	0/369	-	0/280

Source: HR&A, City Design Studio, Kimley-Horn

remaining area of Site B. Site A remains the same as in the scenario above. This scenario would also not be allowed under the latest draft of the Specific Plan, as it includes townhomes that are not live/work units. In this scenario, Site A achieves an FAR of 1.1 and Site B achieves an FAR 0.3.

3. LIVE/WORK SCENARIO (PREFERRED)

This scenario only includes live/work units on the periphery of both sites and a small amount of retail space fronting Degnan Boulevard on Site B. All the live/work units include parking in-unit, and additional public parking is available on Site B. This scenario does align with the latest Amended Crenshaw Corridor Specific Plan and could be pursued by-right. In this scenario, Site A achieves an FAR of 1.1 and Site B achieves an FAR of 0.4.

2 | FINANCIAL FEASIBILITY

HR&A tested the financial feasibility of the three development scenarios described in the previous section using a *residual land value* analysis. *Residual land value* is what a private developer could theoretically afford to pay for the City-owned parking lots and earn a market-responsive return on investment from new development. Generally, the amount of residual land value that a development concept can generate is an indication of project feasibility. Higher residual land values also indicate a development concept's ability to support public benefits, such as community facilities, affordable housing, and public realm improvements.

Following a description of the key assumptions underlying our analysis, we present a summary of residual land value results and a discussion of general conclusions.

KEY ASSUMPTIONS

Residential rental rates and sale prices are based on a review of market comps for new construction apartments in the neighboring submarkets and analysis of rent premiums associated with proximity to rail transit. Palms was chosen as the primary benchmark for rental rates due to the lack of recently completed multi-family rental properties near Leimert Park Village, and the fact that Palms has seen an uptick in investment that is expected in Leimert Park Village. While HR&A also evaluated the performance of rental product in other submarkets, HR&A determined the market context of Palms to be most representative of what we may expect to see in Leimert Park as the Crenshaw/LAX line comes online. Rental rates in Palms are substantially higher than what is currently found in areas immediately surrounding Leimert Park Village and we have adjusted model rents accordingly. However, we believe that convenient transit access (facilitating connectivity to Santa Monica, USC and Downtown Los Angeles) and the new construction premium will allow a developer to achieve significantly higher apartment rents than what is currently observed in Leimert Park Village. See more information on residential rental comps in the appendix.

Parking is assumed to be shared between both sites. In Scenarios 1 and 2, 45 surface parking spaces are assumed to be located on Site A, which can either serve parking needs of uses that are located on Site B or for replacement parking. In addition, parking for townhomes and live/work units are assumed to be provided within a ground-level, in-unit garage.

Retail and office rental rates are based on a review of market comps in the Crenshaw Corridor area, as well as a review of market comps for similar product in neighboring sub-markets, such as Palms, Culver City and Westchester. Benchmarks outside of Leimert Park Village's immediate submarket are used to determine likely rental rate potential as well as market dynamics that may influence the market performance of new development on the subject sites. See more information on the office and retail comps in the appendix.

Construction costs were calculated using the Marshall & Swift Cost Estimator (June 2016 edition) data for the Los Angeles area. Costs have been factored to remove soft costs, which are listed separately, and assume above-average quality residential, good quality retail and average quality office.

Capitalization rates or 'cap rates,' which represent the rate of return on a real estate investment property based on the income that the property is expected to generate, are based on third-party information as well as comparable properties in nearby submarkets. Cap rates are used in this analysis to determine the project value and are conservative, accounting for anticipated absorption and market risk

The units in the Live/Work Scenario are assumed to be smaller than those in the other scenarios, due to physical site constraints. The assumed sale price for these units was decreased to be commensurate with their smaller size.

Table 10 – Key Cost and Revenue Assumptions

Costs			Revenues			
Avg. Weighted Hard Construction Cost	<u>Site A</u>	<u>Site B</u>		<u>Per NSF/mo.</u>	<u>Per Unit/mo.</u>	<u>Unit NSF</u>
Scenario 1	\$130	\$126	1-bed Rent	\$2.30	\$1,610	700
Scenario 2	\$130	\$128	2-bed Rent	\$2.30	\$2,300	1,000
Scenario 3	\$130	\$137				
				<u>Per NSF</u>	<u>Per Unit</u>	<u>Unit NSF</u>
Soft Costs (incl. financing, as % of hard costs)	25%		Live/Work (L) Price	\$323	\$581,000	1,800
			Live/Work (S) Price	\$333	\$520,000	1,560
Surface Parking Cost (per space)	\$2,200		Townhome	\$347	\$520,000	1,500
Structured Parking Cost (per space)	\$25,750			<u>Per NSF/mo.</u>		
			Retail Rent (NNN)	\$2.00		
Retail and Office T.I. Cost (per NSF)	\$40		Multi-Purpose Rent (NNN)	\$1.40		
			Office Rent (NNN)	\$2.00		
Residential Vacancy	5%		Apartment Cap Rate	4.8%		
Retail Vacancy	5%		Retail Cap Rate	5.9%		
Office Vacancy	10%		Office Cap Rate	6.5%		

Source: HR&A, CoStar, Marshall & Swift

Table 11 – Residual Land Value Summary

	Site A	Site B	Total
Scenario 1 - Apartments, Retail, Live/Work (L), Townhomes			
0 Replacement Spaces			
Residual Land Value (Total)	\$ 4,373,000	\$ 1,286,000	\$ 5,658,000
Residual Land Value (PSF)	\$ 61.21	\$ 12.45	\$ 32.39
90 Replacement Spaces			
Residual Land Value (Total)	\$ 4,373,000	\$ (1,755,000)	\$ 2,618,000
Residual Land Value (PSF)	\$ 61.21	\$ (17.00)	\$ 14.99
234 Replacement Spaces			
Residual Land Value (Total)	\$ 4,373,000	\$ (6,619,000)	\$ (2,246,000)
Residual Land Value (PSF)	\$ 61.21	\$ (64.11)	\$ (12.86)
Scenario 2 - Multi-Purpose Facility, RetailLive/Work (L), Townhomes			
0 Replacement Spaces			
Residual Land Value (Total)	\$ 4,373,000	\$ (2,726,000)	\$ 1,647,000
Residual Land Value (PSF)	\$ 61.21	\$ (26.40)	\$ 9.43
90 Replacement Spaces			
Residual Land Value (Total)	\$ 4,373,000	\$ (5,766,000)	\$ (1,393,000)
Residual Land Value (PSF)	\$ 61.21	\$ (55.85)	\$ (7.98)
234 Replacement Spaces			
Residual Land Value (Total)	\$ 4,373,000	\$ (10,630,000)	\$ (6,257,000)
Residual Land Value (PSF)	\$ 61.21	\$ (102.97)	\$ (35.82)
Scenario 3- All Live/Work (S), Retail			
0 Replacement Spaces			
Residual Land Value (Total)	\$ 4,091,000	\$ 2,323,000	\$ 6,414,000
Residual Land Value (PSF)	\$ 57.27	\$ 22.50	\$ 36.72
90 Replacement Spaces			
Residual Land Value (Total)	\$ 4,091,000	\$ (2,139,000)	\$ 1,953,000
Residual Land Value (PSF)	\$ 57.27	\$ (20.72)	\$ 11.18
234 Replacement Spaces			
Residual Land Value (Total)	\$ 4,091,000	\$ (7,003,000)	\$ (2,912,000)
Residual Land Value (PSF)	\$ 57.27	\$ (67.83)	\$ (16.67)

Source: HR&A.

Note: Totals may not sum precisely due to rounding.

FINANCIAL FEASIBILITY CONCLUSIONS

Across all scenarios, building the full amount of replacement parking (234 Spaces) renders the project infeasible; the provision of replacement parking, in general, severely impacts project feasibility. Therefore, HR&A recommends that the City look carefully into the need for replacement parking and potential parking needs for new development. As per the draft specific plan, the Leimert Park Village does not fall under a TOD Overlay zone with reduced parking standards. The replacement parking for the existing vacant spaces and Vision Theater are based on full City requirements rather than actual potential utilization and do not assume shared parking. Strategies for shared parking among uses should be explored and incentivized to minimize overall parking burden within the area.

If a mixed-use development program is ultimately desired, these sites will likely need to be developed as a single project by one developer. Developing the parcels together would allow higher performing uses (e.g. residential) to offset the cost burden of parking for other lower-performing uses (e.g. retail). Without the higher value program on one site to offset parking costs on the other, the high parking requirement uses (e.g. retail) would be completely infeasible. The “total” column of Table 11 provides the land value for each project scenario if they were to be developed together by one developer, which HR&A believes is the most viable option.

The height restriction of 45 ft. is a significant limiting factor in yielding market comparable land residuals. None of the scenarios are able to reach the current maximum of FAR of 1.5:1 due to the height restriction. Greater height and development density are required to offset the high cost of structured parking, especially if replacement parking is required. Some Scenarios, such as the Scenario 1, yield a positive residual land value under the Replacement Parking alternative, but the yield is minimal.

Scenarios 1 (Mixed-Use) is generally the highest performing scenario. Scenario 1 also carries minimal absorption risk, as there is clear demand for the amount of rental housing offered, and the higher

density of residential use is likely to generate foot traffic.

Scenario 3 achieved the highest total residual land value when no replacement parking is provided, but its performance suffers when the cost burden of replacement parking is introduced. There is also significant absorption risk associated with the number of live/work units proposed (54), which exceeds HR&A’s near-term (2015-2020) demand estimate for for-sale residential housing of 48 units. Furthermore, it may also struggle to generate regular foot traffic because of its lower density.

The success of new retail at these sites will ultimately depend on finding an appropriate tenant mix that will draw in local residents either living near the Village or using transit as well as regular visitors from the surrounding neighborhoods. The success of the Vision Theater will also be critical in attracting new foot traffic to the Village and strengthening its position as an African American cultural and retail destination.

Applying for an affordable housing density bonus is not likely to aid feasibility on these sites due to the height restriction. Increasing density significantly would require a building height that exceeds what is currently allowed under the current Specific Plan and would require applying for an off-menu incentive could trigger an extensive review process, whereby the developer must prove that the development is not feasible unless it reaches that height. Furthermore, this level of height does not appear to be desired by the community and is likely to generate significant pushback from stakeholders.

Although the community is divided on the inclusion of affordable housing, it is worth noting that the integration of mixed-income housing (beyond for-sale live/work units) would support affordable residential options for young adults, artists, teachers, and other low to middle-income individuals currently located in the area. This would ensure that such existing residents can remain in the neighborhood and benefit from improved access associated with the Crenshaw/LAX LRT. This would also address concerns about displacement and support Leimert Park’s continued identity as a cultural hub.

3 | THE PREFERRED SCENARIO

After reviewing the three scenarios described in the preceding section, the City selected Scenario 3: Live/Work as the Preferred Scenario for further design refinement. This illustrative development scenario, which was selected by virtue of it being the only scenario that complies with the latest draft of the Specific Plan, includes a total of 54 live/work residential units across both subject sites, 11,500 square feet of retail on Site B, and a parking structure, also on Site B. Parking for the live/work residential units are assumed to be in-unit and are not reflected in parking counts. As with all of the development scenarios presented in this report, it is intended only to be a “test-fit” to determine the buildable capacity of these sites. It is not intended to suggest a final development configuration for the subject sites.

In the Preferred Scenario, Site A serves as a pedestrian-friendly live/work enclave. A row of three-story live/work townhomes fronts a pedestrian-

friendly alleyway immediately north of the Metro station portal, which is intended to introduce public-facing uses that will help to activate the transit plaza that surrounds the Metro portal. A break in this row of live/work frames a pedestrian paseo, leading into a

LEGEND: SITE PLAN

- 1 RETAIL COMMERCIAL (18' Height- 1 Story)
- 2 LIVE-WORK UNITS (36' Height - 3 Story)
- 3 PARKING STRUCTURE (16' Height - 3 Levels)
- 4 METRO TRANSIT PLAZA
- 5 PROPOSED PARK
- 6 PASEO

Figure 3 – Preferred Scenario Site Plan



Source: City Design Studio

landscaped courtyard that provides pedestrian access to the northern portion of Site A.

Site B contains retail uses along Degnan Boulevard and more live/work townhomes front West 43rd Street. Behind the retail and live/working housing is a parking structure that will vary in size depending on the final amount of replacement parking that will be required. In the zero replacement spaces scenario, a parking structure would not be necessary, as all required parking could be accommodated on a surface lot. For the 90 replacement spaces scenario, building a parking structure could also be avoided by replacement the landscaped courtyard on Site B with 45 spaces and accommodating the 46 remaining required spaces on a surface parking lot on Site B. The parking structure depicted in this report show the parking structure at its maximum size of 3 levels (16 feet).

As noted in the previous section, this development scenario achieved the highest total residual land value across both sites when no replacement parking is provided, but its performance suffers when the cost burden of replacement parking is introduced. This scenario also carries higher absorption risk due to the

uncertain demand for such a high number of live/work units. Furthermore, this scenario will most likely not generate the community's desired of amount of foot traffic to support cultural uses in Leimert Park Village. Scenario 1 provides a development program that carries much less absorption risk, as there is clear demand for the amount of rental housing offered. Furthermore, its higher density residential component is more likely to be successful in generating regular foot traffic to support local businesses.

LEGEND: BIRDS-EYE VIEW

- 1 RETAIL COMMERCIAL (18' Height- 1 Story)
- 2 LIVE-WORK UNITS (36' Height - 3 Story)
- 3 PARKING STRUCTURE (16' Height - 3 Levels))
- 4 METRO TRANSIT PLAZA
- 5 PROPOSED PARK
- 6 PASEO

Figure 4 – Preferred Scenario Bird's Eye View



Source: City Design Studio

PRECEDENT IMAGES

The following images are numbered to correspond with the legend on the previous page. These images are provided to suggest the possible “look and feel” of the redeveloped subject sites and are not intended to suggest a preferred design, architectural style, scale, or tenant mix.



1 RETAIL COMMERCIAL (18' Height- 1 Story) along Degnan Blvd



1 RETAIL COMMERCIAL (18' Height- 1 Story) along Degnan Blvd



1 RETAIL COMMERCIAL (18' Height- 1 Story) along Degnan Blvd



4 METRO TRANSIT PLAZA ADJACENT TO LIVE WORK UNITS



5 PROPOSED PARK WITH LIVE WORK ADJACENT



6 PEDESTRIAN PASEO BETWEEN TRANSIT PLAZA AND PARK



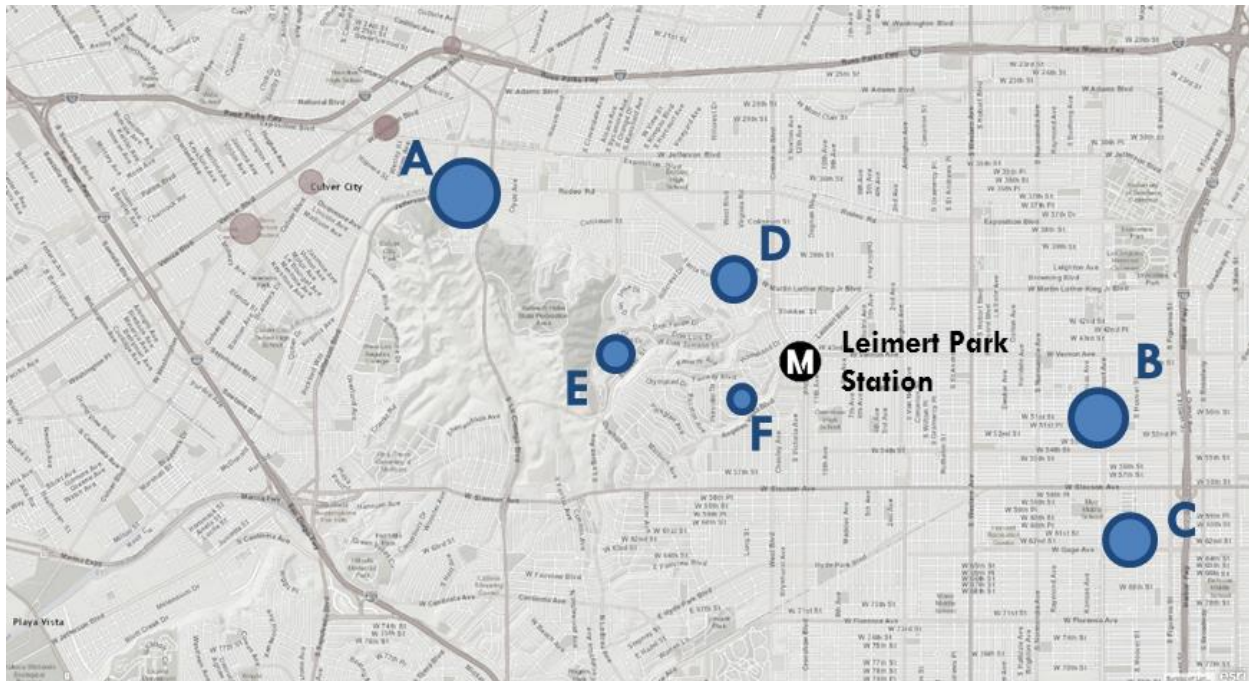
4 METRO TRANSIT PLAZA ADJACENT TO LIVE WORK UNITS

APPENDIX A: MARKET COMPARABLES

LAND SALE COMPARABLES

There are no recent comparable land sales in the immediate Crenshaw area. To better understand the range of achievable land values in areas surrounding Leimert Park Station, HR&A reviewed recent land sales and for-sale listings for parcels of at least 0.4 acres in size. The few active listings found in South Los Angeles, although not very proximate to the subject site, have asking prices in the \$40 to \$200 per square foot range. Note that all of these properties have varying entitlement conditions.

(Note: larger circles indicate higher values.)

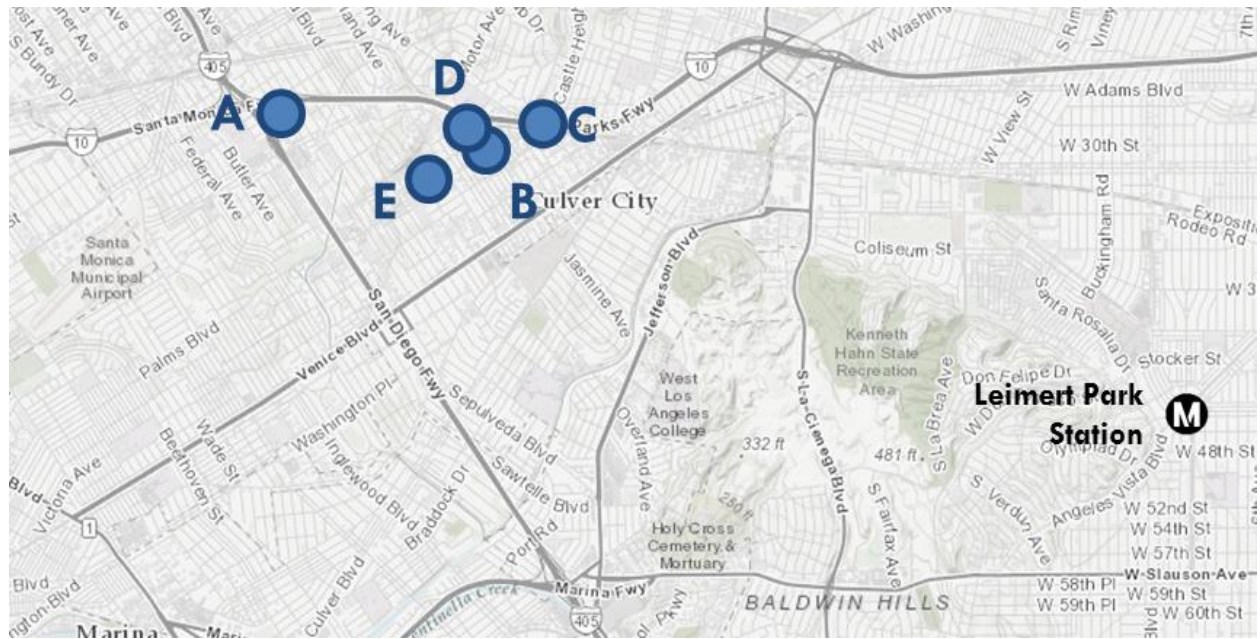


	ADDRESS	ZONING	SUBMARKET	PARCEL SIZE (AC)	SALE/ASKING PRICE	PRICE/SF	SALE DATE/STATUS
A	5875 Rodeo Rd	N/A	Baldwin Hills	0.99	\$8,975,000	\$208	Active Listing
B	5010 S Vermont Ave	C2	South LA	0.41	\$2,800,000	\$157	Active Listing
C	6100 S Hoover St	N/A	South LA	0.68	\$2,700,000	\$91	Active Listing
D	4008 W Martin Luther King Jr Blvd	C1.5	Crenshaw	0.40	\$1,090,000	\$63	Active Listing
E	4529 Don Ricardo Dr	R3	Baldwin Hills	0.31	\$795,000	\$55	Active Listing
F	3849 West Don Tomaso St	RD1.5	Baldwin Hills	0.37	\$699,800	\$43	Active Listing

Sources: CBRE, LoopNet, CoStar

RESIDENTIAL RENTAL COMPS

Due to the lack of recently completed multi-family rental housing near Leimert Park Village, HR&A reviewed new TOD development in Palms as well as existing rental housing in Leimert Park. Average residential rental rates in Leimert Park are generally 30-40% lower than in Palms.

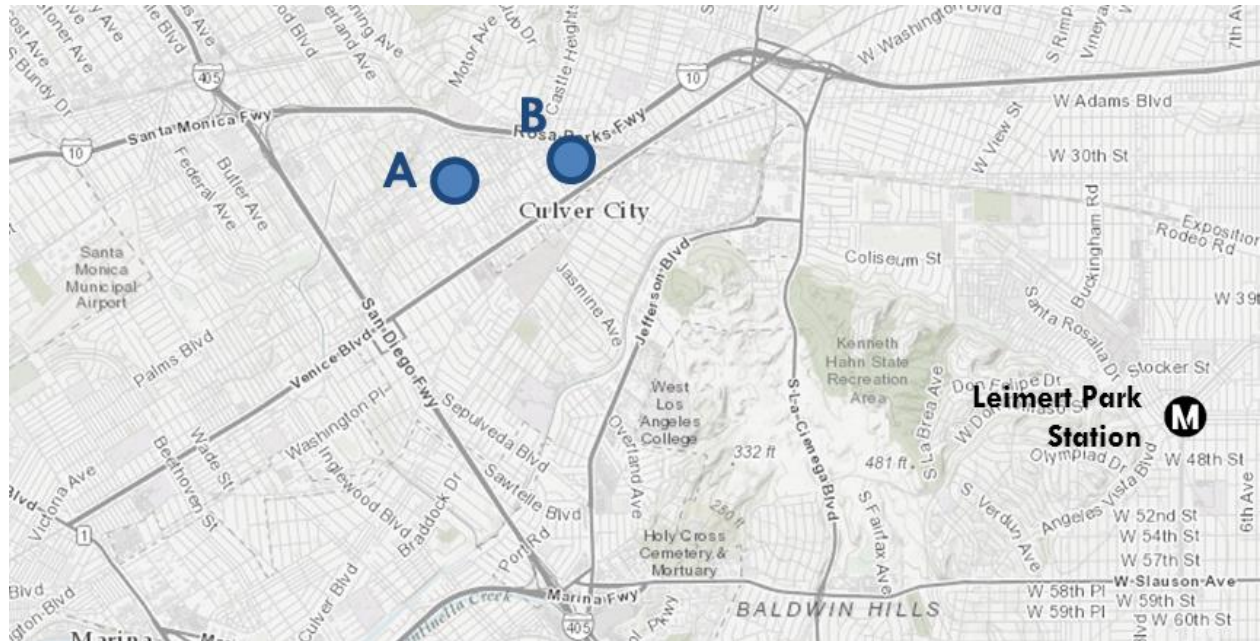


	ADDRESS	YEAR BUILT	ZIP	STU. SF	1-BR SF	2-BR SF	STU. RENT	1-BR RENT	2-BR RENT	3-BR RENT	STU. \$/PSF	1-BR \$/PSF	2-BR \$/PSF
A	2900 S Sepulveda Blvd	2013	90064	450	810	1159			\$2,987				\$2.58
B	3425 Motor Ave	2014	90034	362	464			\$2,455				\$5.29	
C	3627 Hughes Ave	2015	90034		750	1100		\$2,650	\$3,550			\$3.53	\$3.23
D	10329 Palms Blvd	2013	90034	429	679	1017	\$1,750	\$1,750			\$4.08	\$2.58	
E	10810 Palms Blvd	2014	90034		750			\$2,295				\$3.06	

Source: CoStar

RESIDENTIAL FOR-SALE COMPS

There were no residential sale comps for recently constructed multi-family housing near Leimert Park Station; Palms serves as a benchmark in this case also.

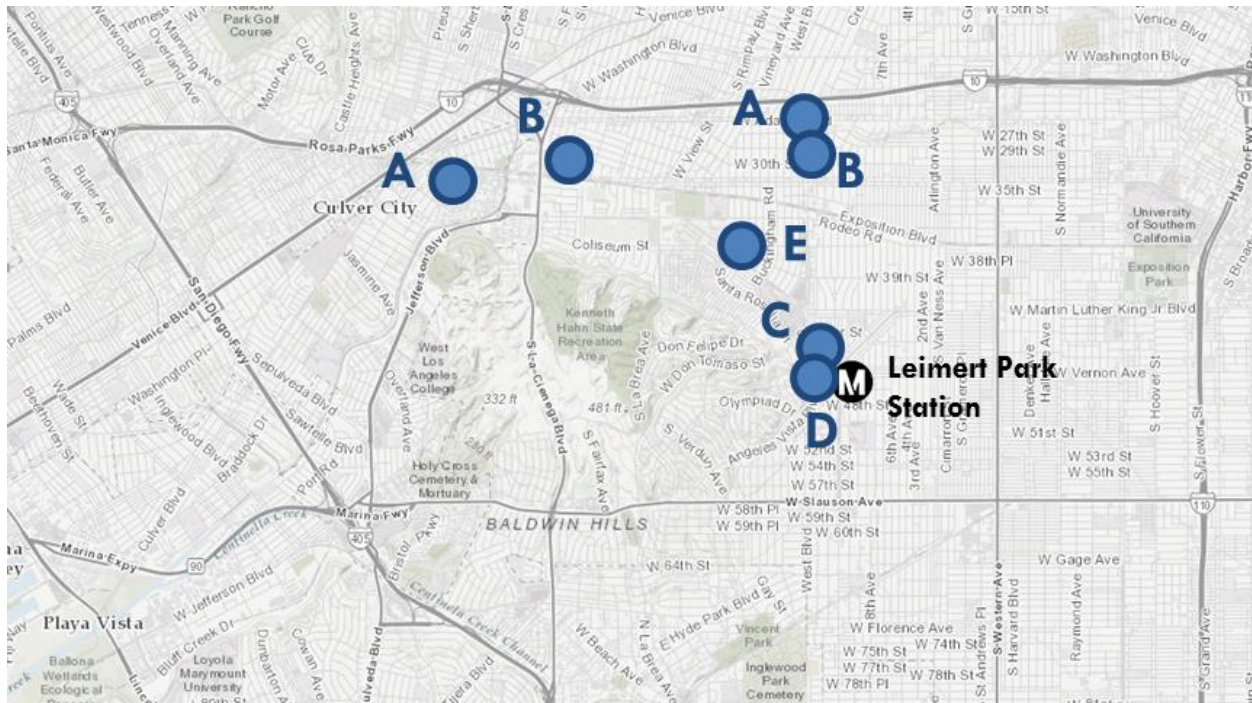


	ADDRESS	HOME TYPE	LAST SALE DATE	LAST SALE PRICE	CURRENT ASKING PRICE	BEDS	SQ. FT.	\$ / SQ FT	LOT SIZE (SF)	YEAR BUILT
A	3729 Cardiff Ave	Townhome	7/29/11	\$555,000	\$819,000	3	1,640	\$499	6,075	2007
B	3509 Keystone Ave #301	Condo	2/26/10	502,000	\$799,000	3	1,770	\$451	N/A	2009

Source: RedFin

RETAIL RENT COMPS

Retail rental comps were primarily from the Crenshaw Corridor area, and fall within the range of \$1.50 to \$2.50 per square foot per month.



	ADDRESS	SF	TYPE	ANNUAL RATE	MONTHLY RATE	SIGN DATE	TYPE	YEAR BUILT
A	2801 Crenshaw Blvd	1,142	NNN	\$18.00	\$1.50	Apr-16	Asking	1987
B	2841 Crenshaw Blvd	1,000	Full Service Gross	\$30.00	\$2.50	Aug-13	Asking	1985
C	4345 Crenshaw Blvd	15,440	NNN	\$24.00	\$2.00	Available	Asking	1937
D	4363 Crenshaw Blvd	1,230	NNN	\$24.00	\$2.00	Mar-16	Asking	2006
E	4501 W Martin Luther King Jr Blvd	2,100	NNN	\$24.00	\$2.00	Available	Asking	2001

Source: CoStar

APPENDIX B: MARKET REPORT



HR&A
Analyze. Advise. Act.

Market Report for City/Metro-Owned Sites

Leimert Park Station

June 2016

Market Report for City/Metro-Owned Sites: Leimert Park

Context

Demographics

Residential

Retail

Office

Transformational Precedents

Background

- The **City of Los Angeles Economic and Workforce Development Department** (“City”) has retained HR&A to explore market opportunities and determine **the highest and best use for transit-oriented development** at City-owned parking lots and a Metro-owned parcel near Leimert Park Station.
- In support of this, HR&A conducted a **market analysis** to identify market-supportable uses and quantify future investment potential, given the better connection and access that the future Crenshaw/LAX light rail line will provide.
- This report summarizes our findings, and is intended to provide the City and relevant stakeholders with an understanding **existing conditions, supportable uses, and likely future trends** that will affect the development of the publicly-owned sites.

Next Steps

- **HR&A will test the financial feasibility** of development program options in order to determine the highest and best use.
- **The City is then expected to initiate a competitive developer solicitation and procurement (RFQ/RFP) process** in order to find a developer that will executive the project according to the City's development guidelines.

Market Report for City/Metro-Owned Sites: Leimert Park

Context

Demographics

Residential

Retail

Office

Transformational Precedents

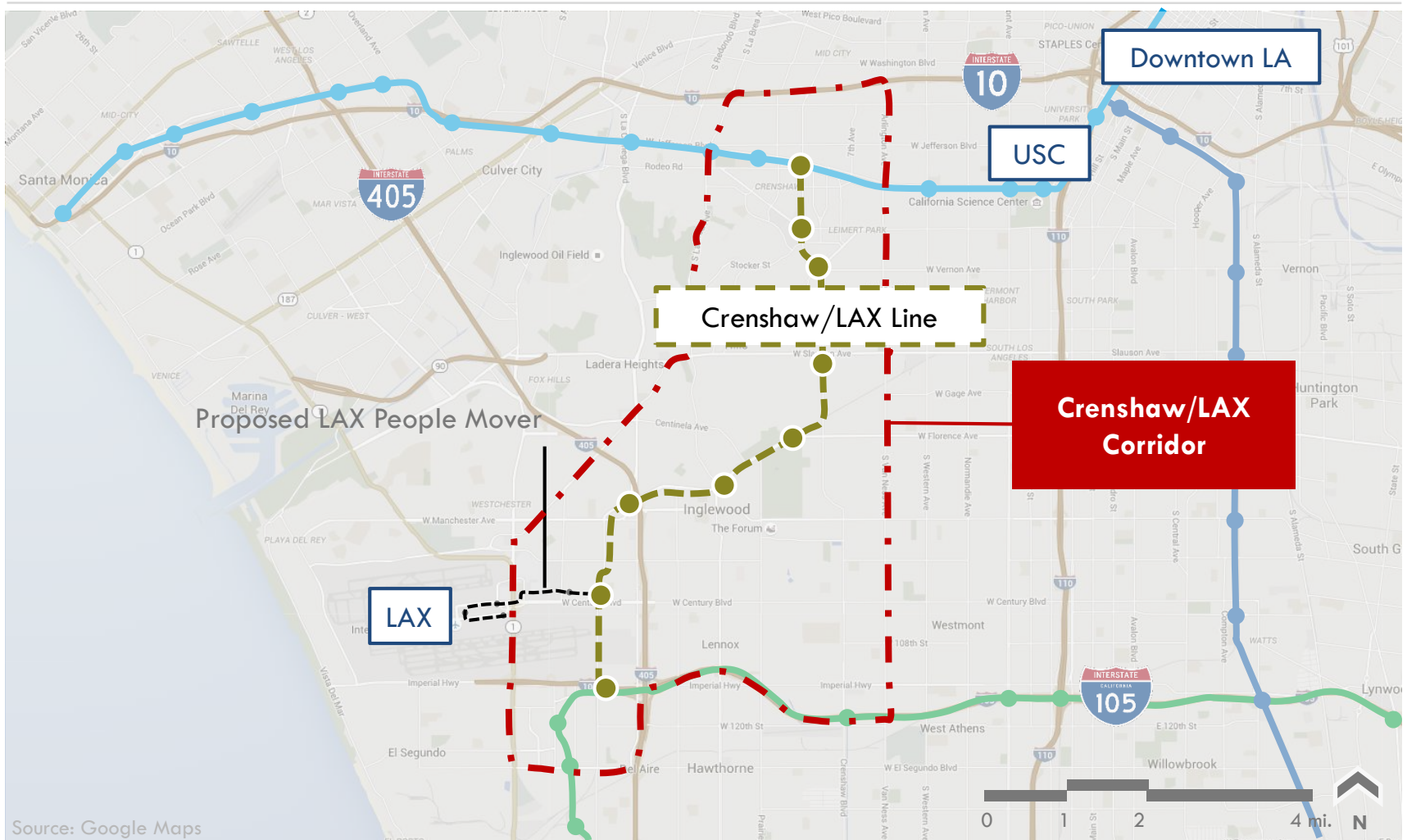
The **Crenshaw/LAX Line** is expected unlock economic opportunity and to spur investment in historically disinvested parts of Los Angeles.



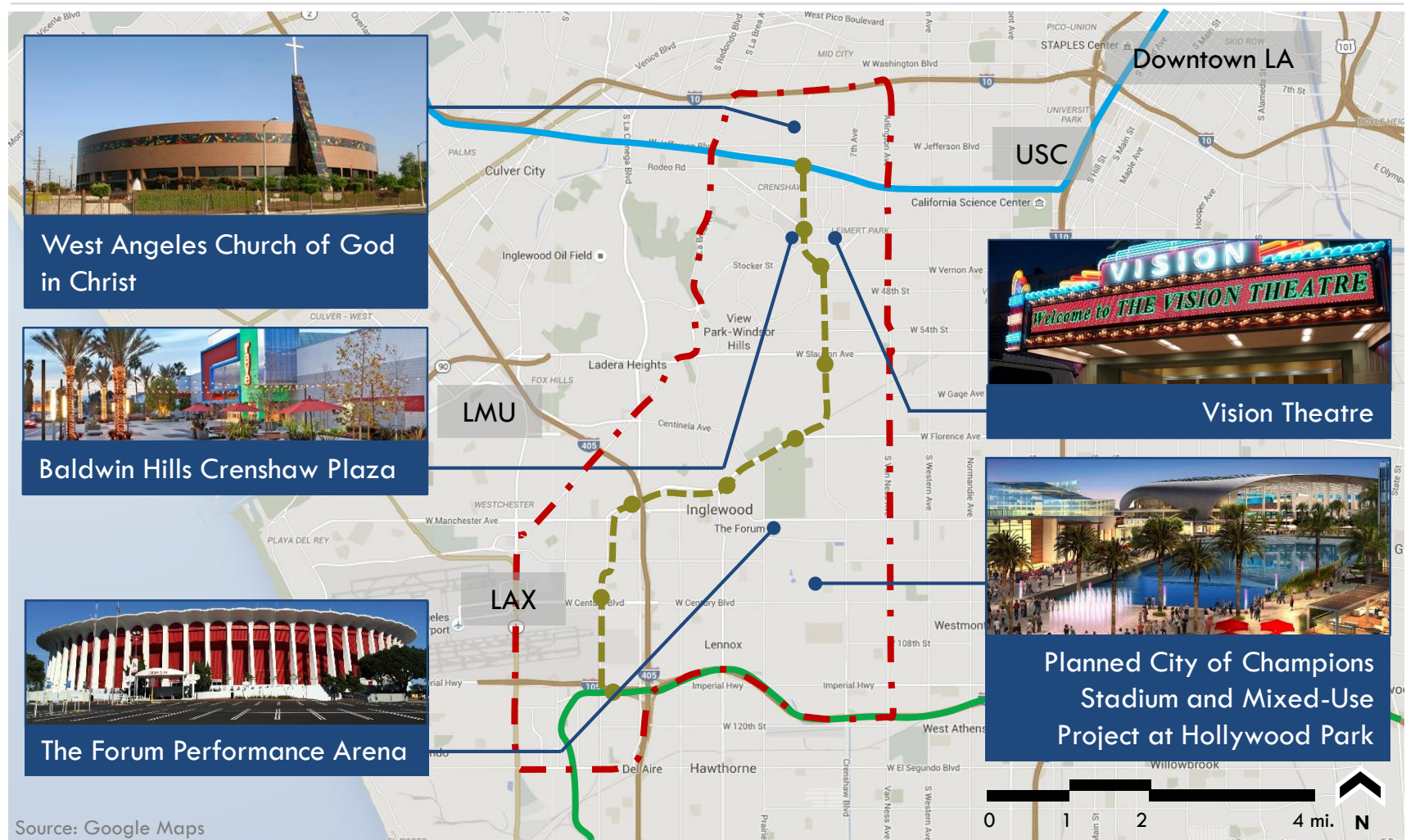
The Crenshaw/LAX Line will extend from the Expo Line to LAX and the Green Line, surrounded by an area HR&A has defined as the **Crenshaw/LAX Corridor**.



The **Crenshaw/LAX Line** will connect the **Corridor** to major regional employment centers like Downtown LA, Santa Monica, and Los Angeles International Airport.



The Corridor itself contains numerous regional destinations, such as the Vision Theatre, Baldwin Hills Crenshaw Plaza, and The Forum.



Source: Google Maps

At its heart, **Leimert Park Village** is a vital enclave of African-American arts organizations, galleries, and small businesses.



Art + Practice



African Arts & Music Festival



KAOS Network



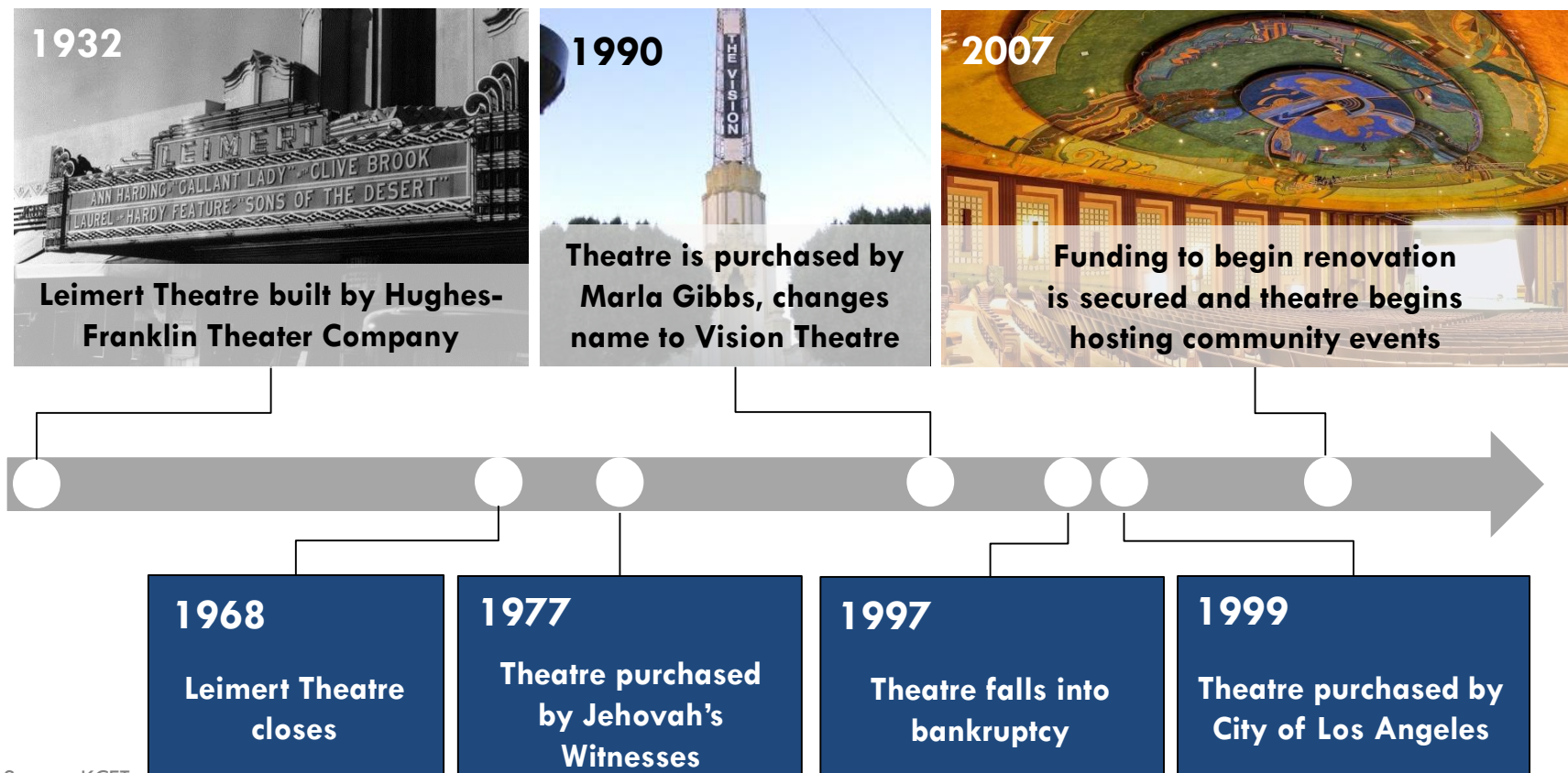
Eso Won Books

Anchoring the Village is the historic **Vision Theatre**, constructed in 1931 and currently undergoing an **\$22.5 million** renovation.



Current renovations to the Vision Theatre are expected to allow it to host a full program of events and activities.

- The Vision Theatre had transferred to multiple owners over its history and had fallen into disrepair before the current renovation.





Source: KCET

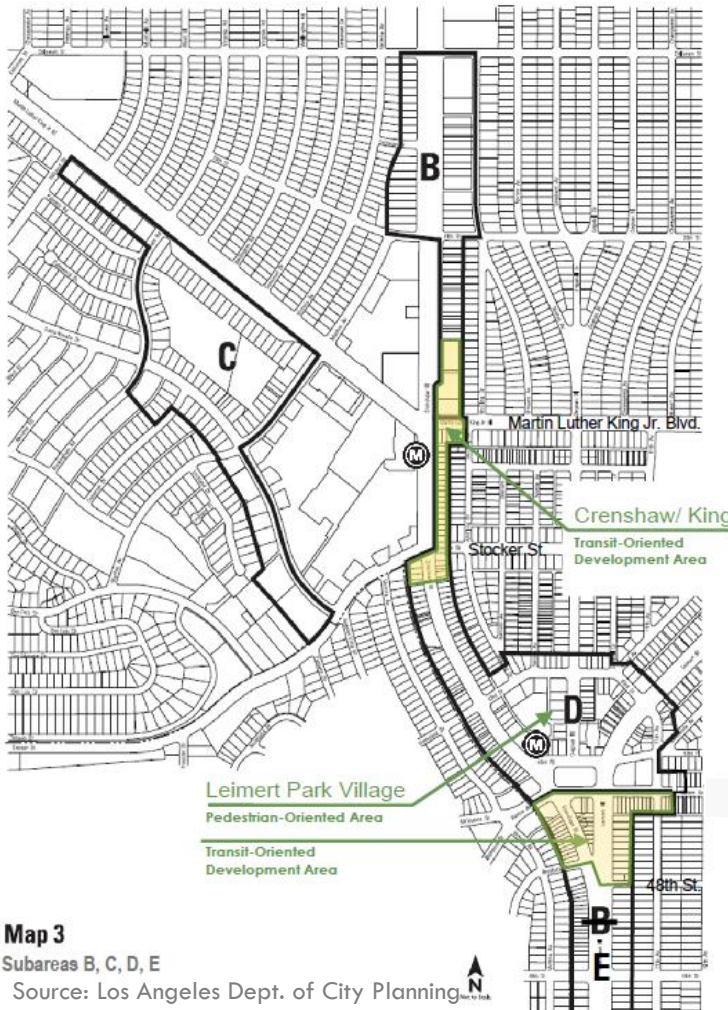
There are five publicly-owned parcels near the planned Leimert Park Station in Leimert Park Village, portions of which are available for joint development.



Parcel	Address	Owner	Acres
A1	3426 W 43rd St	LA City	1.38
A2	3416 W 43rd St	LA City	0.26
B1	4300 Degnan Blvd	LA City	1.23
B2	3320-3338 W 43rd St	LA City	1.14
C1	4330 Crenshaw Blvd	LA Metro	0.47
Total			4.48

Legend	
	City-Owned
	Metro-Owned

The Crenshaw Corridor Specific Plan sets the majority of land use and zoning regulations for these parcels; an amended version is pending adoption.



Zoning (proposed)

Commercial (C2)

Allows for a variety of retail uses as well as single- and multi-family residential units. Must have ground floor with neighborhood-serving retail.

Update (proposed May 2016)

Live/Work Requirement

A new subsection of the Crenshaw Corridor Specific Plan currently under consideration may limit all residential development to live/work housing only.

Height

45 ft.

Discretionary approval can raise limit up to 50 ft.

Floor Area Ratio (FAR)

1.5:1

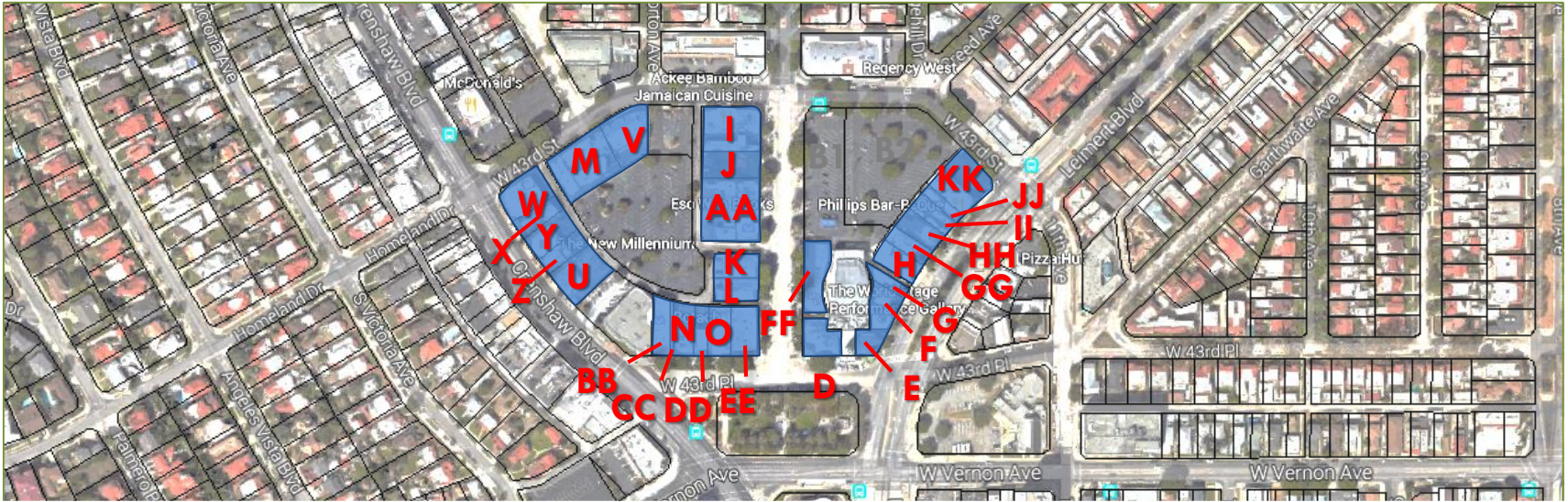
Affordable housing density bonus can raise maximum FAR to 3:1.

Parking

1 space per 500 sq. ft. of combined floor area.

Exceptions apply to restaurants, grocery stores, and mixed use projects.

It should be noted that other adjacent privately-held parcels exist and could be considered for redevelopment.



Parcel	Address	Owner	Acreage
D	3343 W 43rd Pl	WEST 43RD PLACE LLC	0.14
E	3331 W 43rd Pl	CALDWELL, BENNY R	0.08
F	4339 Leimert Blvd	BRADFORD, MARK S	0.14
G	4331 Leimert Blvd	WEST 43RD PLACE LLC	0.06
H	Not Available	BRADFORD, MARK S	0.13
I	4305 Degnan Blvd	COMMUNITY BUILD INC	0.30
J	4311 Degnan Blvd	COMMUNITY BUILD INC	0.18
K	4333 Degnan Blvd	DEGNAN33 LLC	0.12
L	4337 Degnan Blvd	DEGNAN37 LLC	0.12
M	3426 W 43rd St	ZAGORSKI, ROBERT J CO TR	0.23
N	3417 W 43rd Pl	WILLIAMS, JOHN C	0.13
O	3411 W 43rd Pl	BOTACH, BAR K AND IRIS	0.13
U	4320 Crenshaw Blvd	Raysack Holding LLC	0.22
V	3440 W 43rd St	WILSON, CHARLES Z JR	0.36
W	4300 Crenshaw Blvd	LEIMERT INV CO	0.19

Parcel	Address	Owner	Acreage
X	4306 Crenshaw Blvd	NEW MILLENNIUM BEAUTY AND BARBER	0.10
Y	4308 Crenshaw Blvd	NEW MILLENNIUM BEAUTY AND BARBER	0.14
Z	4314 Crenshaw Blvd	DLC PARTNERS TR	0.10
AA	4317 Degnan Blvd	BOTACH INC	0.41
BB	3423 W 43rd Pl	BOTACH MANAGEMENT CO	0.12
GG	4323 Leimert Blvd	LOS ANGELES THIRD CHURCH	0.10
HH	4319 Leimert Blvd	JACKSON, TERRY AND	0.12
II	4315 Leimert Blvd	GOLDSTEIN, MICHAEL	0.11
JJ	4309 Leimert Blvd	NICKEL, BEATA A	0.06
KK	4307 Leimert Blvd	BORDENAVE, HUBERT J TR	0.27

Source: Los Angeles County Office of the Assessor

As a basis for our analysis, HR&A carefully reviewed the recommendations and goals of recent community and stakeholder plans.

Community-led

**20/20 Vision
Initiative**

January 2014

Consultant-led

**ULI
Technical
Assistance Panel**

December 2015

City-led

**Crenshaw
Corridor Specific
Plan**

November 2004
(update pending)

HR&A's work started from and expands upon these existing efforts.

In 2014, Leimert Park stakeholders formed the Vision 20/20 Initiative to develop a long-range plan for the Village's future economic development.

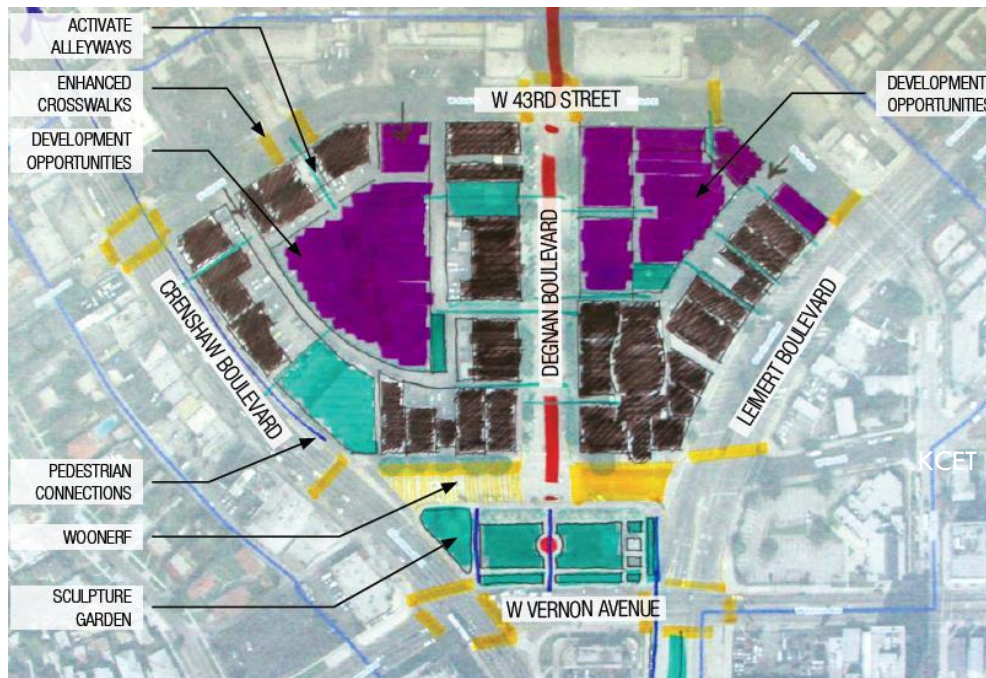


Vision 20/20 Objectives

- Design and cultural preservation
- Infrastructure and facades
- Transit-oriented development (TOD)
- Economic development
- Branding, marketing and business development
- Collaborative fund development

This effort is aimed at preserving the unique culture of Leimert Park while recognizing the catalytic potential of these major transit investments. Initiatives under this effort range from the creation of building design and cultural district guidelines to the creation of an Integrated Fund and Resource Development Strategy that leverages public, private, and philanthropic sources. Vision 20/20 also aims to develop a conceptual plan for the parking lots adjacent to the Vision Theatre and future Metro station.

In December 2015, the Urban Land Institute (ULI) convened a Technical Assistance Panel (TAP) and issued a report proposing new development.



Key Questions – ULI TAP Report

- What is the strongest retail market niche?
- What is the most effective marketing strategy for the Village?
- What is the highest and best use for the city-owned parking lots that is also consistent with the community's vision for the Village?
- What financing options, both public and private, are available to facilitate near- and long-term community goals?
- What are the near-term steps for attracting investment to the Village?

This intensive planning effort convened a number of experts to work with city officials and local stakeholders on an plan aimed to “enhance, not redefine, the existing character of Leimert Park Village as the cultural capital of the African American community in Southern California.”

Findings from the 20/20 Vision Initiative and Urban Land Institute TAP provide important information about community needs and desires.

20/20 Vision Survey: Key Findings

88%

Want to see cultural
live/work spaces
incorporated.

77%

Prefer **non-franchise**
stores for Leimert
Park Village.

Top 3 Reasons for Visiting Leimert Park

1. Shopping
2. Participate in events
3. Social/Village atmosphere,
sight & sounds

Top 3 Desirable Businesses

1. Sit-down restaurants
2. Health food
3. Coffee/tea

ULI TAP: Key Recommendations

- **Improve cultural anchors** that will further make Leimert Park Village a destination, including the park and Vision Theatre.
- **Infill Degnan Boulevard** with mix of retail in underutilized parking lots.
- **Change zoning** to allow for mix of uses and artist housing.
- **Implement streetscape** and programming improvements.
- **Identify singular organization** for coordinated stakeholder representation.

Market Report for City/Metro-Owned Sites: Leimert Park

Context

Demographics

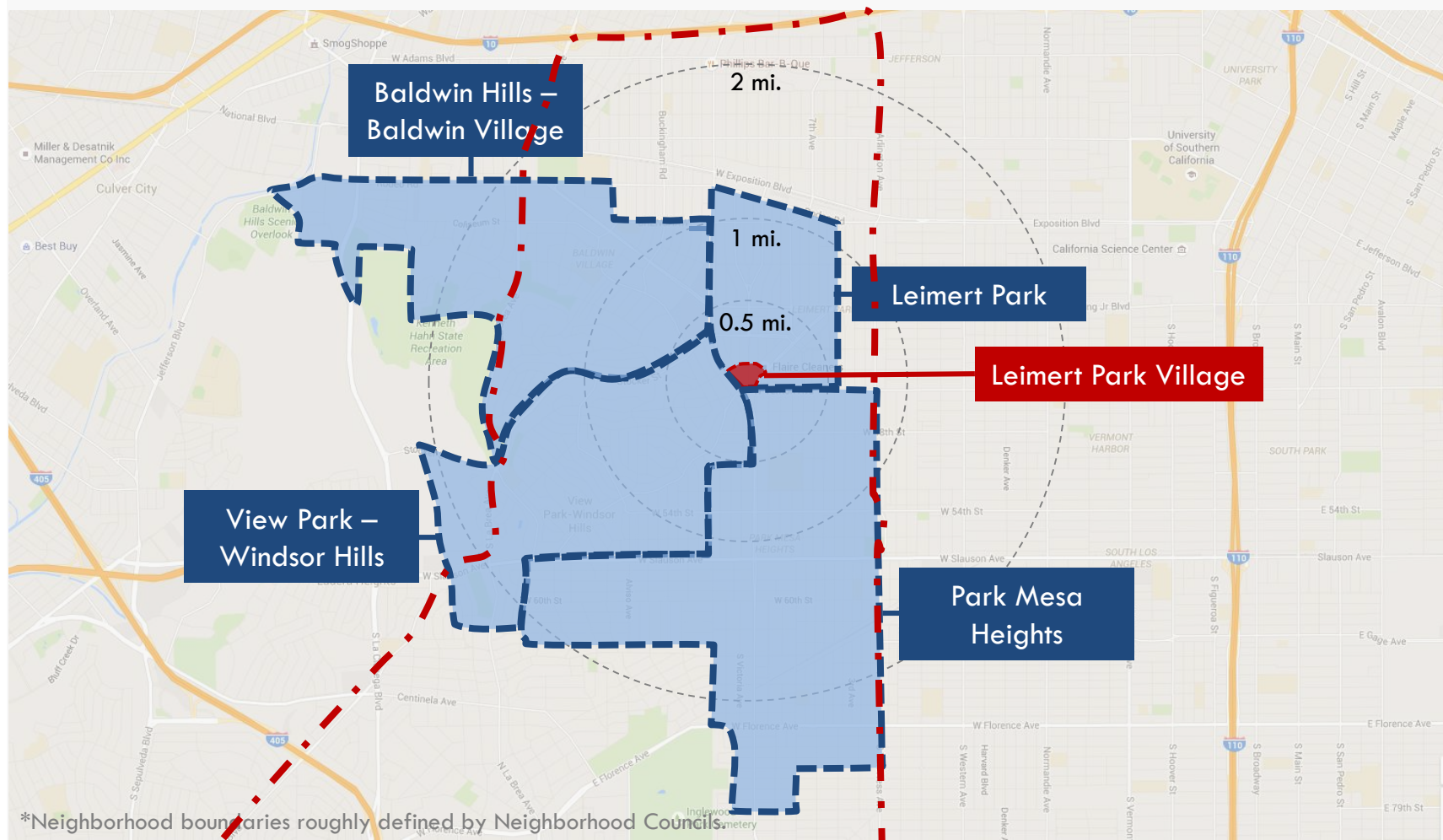
Residential

Retail

Office

Transformational Precedents

HR&A's study examines the neighborhoods* surrounding Leimert Park Village, particularly to highlight current and future **retail** spending.



Leimert Park Village has access to a strong immediate market with moderate to high incomes.

Key Demographics (2015)

View Park – Windsor Hills

11,403

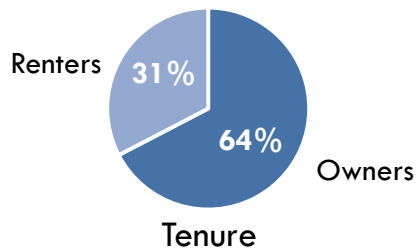
Population

4,695

Households

\$94,521

Median Household Income



Source: ESRI

Leimert Park Community

8,455

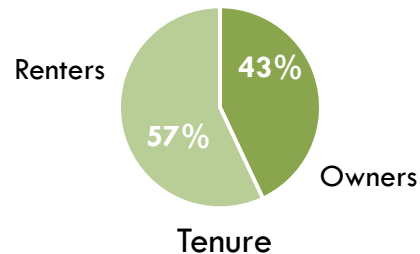
Population

4,074

Households

\$48,937

Median Household Income



Baldwin Hills – Baldwin Village

27,393

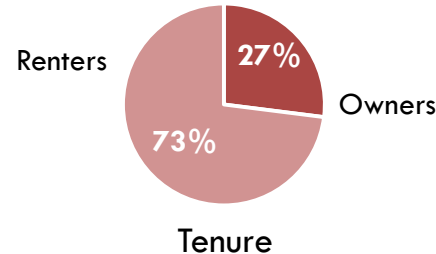
Population

11,739

Households

\$32,547

Median Household Income



Park Mesa Heights

36,001

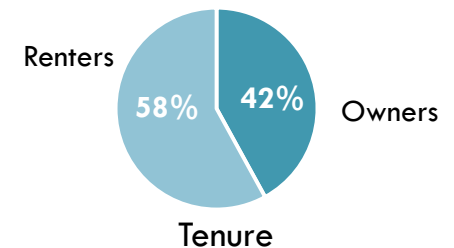
Population

12,600

Households

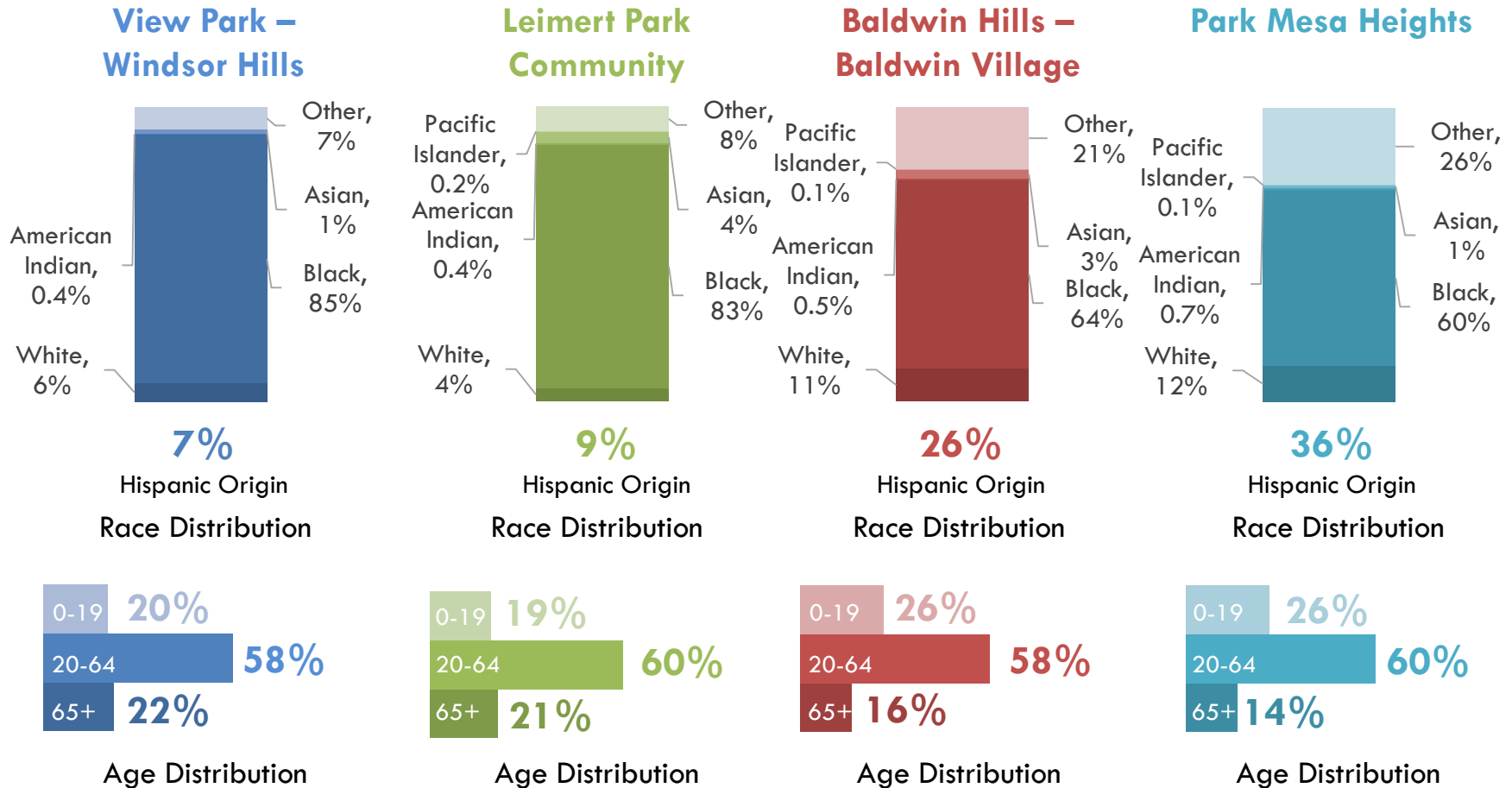
\$34,025

Median Household Income



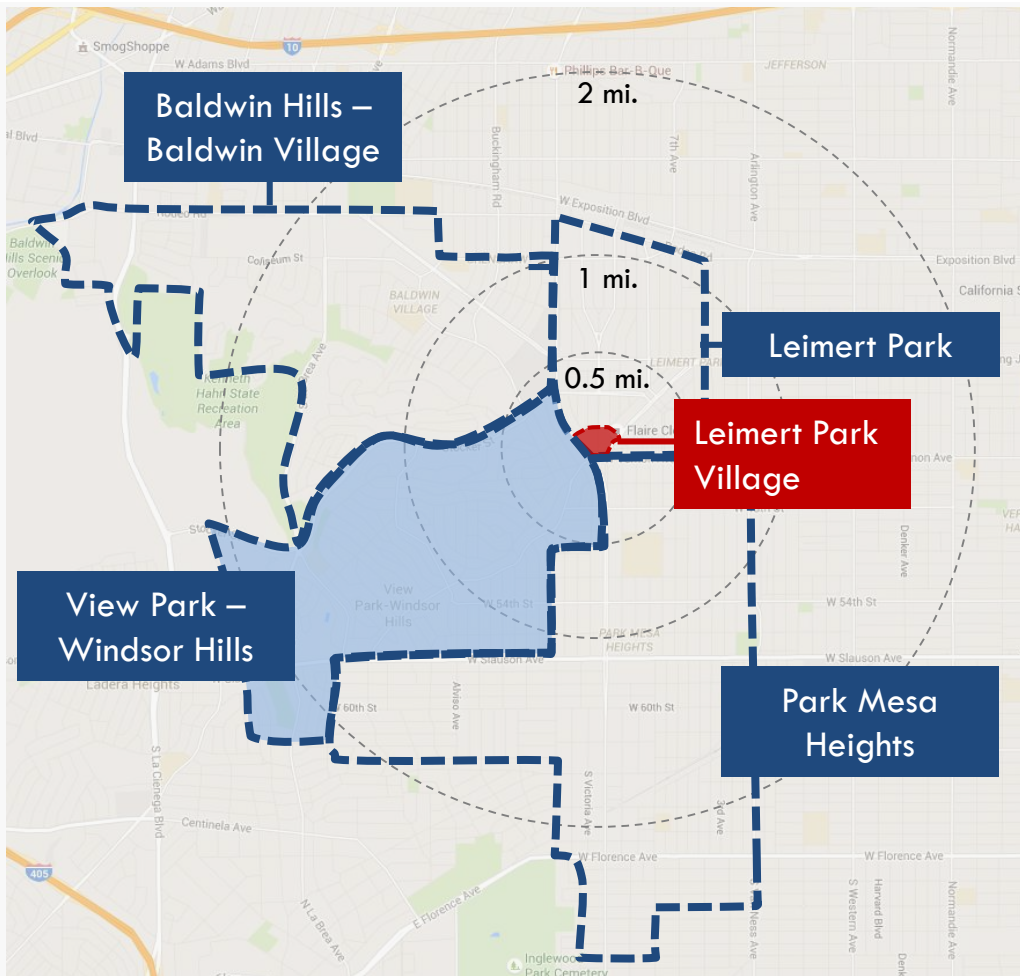
The neighborhoods maintain a strong African American identity. View Park – Windsor Hills and Leimert Park have a higher proportion of older residents.

Key Demographics (2015)



Source: ESRI

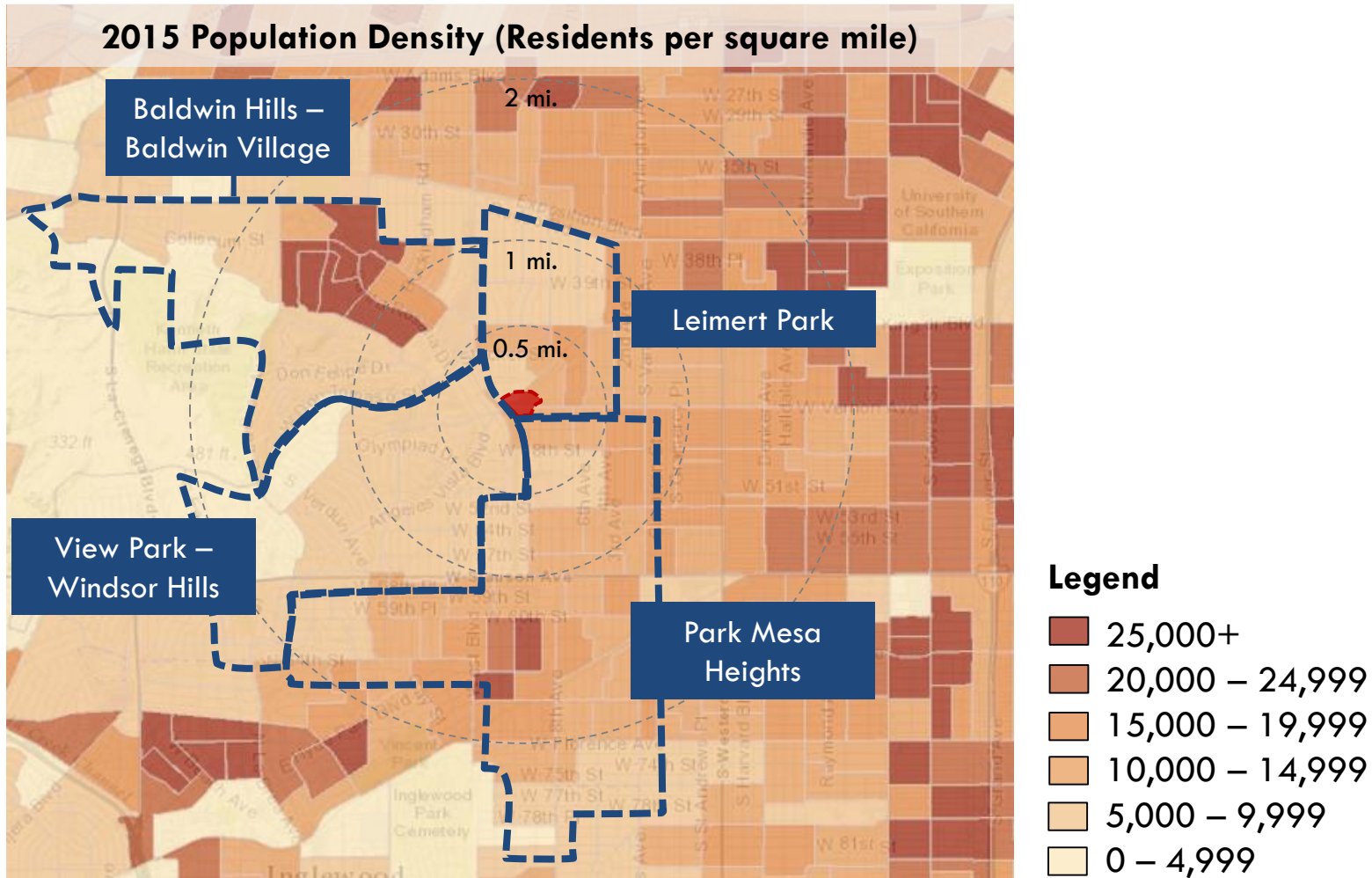
The View Park – Windsor Hills neighborhood is the single largest middle- and upper-middle class Black community in the United States.



Source: Los Angeles Times

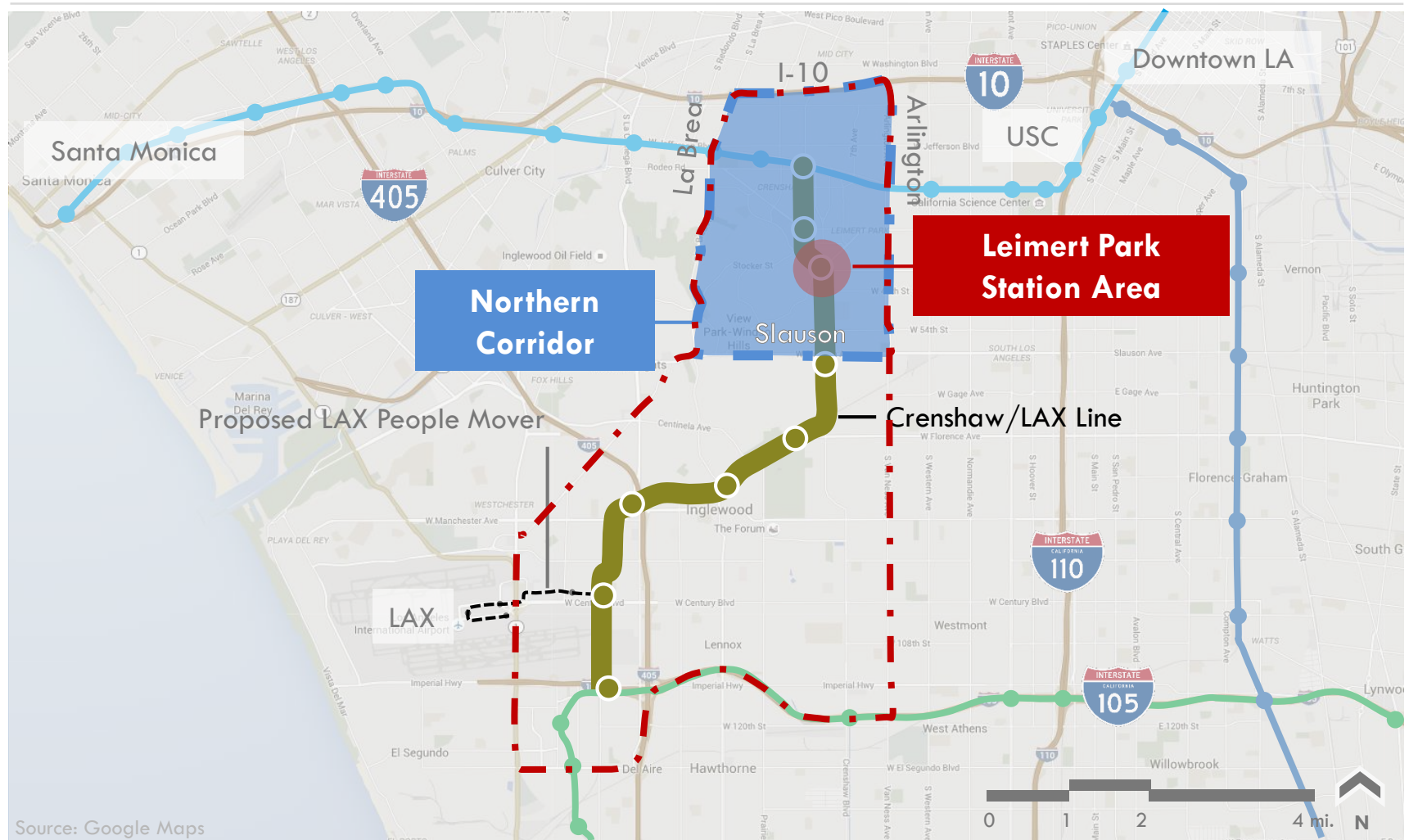


Also, the relatively high population density of some of these neighborhoods helps to bolster spending power in the area and presents more retail opportunities.



Source: ESRI

Our study also examines the context of the northern-most part of the Corridor (“Northern Corridor”) to highlight future **office** and **residential** opportunities.



The Northern Corridor also has a growing Hispanic population, which is consistent with the trend seen in the larger Corridor and the City of Los Angeles.

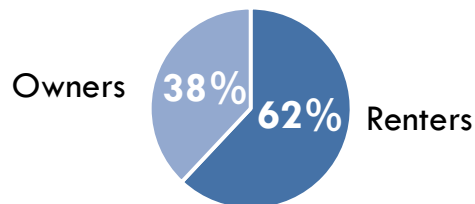
Key Demographics (2015)

Northern Corridor

83,933 **31,866**
Population Households

\$36,347
Median Household Income

57% **36%**
Black Hispanic
Residents Residents



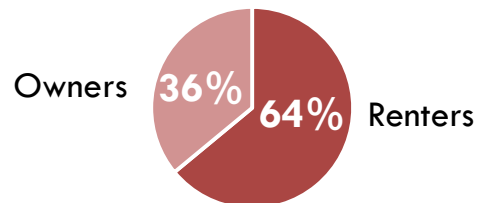
Source: ESRI

Crenshaw/LAX Corridor

259,294 **89,257**
Population Households

\$39,917
Median Household Income

45% **46%**
Black Hispanic
Residents Residents

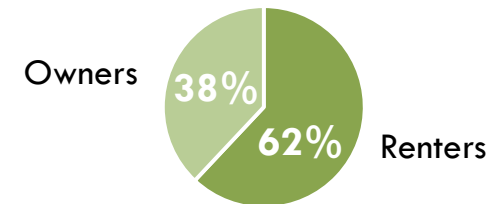


City of Los Angeles

3.9 M **1.4 M**
Population Households

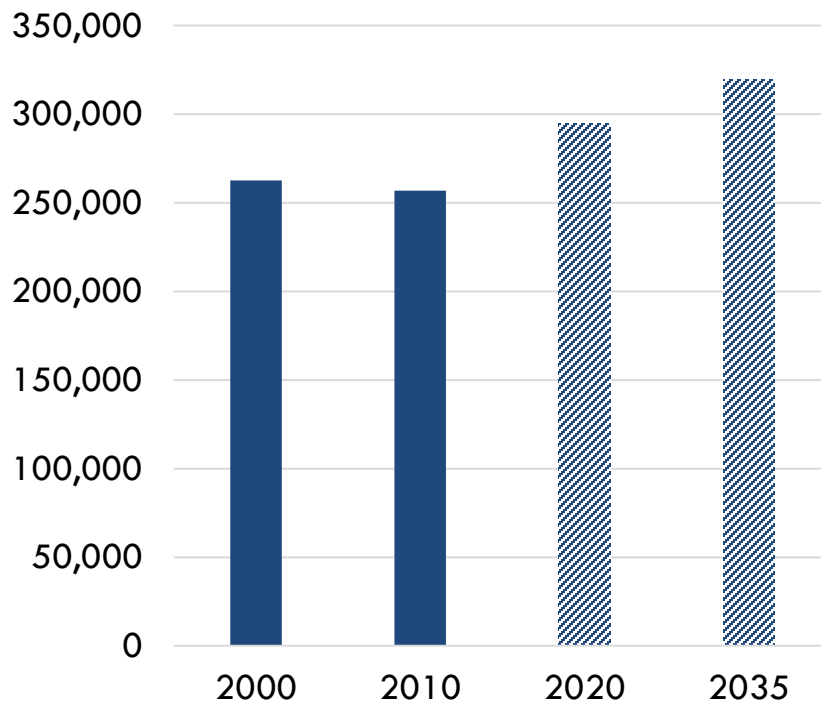
\$47,807
Median Household Income

9% **49%**
Black Hispanic
Residents Residents

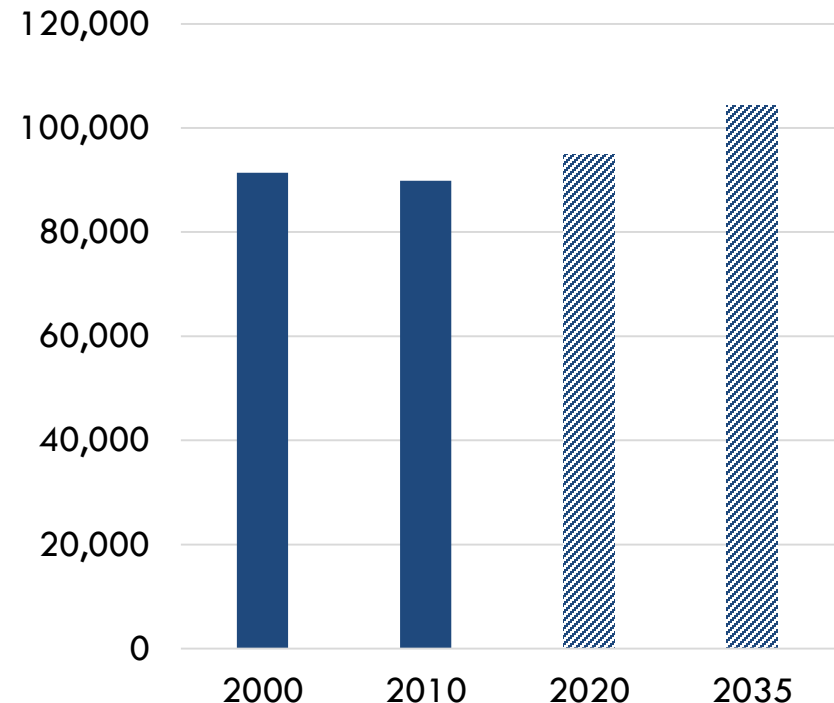


Throughout the **Crenshaw/LAX Corridor**, SCAG projects a gain of about 42,000 residents and 12,000 households over the next 20 years.

Actual and Projected Population in Crenshaw/LAX Corridor



Actual and Projected Households in Crenshaw/LAX Corridor



Source: US Census, ESRI, SCAG

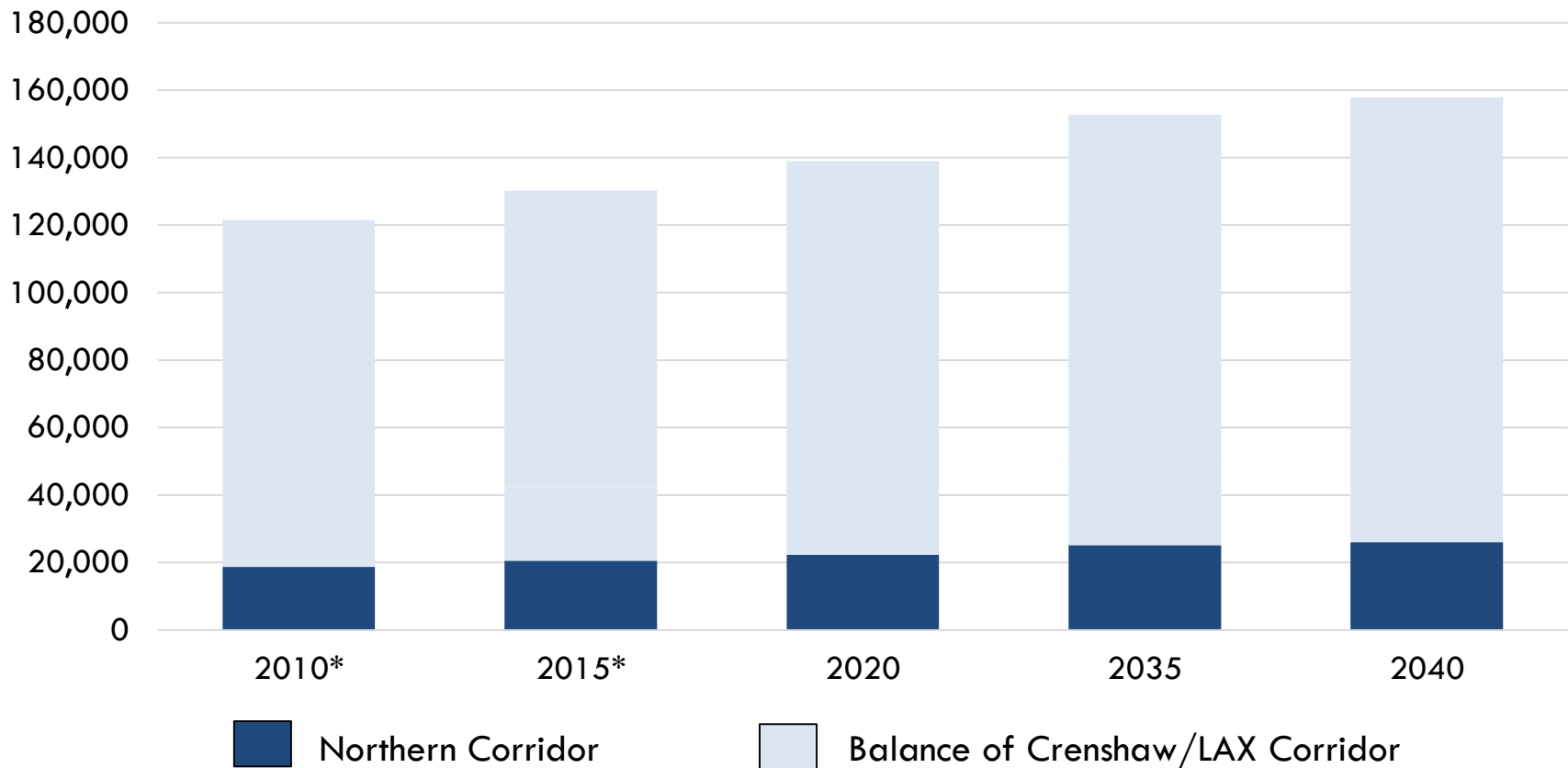
Actual

Projected

*Change values and percentage based off of estimated population and household values for 2015.

Additionally, SCAG projects that the **Corridor** will add about 27,600 workers from 2015 to 2040, primarily at LAX.

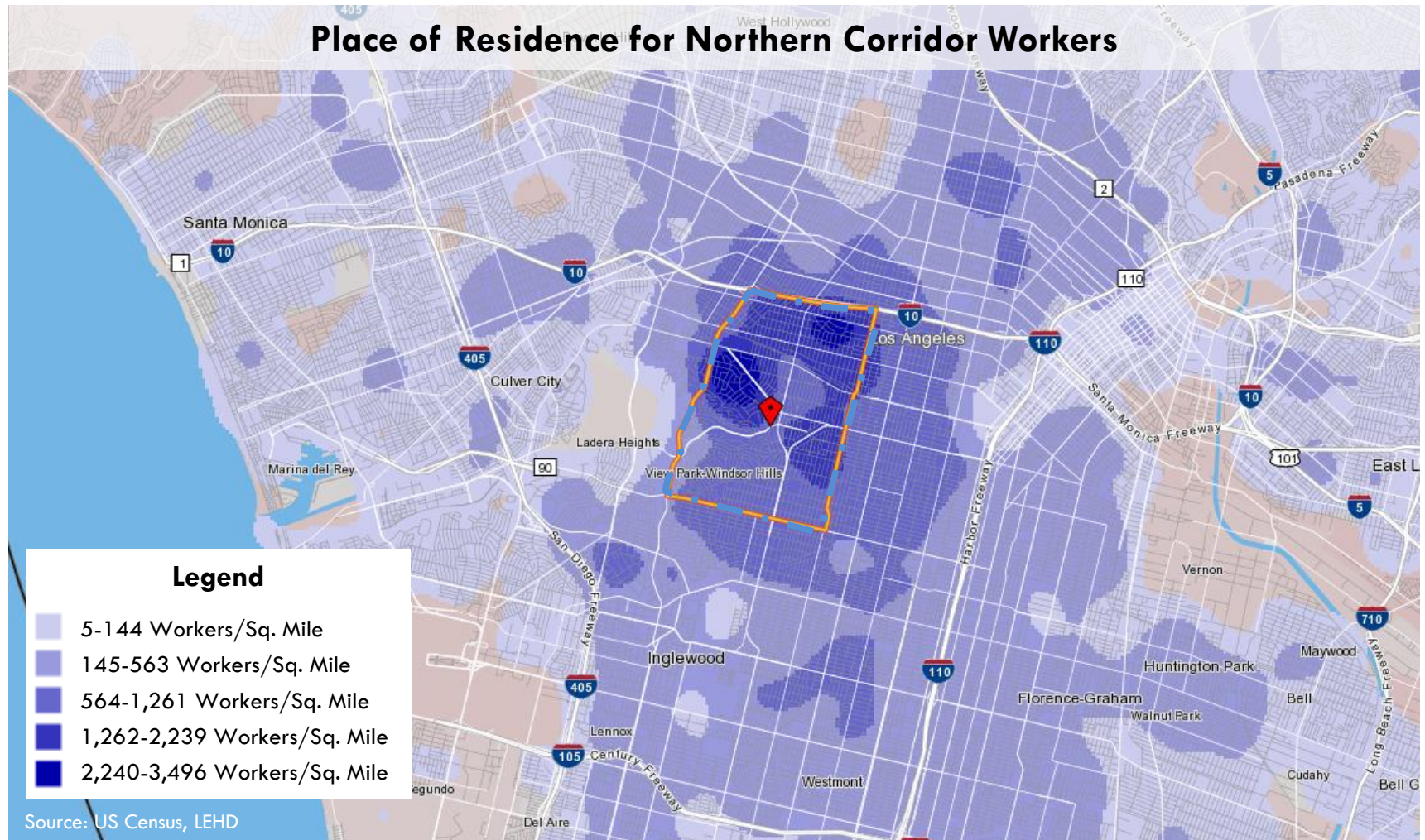
Estimated & Projected Employment in the Crenshaw/LAX Corridor



Source: SCAG, HR&A

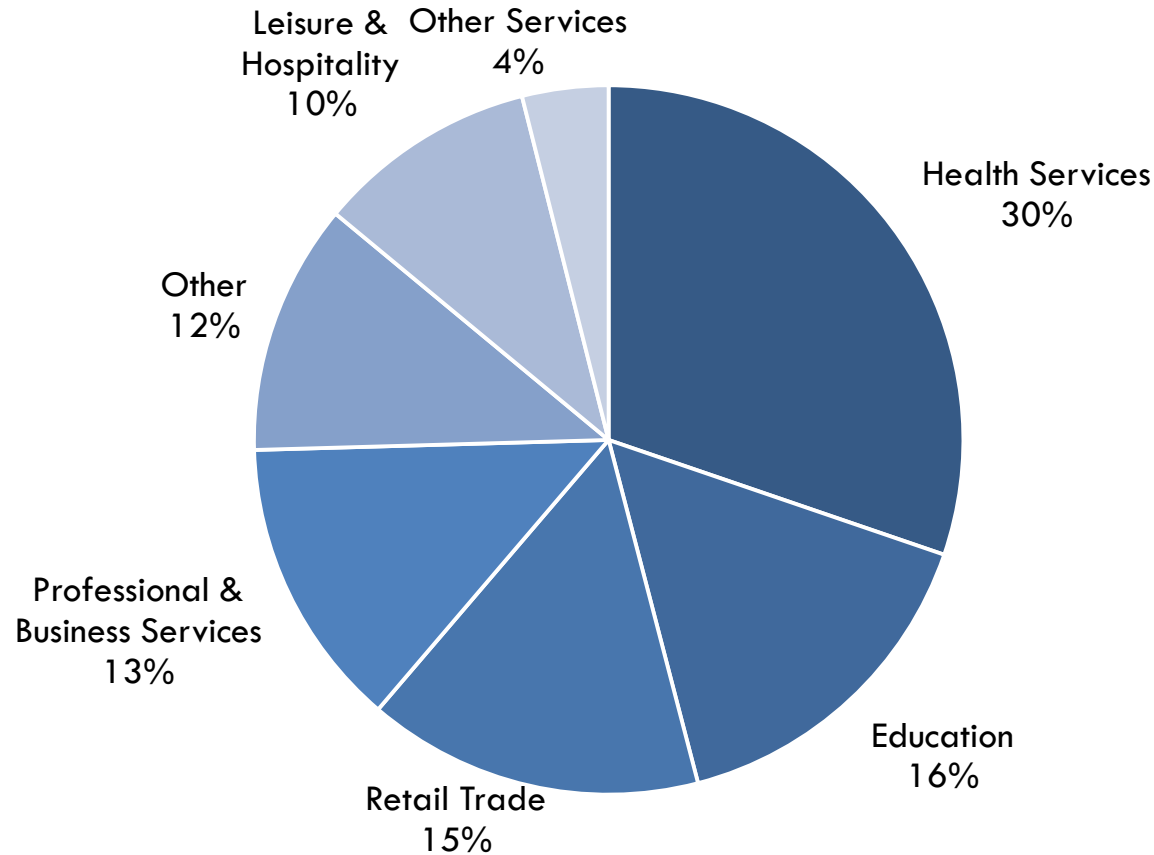
*2010 and 2015 values were interpolated by HR&A using SCAG's 2012 estimate of employment.

In 2014, there were approximately 12,500 jobs in the **Northern Corridor**. Approximately 11% of these workers live within the Northern Corridor itself.



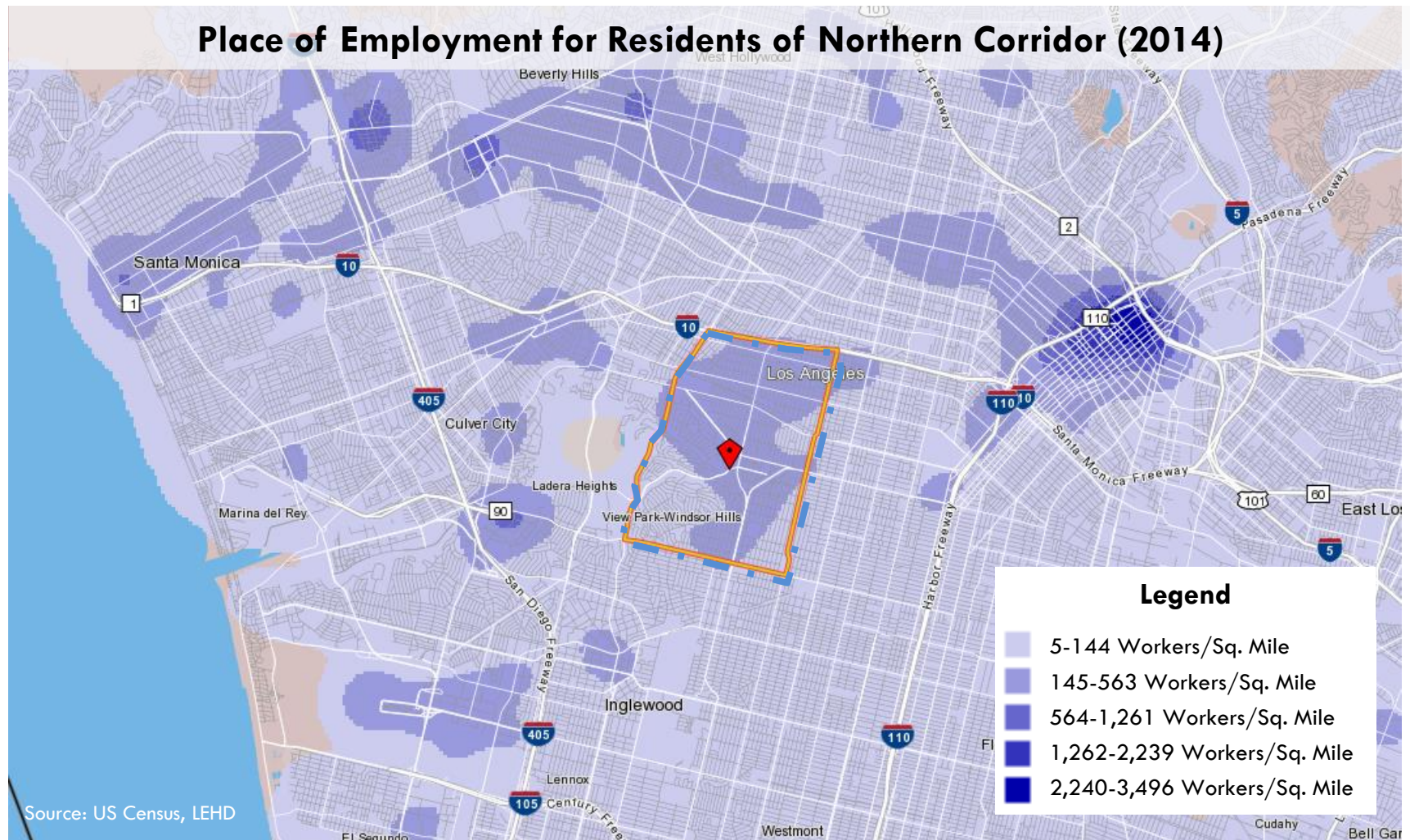
Almost one-third of the workers within the **Northern Corridor** are employed in the health services industry sector.

Top Industry Sectors: Northern Corridor

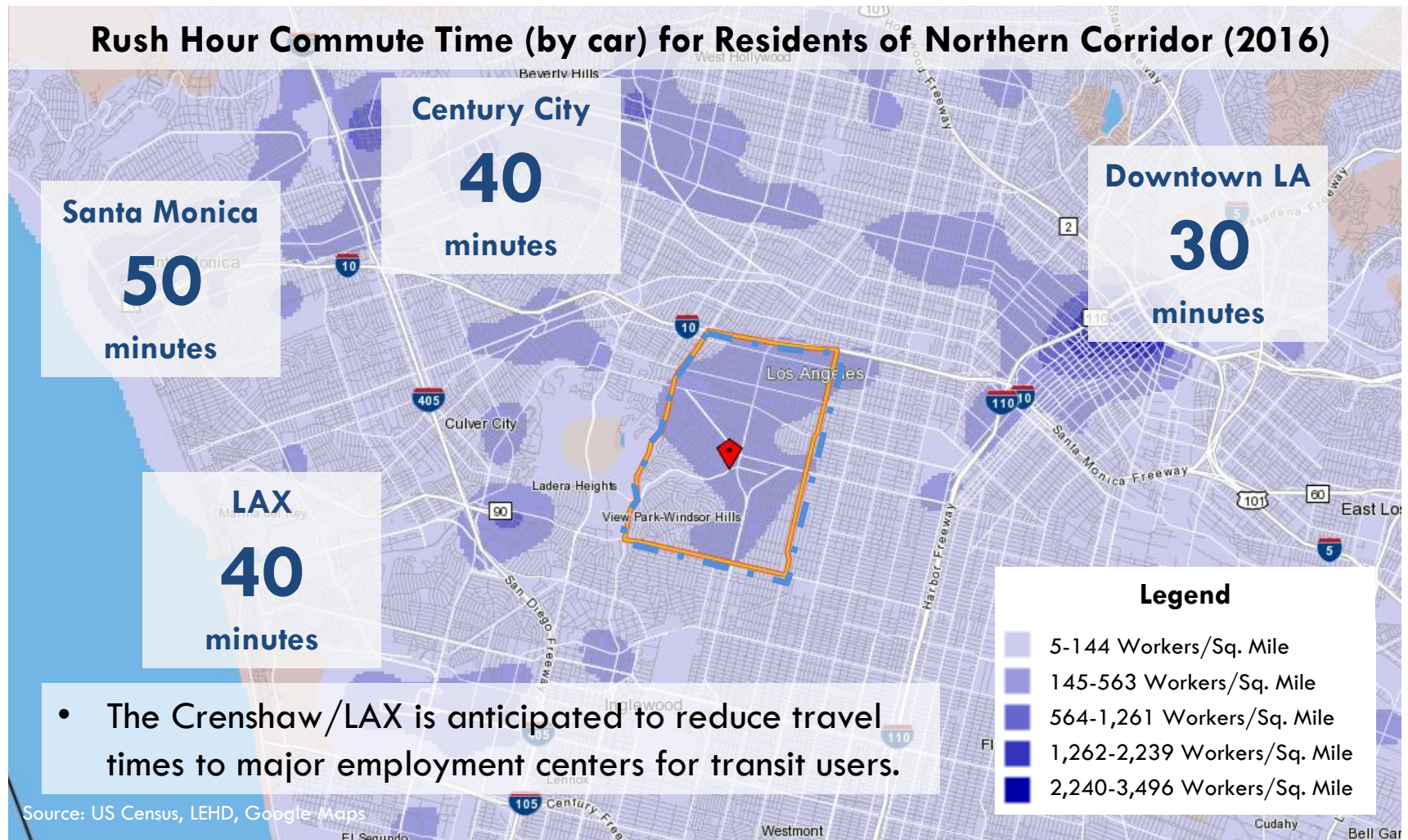


Source: US Census, LEHD, HR&A

The greatest density of Northern Corridor residents work in Downtown LA. Many residents also work in Westwood, Century City, LAX, and the Northern Corridor itself.



Current rush hour automobile commute times from Leimert Park range from 30 minutes to as much as 50 minutes to major employment centers.



Market Report for City/Metro-Owned Sites: Leimert Park

Context

Demographics

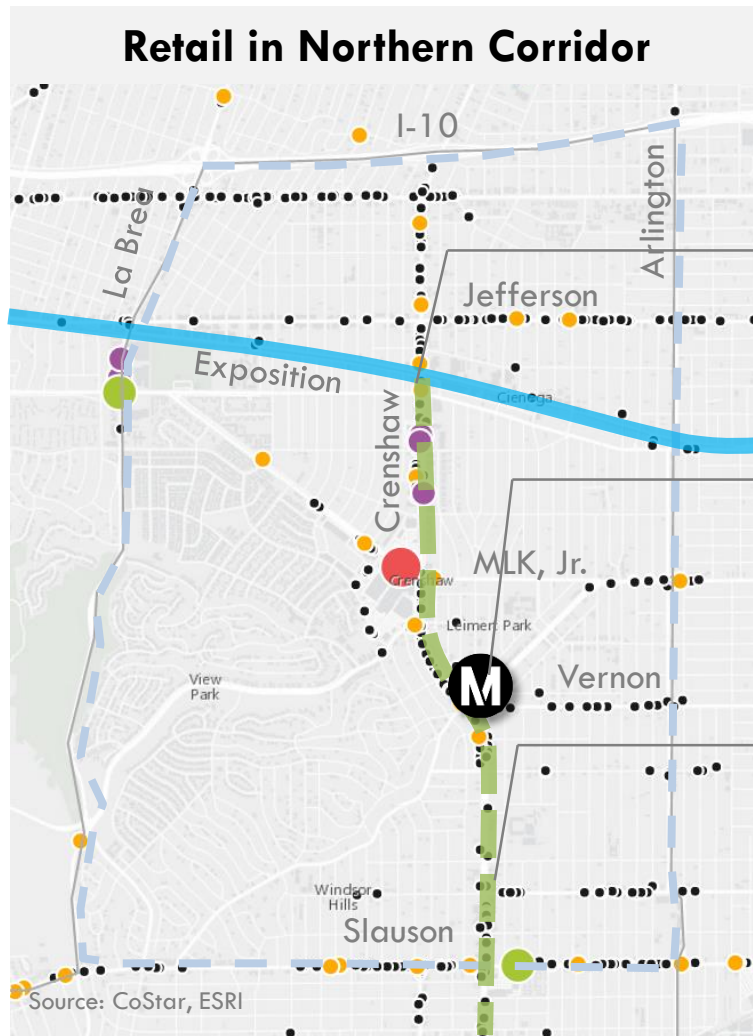
Retail

Residential

Office

Transformational Precedents

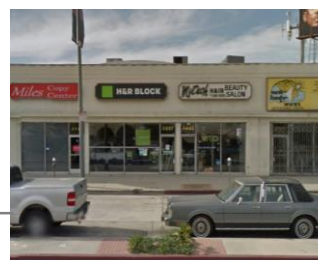
Quality and character of retail varies widely within the **Northern Corridor**, ranging from small independent shops to large regional shopping centers.



Retail activity north of Leimert Park has been brisk. There are a number of recently redeveloped or updated retail properties, the largest being Baldwin Hills Crenshaw Plaza.



Retail within Leimert Park Village is populated by small independent shops that are highly valued by the community. More conventional chain establishments line the periphery.

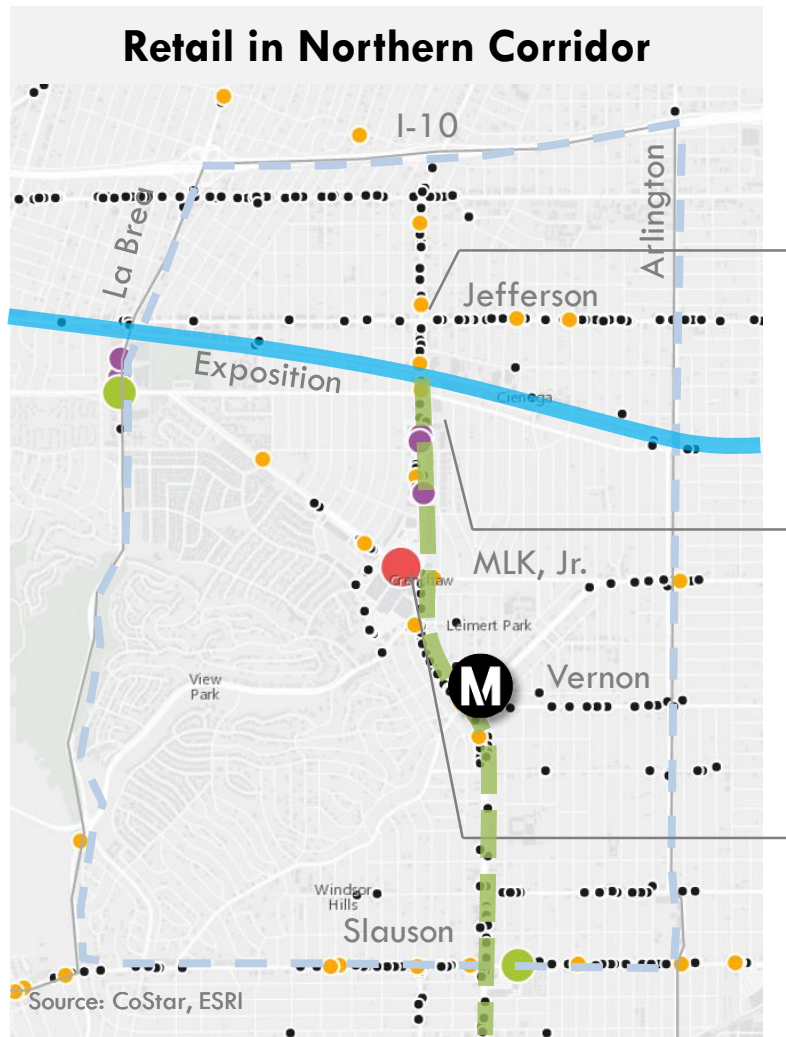


To the south, retail becomes more sparse. The majority of retail is found in storefront or standalone establishments, **and many of these shops suffer from disinvestment.**

Legend

- | | |
|--|--|
| ● Lifestyle/Regional/Super Regional | ● Strip Center |
| ● Power/Community Center | ● Standalone/Storefront |
| ● Neighborhood Center | — Sub-District Boundary |

There is a significant amount of recently completed or planned retail development occurring north of Leimert Park along Crenshaw Boulevard.



West Angeles Plaza was just completed in 2013. It was challenged in finding a small store grocery tenant. A 99-cents store is the current anchor.



District Square is adjacent to the Expo-Crenshaw Station and is expected to include a mix of retail and about 200 units of housing.



Baldwin Hills Crenshaw Plaza is expanding to include housing, offices, a hotel, and over 300,000 square feet of new retail.

Baldwin Hills Crenshaw Plaza is undergoing a major expansion and plans to add over 300,000 SF of new retail to the Northern Corridor.

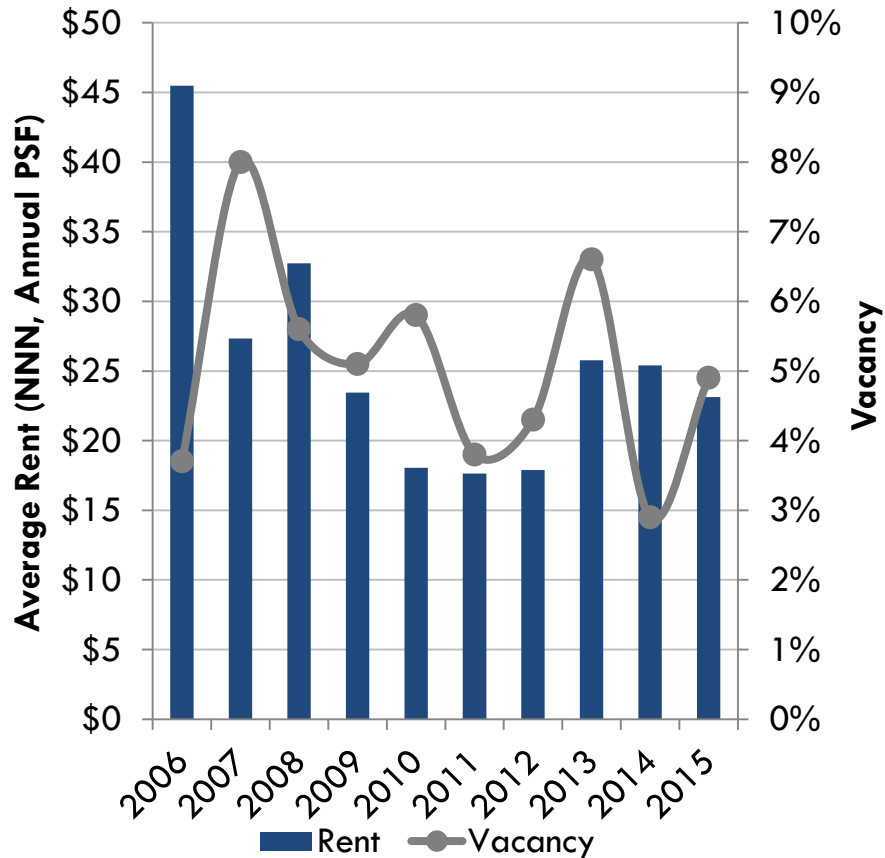


- 961 residential units (551 condos and 410 apartments)
- 331,838 square feet of retail and commercial uses
- 143,377 square feet of office
- 400 hotel rooms (346,500 square feet)
- An underground portal to the Crenshaw/LAX line station
- The 43-acre project is planned to be completed in phases by 2020, but the current timeline is uncertain

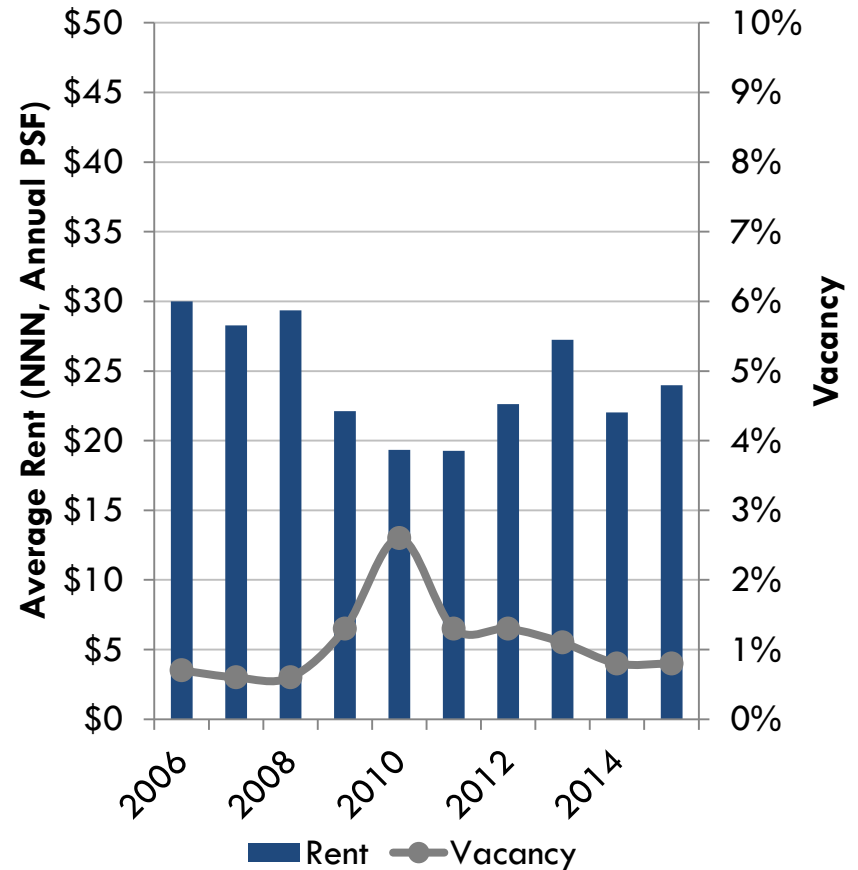
Source: CoStar, ZIMAS

Shopping center and standalone retail in the **Northern Corridor** have very low vacancies. Average rents are rising but still remain 33% lower than LA County.

**Primary Market Standalone Retail:
Rent & Vacancy**



**Primary Market Shopping Center
Retail: Rent & Vacancy**



Source: CoStar

The cluster of small, independently owned businesses and arts organizations in **Leimert Park Village** fosters a unique dynamic that draws in residents and visitors.

Storefronts in Leimert Park Village



Africa by the Yard

African fabrics and art as well as arts and crafts supplies.



Phillips BBQ

Long-standing and locally loved barbecue restaurant.



Eso Won Bookstore

Independent bookstore with an emphasis on African American authors and topics.

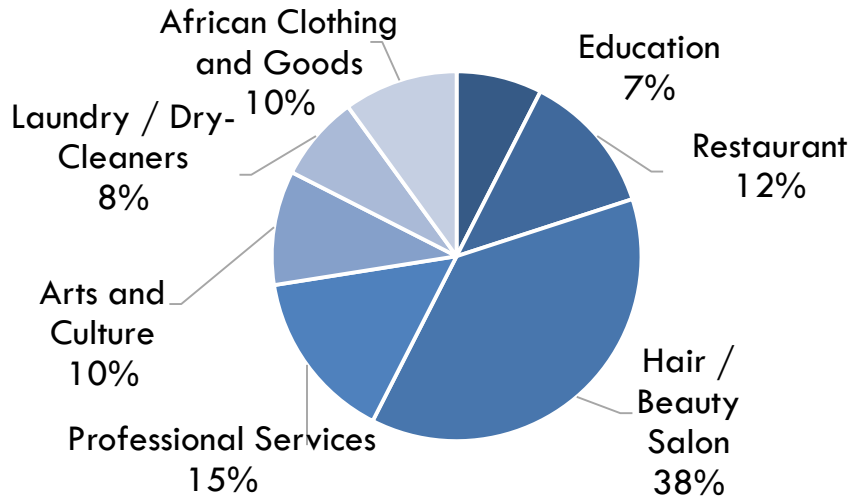


KAOS Network

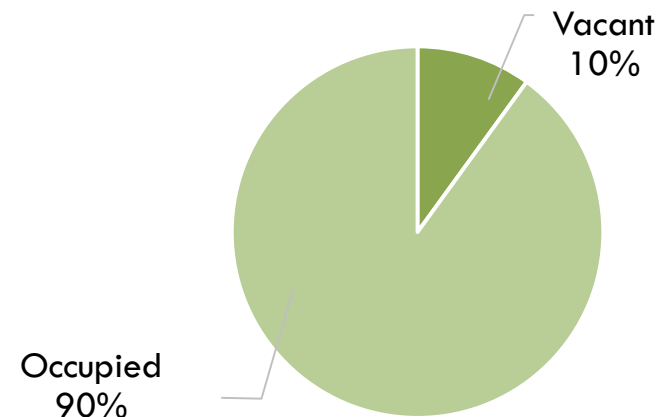
Influential non-profit offering technology/media training and cultural programming.

Despite having many thriving small businesses, further revitalization presents opportunities for a wider variety of retail types and better performance overall.

Leimert Park Village Retail Types*



Leimert Park Village Retail Vacancy*

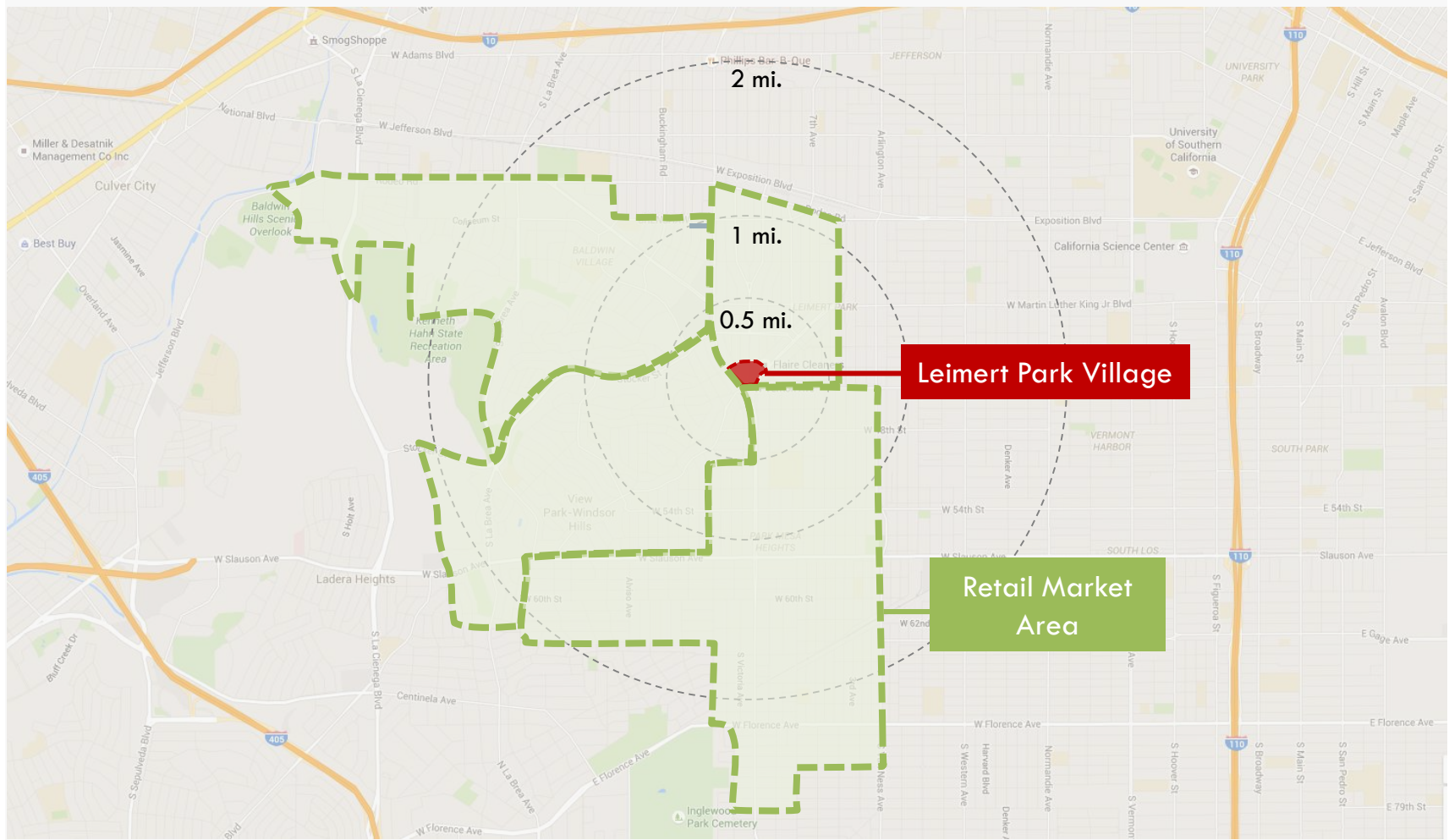


- Currently there are a substantial number of underutilized or vacant storefronts within Leimert Park Village.
- Local businesses and community stakeholders have expressed concern about the level of foot traffic that current land uses are able to generate.
- Community stakeholders have also expressed interest in a greater selection of goods and services that current retailers do not provide.

Source: HR&A, CoStar

*Estimates based on visual inspection.

To evaluate retail demand within Leimert Park Village, HR&A analyzed data from a **Retail Market Area**.



To understand demand for new retail in Leimert Park Village, HR&A evaluated retail spending of current and projected residents.

- This retail analysis focuses on **retail categories that are most likely to locate within Leimert Park Village**, given the unique locational characteristics of the Village.
- HR&A evaluated **current resident retail spending** within **the Leimert Park Retail Market Area** and compared it with current sales in that same area to determine current unmet spending potential.
- **Future resident demand** was calculated by multiplying the projected number of new households with average per household spending.
- Current and future unmet spending potential was multiplied by projected sales per square foot figures to determine the amount of **new retail space** that Leimert Park Village could support.
- Note that the recently-closed **Walmart at Baldwin Hills Crenshaw Plaza** is still reflected in our data; additional unmet spending potential resulting from this closure was factored into the final net resident demand.

Source: ESRI, 2011 MAXIM Retail Sales PSF

A comparison of residential spending and current retail supply reveals that there is a significant amount of existing unmet demand.



Current Retail Spending and Unmet Demand in Market Area by Retail Type

Retail Type	Resident Spending (2015)	Current Sales (2015)	Unmet Spending Potential	Sales PSF (2011)	Current Unmet Demand (SF)
Grocery Stores	\$183,147,964	\$55,442,472	\$127,705,492	\$651	196,168
Health & Personal Care Stores	\$72,418,229	\$66,725,549	\$5,692,680	\$724	7,863
Mid-Box Retail Subtotal					204,031
Sporting Goods, Hobby, Book & Music Stores	\$29,646,558	\$11,412,018	\$18,234,540	\$310	58,821
Miscellaneous Store Retailers	\$39,722,824	\$19,201,572	\$20,521,252	\$263	78,028
Full-Service Restaurants	\$65,300,693	\$32,751,649	\$32,549,044	\$429	75,872
Specialty Food Stores	\$19,657,394	\$5,020,821	\$14,636,573	\$679	21,556
Drinking Places - Alcoholic Beverages	\$2,107,880	\$1,423,846	\$684,034	\$429	1,594
Special Food Services	\$2,566,373	\$1,040,488	\$1,525,885	\$429	3,557
Limited-Service Eating Places	\$46,471,394	\$38,181,049	\$8,290,345	\$431	19,235
Clothing & Clothing Accessories Stores	\$75,081,853	\$48,775,585	\$26,306,268	\$405	64,954
Small Store Retail Subtotal					323,617

Source: ESRI, 2011 MAXIM Retail Sales PSF

Demand from future new residents, as projected by SCAG, supports 45,000 SF of retail, a minimal amount relative to the large amount of existing unmet demand.

Future Retail Demand in Market Area by Retail Type

Retail Type	Spending per Household (2015)	Future Resident Demand (2015-2035)	 Sales PSF (2011)	 Future Demand (SF)
Grocery Stores	\$5,038	\$7,607,654	\$651	11,686
Health & Personal Care Stores	\$1,992	\$3,008,130	\$724	4,155
Mid-Box Retail Subtotal				15,841
Sporting Goods, Hobby, Book & Music Stores	\$816	\$1,231,467	\$310	3,972
Miscellaneous Store Retailers	\$1,093	\$1,650,018	\$263	6,274
Full-Service Restaurants	\$1,796	\$2,712,479	\$429	6,323
Specialty Food Stores	\$541	\$816,535	\$679	1,203
Drinking Places - Alcoholic Beverages	\$58	\$87,558	\$429	204
Special Food Services	\$71	\$106,603	\$429	248
Limited-Service Eating Places	\$1,278	\$1,930,342	\$431	4,479
Clothing & Clothing Accessories Stores	\$2,065	\$3,118,772	\$405	7,701
Small Store Retail Subtotal				30,404

Source: ESRI, 2011 MAXIM Retail Sales PSF, SCAG

Adjusting for planned retail, HR&A estimates that Leimert Park Village can reasonably capture 10-15% of retail types that are most likely to locate there.

Net Resident Retail Demand in Market Area by Retail Type

Retail Type	Current Resident Unmet Demand	Future Resident Demand (2015-2035)	Gross Resident Demand	Demand from Recently Closed Walmart	Planned Retail Supply (Est.)	Net Resident Demand (SF)
Grocery Stores	196,168	11,686	207,854	40,000	25,000	222,854
Health & Personal Care Stores	7,863	4,155	12,018	24,000	20,000	16,018
Mid-Box Retail Capture - Low (10%)						24,000
Mid-Box Retail Capture - High (15%)						36,000
Special Food Services	3,557	248	3,805		0	3,805
Drinking Places - Alcoholic Beverages	1,594	204	1,799		0	1,799
Full-Service Restaurants	75,872	6,323	82,195		10,000	72,195
Limited-Service Eating Places	19,235	4,479	23,714		0	23,714
Specialty Food Stores	21,556	1,203	22,759		0	22,759
Sporting Goods, Hobby, Book & Music Stores	58,821	3,972	62,794		10,000	52,794
Miscellaneous Store Retailers	78,028	6,274	84,301		0	84,301
Clothing & Clothing Accessories Stores	64,954	7,701	72,654		10,000	62,654
Small Store Retail Capture - Low (10%)						32,000
Small Store Retail Capture - High (15%)						49,000

Small store retail demand is expected to support 48,000 to 81,000 SF of new space, whereas mid-box retail demand can support 36,000 to 60,000 SF.

Supportable Retail at Leimert Park Station Area

Mid-Box Retail

24,000 – 36,000

(2015-2035)

Small Store Retail

32,000 – 49,000

(2015-2035)



As a unique African American regional destination, Leimert Park is also able to tap into ethnic tourism spending from throughout the region.



African American Retail Support

LA County* 22,079,000 SF

LA County Specialty Retail** 5,674,000 SF

Leimert Park Capture (1-2%) 57,000 SF - 113,000 SF

- To benchmark this market, the scale of African American retail spending in Los Angeles County was reviewed.
- In addition to the above, Leimert Park may also capture additional local and non-local tourism spending.

*This figure represents the square footage of retail supported by total African American retail spending in LA County, which was estimated by adjusting county-wide average spending by the number of African American households. **Specialty retail includes only those categories listed under "Small Store Retail" on previous pages. Cultural retail is a sub-set of "Small Store Retail." A share of the retail space estimated above will be attributed to cultural retail goods and services.

Market Report for City/Metro-Owned Sites: Leimert Park

Context

Demographics

Retail

Residential

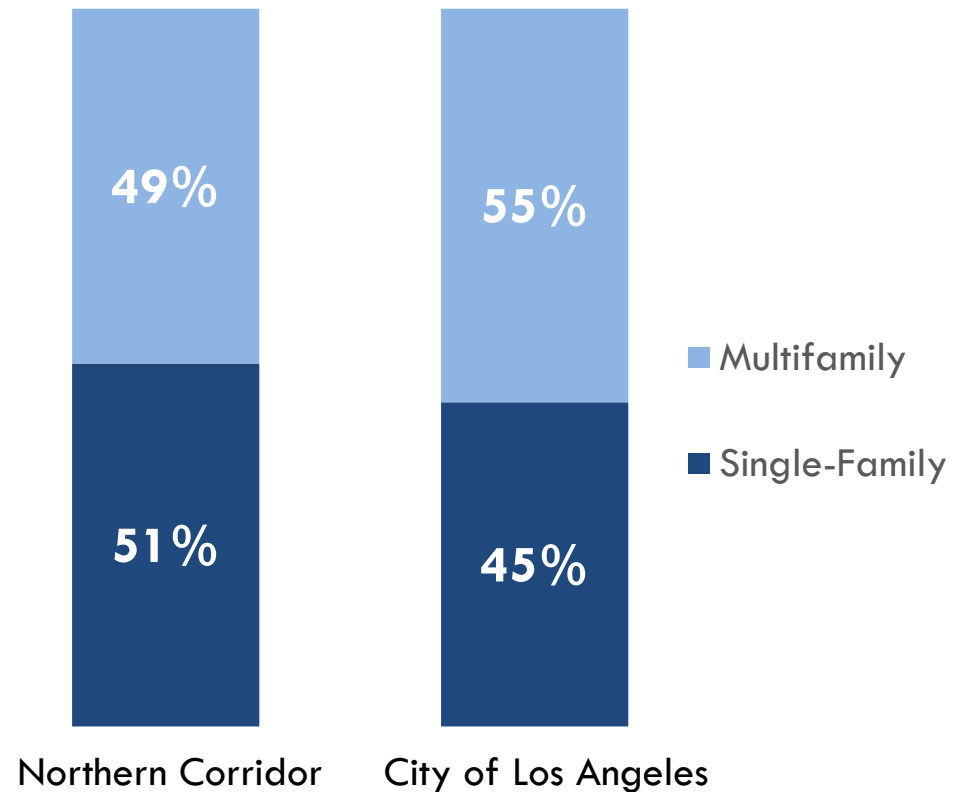
Office

Transformational Precedents

Housing in the **Northern Corridor** is predominantly comprised of a balanced mix of older, well-kept single-family homes and low-rise multifamily buildings.

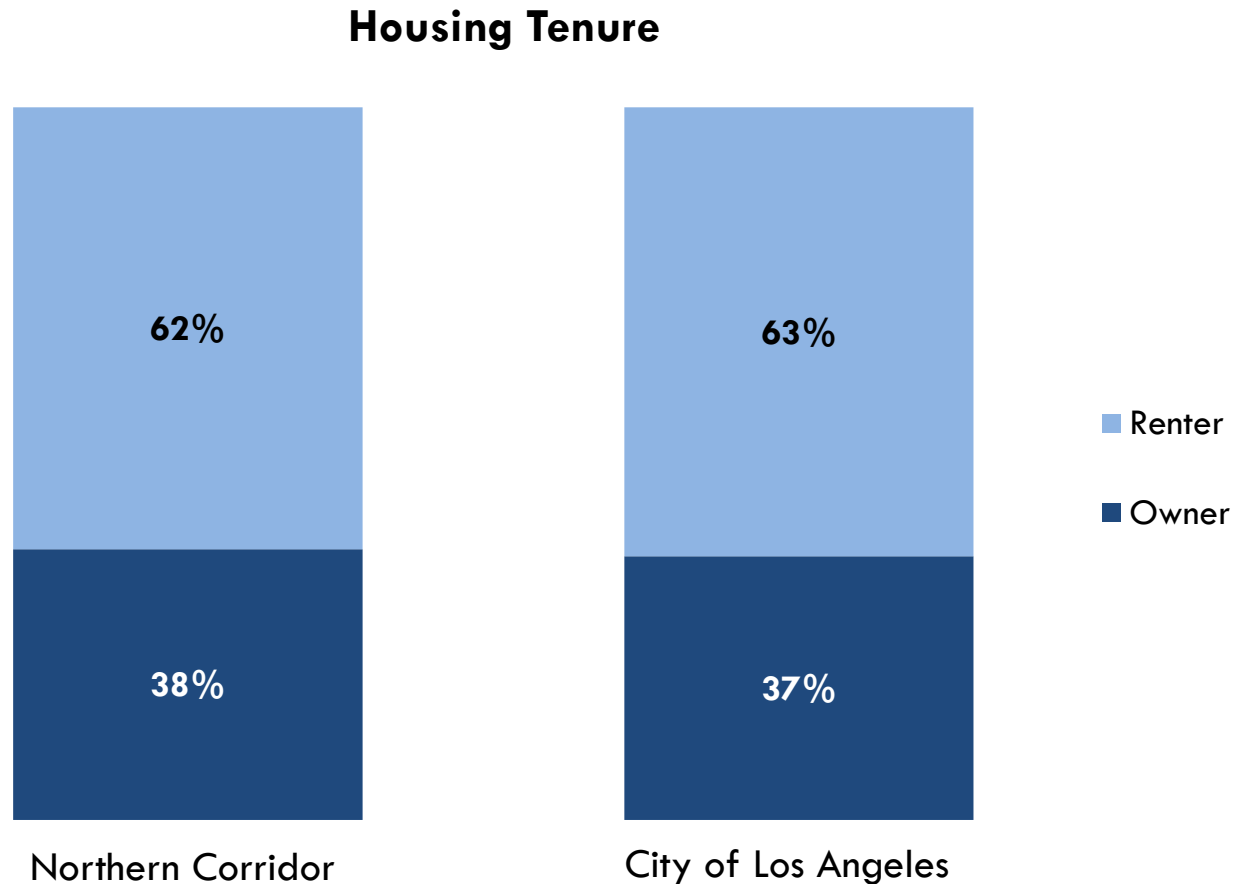


Share of Housing Units by Housing Type



Source: Census ACS, Google Images, Zillow

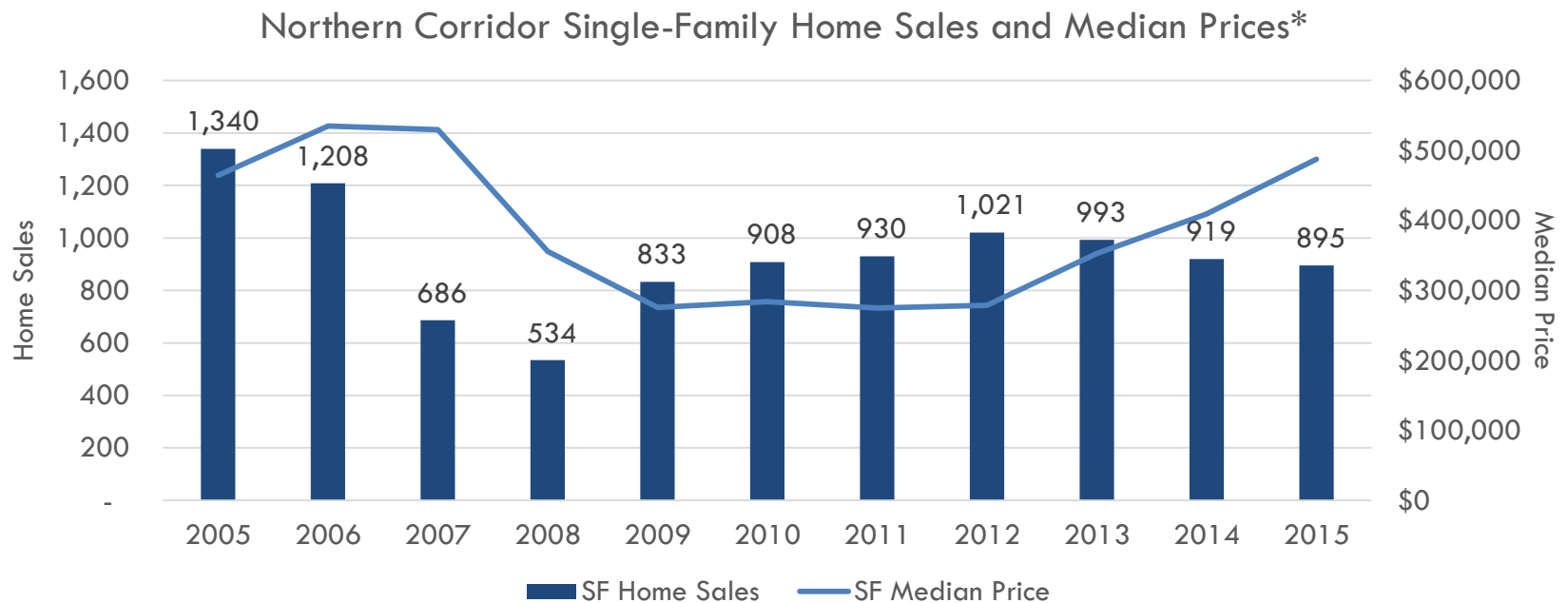
Nearly two-thirds of residents are renters, which is on par with the City of Los Angeles.



Source: Census ACS

Single-family home prices in the **Northern Corridor** are steadily increasing, and have surpassed 2005 levels.

- Prior to the Recession, single-family homes sold for over \$500,000.
- Sales volume of single-family homes decreased by more than half during the Great Recession and is still recovering.
- Prices have climbed 44% since 2011, with homes selling for approximately \$487,000 in 2015.



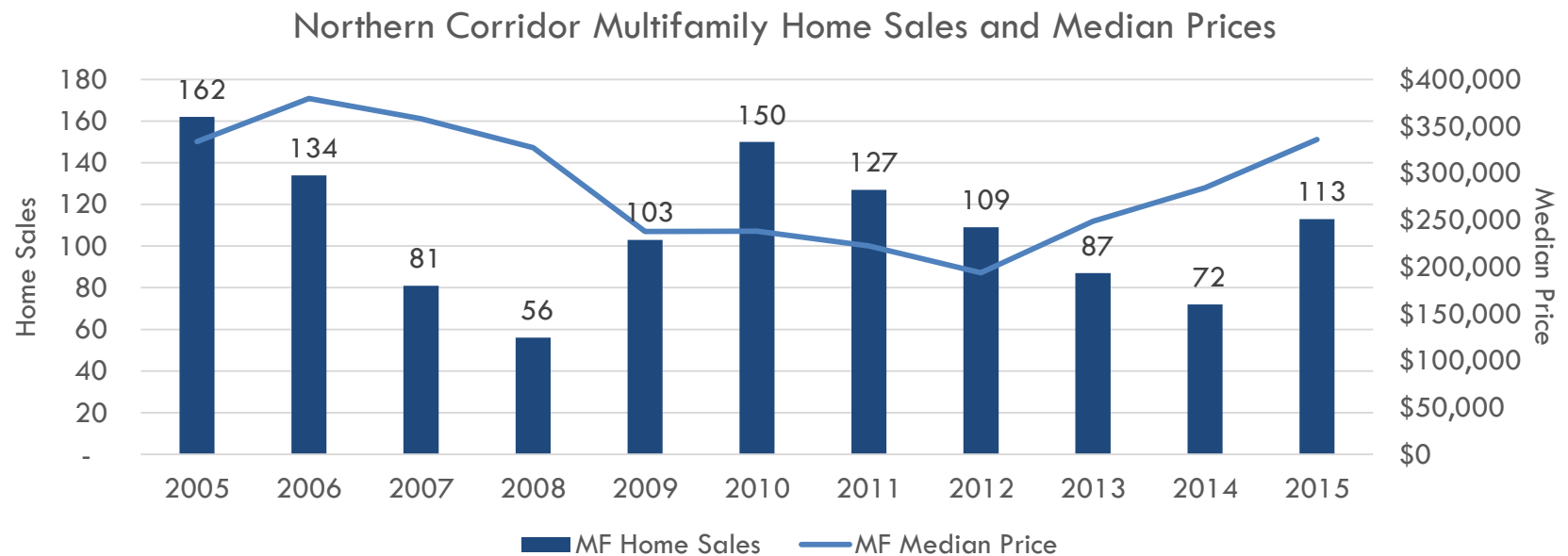
*Median price is weighted by the price and number of sales of existing and new units.

Source: Dataquick, HR&A

Note: Data uses ZIP codes that are a best-fit for the Crenshaw Corridor

Only one new multifamily unit sold in the past three years in the **Northern Corridor**, but prices for all multifamily units have nearly returned to 2006 highs.

- Sales volume decreased steadily from 2010 to 2014, but there was an uptick in 2015.
- With little new multifamily condo construction, the majority of recent sales are existing units, which have sold for higher average prices than the extremely limited number of new units for the past three years.

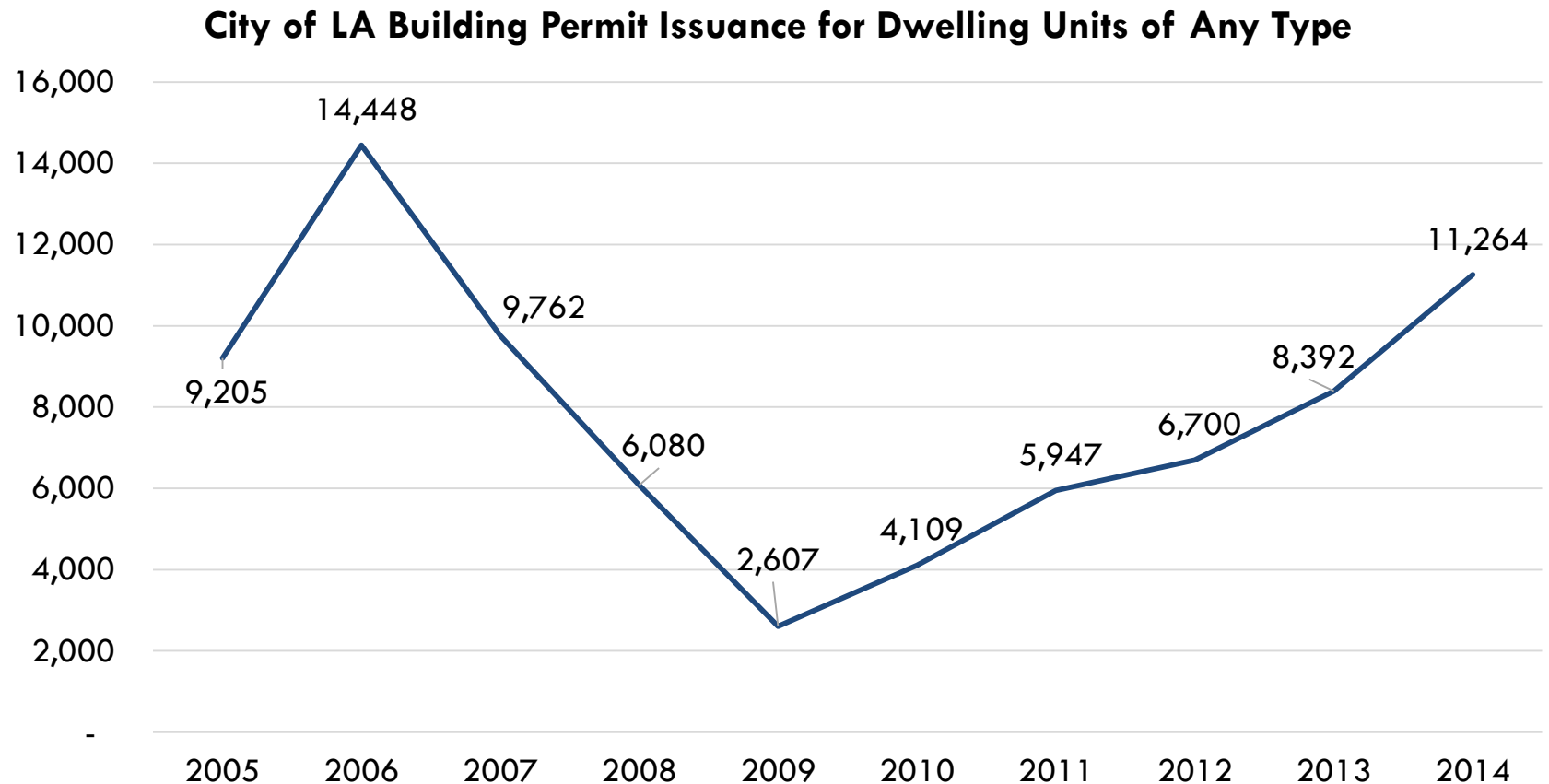


*Median price is weighted by the price and number of sales of existing and new units.

Source: Dataquick, HR&A

Note: Data uses ZIP codes that are a best-fit for the Crenshaw Corridor

Housing starts in the **City of Los Angeles** have been climbing since 2009, indicating that market supply is responding to growing demand.



Source: US Census Bureau

Despite an uptick in housing starts, there is only one recently constructed condominium project in the **Northern Corridor** and another to the southwest.

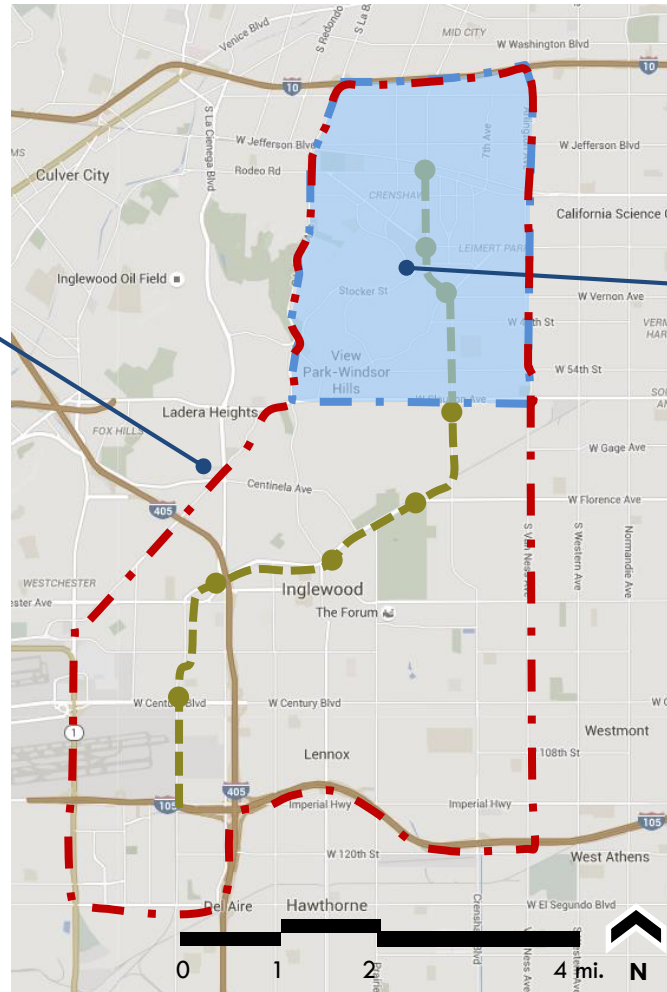


Tremont Luxury Condominiums

7100 Alvern Street

- 80 Dwelling Units
- Avg. Unit: 1,126 SF
- Built in 2010

Source: CoStar



Bedford Parc / Bedford Promenade

3738 Santa Rosalia Dr.

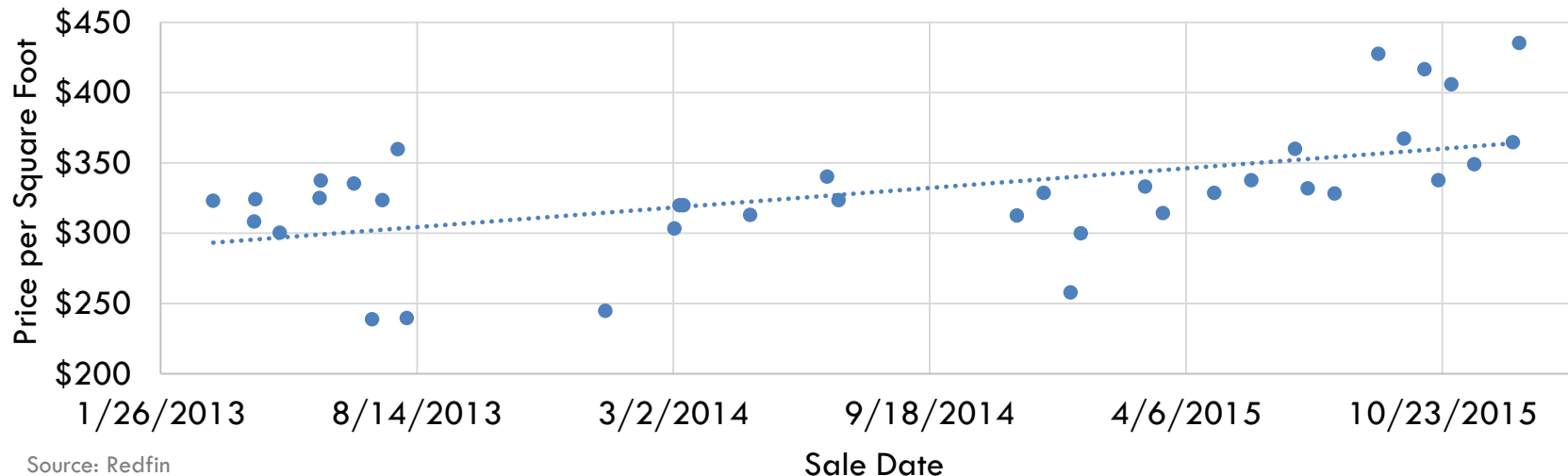
- 172 Dwelling Units
- Built in 2008

Bedford Parc and Promenade is the most recent condominium development in the **Northern Corridor**, but the project suffered from poor market timing.

- Located just south of the Baldwin Hills Crenshaw Plaza, the project includes a mix of one, two, and three-bedroom units in two towers.
- Project began selling in 2008, in the midst of the recession, with price points between \$350,000 and \$450,000. Sales lagged and the project was sold to a developer at a deep discount.
- In 2015, unit sales averaged \$364,000 per unit (sized 720-1,600 square feet), or \$353 per square foot.



Recent Bedford Parc and Promenade Sales Per Square Foot Transactions



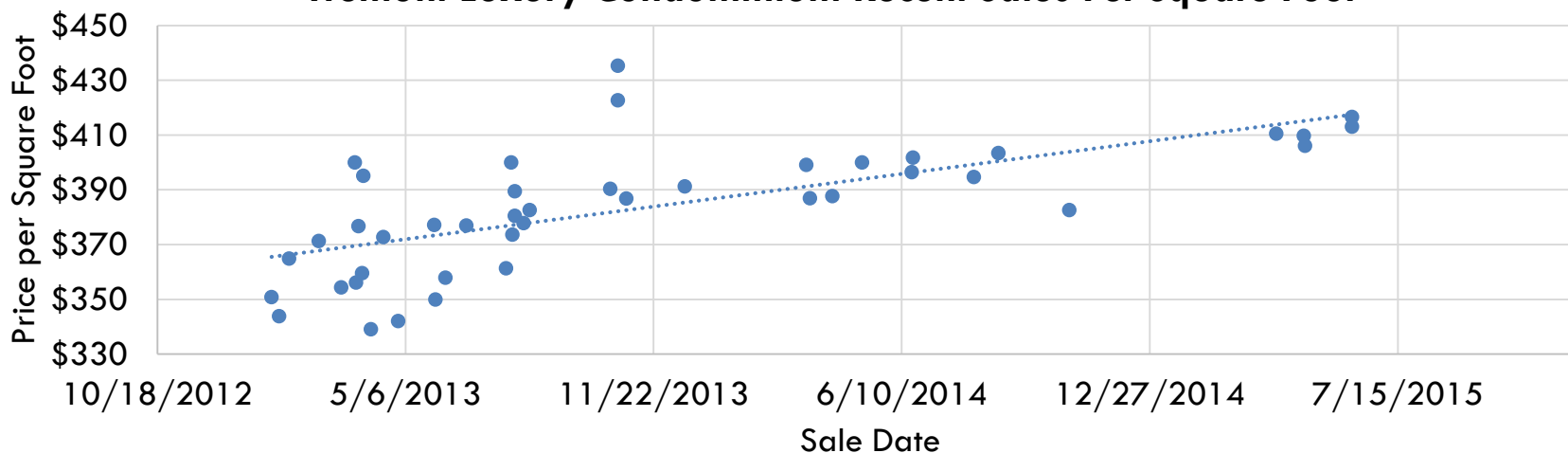
Source: Redfin

Tremont Luxury Condominiums were built in 2010 and are situated just outside of the **Northern Corridor**.

- Located between La Tijera Boulevard, Centinela Avenue, and I-405 triangle, this project is immediately southeast of the Northern Corridor.
- Sold units ranged between 1,020 and 1,170 square feet.
- In 2010, units were offered at \$399,000 per unit. By 2015, unit sales averaged \$470,000 per unit, or \$411 per SF.



Tremont Luxury Condominium Recent Sales Per Square Foot



Source: Redfin, Tremont West LA

Multi-family rental buildings along the Corridor are generally low-rise, and newer buildings achieve higher rents.



Santa Rosalia Apartments

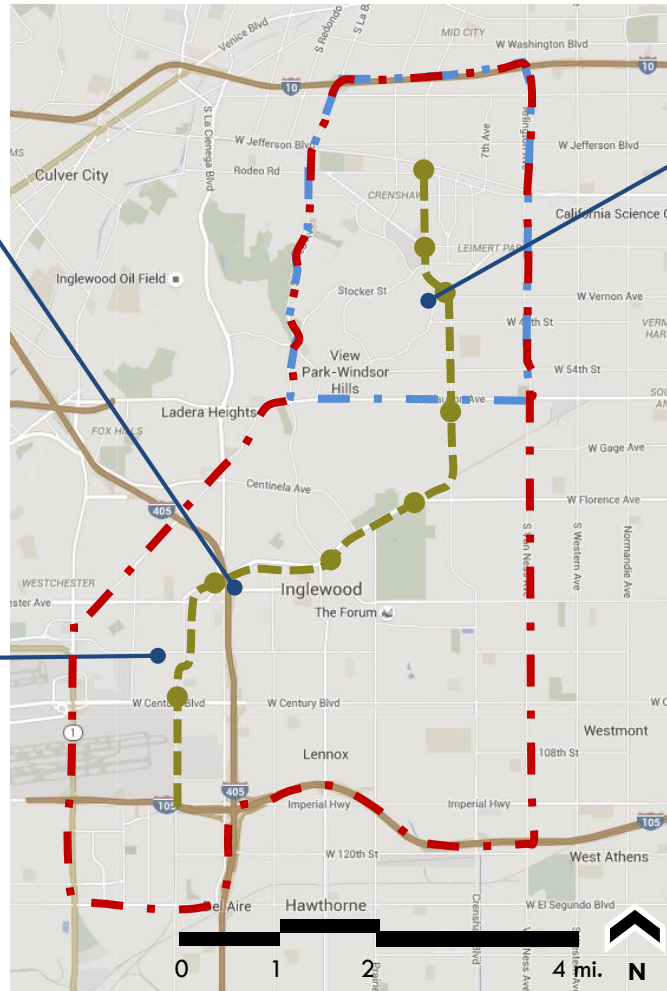
- 1-Bed/1-Bath: \$2,278
- 2-Bed/1-Bath: \$2,215
- Built in 1990



9323 Isis Avenue Apartments

- 2-Bed/2-Bath: \$1,625
- Built 1989

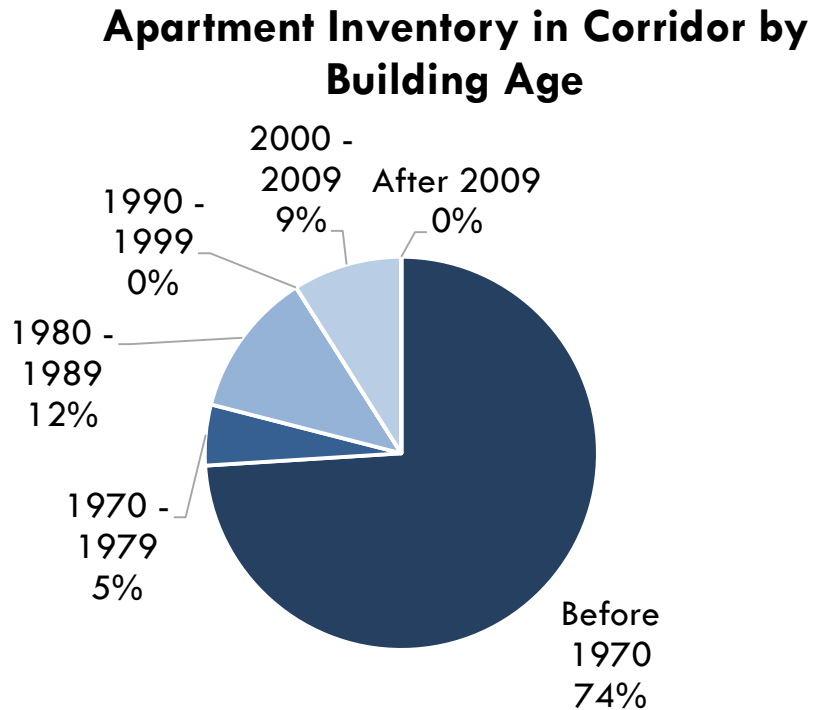
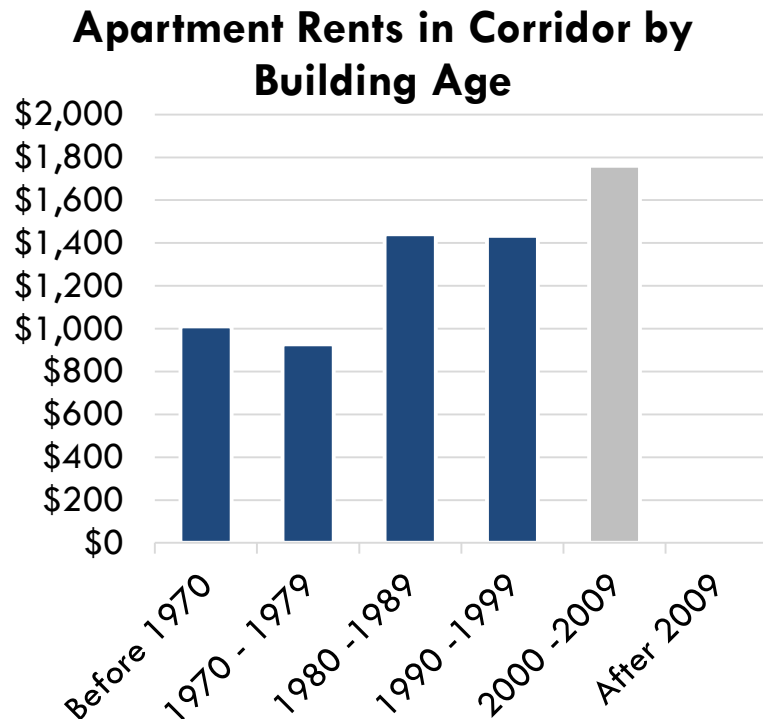
Source: Google Maps, REIS, Hotpads



Forum Park Apartments

- 1-Bed/1-Bath: \$1,295
- 2-Bed/1-Bath: \$1,550
- Built in 1946

However, average rents in the **Corridor** are suppressed by the older age of the apartment stock; newer units can command much higher rents.



- The average apartment in the Corridor* was built in 1962.
- The Corridor has not added new market-rate apartment units since 2009, and added a small amount between 2000 and 2009.

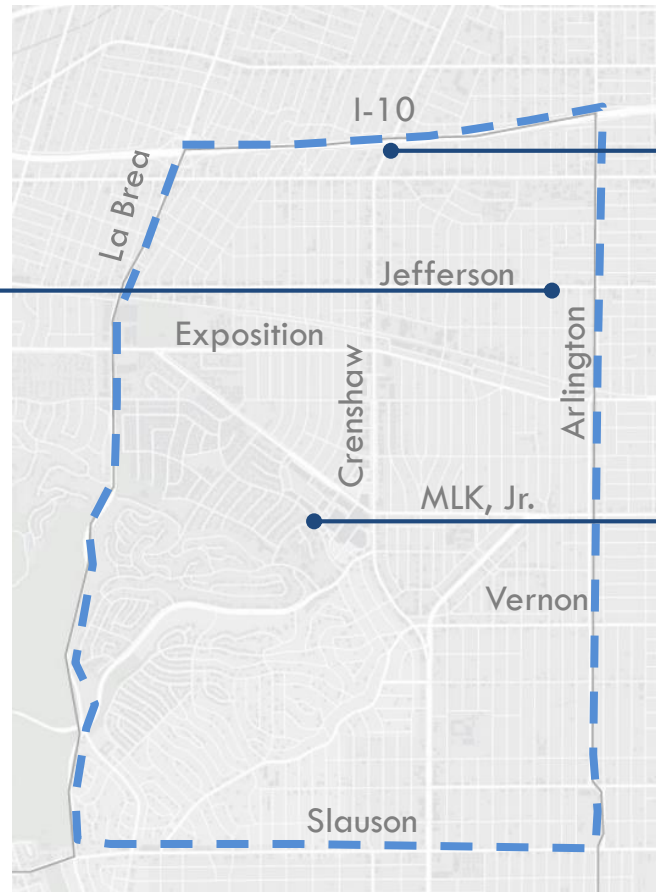
Source: REIS *Data corresponds to the REIS Crenshaw/Inglewood submarket, which is a reasonable approximation of the Crenshaw/LAX Corridor

Three multifamily rental buildings were built in the **Northern Corridor** in the past decade, all of which are designated affordable housing developments.



Jefferson Square Apartments

- Built in 2014
- 40 units



Rosa Park Villas

- Built in 2009
- 60 units



Buckingham Senior Apartments

- Built in 2012
- 71 units

Source: Google Maps, REIS, Hotpads

There are a number of large residential projects in the pipeline in the Northern Corridor and along the entire Corridor.

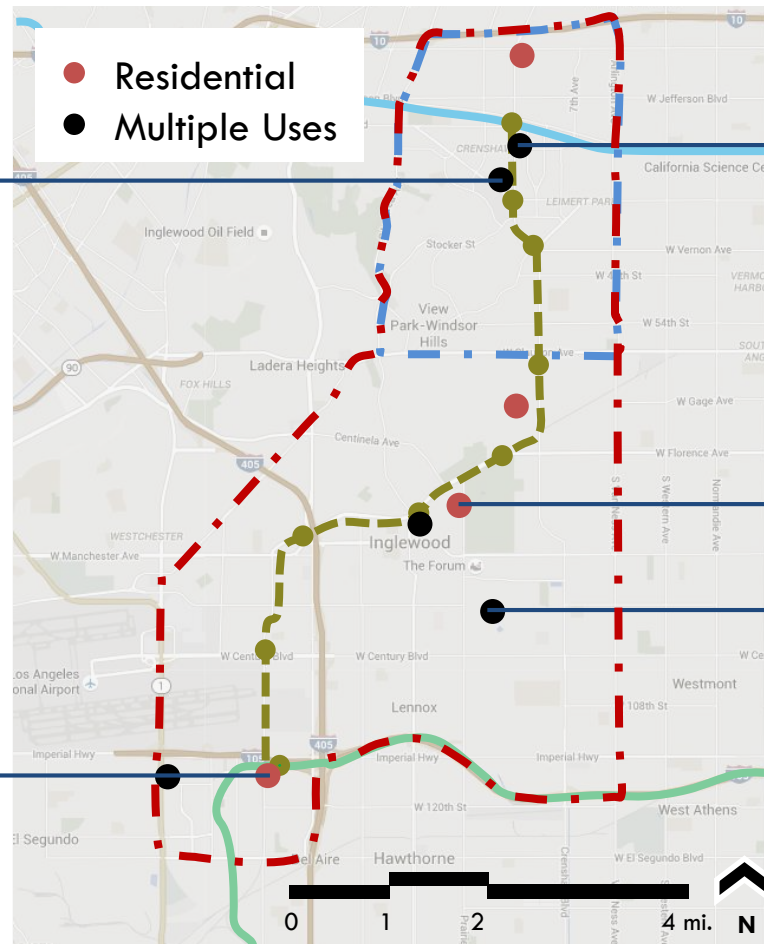
Under Construction, Planned & Proposed Residential

Planned:
Baldwin Hills Crenshaw
Plaza Redevelopment
961 Units



Under Construction:
11604 Aviation Blvd
264 Units

Source: CoStar, ZIMAS, Google Maps



Proposed:
District Square
200 Units

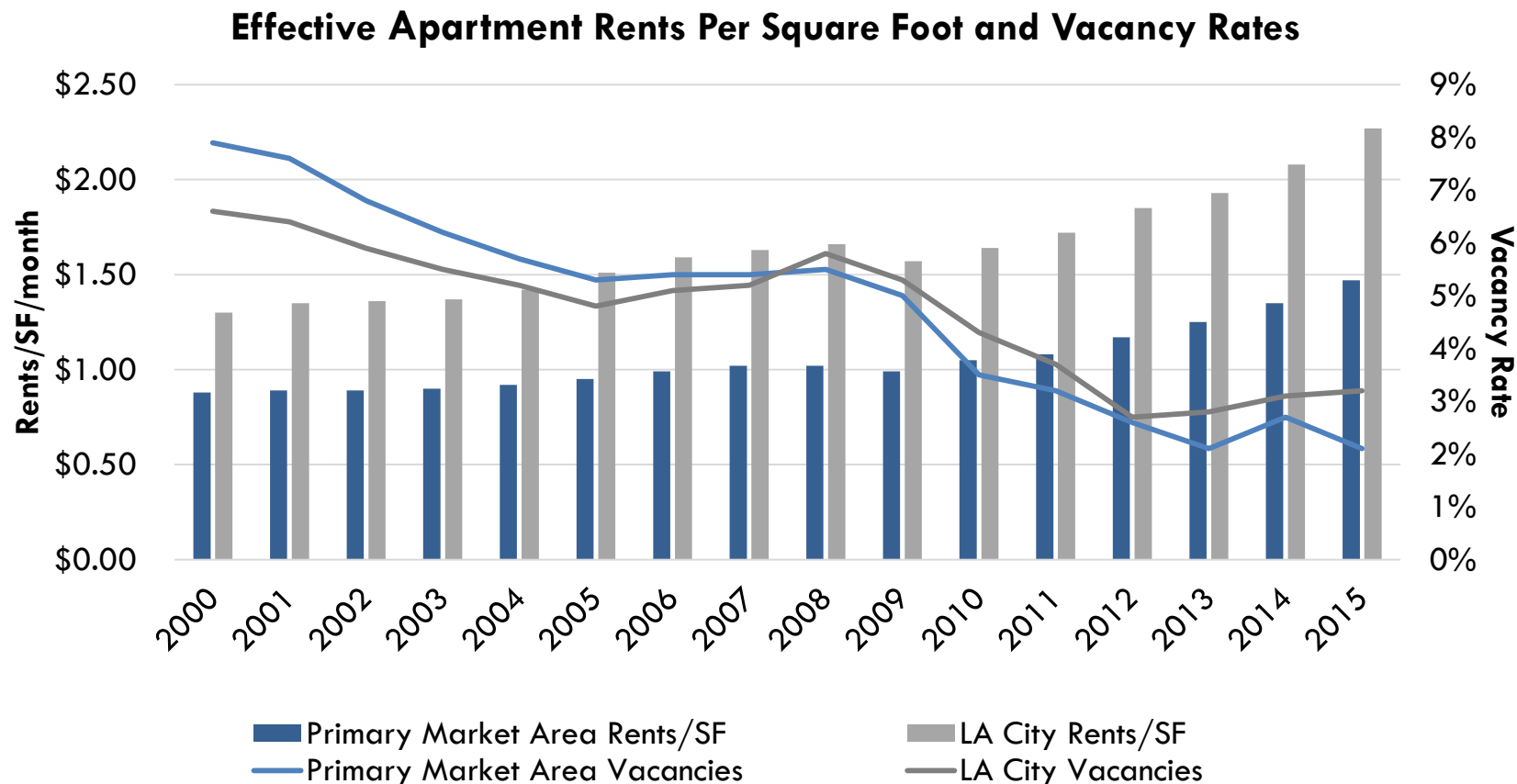


Proposed:
Market Gateway
243 Units



Planned:
City of Champions
2,500 Units

With little new inventory and strong demand, **rental housing** vacancy rates in the **Northern Corridor** are extremely low, and rents have followed the general upward trend of the City of Los Angeles.



Source: CoStar

To estimate **residential demand** in the Leimert Park Village, HR&A assessed demand from existing resident turnover as well as TOD-induced growth.

- **Demand from existing resident turnover** was calculated by determining the share of income-qualified residents in the Corridor area and accounting for turnover rates*.
- **TOD-induced demand** was calculated by taking employment growth projections for major employment centers that the Crenshaw/LAX line will provide access to, and determining a share of those future employees, also income-qualified, who would likely move to Leimert Park Village due to its accessibility to transit.
- **“Income-qualified”** means that a household earns enough income to purchase or rent a residential unit, given the likely required rental rates and sale prices of new market-rate residential product in the Village (highlighted in blue below).

*Turnover rate refers to the proportion of existing residents who moved within LA County in the past year.

Income Qualification Scale: For Sale

Household Income	Supportable Monthly Payment** (30% of income)	Affordable Home Price
\$25,000	\$625	\$145,000
\$35,000	\$875	\$203,000
\$50,000	\$1,250	\$290,000
\$75,000	\$1,875	\$435,000
\$100,000	\$2,500	\$580,000
\$150,000	\$3,750	\$871,000

Income Qualification Scale: Rentals

Household Income	Supportable Monthly Rent (35% of income)
\$25,000	\$700
\$35,000	\$1,000
\$50,000	\$1,450
\$75,000	\$2,150
\$100,000	\$2,900
\$150,000	\$4,350

Source: HR&A

**Assuming down payment of 15% of home price and a mortgage interest rate of 4.5%.

HR&A estimates that the Leimert Park Village could support approximately 190 new residential units by 2020 and a total of 575 units by 2025.

Supportable Residential Units at Leimert Park Village*

(2015-2020)

48

For-Sale Units

144

Rental Units

(2020-2025)

83

For-Sale Units

300

Rental Units

HR&A only quantified potential demand for market rate residential units as part of this highest and best analysis. We anticipate there is substantial additional demand for any newly developed income-restricted and affordable housing product in the market.

*For sale residential units may include condos, townhomes, or live/work units. See Appendix for breakdown of supportable units by price/rent.



Market Report for City/Metro-Owned Sites: Leimert Park

Context

Demographics

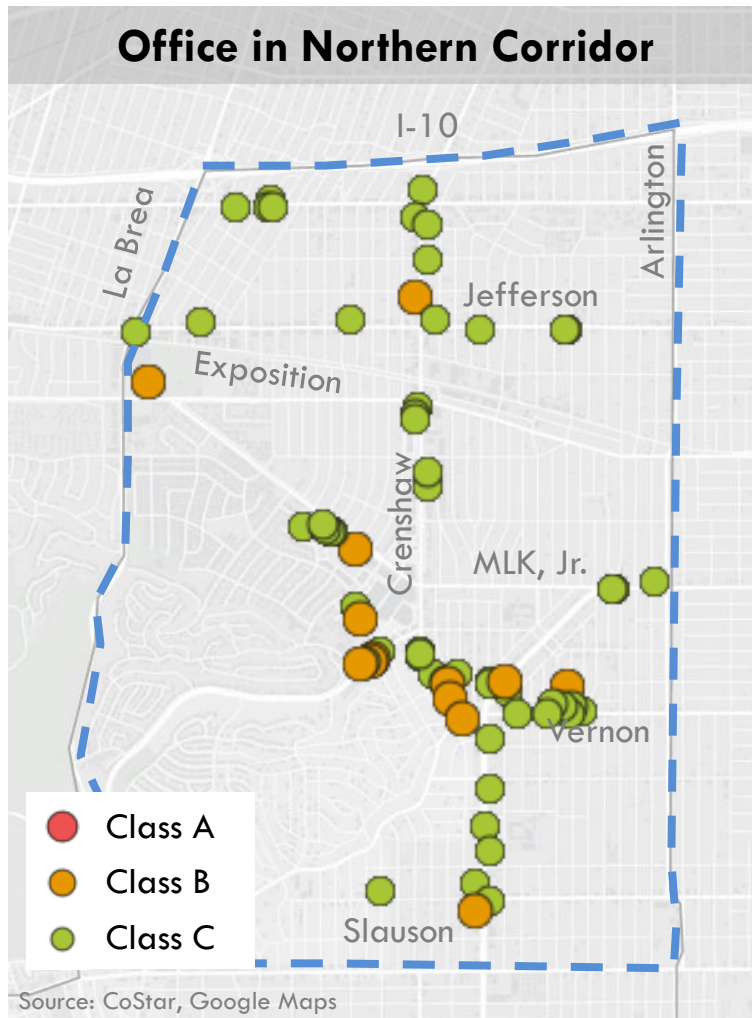
Retail

Residential

Office

Transformational Precedents

The Northern Corridor's office market primarily includes neighborhood-serving offices in smaller and older structures built before 1970.



- The Northern Corridor contains 765,000 square feet of office space.
- There are 70 office buildings.
- Office space is concentrated around Leimert Park.
- All of the office space is in Class B and Class C buildings.
- 92 percent of the office buildings in the Sub-district were built before 1970.
- In early 2016, vacancy was approximately 16% and average rent was just over \$19 per sq. ft. per year (NNN).

Office product in the area ranges from functional multi-tenant buildings to storefront offices, but is generally outdated.



3701 Stocker St

- 36,696 SF
- Vacancy: 34%
- Asking Rent: \$24 PSF (FSG)
- Built 1959



4401 Crenshaw Blvd

- 57,500 SF
- Built 1955
- Renovated 1988



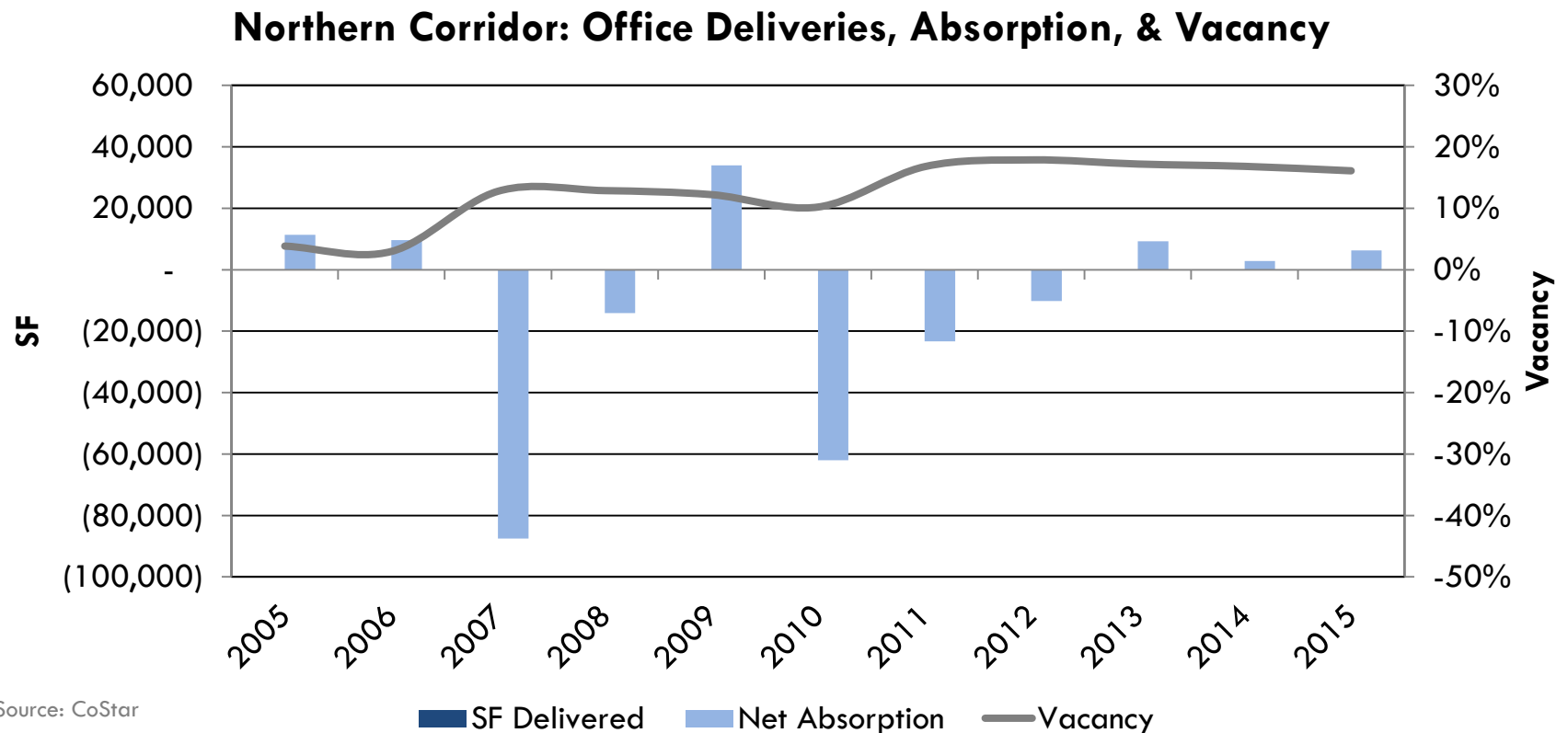
4251 Crenshaw Blvd

- 3,600 SF
- Current Tenant: Allied Healthcare
- Co-tenant space available
- Built 1966

Source: CoStar, Google Earth Pro

The **Northern Corridor** has not seen any deliveries of new office product in the last ten years; vacancy has declined very slowly since its peak in 2012.

- Vacancy is high, but this is likely due to the older stock of buildings that are difficult to lease. Older buildings may not be well configured for modern office uses.



There are some major investments in the area, however, that are expected to bring newer, higher quality office space near Leimert Park Village.



Kaiser Permanente Outpatient Facility
Marilton Square



City of Champions Revitalization
Inglewood

Kaiser Permanente's new outpatient facility, currently under construction at Martlon Square, could further strengthen the surrounding health services cluster.



- This new owner-occupied facility is slated to open in spring of 2017.
- In addition to almost **100,000 SF** of medical office space, the facility will offer community amenities that are open to the public, including a two-mile walking path and an event space.



Source: CoStar, ZIMAS

The **City of Champions Revitalization Initiative** has been approved and plans to add 780,000 SF of new office space in Inglewood.



Source: Hollywood Park Life

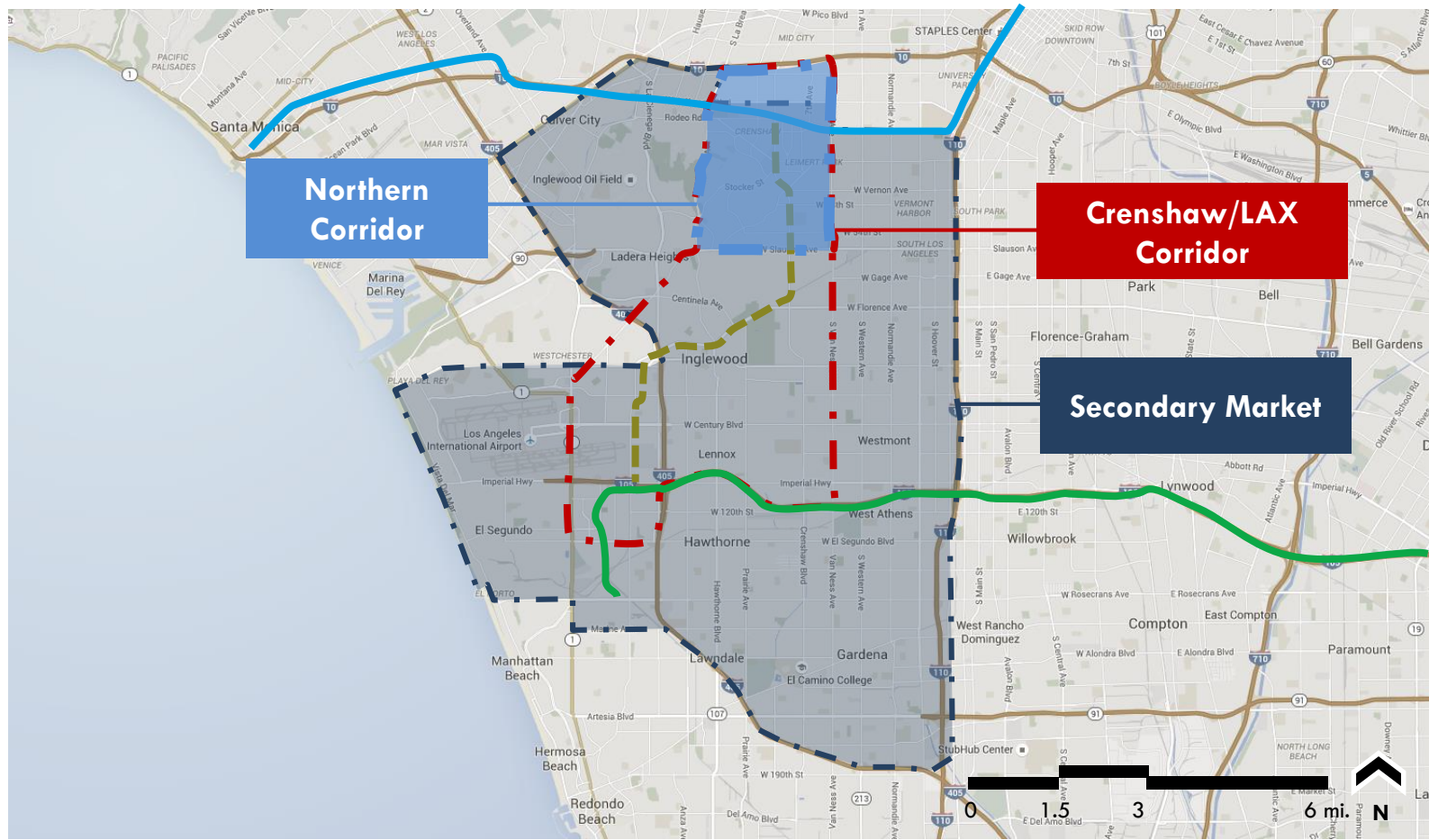
- This 298-acre development is also expected to include:
 - 2,500 residential units
 - 80,000 seat stadium
 - 890,000 SF of retail
 - 300 hotel rooms
- The project is likely to be developed in phases, and office space is expected to be built over an extended period.

Based on feedback gathered from Leimert Park stakeholders and community members, HR&A analyzed the demand for regional employment-driven office.

- **Regional employment-driven** demand generally supports **regional or national-serving office**.
- **Future office demand** was estimated by accounting for the expected employment growth in the Secondary Market Area surrounding Leimert Park Village, and translating that growth into supportable new office space.
- Office demand in the **Northern Corridor** was determined by **taking a share of overall office demand** within a larger Secondary Market Area, shown on the following page.
- It is expected that **Leimert Park Village** will, in turn, be able to **capture a share** of the Northern Corridor's future office demand.

Source: HR&A

In order to determine regional employment-driven office demand, HR&A analyzed a larger “Secondary Market” served by transit infrastructure.



Source: Google Maps, CoStar; Secondary Market is made of the CoStar Office Submarkets of LAX, El Segundo, Hawthorne, and Culver City.

HR&A estimates that the **Northern Corridor** could potentially support 313,000 SF of new office space by 2035, 10 to 20% of which could be captured at Leimert Park Village.

Estimated Office Demand from Projected Regional Employment Growth

		Change '16 - '25	Change '25 - '35	Cumulative (2016 - 2035)
Office Square Feet per Employee		248	248	248
Projected Jobs in the Secondary Market		14,577	7,324	21,900
Supportable SF in the Secondary Market (5% Structural Vacancy)		3,924,880	1,971,936	5,896,817
Less Current Vacant Office Space ¹		(949,238)	(476,916)	(1,426,154)
Net Supportable SF		2,975,642	1,495,021	4,470,663
Capture for Northern Corridor	7%	208,295	104,651	312,946
Leimert Park Capture - Low Scenario	10%	20,829	10,465	31,295
Leimert Park Capture - High Scenario	20%	41,659	20,930	62,589

Source: US Census LEHD Data, CA EDD Forecasts, HR&A Advisors

¹ Assumes a structural vacancy rate of 8% and that 25% of existing vacant space is absorbed by 2020, 50% is absorbed by 2025, and 60% is absorbed by 2035.

HR&A's analysis indicates support for 31,000 to 63,000 SF of new office space through the year 2035 at the Leimert Park Village.

**Supportable Office Space at Leimert Park Village
(2016-2035)**

31,000 – 63,000 SF



- There is demand for a significant amount of office space in Leimert Park Village, but building out the full amount of supportable office space would likely require a built-to-suit or pre-lease arrangement with an end user that is specifically interested in locating in Leimert Park.
- Neighborhood-serving office, such as insurance, dental, and real estate brokerage offices (pictured above) are most likely to locate in Leimert Park.

Source: HR&A

Institutional or cultural facilities could also be viable for Leimert Park Village.

- Such uses, however, will require tenant recruitment, the assistance of a non-profit partner, or cooperation from a public agency.

Potential Cultural/Civic/Institutional Facilities



Library



Museum



Educational

Market Report for City/Metro-Owned Sites: Leimert Park

Context

Demographics

Residential

Retail

Office

Transformational Precedents

The following precedents demonstrate how thoughtfully executed transit-oriented development can catalyze the transformation of neighborhoods.



North Hollywood, CA



Oakland, CA



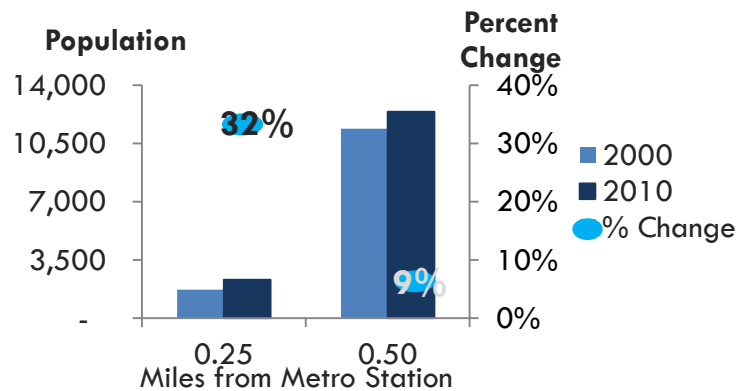
Brookland, Washington, D.C.



Columbia Heights, Washington, D.C.

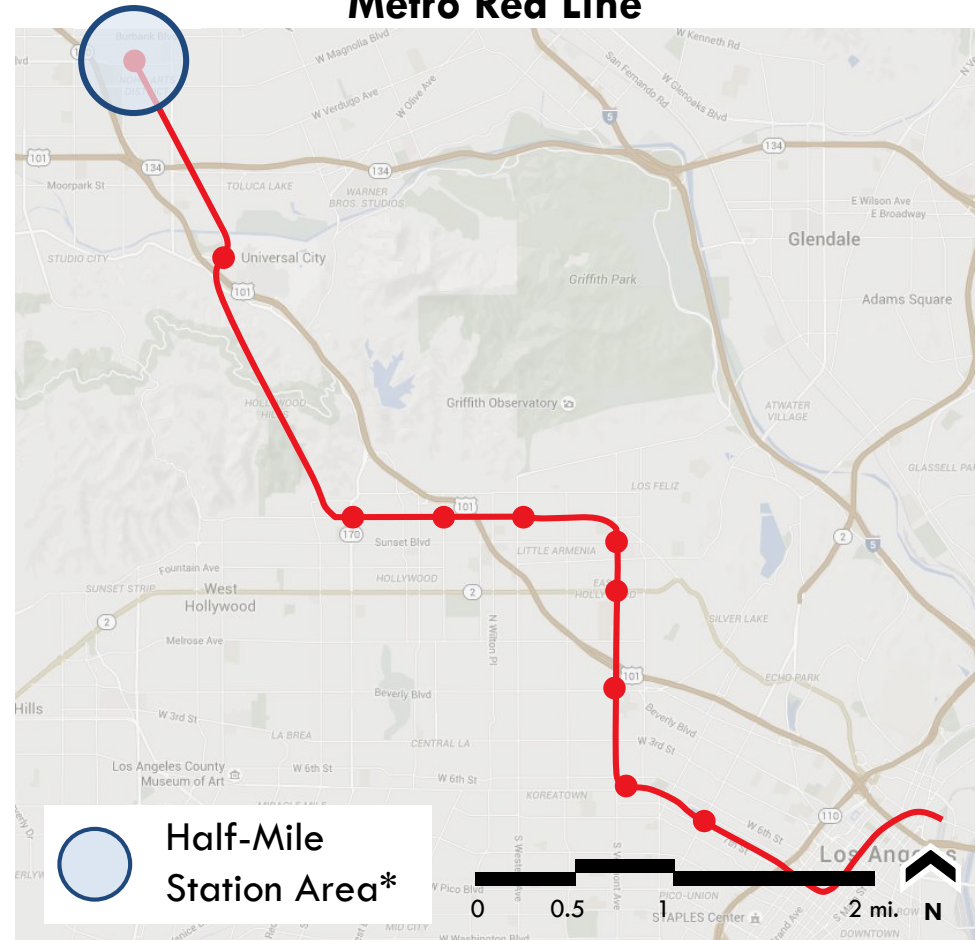
The Metro Red Line opened to **North Hollywood** in 2000, spurring growth in population, median household income and housing development along its route.

- The population within the ¼ mile radius has grown by 32%, compared to 9% for the ½ mile radius and 0.26% for the City of LA. New residents tend to be urban, young singles on the move.
- Household median incomes grew from about \$38,600 in 1990 to \$41,800 in 2010.



Source: US Census Social Explorer, HR&A

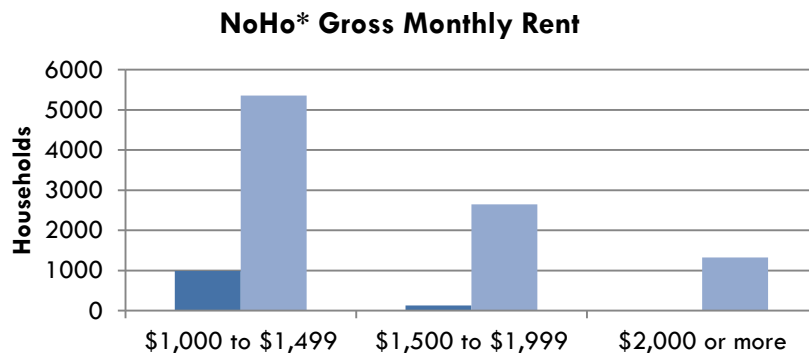
Metro Red Line



*HR&A estimated population and income growth in the 1/2-mile station areas using census tracts with centers in the 1/2-mile radius or the station within its boundaries.

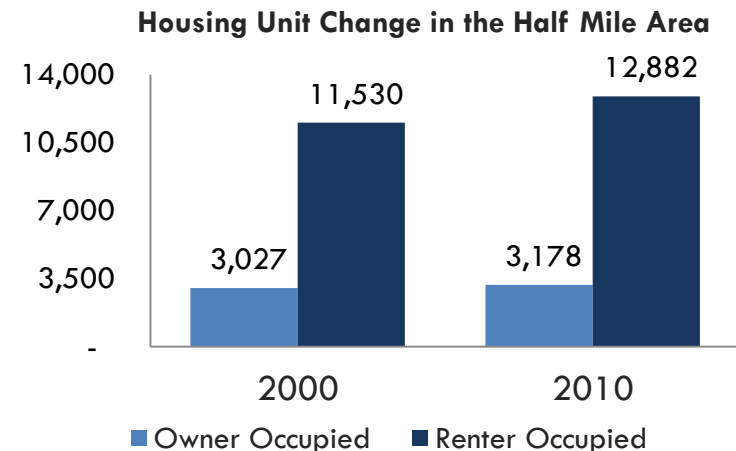
In the 10 years following the completion of the Red Line, **North Hollywood** transformed into a vibrant district with rapid residential development.

- In the ½ mile radius, the housing unit stock has grown by 15%, compared to 0.56% for the City of LA. Also: 1,500 units have been built since 2000, most of which are rentals.
- With the new transit line, new developments in NoHo were able to successfully charge higher rents and median rents grew 23 percent higher than growth in LA County.



*Approximated by Zip code ■ 2000 ■ 2012

Source: ESRI, Census 2000, and Census 2010



Transportation catalyzed quality residential development and attractive retail, improving both residential and retail rents.



The Hesby:
308 Units, 2013



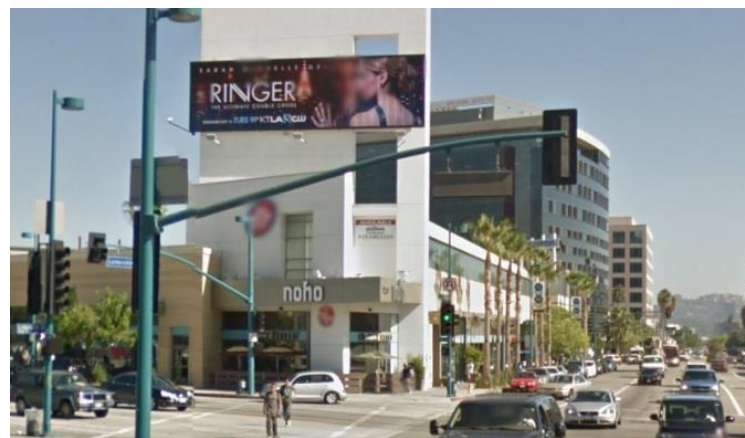
NoHo Commons:
438 Units, 2007-2009



Ferrara Apartments:
308 Units, 2014



Laemmle Noho 7 Movie Theatre:
17,000 SF, 2012



NoHo Commons Center:
63,000 SF, 2012

Source: HR&A

Oakland, California is a case study for revitalization driven by investment in arts, culture and entertainment, including the renovation of major theaters.



- Restoring Oakland's downtown and uptown neighborhoods was a focus of Mayor Jerry Brown, whose 10k plan aimed to bring a critical mass of residents back into the city's core.
- This was achieved by a confluence of factors including the development of a strong restaurant scene, the renovation and success of major entertainment anchors such as the **Fox and Paramount Theaters**, and spillover from San Francisco.

The success here has set the stage for a new wave of development that was previously unable to break through in **Oakland**, including speculative office.



- Shared creative office uses now exist nearby in developments such as The Hive, a 100,000 SF commercial and retail space.

Source: HR&A

Brookland, near Catholic University in Washington D.C., had long suffered from disinvestment and vacant land, but the introduction of rail spurred investment.

- The University owned a large tract of vacant land near the rail station that was generating no value to the city.
- As development pressures increased throughout Washington D.C., the area surrounding the Metro stop was recognized as a prime location for transit oriented development.
- Eventually, the University partnered with a private developer to transform the land into Monroe Street Market, a transit-oriented mixed-use community.



Monroe Street Market at Brookland is a mixed-use, transit-oriented development that is now home to a lively arts community and public square.



- The project features 27 artist work studios across 15,000 SF and a 3,000 SF flexible arts and community building alongside over 700 market-rate, affordable, and student residential units.

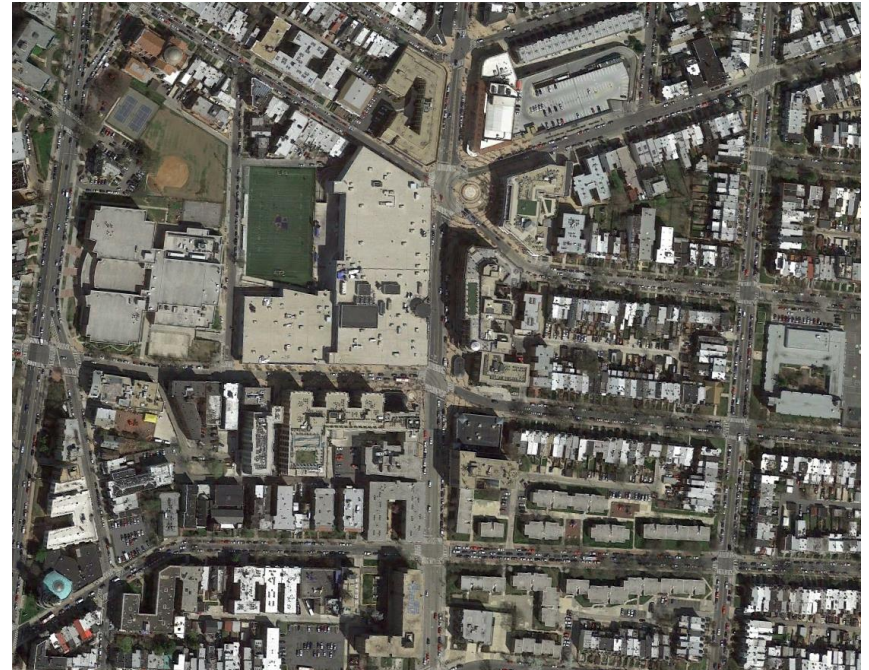


Also in D.C., the **Columbia Heights** neighborhood underwent a transformation following the introduction of rail in 1999, aided by government incentives.

1999



Today



- Prior to the opening Columbia Heights Station in 1999, the Columbia Heights neighborhood was blighted with numerous vacant lots and empty storefronts.

Source: HR&A

Since the initial government intervention, **Columbia Heights** has gained many new retailers and experienced renovations of historic buildings.



- The city government, which owned a number of these vacant lots, induced several large scale investments by offering land to developers at below market rate prices in exchange for certain types of development or public benefits.

Source: HR&A



HR&A
Analyze. Advise. Act.

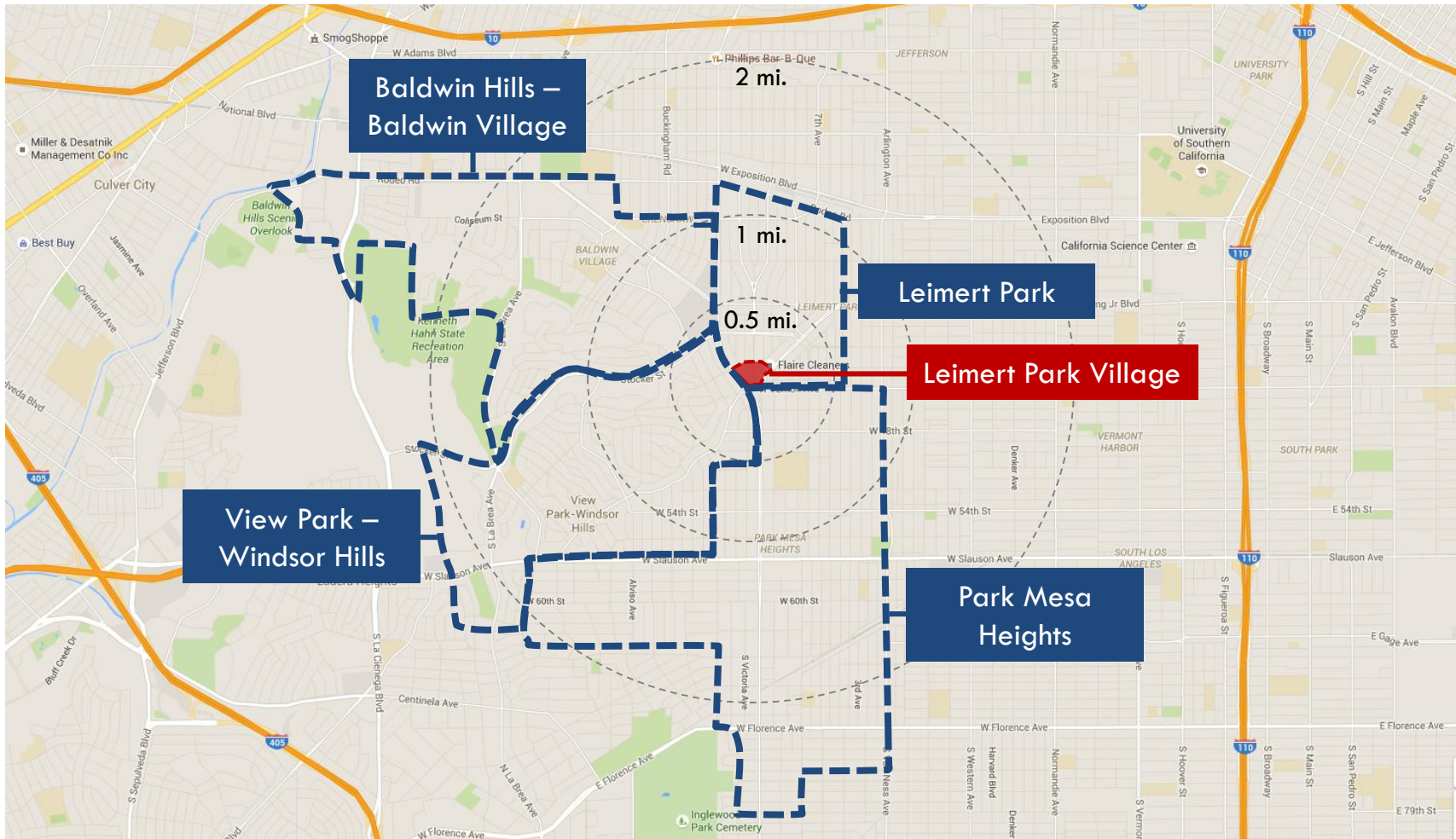
Market Report for City/Metro-Owned Sites

Leimert Park Station

June 2016

Appendix

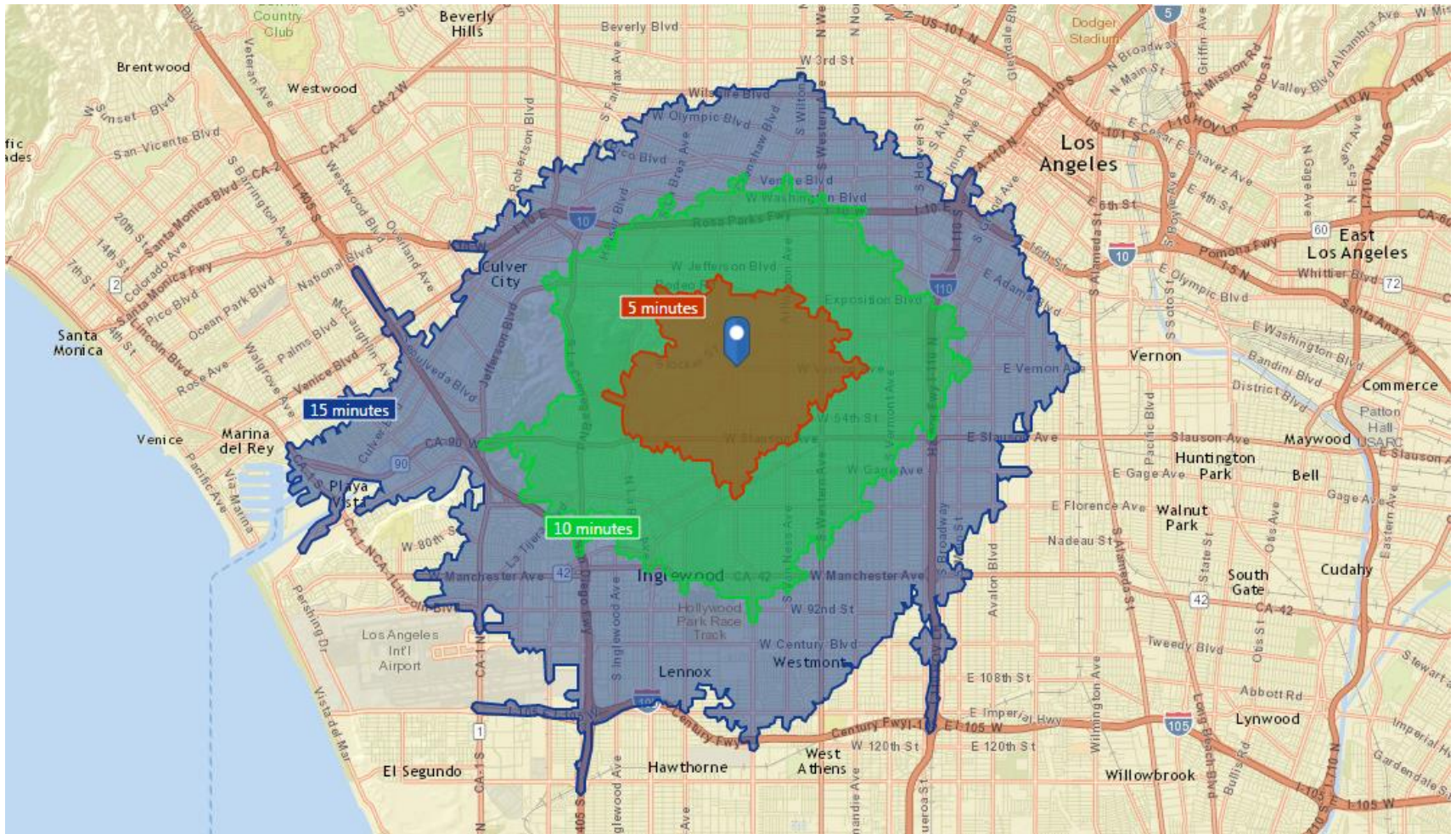
Surrounding neighborhood boundaries as defined by Neighborhood Councils



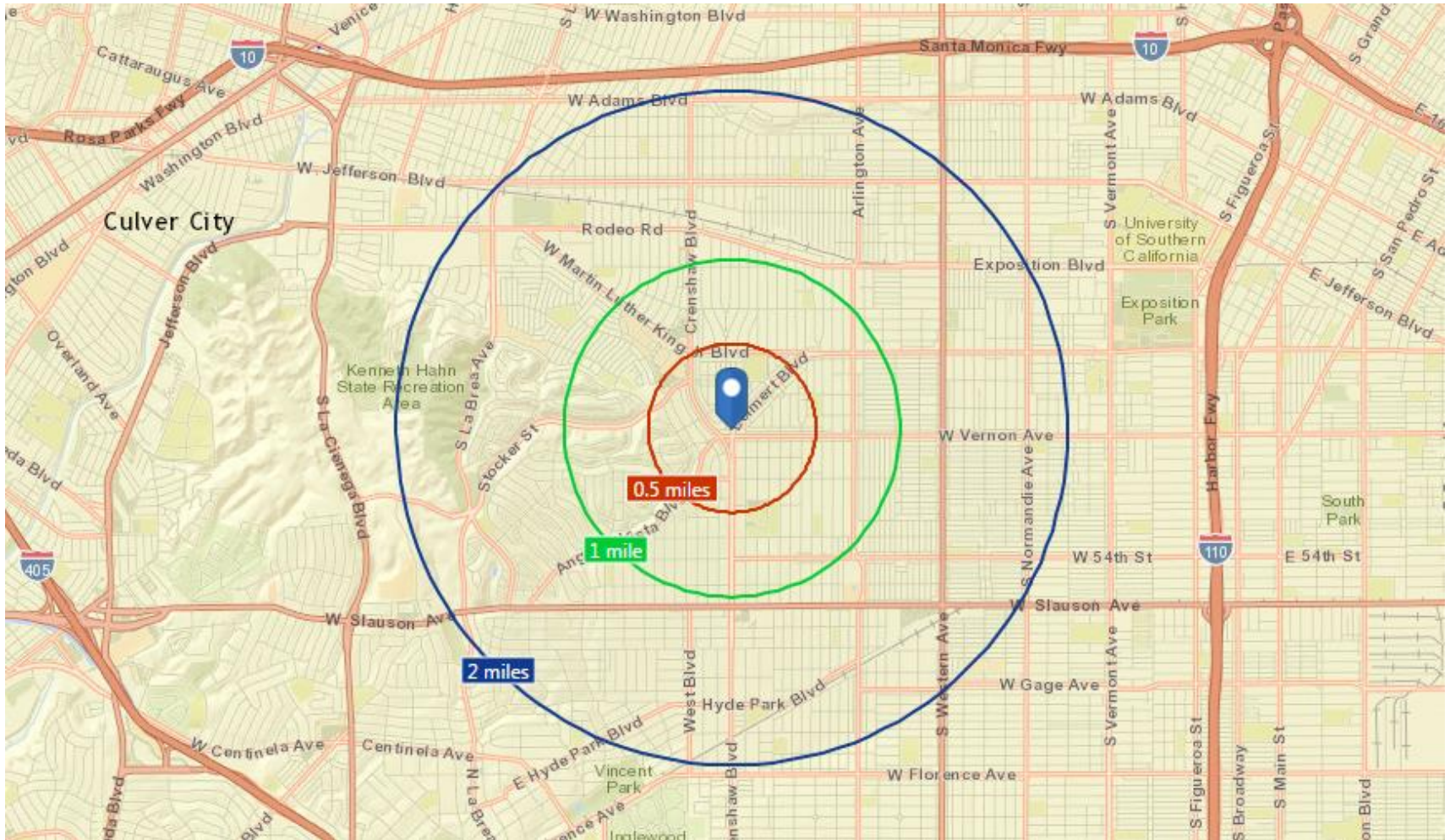
Leimert Park Community and Leimert Park Village



Drive Time from Vision Theatre



Distance Rings from Leimert Park Village



Leimert Park Supportable Residential Units by Sale Price or Rent Range

Leimert Park Residential Site Capture		
	2015-2020	2020-2025
For Sale		
\$290,000 to \$435,000	4	6
\$435,000 to \$580,000	22	38
\$580,000 to \$871,000	<u>22</u>	<u>39</u>
Subtotal	48	83
For Rent		
\$1,020 to \$1,460	70	145
\$1,460 to \$2,190	55	135
\$2,190 to \$2,920	<u>19</u>	<u>20</u>
Subtotal	144	300

Source: HR&A

APPENDIX C: FINANCIAL FEASIBILITY PRO FORMAS

Leimert Park Scenario 1 - Parcel A
Live/Work, Flats, and Retail

				<u>Per Unit</u>	<u>Total</u>
Development Program¹					
Land Area (sf)				1,832	71,438
Gross Building Area (GSF)				2,054	80,100
FAR (based on GSF)					1.12
Sellable Area - Residential (NSF)				1,654	64,500
Building Efficiency					80.5%
Condominium Units					39
Total Residential Units					39
Total Structured Parking					-
Total Surface Parking					45
Unit Mix¹					
Condominium²	Number	Net Sellable SF	Sale Price / SF	Sale Price	Total Sales Revenue
Live/Work	20	1,800	\$ 323	\$ 581,000	\$ 11,620,000
Townhome	19	1,500	\$ 347	\$ 520,000	\$ 9,880,000
Total Condominiums	39				\$ 21,500,000
Total Residential Units	39				
Construction³					
		<u>Per Bldg. GSF</u>	<u>Per Unit/Space</u>		<u>Total</u>
Hard Construction - Buildings (weighted average for all components)		\$ 130	\$ 267,000	\$	10,413,000
Hard Construction - Surface Parking (per space) ⁴			\$ 2,200	\$	99,000
Tenant Improvements Allowance (x Retail NSF) ⁵	\$ 40	\$ -		\$	-
Hard Cost Contingency (x Subtotal) ⁵	5%	\$ 6.56	\$ 13,477	\$	525,600
Subtotal Construction		\$ 137.80	\$ 283,015	\$	11,037,600
Soft Costs⁵					
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 8.27	\$ 16,981	\$	662,256
Permits & Fees (x Hard Costs)	4.0%	\$ 5.51	\$ 11,321	\$	441,504
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 4.13	\$ 8,490	\$	331,128
Development Management (x Hard Costs)	4.0%	\$ 5.51	\$ 11,321	\$	441,504
Soft Cost Contingency (x Subtotal)	3.0%	\$ 0.70	\$ 1,443	\$	56,292
Subtotal Soft Costs	17.5%	\$ 24.13	\$ 49,556	\$	1,932,684
Construction Financing Costs⁵					
		<u>Per GSF</u>	<u>Per Unit</u>		<u>Total</u>
Hard Costs + Soft Costs	\$ 12,970,284				
Loan to Cost Ratio	80%				
Construction Loan Principal	\$ 10,376,227				
Loan Fees (%)	1.5%	\$ 1.94	\$ 3,991	\$	155,643
Interest Rate	6.0%				
Outstanding Principal Balance	60%				
Term (years)	2				
Construction Period (months)	18				
Construction Loan Interest		\$ 7.00	\$ 14,367	\$	560,316
Permanent Loan Points	1.0%	\$ 1.30	\$ 2,661	\$	103,762
Subtotal Construction Loan		\$ 10.23	\$ 21,019	\$	819,722
Total Development Cost (TDC)		\$ 172.16	\$ 353,590	\$	13,790,006

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	39				
Live/Work	20	1,800	\$ 323	\$ 581,000	\$ 11,620,000
Townhome	19	1,500	\$ 347	\$ 520,000	\$ 9,880,000
Total Unit Sales Price					\$ 21,500,000
Less: Marketing and Cost of Sale ⁵					\$ (645,000)
Less: HOA Fees Through Full Building Absorption ⁶	19.50			\$ (3,000)	\$ (58,500)
Less: Warranties ⁵	39			\$ (1,000)	\$ (39,000)
Net Sales Revenue					\$ 20,757,500

Residual Land Value

Project Sale Value (Condo Net Sales Revenue from above)		\$ 20,757,500
Less: Total Development Cost (from above)		\$ (13,790,006)
Net Proceeds		\$ 6,967,494
Developer Profit (% x Project Sale Value) ⁷	12.5%	\$ (2,594,688)
Residual Land Value (Total)		\$ 4,372,807
Residual Land Value (PSF)		\$ 61.21

SOURCES & NOTES:

¹ HR&A and City Design Studio.

² HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.

³ HR&A estimate based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality. Additional supporting documentation from HR&A is available upon request.

⁴ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes surface parking at \$2200 per space.

⁵ HR&A assumptions typical for this type of project and/or calculations.

⁶ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.

⁷ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 1 - Parcel B
Live/Work, Flats, and Retail - 0 Replacement Spaces

				Per Unit	Total
Development Program¹					
Land Area (sf)				1,445	103,237
Gross Building Area (GSF)				1,580	112,843
FAR (based on GSF)					1.1
Rentable Area - Residential (NSF)				899	56,994
Rentable Area - Commercial (NSF)					20,000
Sellable Area - Residential (NSF)				1,800	14,400
Building Efficiency					81.0%
Apartments					
Market Rate					63
Affordable					-
Condominium					8
Total Residential Units					71
Total Structured Parking					161
Total Surface Parking					-
Unit Mix¹					
Market Rate Flats²					
Studio	-	-	\$ -	\$ -	\$ -
1 Bedroom	21	700	\$ 2.30	\$ 1,610	\$ 34,486
2 Bedroom	42	1,000	\$ 2.30	\$ 2,300	\$ 96,600
	63				\$ 131,086
Condominium³					
Live/Work	8	1,800	\$ 323	\$ 581,000	\$ 4,648,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Condominiums	8				\$ 4,648,000
Total Residential Units	71				
Construction⁴					
		Per Bldg. GSF	Per Unit/Space		Total
Hard Construction-Buildings (weighted average for all components)		\$ 137	\$ 216,458	\$	15,459,423
Hard Construction-Structured Parking (per space) ⁵			\$ 25,750	\$	4,145,750
Hard Construction - Surface Parking (per space)			\$ 2,200	\$	-
Tenant Improvements Allowance (x Retail NSF) ⁶	\$ 40	\$ 7.09	\$	\$	800,000
Hard Cost Contingency (x Subtotal) ⁶	5%	\$ 9.04	\$ 14,285	\$	1,020,259
Subtotal Construction		\$ 189.87	\$ 299,992	\$	21,425,431
Soft Costs⁶					
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 11.39	\$ 18,000	\$	1,285,526
Permits & Fees (x Hard Costs)	4.0%	\$ 7.59	\$ 12,000	\$	857,017
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 5.70	\$ 9,000	\$	642,763
Development Management (x Hard Costs)	4.0%	\$ 7.59	\$ 12,000	\$	857,017
Leasing Commissions ⁷	3.0%	\$ 0.55	\$ 862	\$	61,591
Soft Cost Contingency (x Subtotal)	3.0%	\$ 0.97	\$ 1,530	\$	109,270
Subtotal Soft Costs	17.8%	\$ 33.79	\$ 53,391	\$	3,813,184
Construction Financing Costs⁶					
		Per GSF	Per Unit		Total
Hard Costs + Soft Costs	\$ 25,238,615				
Loan to Cost Ratio	80%				
Construction Loan Principal	\$ 20,190,892				
Loan Fees (%)	1.5%	\$ 2.68	\$ 4,241	\$	302,863
Interest Rate	6.0%				
Outstanding Principal Balance	60%				
Term (years)	2				
Construction Period (months)	18				
Construction Loan Interest		\$ 9.66	\$ 15,266	\$	1,090,308
Permanent Loan Points	1.0%	\$ 1.79	\$ 2,827	\$	201,909
Subtotal Construction Loan		\$ 14.14	\$ 22,334	\$	1,595,080
Total Development Cost (TDC)		\$ 237.80	\$ 375,717	\$	26,833,696

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	8				
Live/Work	8	1,800	\$ 323	\$ 581,000	\$ 4,648,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Unit Sales Price					\$ 4,648,000
Less: Marketing and Cost of Sale ⁶	3%				\$ (139,440)
Less: HOA Fees Through Full Building Absorption ⁸	4			\$ (3,000)	\$ (12,000)
Less: Warranties ⁶	8			\$ (1,000)	\$ (8,000)
Net Sales Revenue					\$ 4,488,560

Net Operating Income

	<u>Net SF</u>	<u>Per Unit/Mo.</u>	<u>Per NSF/Unit/Mo.</u>	<u>Annual</u>
Gross Apartment Rental Income				
Market Rate Apartments ²	56,994	\$ 2,067	\$ 2.30	\$ 1,573,034
Gross Income		\$ 2,067	\$ 2.30	\$ 1,573,034
Less: Vacancy Allowance ²	5.0%	\$ (92)	\$ (0.12)	\$ (78,652)
Effective Gross Income (EGI)		\$ 1,975	\$ 2.19	\$ 1,494,383
Less: Annual Operating Expenses (x EGI) ⁶	32.5%	\$ (638)	\$ (0.71)	\$ (485,674)
Less: Replacement Reserve (per unit/year) ⁶	\$250	\$ (21)	\$ (0.02)	\$ (15,855)
Net Apartment Income		\$ 1,316	\$ 1.45	\$ 992,853

	<u>Net SF</u>	<u>Per NSF/Mo</u>	<u>Annual</u>
Gross Retail Rental Income (NNN) ⁹	20,000	\$ 2.00	\$ 480,000
Less: Vacancy Allowance (x Gross Income) ⁹	5%	\$ (0.10)	\$ (24,000)
Effective Gross Income (EGI)		\$ 1.90	\$ 456,000
Less: Management Fee (x EGI) ⁶	3%	\$ (0.06)	\$ (13,680)
Net Commercial Income		\$ 1.84	\$ 442,320
Net Operating Income (NOI)		\$ 1.55	\$ 1,435,173

Residual Land Value

Net Operating Income (from above)		\$ 1,435,173
Weighted Average Cap Rate ¹⁰	5.1%	
Apartment and Retail Value (NOI / Cap Rate)		\$ 27,926,986
Less: Cost of Sale ⁶	1.0%	\$ (279,270)
Plus: Condominium Sales		\$ 4,488,560
Project Sale Value		\$ 32,136,276
Less: Total Development Cost (from above)		\$ (26,833,696)
Net Proceeds		\$ 5,302,581
Developer Profit (% x Project Sale Value) ¹¹	12.5%	\$ (4,017,035)
Residual Land Value (Total)		\$ 1,285,546
Residual Land Value (PSF)		\$ 12.45

SOURCES & NOTES:¹ HR&A and City Design Studio.² HR&A, based on a review of market comps for new construction apartments in similar submarket areas and an analysis of rent premiums associated with proximity to rail transit.³ HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.⁴ HR&A estimate of weighted retail (\$133 psf) and residential (\$138 psf apartments; \$130 psf condominiums) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality residential and good quality retail. Additional supporting documentation from HR&A is available upon request.⁵ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF and 375 square feet per space.⁶ HR&A assumptions typical for this type of project and/or calculations.⁷ HR&A. Assumes broker commission and marketing costs for both residential units and commercial space set at 3% of gross annual rental revenue.⁸ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.⁹ HR&A. Based on a review of market comps for retail in submarket areas within close proximity to, or that share similar characteristics with, subject site submarket.¹⁰ Blended 5.9% retail and 4.8% multifamily cap rate, based on HR&A review of third party data sources (e.g., CoStar data for sale of similar buildings within relevant, nearby submarkets since 2012 and RERC).¹¹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 1 - Parcel B
Live/Work, Flats, and Retail - 90 Replacement Spaces

				Per Unit	Total
Development Program¹					
Land Area (sf)				1,445	103,237
Gross Building Area (GSF)				1,580	112,843
FAR (based on GSF)					1.1
Rentable Area - Residential (NSF)				899	56,994
Rentable Area - Commercial (NSF)					20,000
Sellable Area - Residential (NSF)				1,800	14,400
Building Efficiency					81.0%
Apartments					
Market Rate					63
Affordable					-
Condominium					8
Total Residential Units					71
Total Structured Parking					251
Total Surface Parking					-
Unit Mix¹					
Market Rate Flats²					
Studio	-	-	\$ -	\$ -	\$ -
1 Bedroom	21	700	\$ 2.30	\$ 1,610	\$ 34,486
2 Bedroom	42	1,000	\$ 2.30	\$ 2,300	\$ 96,600
	63				\$ 131,086
Condominium³					
Live/Work	8	1,800	\$ 323	\$ 581,000	\$ 4,648,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Condominiums	8				\$ 4,648,000
Total Residential Units	71				
Construction⁴					
		Per Bldg. GSF	Per Unit/Space		Total
Hard Construction-Buildings (weighted average for all components)		\$ 137	\$ 216,458	\$	15,459,423
Hard Construction-Structured Parking (per space) ⁵			\$ 25,750	\$	6,463,250
Hard Construction - Surface Parking (per space)			\$ 2,200	\$	-
Tenant Improvements Allowance (x Retail NSF) ⁶	\$ 40	\$ 7.09		\$	800,000
Hard Cost Contingency (x Subtotal) ⁶	5%	\$ 10.07	\$ 15,908	\$	1,136,134
Subtotal Construction		\$ 211.43	\$ 334,063	\$	23,858,806
Soft Costs⁶					
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 12.69	\$ 20,044	\$	1,431,528
Permits & Fees (x Hard Costs)	4.0%	\$ 8.46	\$ 13,363	\$	954,352
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 6.34	\$ 10,022	\$	715,764
Development Management (x Hard Costs)	4.0%	\$ 8.46	\$ 13,363	\$	954,352
Leasing Commissions ⁷	3.0%	\$ 0.55	\$ 862	\$	61,591
Soft Cost Contingency (x Subtotal)	3.0%	\$ 1.08	\$ 1,704	\$	121,680
Subtotal Soft Costs	17.8%	\$ 37.57	\$ 59,357	\$	4,239,268
Construction Financing Costs⁶					
		Per GSF	Per Unit		Total
Hard Costs + Soft Costs	\$ 28,098,074				
Loan to Cost Ratio	80%				
Construction Loan Principal	\$ 22,478,459				
Loan Fees (%)	1.5%	\$ 2.99	\$ 4,721	\$	337,177
Interest Rate	6.0%				
Outstanding Principal Balance	60%				
Term (years)	2				
Construction Period (months)	18				
Construction Loan Interest		\$ 10.76	\$ 16,996	\$	1,213,837
Permanent Loan Points	1.0%	\$ 1.99	\$ 3,147	\$	224,785
Subtotal Construction Loan		\$ 15.74	\$ 24,864	\$	1,775,798
Total Development Cost (TDC)		\$ 264.74	\$ 418,284	\$	29,873,872

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	8				
Live/Work	8	1,800	\$ 323	\$ 581,000	\$ 4,648,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Unit Sales Price					\$ 4,648,000
Less: Marketing and Cost of Sale ⁶	3%				\$ (139,440)
Less: HOA Fees Through Full Building Absorption ⁸	4			\$ (3,000)	\$ (12,000)
Less: Warranties ⁶	8			\$ (1,000)	\$ (8,000)
Net Sales Revenue					\$ 4,488,560

Net Operating Income

	<u>Net SF</u>	<u>Per Unit/Mo.</u>	<u>Per NSF/Unit/Mo.</u>	<u>Annual</u>
Gross Apartment Rental Income				
Market Rate Apartments ²	56,994	\$ 2,067	\$ 2.30	\$ 1,573,034
Gross Income		\$ 2,067	\$ 2.30	\$ 1,573,034
Less: Vacancy Allowance ²	5.0%	\$ (92)	\$ (0.12)	\$ (78,652)
Effective Gross Income (EGI)		\$ 1,975	\$ 2.19	\$ 1,494,383
Less: Annual Operating Expenses (x EGI) ⁶	32.5%	\$ (638)	\$ (0.71)	\$ (485,674)
Less: Replacement Reserve (per unit/year) ⁶	\$250	\$ (21)	\$ (0.02)	\$ (15,855)
Net Apartment Income		\$ 1,316	\$ 1.45	\$ 992,853

	<u>Net SF</u>	<u>Per NSF/Mo</u>	<u>Annual</u>
Gross Retail Rental Income (NNN) ⁹	20,000	\$ 2.00	\$ 480,000
Less: Vacancy Allowance (x Gross Income) ⁹	5%	\$ (0.10)	\$ (24,000)
Effective Gross Income (EGI)		\$ 1.90	\$ 456,000
Less: Management Fee (x EGI) ⁶	3%	\$ (0.06)	\$ (13,680)
Net Commercial Income		\$ 1.84	\$ 442,320
Net Operating Income (NOI)		\$ 1.55	\$ 1,435,173

Residual Land Value

Net Operating Income (from above)		\$ 1,435,173
Weighted Average Cap Rate ¹⁰	5.1%	
Apartment and Retail Value (NOI / Cap Rate)		\$ 27,926,986
Less: Cost of Sale ⁶	1.0%	\$ (279,270)
Plus: Condominium Sales		\$ 4,488,560
Project Sale Value		\$ 32,136,276
Less: Total Development Cost (from above)		\$ (29,873,872)
Net Proceeds		\$ 2,262,404
Developer Profit (% x Project Sale Value) ¹¹	12.5%	\$ (4,017,035)
Residual Land Value (Total)		\$ (1,754,631)
Residual Land Value (PSF)		\$ (17.00)

SOURCES & NOTES:

¹ HR&A and City Design Studio.

² HR&A, based on a review of market comps for new construction apartments in similar submarket areas and an analysis of rent premiums associated with proximity to rail transit.

³ HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.

⁴ HR&A estimate of weighted retail (\$133 psf) and residential (\$138 psf apartments; \$130 psf condominiums) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality residential and good quality retail. Additional supporting documentation from HR&A is available upon request.

⁵ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF and 375 square feet per space.

⁶ HR&A assumptions typical for this type of project and/or calculations.

⁷ HR&A. Assumes broker commission and marketing costs for both residential units and commercial space set at 3% of gross annual rental revenue.

⁸ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.

⁹ HR&A. Based on a review of market comps for retail in submarket areas within close proximity to, or that share similar characteristics with, subject site submarket.

¹⁰ Blended 5.9% retail and 4.8% multifamily cap rate, based on HR&A review of third party data sources (e.g., CoStar data for sale of similar buildings within relevant, nearby submarkets since 2012 and RERC).

¹¹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 1 - Parcel B
Live/Work, Flats, and Retail - 234 Replacement Spaces

	Per Unit	Total
Development Program¹		
Land Area (sf)	1,445	103,237
Gross Building Area (GSF)	1,580	112,843
FAR (based on GSF)		1.1
Rentable Area - Residential (NSF)	899	56,994
Rentable Area - Commercial (NSF)		20,000
Sellable Area - Residential (NSF)	1,800	14,400
Building Efficiency		81.0%
Apartments		
Market Rate		63
Affordable		-
Condominium		8
Total Residential Units		71
Total Structured Parking		395
Total Surface Parking		-

	Number	Net Rentable SF	Mo. Rent / NRSF	Mo. Rent	Total Mo. Rent
Unit Mix¹					
<i>Market Rate Flats²</i>					
Studio	-	-	\$ -	\$ -	\$ -
1 Bedroom	21	700	\$ 2.30	\$ 1,610	\$ 34,486
2 Bedroom	42	1,000	\$ 2.30	\$ 2,300	\$ 96,600
	63				\$ 131,086
	Number	Net SF	Sale Price/NSF	Total Sale Price	Total Sales
<i>Condominium³</i>					
Live/Work	8	1,800	\$ 323	\$ 581,000	\$ 4,648,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Condominiums	8				\$ 4,648,000
Total Residential Units	71				

	Per Bldg. GSF	Per Unit/Space	Total
Construction⁴			
Hard Construction-Buildings (weighted average for all components)	\$ 137	\$ 216,458	\$ 15,459,423
Hard Construction-Structured Parking (per space) ⁵		\$ 25,750	\$ 10,171,250
Hard Construction - Surface Parking (per space)		\$ 2,200	\$ -
Tenant Improvements Allowance (x Retail NSF) ⁶	\$ 40	\$ 7.09	\$ 800,000
Hard Cost Contingency (x Subtotal) ⁶	5%	\$ 11.71	\$ 1,321,534
Subtotal Construction	\$ 245.94	\$ 388,578	\$ 27,752,206

Soft Costs⁶				
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 14.76	\$ 23,315	\$ 1,665,132
Permits & Fees (x Hard Costs)	4.0%	\$ 9.84	\$ 15,543	\$ 1,110,088
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 7.38	\$ 11,657	\$ 832,566
Development Management (x Hard Costs)	4.0%	\$ 9.84	\$ 15,543	\$ 1,110,088
Leasing Commissions ⁷	3.0%	\$ 0.55	\$ 862	\$ 61,591
Soft Cost Contingency (x Subtotal)	3.0%	\$ 1.25	\$ 1,982	\$ 141,536
Subtotal Soft Costs	17.7%	\$ 43.61	\$ 68,902	\$ 4,921,002

	Per GSF	Per Unit	Total
Construction Financing Costs⁶			
Hard Costs + Soft Costs			\$ 32,673,208
Loan to Cost Ratio	80%		
Construction Loan Principal			\$ 26,138,567
Loan Fees (%)	1.5%	\$ 3.47	\$ 5,490
Interest Rate	6.0%		
Outstanding Principal Balance	60%		
Term (years)	2		
Construction Period (months)	18		
Construction Loan Interest		\$ 12.51	\$ 19,763
Permanent Loan Points	1.0%	\$ 2.32	\$ 3,660
Subtotal Construction Loan		\$ 18.30	\$ 28,913
Total Development Cost (TDC)		\$ 307.85	\$ 486,393

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	8				
Live/Work	8	1,800	\$ 323	\$ 581,000	\$ 4,648,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Unit Sales Price					\$ 4,648,000
Less: Marketing and Cost of Sale ⁶	3%				\$ (139,440)
Less: HOA Fees Through Full Building Absorption ⁸	4			\$ (3,000)	\$ (12,000)
Less: Warranties ⁶	8			\$ (1,000)	\$ (8,000)
Net Sales Revenue					\$ 4,488,560

Net Operating Income

	<u>Net SF</u>	<u>Per Unit/Mo.</u>	<u>Per NSF/Unit/Mo.</u>	<u>Annual</u>
Gross Apartment Rental Income				
Market Rate Apartments ²	56,994	\$ 2,067	\$ 2.30	\$ 1,573,034
Gross Income		\$ 2,067	\$ 2.30	\$ 1,573,034
Less: Vacancy Allowance ²	5.0%	\$ (92)	\$ (0.12)	\$ (78,652)
Effective Gross Income (EGI)		\$ 1,975	\$ 2.19	\$ 1,494,383
Less: Annual Operating Expenses (x EGI) ⁶	32.5%	\$ (638)	\$ (0.71)	\$ (485,674)
Less: Replacement Reserve (per unit/year) ⁶	\$250	\$ (21)	\$ (0.02)	\$ (15,855)
Net Apartment Income		\$ 1,316	\$ 1.45	\$ 992,853

	<u>Net SF</u>	<u>Per NSF/Mo</u>	<u>Annual</u>
Gross Retail Rental Income (NNN) ⁹	20,000	\$ 2.00	\$ 480,000
Less: Vacancy Allowance (x Gross Income) ⁹	5%	\$ (0.10)	\$ (24,000)
Effective Gross Income (EGI)		\$ 1.90	\$ 456,000
Less: Management Fee (x EGI) ⁶	3%	\$ (0.06)	\$ (13,680)
Net Commercial Income		\$ 1.84	\$ 442,320
Net Operating Income (NOI)		\$ 1.55	\$ 1,435,173

Residual Land Value

Net Operating Income (from above)		\$ 1,435,173
Weighted Average Cap Rate ¹⁰	5.1%	
Apartment and Retail Value (NOI / Cap Rate)		\$ 27,926,986
Less: Cost of Sale ⁶	1.0%	\$ (279,270)
Plus: Condominium Sales		\$ 4,488,560
Project Sale Value		\$ 32,136,276
Less: Total Development Cost (from above)		\$ (34,738,155)
Net Proceeds		\$ (2,601,879)
Developer Profit (% x Project Sale Value) ¹¹	12.5%	\$ (4,017,035)
Residual Land Value (Total)		\$ (6,618,914)
Residual Land Value (PSF)		\$ (64.11)

SOURCES & NOTES:¹ HR&A and City Design Studio.² HR&A, based on a review of market comps for new construction apartments in similar submarket areas and an analysis of rent premiums associated with proximity to rail transit.³ HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.⁴ HR&A estimate of weighted retail (\$133 psf) and residential (\$138 psf apartments; \$130 psf condominiums) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality residential and good quality retail. Additional supporting documentation from HR&A is available upon request.⁵ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF and 375 square feet per space.⁶ HR&A assumptions typical for this type of project and/or calculations.⁷ HR&A. Assumes broker commission and marketing costs for both residential units and commercial space set at 3% of gross annual rental revenue.⁸ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.⁹ HR&A. Based on a review of market comps for retail in submarket areas within close proximity to, or that share similar characteristics with, subject site submarket.¹⁰ Blended 5.9% retail and 4.8% multifamily cap rate, based on HR&A review of third party data sources (e.g., CoStar data for sale of similar buildings within relevant, nearby submarkets since 2012 and RERC).¹¹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 2 - Parcel A
Multi-Purpose Cultural and Retail

					<u>Per Unit</u>	<u>Total</u>
<u>Development Program¹</u>						
Land Area (sf)					1,832	71,438
Gross Building Area (GSF)					2,054	80,100
FAR (based on GSF)						1.12
Sellable Area - Residential (NSF)					1,654	64,500
Building Efficiency						80.5%
Condominium Units						39
Total Residential Units						39
Total Structured Parking						-
Total Surface Parking						45
<u>Unit Mix¹</u>						
	<u>Number</u>		<u>Net Sellable</u> <u>SF</u>	<u>Sale Price /</u> <u>SF</u>	<u>Sale Price</u>	<u>Total Sales Revenue</u>
<u>Condominium²</u>						
Live/Work	36000	20	1,800	\$ 323	\$ 581,000	\$ 11,620,000
Townhome	28500	19	1,500	\$ 347	\$ 520,000	\$ 9,880,000
Total Condominiums		39				\$ 21,500,000
Total Residential Units		39				
<u>Construction³</u>						
				<u>Per Bldg. GSF</u>	<u>Per Unit/Space</u>	<u>Total</u>
Hard Construction - Buildings (weighted average for all components)				\$ 130	\$ 267,000	\$ 10,413,000
Hard Construction - Surface Parking (per space) ⁴					\$ 2,200	\$ 99,000
Hard Cost Contingency (x Subtotal) ⁵			5%	\$ 6.56	\$ 13,477	\$ 525,600
Subtotal Construction				\$ 137.80	\$ 283,015	\$ 11,037,600
<u>Soft Costs⁵</u>						
Design, Engineering & Consulting Services (x Hard Costs)			6.0%	\$ 8.27	\$ 16,981	\$ 662,256
Permits & Fees (x Hard Costs)			4.0%	\$ 5.51	\$ 11,321	\$ 441,504
Taxes, Insurance, Legal & Accounting (x Hard Costs)			3.0%	\$ 4.13	\$ 8,490	\$ 331,128
Development Management (x Hard Costs)			4.0%	\$ 5.51	\$ 11,321	\$ 441,504
Soft Cost Contingency (x Subtotal)			3.0%	\$ 0.70	\$ 1,443	\$ 56,292
Subtotal Soft Costs			17.5%	\$ 24.13	\$ 49,556	\$ 1,932,684
				\$ 161.93		
<u>Construction Financing Costs⁵</u>						
				<u>Per GSF</u>	<u>Per Unit</u>	<u>Total</u>
Hard Costs + Soft Costs				\$ 12,970,284		
Loan to Cost Ratio			80%			
Construction Loan Principal				\$ 10,376,227		
Loan Fees (%)			1.5%	\$ 1.94	\$ 3,991	\$ 155,643
Interest Rate			6.0%			
Outstanding Principal Balance			60%			
Term (years)			2			
Construction Period (months)			18			
Construction Loan Interest				\$ 7.00	\$ 14,367	\$ 560,316
Permanent Loan Points			1.0%	\$ 1.30	\$ 2,661	\$ 103,762
Subtotal Construction Loan				\$ 10.23	\$ 21,019	\$ 819,722
Total Development Cost (TDC)				\$ 172.16	\$ 353,590	\$ 13,790,006

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	39				
Live/Work	20	1,800	\$ 323	\$ 581,000	\$ 11,620,000
Townhome	19	1,500	\$ 347	\$ 520,000	\$ 9,880,000
Total Unit Sales Price					\$ 21,500,000
Less: Marketing and Cost of Sale ⁵					\$ (645,000)
Less: HOA Fees Through Full Building Absorption ⁶	19.50			\$ (3,000)	\$ (58,500)
Less: Warranties ⁵	39			\$ (1,000)	\$ (39,000)
Net Sales Revenue					\$ 20,757,500

Residual Land Value

Project Sale Value (Condo Net Sales Revenue from above)		\$ 20,757,500
Less: Total Development Cost (from above)		\$ (13,790,006)
Net Proceeds		\$ 6,967,494
Developer Profit (% x Project Sale Value) ⁷	12.5%	\$ (2,594,688)
Residual Land Value (Total)		\$ 4,372,807
Residual Land Value (PSF)		\$ 61.21

SOURCES & NOTES:

¹ HR&A and City Design Studio.

² HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.

³ HR&A estimate based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality. Additional supporting documentation from HR&A is available upon request.

⁴ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes surface parking at \$2200 per space.

⁵ HR&A assumptions typical for this type of project and/or calculations.

⁶ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.

⁷ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 2 - Parcel B
Multi-Purpose Cultural and Retail - 0 Replacement Parking Spaces

			<u>Per Unit</u>	<u>Total</u>
<u>Development Program¹</u>				
Land Area (sf)				103,237
Gross Building Area (GSF)				35,500
FAR (based on GSF)				0.3
Rentable Area - Commercial (NSF)				20,000
Rentable Area - Multi-Purpose (NSF)				10,000
Building Efficiency				84.5%
Total Structured Parking				135
Total Surface Parking				-
<u>Construction⁴</u>				
	<u>Per Bldg. GSF</u>		<u>Per Unit/Space</u>	<u>Total</u>
Hard Construction-Buildings (weighted average for all components)	\$ 126		-	\$ 4,473,000
Hard Construction-Structured Parking (per space) ⁵			\$ 25,750	\$ 3,476,250
Hard Construction - Surface Parking (per space)			\$ 2,200	\$ -
Tenant Improvements Allowance (x Retail NSF) ⁶	\$ 40	\$ 22.54		\$ 800,000
Hard Cost Contingency (x Subtotal) ⁶	5%	\$ 12.32		\$ 437,463
Subtotal Construction				\$ 9,186,713
<u>Soft Costs⁶</u>				
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 15.53		\$ 551,203
Permits & Fees (x Hard Costs)	4.0%	\$ 10.35		\$ 367,469
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 7.76		\$ 275,601
Development Management (x Hard Costs)	4.0%	\$ 10.35		\$ 367,469
Leasing Commisions ⁷	3.0%	\$ 0.41		\$ 14,400
Soft Cost Contingency (x Subtotal)	3.0%	\$ 1.32		\$ 46,852
Subtotal Soft Costs	17.7%	\$ 45.72		\$ 1,622,993
<u>Construction Financing Costs⁶</u>				
	<u>Per GSF</u>		<u>Per Unit</u>	<u>Total</u>
Hard Costs + Soft Costs	\$ 10,809,706			
Loan to Cost Ratio	80%			
Construction Loan Principal	\$ 8,647,765			
Loan Fees (%)	1.5%	\$ 3.65		\$ 129,716
Interest Rate	6.0%			
Outstanding Principal Balance	60%			
Term (years)	2			
Construction Period (months)	18			
Construction Loan Interest		\$ 13.15		\$ 466,979
Permanent Loan Points	1.0%	\$ 2.44		\$ 86,478
Subtotal Construction Loan		\$ 19.24		\$ 683,173
Total Development Cost (TDC)		\$ 323.74		\$ 11,492,879

Net Operating Income	Net SF	Per Unit/Mo.	Per	
			NSF/Unit/Mo.	Annual
Gross Retail Rental Income (NNN) ⁹	20,000		\$ 2.00	\$ 480,000
Gross Multi-Purpose Income (NNN) ⁹	10,000		\$ 1.40	\$ 168,000
Less: Vacancy Allowance (x Gross Income) ⁹	5%		\$ (0.09)	\$ (32,400)
Effective Gross Income (EGI)			\$ 1.71	\$ 615,600
Less: Management Fee (x EGI) ⁶	3%		\$ (0.05)	\$ (18,468)
Net Commercial Income			\$ 1.66	\$ 597,132
Net Operating Income (NOI)			\$ 1.66	\$ 597,132

Residual Land Value

Net Operating Income (from above)			\$	597,132
Retail Cap Rate ¹⁰	5.9%			
Apartment and Retail Value (NOI / Cap Rate)			\$	10,120,881
Less: Cost of Sale ⁶	1.0%		\$	(101,209)
Project Sale Value			\$	10,019,673
Less: Total Development Cost (from above)			\$	(11,492,879)
Net Proceeds			\$	(1,473,207)
Developer Profit (% x Project Sale Value) ¹¹	12.5%		\$	(1,252,459)
Residual Land Value (Total)			\$	(2,725,666)
Residual Land Value (PSF)			\$	(26.40)

SOURCES & NOTES:

¹ HR&A and City Design Studio.

² HR&A, based on a review of market comps for new construction apartments in similar submarket areas and an analysis of rent premiums associated with proximity to rail transit.

³ HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.

⁴ HR&A estimate of weighted retail (\$133 psf) and multi-purpose (\$111 psf) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality residential and good quality retail. Additional supporting documentation from HR&A is available upon request.

⁵ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF and 375 square feet per space.

⁶ HR&A assumptions typical for this type of project and/or calculations.

⁷ HR&A. Assumes broker commission and marketing costs for both residential units and commercial space set at 3% of gross annual rental revenue.

⁸ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.

⁹ HR&A. Based on a review of market comps for retail in submarket areas within close proximity to, or that share similar characteristics with, subject site submarket.

¹⁰ RERC LLC. 2016 1Q Real Estate Report.

¹¹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 2 - Parcel B
Multi-Purpose Cultural and Retail - 90 Replacement Parking Spaces

			<u>Per Unit</u>	<u>Total</u>
<u>Development Program¹</u>				
Land Area (sf)				103,237
Gross Building Area (GSF)				35,500
FAR (based on GSF)				0.3
Rentable Area - Commercial (NSF)				20,000
Rentable Area - Multi-Purpose (NSF)				10,000
Building Efficiency				84.5%
Total Structured Parking				225
Total Surface Parking				-
<u>Construction⁴</u>				
		<u>Per Bldg. GSF</u>	<u>Per Unit/Space</u>	<u>Total</u>
Hard Construction-Buildings (weighted average for all components)		\$ 126	-	\$ 4,473,000
Hard Construction-Structured Parking (per space) ⁵			\$ 25,750	\$ 5,793,750
Hard Construction - Surface Parking (per space)			\$ 2,200	\$ -
Tenant Improvements Allowance (x Retail NSF) ⁶	\$ 40	\$ 22.54		\$ 800,000
Hard Cost Contingency (x Subtotal) ⁶	5%	\$ 15.59		\$ 553,338
Subtotal Construction				\$ 11,620,088
<u>Soft Costs⁶</u>				
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 19.64		\$ 697,205
Permits & Fees (x Hard Costs)	4.0%	\$ 13.09		\$ 464,804
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 9.82		\$ 348,603
Development Management (x Hard Costs)	4.0%	\$ 13.09		\$ 464,804
Leasing Commisions ⁷	3.0%	\$ 0.41		\$ 14,400
Soft Cost Contingency (x Subtotal)	3.0%	\$ 1.67		\$ 59,262
Subtotal Soft Costs	17.6%	\$ 57.72		\$ 2,049,077
<u>Construction Financing Costs⁶</u>				
		<u>Per GSF</u>	<u>Per Unit</u>	<u>Total</u>
Hard Costs + Soft Costs	\$ 13,669,165			
Loan to Cost Ratio	80%			
Construction Loan Principal	\$ 10,935,332			
Loan Fees (%)	1.5%	\$ 4.62		\$ 164,030
Interest Rate	6.0%			
Outstanding Principal Balance	60%			
Term (years)	2			
Construction Period (months)	18			
Construction Loan Interest		\$ 16.63		\$ 590,508
Permanent Loan Points	1.0%	\$ 3.08		\$ 109,353
Subtotal Construction Loan		\$ 24.33		\$ 863,891
Total Development Cost (TDC)		\$ 409.38		\$ 14,533,056

<u>Net Operating Income</u>		<u>Net SF</u>	<u>Per Unit/Mo.</u>	<u>Per</u>	
				<u>NSF/Unit/Mo.</u>	<u>Annual</u>
Gross Retail Rental Income (NNN) ⁹		20,000		\$ 2.00	\$ 480,000
Gross Multi-Purpose Income (NNN) ⁹		10,000		\$ 1.40	\$ 168,000
Less: Vacancy Allowance (x Gross Income) ⁹	5%			\$ (0.09)	\$ (32,400)
Effective Gross Income (EGI)				\$ 1.71	\$ 615,600
Less: Management Fee (x EGI) ⁶	3%			\$ (0.05)	\$ (18,468)
Net Commercial Income				\$ 1.66	\$ 597,132
Net Operating Income (NOI)				\$ 1.66	\$ 597,132

Residual Land Value

Net Operating Income (from above)				\$	597,132
Retail Cap Rate ¹⁰		5.9%			
Apartment and Retail Value (NOI / Cap Rate)				\$	10,120,881
Less: Cost of Sale ⁶		1.0%		\$	(101,209)
Project Sale Value				\$	10,019,673
Less: Total Development Cost (from above)				\$	(14,533,056)
Net Proceeds				\$	(4,513,383)
Developer Profit (% x Project Sale Value) ¹¹		12.5%		\$	(1,252,459)
Residual Land Value (Total)				\$	(5,765,843)
Residual Land Value (PSF)				\$	(55.85)

SOURCES & NOTES:

¹ HR&A and City Design Studio.

² HR&A, based on a review of market comps for new construction apartments in similar submarket areas and an analysis of rent premiums associated with proximity to rail transit.

³ HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.

⁴ HR&A estimate of weighted retail (\$133 psf) and multi-purpose (\$111 psf) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality residential and good quality retail. Additional supporting documentation from HR&A is available upon request.

⁵ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF and 375 square feet per space.

⁶ HR&A assumptions typical for this type of project and/or calculations.

⁷ HR&A. Assumes broker commission and marketing costs for both residential units and commercial space set at 3% of gross annual rental revenue.

⁸ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.

⁹ HR&A. Based on a review of market comps for retail in submarket areas within close proximity to, or that share similar characteristics with, subject site submarket.

¹⁰ RERC LLC. 2016 1Q Real Estate Report.

¹¹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 2 - Parcel B
Multi-Purpose Cultural and Retail - 234 Replacement Parking Spaces

			<u>Per Unit</u>	<u>Total</u>
<u>Development Program¹</u>				
Land Area (sf)				103,237
Gross Building Area (GSF)				35,500
FAR (based on GSF)				0.3
Rentable Area - Commercial (NSF)				20,000
Rentable Area - Multi-Purpose (NSF)				10,000
Building Efficiency				84.5%
Total Structured Parking				369
Total Surface Parking				-
<u>Construction⁴</u>				
	<u>Per Bldg. GSF</u>	<u>Per</u>	<u>Unit/Space</u>	<u>Total</u>
Hard Construction-Buildings (weighted average for all components)	\$ 126	-	\$	4,473,000
Hard Construction-Structured Parking (per space) ⁵		\$ 25,750	\$	9,501,750
Hard Construction - Surface Parking (per space)		\$ 2,200	\$	-
Tenant Improvements Allowance (x Retail NSF) ⁶	\$ 40	\$ 22.54	\$	800,000
Hard Cost Contingency (x Subtotal) ⁶	5%	\$ 20.81	\$	738,738
Subtotal Construction			\$	15,513,488
<u>Soft Costs⁶</u>				
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 26.22	\$	930,809
Permits & Fees (x Hard Costs)	4.0%	\$ 17.48	\$	620,540
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 13.11	\$	465,405
Development Management (x Hard Costs)	4.0%	\$ 17.48	\$	620,540
Leasing Commissions ⁷	3.0%	\$ 0.41	\$	14,400
Soft Cost Contingency (x Subtotal)	3.0%	\$ 2.23	\$	79,119
Subtotal Soft Costs	17.6%	\$ 76.92	\$	2,730,812
<u>Construction Financing Costs⁶</u>				
	<u>Per GSF</u>	<u>Per Unit</u>		<u>Total</u>
Hard Costs + Soft Costs	\$ 18,244,299			
Loan to Cost Ratio	80%			
Construction Loan Principal	\$ 14,595,439			
Loan Fees (%)	1.5%	\$ 6.17	\$	218,932
Interest Rate	6.0%			
Outstanding Principal Balance	60%			
Term (years)	2			
Construction Period (months)	18			
Construction Loan Interest	\$ 22.20	\$	\$	788,154
Permanent Loan Points	1.0%	\$ 4.11	\$	145,954
Subtotal Construction Loan	\$ 32.48	\$	\$	1,153,040
Total Development Cost (TDC)	\$ 546.40		\$	19,397,339

<u>Net Operating Income</u>	Net SF	Per Unit/Mo.	Per	
			NSF/Unit/Mo.	Annual
Gross Retail Rental Income (NNN) ⁹	20,000		\$ 2.00	\$ 480,000
Gross Multi-Purpose Income (NNN) ⁹	10,000		\$ 1.40	\$ 168,000
Less: Vacancy Allowance (x Gross Income) ⁹	5%		\$ (0.09)	\$ (32,400)
Effective Gross Income (EGI)			\$ 1.71	\$ 615,600
Less: Management Fee (x EGI) ⁶	3%		\$ (0.05)	\$ (18,468)
Net Commercial Income			\$ 1.66	\$ 597,132
Net Operating Income (NOI)			\$ 1.66	\$ 597,132

Residual Land Value

Net Operating Income (from above)				\$	597,132
Retail Cap Rate ¹⁰		5.9%			
Apartment and Retail Value (NOI / Cap Rate)				\$	10,120,881
Less: Cost of Sale ⁶		1.0%		\$	(101,209)
Project Sale Value				\$	10,019,673
Less: Total Development Cost (from above)				\$	(19,397,339)
Net Proceeds				\$	(9,377,666)
Developer Profit (% x Project Sale Value) ¹¹		12.5%		\$	(1,252,459)
Residual Land Value (Total)				\$	(10,630,125)
Residual Land Value (PSF)				\$	(102.97)

SOURCES & NOTES:

¹ HR&A and City Design Studio.

² HR&A, based on a review of market comps for new construction apartments in similar submarket areas and an analysis of rent premiums associated with proximity to rail transit.

³ HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.

⁴ HR&A estimate of weighted retail (\$133 psf) and multi-purpose (\$111 psf) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality residential and good quality retail. Additional supporting documentation from HR&A is available upon request.

⁵ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF and 375 square feet per space.

⁶ HR&A assumptions typical for this type of project and/or calculations.

⁷ HR&A. Assumes broker commission and marketing costs for both residential units and commercial space set at 3% of gross annual rental revenue.

⁸ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.

⁹ HR&A. Based on a review of market comps for retail in submarket areas within close proximity to, or that share similar characteristics with, subject site submarket.

¹⁰ RERC LLC. 2016 1Q Real Estate Report.

¹¹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 3 - Parcel A
Live/Work and Retail

				<u>Per Unit</u>	<u>Total</u>
Development Program¹					
Land Area (sf)				1,832	71,438
Gross Building Area (GSF)				1,960	76,440
FAR (based on GSF)					1.07
Sellable Area - Residential (NSF)				1,560	60,840
Building Efficiency					79.6%
Condominium Units					39
Total Residential Units					39
Total Structured Parking					-
Total Surface Parking					-
Unit Mix¹					
Condominium²	Number	Net Sellable SF	Sale Price / SF	Sale Price	Total Sales Revenue
Live/Work	39	1,560	\$ 333	\$ 520,000	\$ 20,280,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Condominiums	39				\$ 20,280,000
Total Residential Units	39				
Construction³					
				<u>Per Bldg. GSF</u>	<u>Per Unit/Space</u>
Hard Construction - Buildings (weighted average for all components)				\$ 130	\$ 254,800
Hard Construction - Surface Parking (per space) ⁴					\$ 2,200
Tenant Improvements Allowance (x Retail NSF) ⁵	\$ 40	\$ -			\$ -
Hard Cost Contingency (x Subtotal) ⁵	5%	\$ 6.50	\$ 12,740		\$ 496,860
Subtotal Construction		\$ 136.50	\$ 267,540		\$ 10,434,060
Soft Costs⁵					
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 8.19	\$ 16,052		\$ 626,044
Permits & Fees (x Hard Costs)	4.0%	\$ 5.46	\$ 10,702		\$ 417,362
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 4.10	\$ 8,026		\$ 313,022
Development Management (x Hard Costs)	4.0%	\$ 5.46	\$ 10,702		\$ 417,362
Soft Cost Contingency (x Subtotal)	3.0%	\$ 0.70	\$ 1,364		\$ 53,214
Subtotal Soft Costs	17.5%	\$ 23.90	\$ 46,846		\$ 1,827,004
Construction Financing Costs⁵					
				<u>Per GSF</u>	<u>Per Unit</u>
Hard Costs + Soft Costs	\$ 12,261,064				
Loan to Cost Ratio	80%				
Construction Loan Principal	\$ 9,808,851				
Loan Fees (%)	1.5%	\$ 1.92	\$ 3,773		\$ 147,133
Interest Rate	6.0%				
Outstanding Principal Balance	60%				
Term (years)	2				
Construction Period (months)	18				
Construction Loan Interest		\$ 6.93	\$ 13,581		\$ 529,678
Permanent Loan Points	1.0%	\$ 1.28	\$ 2,515		\$ 98,089
Subtotal Construction Loan		\$ 10.14	\$ 19,869		\$ 774,899
Total Development Cost (TDC)		\$ 170.54	\$ 334,255		\$ 13,035,963

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	39				
Live/Work	39	1,560	\$ 333	\$ 520,000	\$ 20,280,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Unit Sales Price					\$ 20,280,000
Less: Marketing and Cost of Sale ⁵					\$ (608,400)
Less: HOA Fees Through Full Building Absorption ⁶	19.50			\$ (3,000)	\$ (58,500)
Less: Warranties ⁵	39			\$ (1,000)	\$ (39,000)
Net Sales Revenue					\$ 19,574,100

Residual Land Value

Project Sale Value (Condo Net Sales Revenue from above)		\$ 19,574,100
Less: Total Development Cost (from above)		\$ (13,035,963)
Net Proceeds		\$ 6,538,137
Developer Profit (% x Project Sale Value) ⁷	12.5%	\$ (2,446,763)
Residual Land Value (Total)		\$ 4,091,374
Residual Land Value (PSF)		\$ 57.27

SOURCES & NOTES:

¹ HR&A and City Design Studio.

² HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.

³ HR&A estimate based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality. Additional supporting documentation from HR&A is available upon request.

⁴ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes surface parking at \$2200 per space.

⁵ HR&A assumptions typical for this type of project and/or calculations.

⁶ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.

⁷ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 3 - Parcel B
Live/Work and Retail - 0 Replacement Parking Spaces

				<u>Per Unit</u>	<u>Total</u>
Development Program¹					
Land Area (sf)				6,882	103,237
Gross Building Area (GSF)				2,880	43,200
FAR (based on GSF)					0.42
Rentable Area - Commercial (NSF)					11,500
Sellable Area - Residential (NSF)				1,560	23,400
Building Efficiency					80.8%
Live/Work Units					15
Total Residential Units					15
Total Structured Parking					-
Total Surface Parking					46
Unit Mix¹					
	<u>Number</u>	<u>Net Sellable</u> <u>SF</u>	<u>Sale Price /</u> <u>SF</u>	<u>Sale Price</u>	<u>Total Sales Revenue</u>
<i>Condominium²</i>					
Live/Work	15	1,560	\$ 333	\$ 520,000	\$ 7,800,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Condominiums	15				\$ 7,800,000
Total Residential Units	15				
Construction³					
		<u>Per Bldg. GSF</u>	<u>Per</u> <u>Unit/Space</u>		<u>Total</u>
Hard Construction - Buildings (weighted average for all components)		\$ 128	\$ 368,640	\$	5,529,600
Hard Construction - Structured Parking (per space) ⁴			\$ 25,750	\$	-
Tenant Improvements Allowance (x Retail NSF) ⁵	\$ 40	\$ 11		\$	460,000
Hard Cost Contingency (x Subtotal) ⁵	5%	\$ 7.05	\$ 20,303	\$	304,540
Subtotal Construction		\$ 148.04	\$ 426,356	\$	6,395,340
Soft Costs⁵					
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 8.88	\$ 25,581	\$	383,720
Permits & Fees (x Hard Costs)	4.0%	\$ 5.92	\$ 17,054	\$	255,814
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 4.44	\$ 12,791	\$	191,860
Development Management (x Hard Costs)	4.0%	\$ 5.92	\$ 17,054	\$	255,814
Leasing Commissions ¹²	3.0%	\$ 0.19	\$ 552	\$	8,280
Soft Cost Contingency (x Subtotal)	3.0%	\$ 0.76	\$ 2,174	\$	32,616
Subtotal Soft Costs	17.6%	\$ 26.11	\$ 75,207	\$	1,128,104
Construction Financing Costs⁵					
		<u>Per GSF</u>	<u>Per Unit</u>		<u>Total</u>
Hard Costs + Soft Costs	\$ 7,523,444				
Loan to Cost Ratio	80%				
Construction Loan Principal	\$ 6,018,755				
Loan Fees (%)	1.5%	\$ 2.09	\$ 6,019	\$	90,281
Interest Rate	6.0%				
Outstanding Principal Balance	60%				
Term (years)	2				
Construction Period (months)	18				
Construction Loan Interest		\$ 7.52	\$ 21,668	\$	325,013
Permanent Loan Points	1.0%	\$ 1.39	\$ 4,013	\$	60,188
Subtotal Construction Loan		\$ 11.01	\$ 31,699	\$	475,482
Total Development Cost (TDC)		\$ 185.16	\$ 533,262	\$	7,998,926

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	15				
Live/Work	15	1,560	\$ 333	\$ 520,000	\$ 7,800,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Unit Sales Price					\$ 7,800,000
Less: Marketing and Cost of Sale ⁵	3%				\$ (234,000)
Less: HOA Fees Through Full Building Absorption ⁶	7.50			\$ (3,000)	\$ (22,500)
Less: Warranties ⁵	15			\$ (1,000)	\$ (15,000)
Net Sales Revenue					\$ 7,528,500

Net Operating Income

	<u>Net SF</u>	<u>Per NSF/Mo</u>	<u>Annual</u>
Gross Retail Rental Income (NNN) ⁷	11,500	\$ 2.00	\$ 276,000
Less: Vacancy Allowance (x Gross Income) ⁵	5%	\$ (0.10)	\$ (13,800)
Effective Gross Income (EGI)		\$ 1.90	\$ 262,200
Less: Management Fee (x EGI) ⁵	3%	\$ (0.06)	\$ (7,866)
Net Commercial Income		\$ 1.84	\$ 254,334
Net Operating Income (NOI)		\$ 1.84	\$ 254,334

Residual Land Value

Net Operating Income (from above)		\$ 254,334
Retail Cap Rate ⁸	5.9%	
Apartment and Retail Value (NOI / Cap Rate)		\$ 4,310,746
Less: Cost of Sale ⁵	1.0%	\$ (43,107.46)
Plus: Condominium Sales		\$ 7,528,500
Project Sale Value (Condo Net Sales Revenue from above)		\$ 11,796,138
Less: Total Development Cost (from above)		\$ (7,998,926)
Net Proceeds		\$ 3,797,213
Developer Profit (% x Project Sale Value) ⁹	12.5%	\$ (1,474,517)
Residual Land Value (Total)		\$ 2,322,695
Residual Land Value (PSF)		\$ 22.50

SOURCES & NOTES:¹ HR&A and City Design Studio.² HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.³ HR&A estimate of weighted townhomes and live/work (\$130 psf), on-grade townhome garage (\$24 psf) and retail (\$133 psf) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality.⁴ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF at 375 SF per space.⁵ HR&A assumptions typical for this type of project and/or calculations.⁶ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.⁷ HR&A, based on a review of market comps for retail near Leimert Park Village as well as nearby submarkets with similar characteristics.⁸ RERC LLC. 2016 1Q Real Estate Report.⁹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 3 - Parcel B
Live/Work and Retail - 90 Replacement Parking Spaces

				<u>Per Unit</u>	<u>Total</u>
Development Program¹					
Land Area (sf)				6,882	103,237
Gross Building Area (GSF)				2,880	43,200
FAR (based on GSF)					0.42
Rentable Area - Commercial (NSF)					11,500
Sellable Area - Residential (NSF)				1,560	23,400
Building Efficiency					80.8%
Live/Work Units					15
Total Residential Units					15
Total Structured Parking					136
Total Surface Parking					-
Unit Mix¹					
	<u>Number</u>	<u>Net Sellable</u> <u>SF</u>	<u>Sale Price /</u> <u>SF</u>	<u>Sale Price</u>	<u>Total Sales Revenue</u>
<i>Condominium²</i>					
Live/Work	15	1,560	\$ 333	\$ 520,000	\$ 7,800,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Condominiums	15				\$ 7,800,000
Total Residential Units	15				
Construction³					
		<u>Per Bldg. GSF</u>	<u>Per</u> <u>Unit/Space</u>		<u>Total</u>
Hard Construction - Buildings (weighted average for all components)		\$ 128	\$ 368,640	\$	5,529,600
Hard Construction - Structured Parking (per space) ⁴			\$ 25,750	\$	3,502,000
Tenant Improvements Allowance (x Retail NSF) ⁵	\$ 40	\$ 11		\$	460,000
Hard Cost Contingency (x Subtotal) ⁵	5%	\$ 10.99	\$ 31,639	\$	474,580
Subtotal Construction		\$ 230.70	\$ 664,412	\$	9,966,180
Soft Costs⁵					
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 13.84	\$ 39,865	\$	597,971
Permits & Fees (x Hard Costs)	4.0%	\$ 9.23	\$ 26,576	\$	398,647
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 6.92	\$ 19,932	\$	298,985
Development Management (x Hard Costs)	4.0%	\$ 9.23	\$ 26,576	\$	398,647
Leasing Commissions ¹²	3.0%	\$ 0.19	\$ 552	\$	8,280
Soft Cost Contingency (x Subtotal)	3.0%	\$ 1.18	\$ 3,389	\$	50,828
Subtotal Soft Costs	17.6%	\$ 40.59	\$ 116,891	\$	1,753,358
Construction Financing Costs⁵					
		<u>Per GSF</u>	<u>Per Unit</u>		<u>Total</u>
Hard Costs + Soft Costs	\$ 11,719,538				
Loan to Cost Ratio	80%				
Construction Loan Principal	\$ 9,375,630				
Loan Fees (%)	1.5%	\$ 3.26	\$ 9,376	\$	140,634
Interest Rate	6.0%				
Outstanding Principal Balance	60%				
Term (years)	2				
Construction Period (months)	18				
Construction Loan Interest		\$ 11.72	\$ 33,752	\$	506,284
Permanent Loan Points	1.0%	\$ 2.17	\$ 6,250	\$	93,756
Subtotal Construction Loan		\$ 17.15	\$ 49,378	\$	740,675
Total Development Cost (TDC)		\$ 288.43	\$ 830,681	\$	12,460,213

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	15				
Live/Work	15	1,560	\$ 333	\$ 520,000	\$ 7,800,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Unit Sales Price					\$ 7,800,000
Less: Marketing and Cost of Sale ⁵	3%				\$ (234,000)
Less: HOA Fees Through Full Building Absorption ⁶	7.50			\$ (3,000)	\$ (22,500)
Less: Warranties ⁵	15			\$ (1,000)	\$ (15,000)
Net Sales Revenue					\$ 7,528,500

Net Operating Income

	<u>Net SF</u>	<u>Per NSF/Mo</u>	<u>Annual</u>
Gross Retail Rental Income (NNN) ⁷	11,500	\$ 2.00	\$ 276,000
Less: Vacancy Allowance (x Gross Income) ⁵	5%	\$ (0.10)	\$ (13,800)
Effective Gross Income (EGI)		\$ 1.90	\$ 262,200
Less: Management Fee (x EGI) ⁵	3%	\$ (0.06)	\$ (7,866)
Net Commercial Income		\$ 1.84	\$ 254,334
Net Operating Income (NOI)		\$ 1.84	\$ 254,334

Residual Land Value

Net Operating Income (from above)		\$ 254,334
Retail Cap Rate ⁸	5.9%	
Apartment and Retail Value (NOI / Cap Rate)		\$ 4,310,746
Less: Cost of Sale ⁵	1.0%	\$ (43,107.46)
Plus: Condominium Sales		\$ 7,528,500
Project Sale Value (Condo Net Sales Revenue from above)		\$ 11,796,138
Less: Total Development Cost (from above)		\$ (12,460,213)
Net Proceeds		\$ (664,075)
Developer Profit (% x Project Sale Value) ⁹	12.5%	\$ (1,474,517)
Residual Land Value (Total)		\$ (2,138,592)
Residual Land Value (PSF)		\$ (20.72)

SOURCES & NOTES:¹ HR&A and City Design Studio.² HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.³ HR&A estimate of weighted townhomes and live/work (\$130 psf), on-grade townhome garage (\$24 psf) and retail (\$133 psf) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality.⁴ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF at 375 SF per space.⁵ HR&A assumptions typical for this type of project and/or calculations.⁶ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.⁷ HR&A, based on a review of market comps for retail near Leimert Park Village as well as nearby submarkets with similar characteristics.⁸ RERC LLC. 2016 1Q Real Estate Report.⁹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

Leimert Park Scenario 3 - Parcel B
Live/Work and Retail - 234 Replacement Parking Spaces

				<u>Per Unit</u>	<u>Total</u>
Development Program¹					
Land Area (sf)				6,882	103,237
Gross Building Area (GSF)				2,880	43,200
FAR (based on GSF)					0.42
Rentable Area - Commercial (NSF)					11,500
Sellable Area - Residential (NSF)				1,560	23,400
Building Efficiency					80.8%
Live/Work Units					15
Total Residential Units					15
Total Structured Parking					280
Total Surface Parking					-
Unit Mix¹					
	<u>Number</u>	<u>Net Sellable</u> <u>SF</u>	<u>Sale Price /</u> <u>SF</u>	<u>Sale Price</u>	<u>Total Sales Revenue</u>
<i>Condominium²</i>					
Live/Work	15	1,560	\$ 333	\$ 520,000	\$ 7,800,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Condominiums	15				\$ 7,800,000
Total Residential Units	15				
Construction³					
		<u>Per Bldg. GSF</u>	<u>Per</u> <u>Unit/Space</u>		<u>Total</u>
Hard Construction - Buildings (weighted average for all components)		\$ 128	\$ 368,640	\$	5,529,600
Hard Construction - Structured Parking (per space) ⁴			\$ 25,750	\$	7,210,000
Tenant Improvements Allowance (x Retail NSF) ⁵	\$ 40	\$ 11		\$	460,000
Hard Cost Contingency (x Subtotal) ⁵	5%	\$ 15.28	\$ 43,999	\$	659,980
Subtotal Construction		\$ 320.82	\$ 923,972	\$	13,859,580
Soft Costs⁵					
Design, Engineering & Consulting Services (x Hard Costs)	6.0%	\$ 19.25	\$ 55,438	\$	831,575
Permits & Fees (x Hard Costs)	4.0%	\$ 12.83	\$ 36,959	\$	554,383
Taxes, Insurance, Legal & Accounting (x Hard Costs)	3.0%	\$ 9.62	\$ 27,719	\$	415,787
Development Management (x Hard Costs)	4.0%	\$ 12.83	\$ 36,959	\$	554,383
Leasing Commissions ¹²	3.0%	\$ 0.19	\$ 552	\$	8,280
Soft Cost Contingency (x Subtotal)	3.0%	\$ 1.64	\$ 4,712	\$	70,684
Subtotal Soft Costs	17.6%	\$ 56.37	\$ 162,339	\$	2,435,092
Construction Financing Costs⁵					
		<u>Per GSF</u>	<u>Per Unit</u>		<u>Total</u>
Hard Costs + Soft Costs	\$ 16,294,672				
Loan to Cost Ratio	80%				
Construction Loan Principal	\$ 13,035,738				
Loan Fees (%)	1.5%	\$ 4.53	\$ 13,036	\$	195,536
Interest Rate	6.0%				
Outstanding Principal Balance	60%				
Term (years)	2				
Construction Period (months)	18				
Construction Loan Interest		\$ 16.29	\$ 46,929	\$	703,930
Permanent Loan Points	1.0%	\$ 3.02	\$ 8,690	\$	130,357
Subtotal Construction Loan		\$ 23.84	\$ 68,655	\$	1,029,823
Total Development Cost (TDC)		\$ 401.03	\$ 1,154,966	\$	17,324,496

Sales - Residential

	<u>Number</u>	<u>Net SF</u>	<u>Sales Price/NSF</u>	<u>Sales Price/Unit</u>	<u>Total Sales Price</u>
Total Units	15				
Live/Work	15	1,560	\$ 333	\$ 520,000	\$ 7,800,000
Townhome	-	1,500	\$ 347	\$ 520,000	\$ -
Total Unit Sales Price					\$ 7,800,000
Less: Marketing and Cost of Sale ⁵	3%				\$ (234,000)
Less: HOA Fees Through Full Building Absorption ⁶	7.50			\$ (3,000)	\$ (22,500)
Less: Warranties ⁵	15			\$ (1,000)	\$ (15,000)
Net Sales Revenue					\$ 7,528,500

Net Operating Income

	<u>Net SF</u>	<u>Per NSF/Mo</u>	<u>Annual</u>
Gross Retail Rental Income (NNN) ⁷	11,500	\$ 2.00	\$ 276,000
Less: Vacancy Allowance (x Gross Income) ⁵	5%	\$ (0.10)	\$ (13,800)
Effective Gross Income (EGI)		\$ 1.90	\$ 262,200
Less: Management Fee (x EGI) ⁵	3%	\$ (0.06)	\$ (7,866)
Net Commercial Income		\$ 1.84	\$ 254,334
Net Operating Income (NOI)		\$ 1.84	\$ 254,334

Residual Land Value

Net Operating Income (from above)		\$ 254,334
Retail Cap Rate ⁸	5.9%	
Apartment and Retail Value (NOI / Cap Rate)		\$ 4,310,746
Less: Cost of Sale ⁵	1.0%	\$ (43,107.46)
Plus: Condominium Sales		\$ 7,528,500
Project Sale Value (Condo Net Sales Revenue from above)		\$ 11,796,138
Less: Total Development Cost (from above)		\$ (17,324,496)
Net Proceeds		\$ (5,528,357)
Developer Profit (% x Project Sale Value) ⁹	12.5%	\$ (1,474,517)
Residual Land Value (Total)		\$ (7,002,875)
Residual Land Value (PSF)		\$ (67.83)

SOURCES & NOTES:¹ HR&A and City Design Studio.² HR&A, based on a review of market comps for condominiums in similar submarket areas constructed within the past 5 years.³ HR&A estimate of weighted townhomes and live/work (\$130 psf), on-grade townhome garage (\$24 psf) and retail (\$133 psf) based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Costs factored to remove soft costs, which are listed separately. Assumes above-average quality.⁴ HR&A estimate of parking costs based on Marshall & Swift Cost Estimator software, June 2016 data for LA area. Assumes structured parking at \$68 per GSF at 375 SF per space.⁵ HR&A assumptions typical for this type of project and/or calculations.⁶ HR&A. Assumes average Homeowners Association (HOA) fees of \$250 per month, and that 50% of units are pre-sold, with the remainder absorbed over a two-year period.⁷ HR&A, based on a review of market comps for retail near Leimert Park Village as well as nearby submarkets with similar characteristics.⁸ RERC LLC. 2016 1Q Real Estate Report.⁹ HR&A assumption based on prevailing market conditions.

Prepared by: HR&A Advisors, Inc.

APPENDIX D: PARKING STUDY

Leimert Park Transit Oriented Development

PARKING UTILIZATION AND NEEDS STUDY



FEBRUARY 2017 | FINAL

Prepared By:
Kimley»Horn

21820 Burbank Blvd, Suite 230, Woodland Hills, California 91367
(747) 900-8400

TABLE OF CONTENTS

Introduction	1
Existing Conditions	1
Existing Project Area	1
Existing Parking supply	3
Existing Parking Utilization.....	5
Hourly Parking Survey	5
Hourly Parking Demand With Vacant Uses	6
Proposed Conditions	7
Future Parking supply	7
Potential Development Scenario	7
Future Parking Demand.....	9
City Code Parking Requirements By Scenario	9
City Code Combined Parking Requirements By Scenario.....	9
Summary.....	10

LIST OF FIGURES

Figure 1 – Existing Project Area.....	2
Figure 2 – Existing Parking Supply	4
Figure 3 – Areas of Potential Redevelopment	8

LIST OF TABLES

Table 1 – Existing Study Area.....	3
Table 2 – Existing Parking Supply.....	5
Table 3 – Hourly Parking Utilization	5
Table 4 – Hourly Parking Demand with Vacant Uses	6
Table 5 – Future Parking Supply.....	7
Table 6 – Potential Development Scenarios.....	7
Table 7 – Parking Requirements for Proposed Land Uses	9
Table 8 – Summary of Combined Parking Requirements	9

INTRODUCTION

This report has been prepared to evaluate the existing parking inventory for the Leimert Park study area, and review the requirements for existing and potential development in the area. As part of the Los Angeles County Metropolitan Transit Authority (Metro) Crenshaw/Los Angeles Airport Light Rail Transit (LRT) project currently under construction, the City of Los Angeles and Metro are exploring the potential for Transit Oriented Development adjacent to the LRT station on Crenshaw Boulevard. The existing City-owned lots in the Leimert Park Area bounded by Crenshaw Boulevard, Leimert Boulevard, and Vernon Avenue have been designated as potential development sites.

As the existing parking would be repurposed, it is necessary to review the existing on- and off-street parking supply to determine whether the existing inventory can support both existing and potential uses. Using City Code, the parking requirements will be calculated for potential uses, and compared against inventory to determine the adequacy of supply.

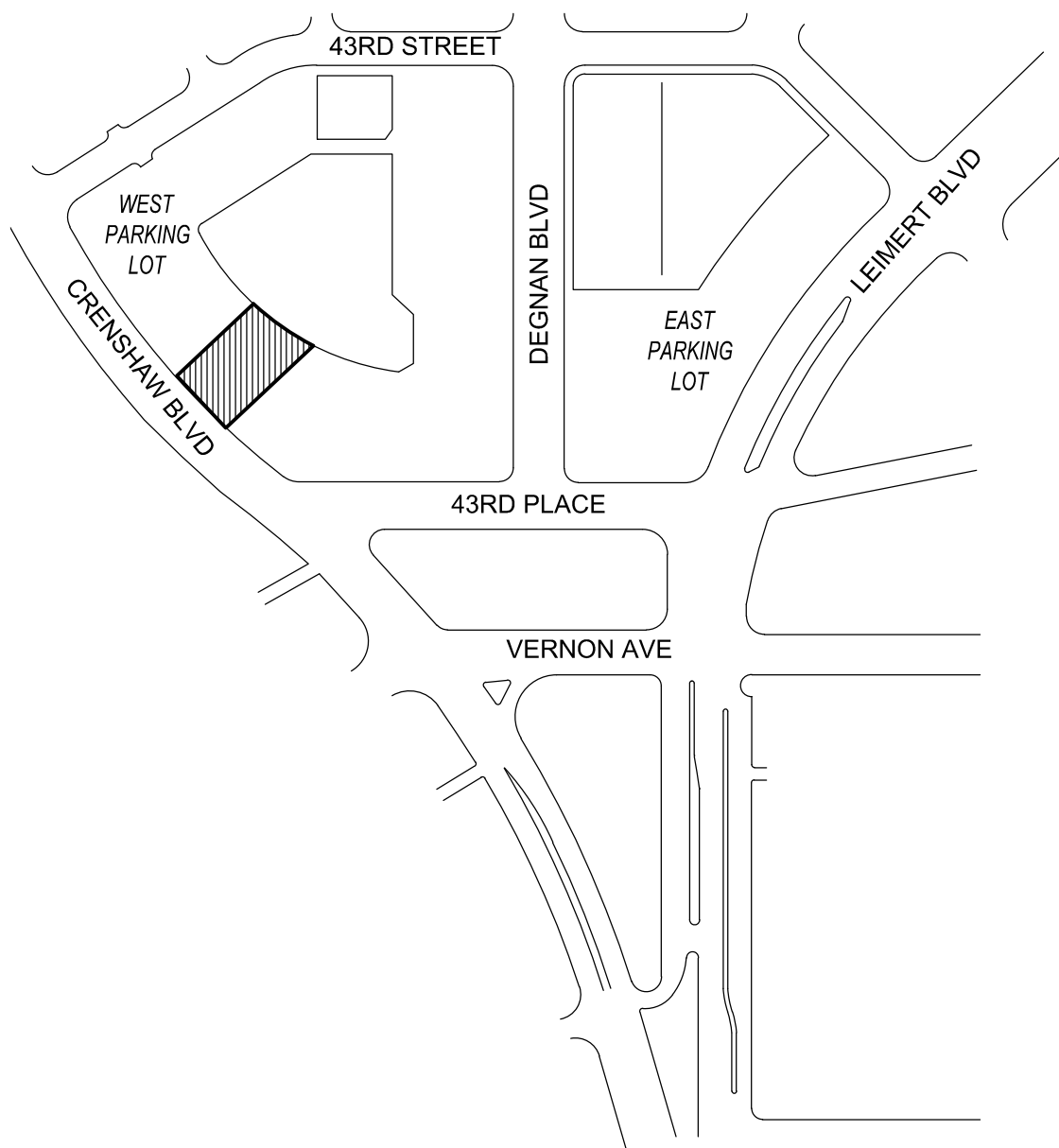
EXISTING CONDITIONS

EXISTING PROJECT AREA

The areas for potential redevelopment are generally the “V”-shaped region bounded by Crenshaw Boulevard on the west, Leimert Boulevard on the east and Vernon Avenue to the south, in the area known as Leimert Park Village. **Figure 1** illustrates the existing project area and the location of the LRT station under construction.

The area is comprised of general commercial development, anchored by the Vision Theater on 43rd Place. The eastern end of 43rd Place between Degnan Boulevard and Leimert Boulevard has been remade into a pocket park and is closed to traffic.

Table 1 summarizes the existing parcels included in the study.



LEIMERT PARK T.O.D.
EXISTING PROJECT AREA

FIGURE 1

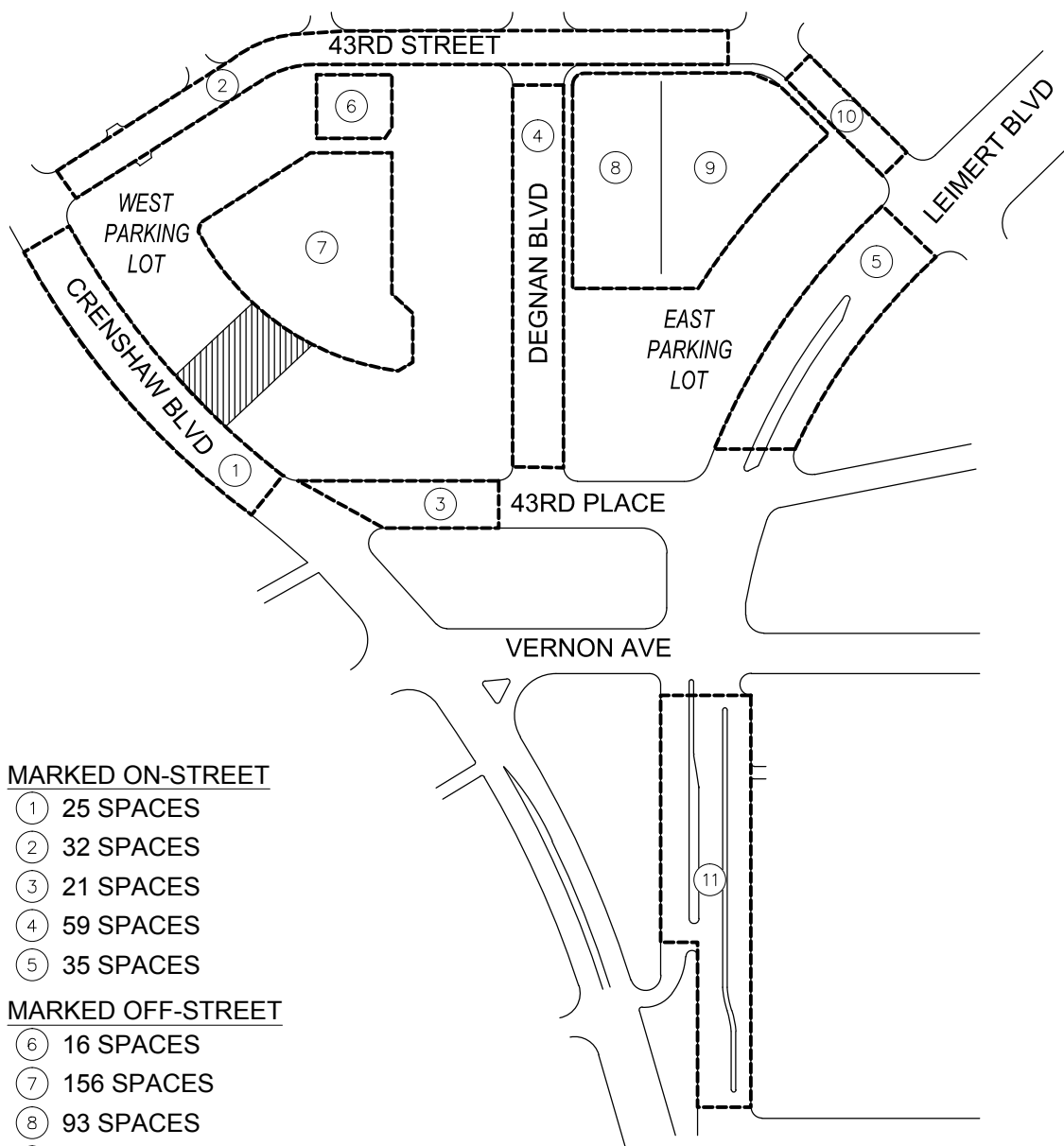
Table 1 – Existing Study Area

Address	Use(s)
4317-4329 Degnan Blvd	Retail, Medical Office, Institutional Office, Other Office
3333 E 43 rd PI	Vision Theater
3423 W 43 rd PI	Retail
3411- 3411 1/2 W 43 rd PI	Other Business, Commercial Office
3331 W 43 rd PI	Institutional Office
3401 W 43 rd PI	Retail
4339 Leimert Blvd	Institutional Office
4330-4346 Degnan Blvd	Retail, Other Business, Commercial Office
4331 Leimert Blvd	Retail
4321 Leimert Blvd	Other Business
4323 Leimert Blvd	Church
4319 Leimert Blvd	Institutional Office
4315 Leimert Blvd	Medical Office
4305 Degnan Blvd	Auditorium, Small Restaurant
4309 Leimert Blvd	Retail
4333-4341 Degnan Blvd	Retail, Other Business
4307 Leimert Blvd	Retail, Take-Out Restaurant, Other Business
4337 Degnan Blvd	Retail
3426 W 43 rd St	Retail, Medical Office, Other Business, Commercial Office
3417 W 43 rd PI	Retail, Commercial School
3411 W 43 rd PI	Retail
4320-4324 Crenshaw Blvd	Small Restaurant, Other Business, Retail
3440 W 43 rd St	Commercial Office, Other Business, Retail
4300-4304 Crenshaw Blvd	Medical Office, Retail
4306 Crenshaw Blvd	Other Business
4308-4312 Crenshaw Blvd	Retail, Take-Out Restaurant
4314-4318 Crenshaw Blvd	Retail, Other Business

Source: HR&A Advisors, Kimley-Horn and Associates 2016

EXISTING PARKING SUPPLY

The study area currently provides a total of 599 parking spaces. **Figure 2** illustrates the limits of the parking study, the areas of on-street and off-street parking, and the areas of marked and unmarked spaces. Marked spaces are those that are delineated with pavement striping or markings (usually “T” shaped markings on the street or with parking meters); unmarked spaces are not delineated by any means.



MARKED ON-STREET

- ① 25 SPACES
- ② 32 SPACES
- ③ 21 SPACES
- ④ 59 SPACES
- ⑤ 35 SPACES

MARKED OFF-STREET

- ⑥ 16 SPACES
- ⑦ 156 SPACES
- ⑧ 93 SPACES
- ⑨ 105 SPACES

UNMARKED ON-STREET

- ⑩ 11 SPACES
- ⑪ 46 SPACES

LEGEND	
	Limit of Survey
	LRT Station

LEIMERT PARK T.O.D.
EXISTING PARKING SUPPLY

FIGURE 2

Table 2 summarizes the existing parking supply.

Table 2 – Existing Parking Supply

Number of Spaces	
Marked Spaces	
On-Street	147
Off-Street	370
Unmarked Spaces	
On-Street	82
Total Parking	599
<i>Source: Kimley-Horn, 2016</i>	

As shown in Table 2, there are a total of 147 marked on-street spaces, 370 marked off-street spaces, and 82 unmarked on-street spaces, for a total of 599 parking spaces.

EXISTING PARKING UTILIZATION

HOURLY PARKING SURVEY

At the direction of Council District 10, parking utilization was to be surveyed on a Sunday between the hours of 11 am and 6 pm. The Kimley-Horn team conducted a parking utilization survey on Sunday April 3, 2016. Figure 2 shows the parking areas surveyed, **Table 3** shows the parking utilization by hour of survey.

Table 3 – Hourly Parking Utilization

On-Street Spaces		Off-Street Spaces	Total Spaces	Available Spaces	% Utilization
Occupied	Occupied	Occupied			
11 AM	81	83	164	599	27%
12 PM	109	88	197		33%
1 PM	121	57	178		30%
2 PM	121	100	221		37%
3 PM	147	114	261		44%
4 PM	160	159	319		53%
5 PM	142	132	274		46%
6 PM	139	75	214		36%
Source: Kimley-Horn, 2016					

As shown in Table 3, the highest level of parking utilization was 53% during the 4 PM hour.

HOURLY PARKING DEMAND WITH VACANT USES

At the time of the parking utilization survey, there were several buildings (including the Vision Theater) that were vacant, and therefore did not generate any parking demand. Using the parking requirements as stipulated by the City of Los Angeles Municipal Code Section 12.24A4 and the Crenshaw Corridor Specific Plan Section 12, an estimate for the vacant uses was generated. A total of 64 spaces would be required for the vacant buildings (approximately 15,000 SF of retail space and 2,000 SF of commercial office), and a total of 80 spaces would be required for the Vision Theater, for a total of 144 spaces.

Table 4 shows the parking utilization by hour of survey including vacant uses. This represents a worst-case analysis, as not all uses would generate parking demands at the same time. Parking utilization for the Vision Theater reflects an anticipated matinee schedule from 3 to 6 PM on Sundays.

Table 4 – Hourly Parking Demand with Vacant Uses

	Surveyed Occupied Spaces	Total Spaces Required for Vacant Uses			Total Spaces Occupied	% Utilization
		Retail	Commercial Office	Vision Theater		
11 AM	164	60	4	0	228	38%
12 PM	197	60	4	0	261	44%
1 PM	178	60	4	0	242	40%
2 PM	221	60	4	80	365	61%
3 PM	261	60	4	80	405	68%
4 PM	319	60	4	80	463	77%
5 PM	274	60	4	80	418	70%
6 PM	214	60	4	80	358	60%
Source: Kimley-Horn, 2016						

As shown in Table 4, the highest level of estimated parking demand is 77% during the 4 PM hour.

PROPOSED CONDITIONS

FUTURE PARKING SUPPLY

As the proposed development will potentially take the place of the existing City-owned parking lots, the future parking supply (i.e. parking supply independent of parking constructed by the redevelopment) will be reduced by the number of spaces in each lot. Figure 3 shows the areas of potential redevelopment (the existing off-street parking lots), and **Table 5** shows the future parking supply with the loss of off-street parking spaces due to the redevelopment.

Table 5 – Future Parking Supply

Number of Spaces	
Marked Spaces	
On-Street	147
Unmarked Spaces	
On-Street	82
Total	229
<i>Source: Kimley-Horn, 2017</i>	

As shown in Table 5, the future parking supply would be 229 on-street parking spaces remaining. Considering peak demand of 463 spaces with all buildings occupied, including the Vision Theater, there would be a deficit of 234 spaces.

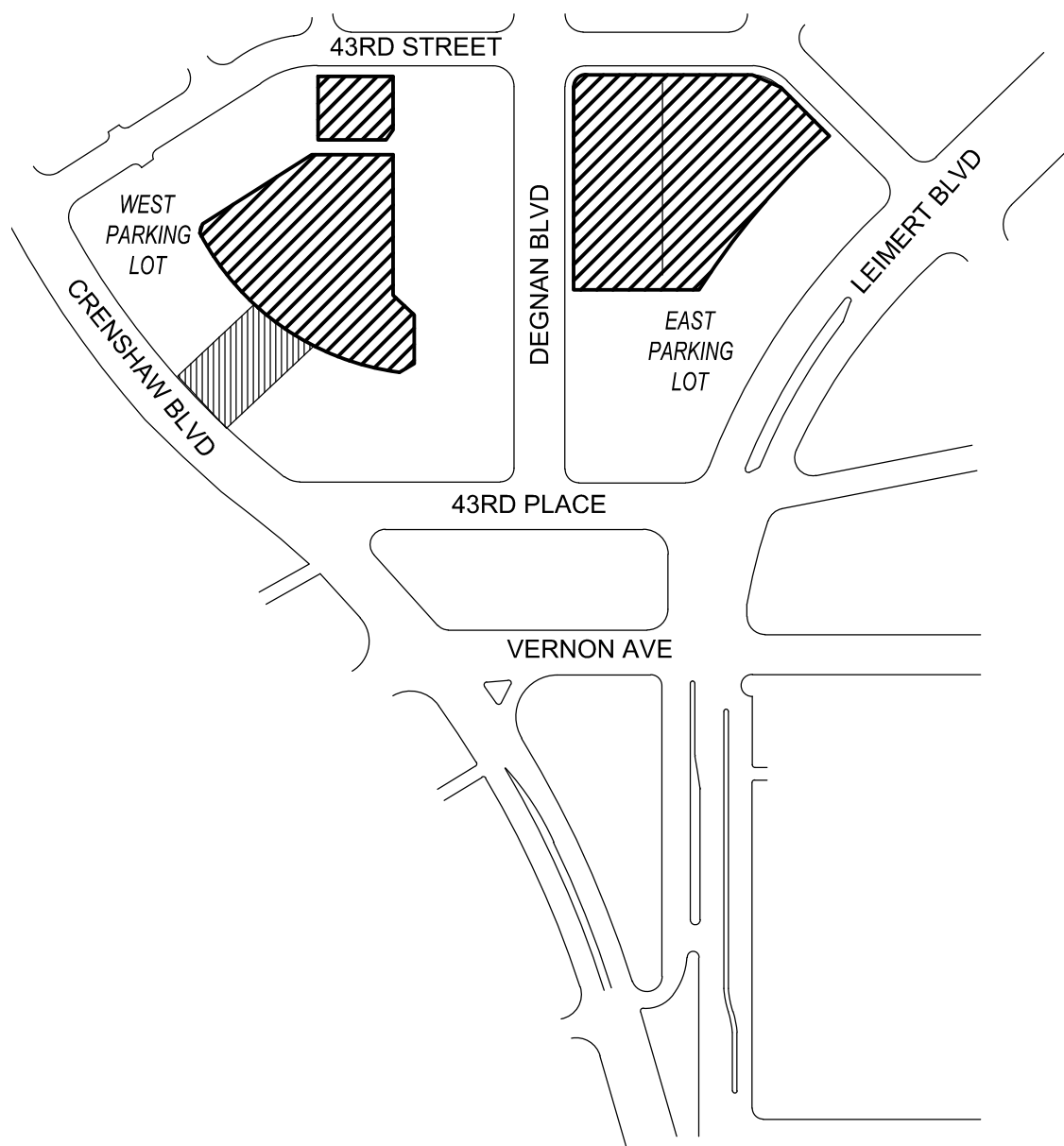
POTENTIAL DEVELOPMENT SCENARIO

HR&A developed the following scenario for potential development for the Leimert Park study area. **Table 6** summarizes the development scenario by land use and square footage/number of units, which will be used to determine the parking requirements as stipulated in the City's Municipal Code.

Table 6 – Potential Development Scenario

Land Use	Square Footage/Units	
	Site A	Site B
Retail	0 sf	11,500 sf
Live/Work Residential	39 units	15 units

The proposed Live/Work Residential units will include 2 private off-street parking spaces (garage) per unit. For that reason, the Residential units will not generate a regular parking demand and will not be included in the requirement for additional parking as a result of the new development.



LEIMERT PARK T.O.D.
AREAS OF POTENTIAL REDEVELOPMENT

FIGURE 3

FUTURE PARKING DEMAND

CITY CODE PARKING REQUIREMENTS FOR DEVELOPMENT SCENARIO

Table 7 shows the parking requirements for the development scenario as stipulated by the City of Los Angeles Municipal Code Section 12.24A4 and the Crenshaw Corridor Specific Plan Section 12. These requirements are included in this report as Appendix A.

Table 7 – Parking Requirements for Proposed Land Uses

Square Footage/			
Land Use	Units	Code Requirements	Parking Required
Retail	11,500 sf	1 space per 250 sf	46
Live/Work Residential	54 units	2 spaces per unit*	0
Total			46

*On-site private 2-car garage provided with each live/work unit.

As shown in Table 7, the minimum parking requirement for the development scenario is 46 spaces per City code. This determination does not include any shared parking reductions for the various uses in the development area. Although, it is likely that many opportunities for shared parking will be presented in the development area due to the mixed schedules of the various types of uses.

CITY CODE COMBINED PARKING REQUIREMENTS BY SCENARIO

Table 8 shows the total parking requirements for existing uses and the proposed development scenarios.

Table 8 – Summary of Combined Parking Requirements

	Number of Spaces
Existing Demand (including current vacant uses)	463
Required Parking for Proposed Development – New Additional Demand	46
Total Demand	509
Pre-development Available Parking Supply	229
Total New Parking Replacement Required to be provided by Development	280
<i>Source: Kimley-Horn, 2017</i>	

As shown in Table 8, the total required parking for the proposed development plus existing demand is 509 spaces. Less the total available parking remaining of 229 spaces, this represents a deficit of 280 spaces. The redevelopment project would need to provide at least 280 spaces to meet the City Code requirement and existing demand.

SUMMARY

The Leimert Park Study Area currently consists of general commercial development anchored by the 800-seat Vision Theater. Existing City-Owned parking lots within the study area would be repurposed for Transit Oriented Development. The study area currently provides 599 on-street and off-street parking spaces. Upon completion of the project, the total parking supply will be reduced to 229 spaces through the development of existing surface lots.

Current peak demand for parking within the study area was observed to be 319 spaces at 4 PM on a typical Sunday. Including vacant buildings and the Vision Theater, the peak demand for parking was estimated to be 463 spaces at 4 PM on a typical Sunday.

Based on City parking code, the parking requirement for the development project would be 46 parking spaces. As shown on Table 8, based on the parking data collection and analysis, the parking requirement for these new uses combined with existing demand is forecasted to be 509 parking spaces.

If the current parking peak demand for the existing uses remains consistent and no shared parking is considered, and the parking required for the proposed development project is added to the peak observed parking occupancy of 463 spaces, there is a total parking need of 280 spaces to meet City Code parking requirements.

APPENDICES

Appendix A – City of Los Angeles Municipal Code – Section 12.24A

Appendix B – Parking Count Sheets

SUMMARY OF PARKING REGULATIONS

Please be aware that areas located within Specific Plans, Interim Control Ordinances, or special districts may have different parking requirements than provided in this Information Bulletin.

SECTION 12.21A.4.(c) – COMMERCIAL AND INDUSTRIAL BUILDINGS Use of Building (or portions of) *	Ratio (spaces/sq ft)
1. Health or Athletic Club, Bath House, Gymnasium, Video arcades, Karaoke, Laser tag or similar amusement enterprises. Pool Hall (total floor area minus pool tables')	1 per 100
2. Studio for dance, yoga, martial art when the facility is smaller than 1000sq.ft. and no more than 10 occupants at any given time.	1 per 500
3. Skating/Roller Rinks, Bowling Alleys (including bowling lanes) Basketball Court (including court surface); Sitting or viewing area at 1 per 100; with stadium seating for spectators 1 per 35 or 1 per 5 fixed seats.	1 per 500 (more parking required for viewing or seating area)
4. Restaurant, Café, Coffee Shop, Bar, Night Club, Banquet/Dance Hall or similar	1 per 100
5. Small Restaurant, Café, or Coffee Shop when it is 1,000 sq. ft. or less.	1 per 200
6. Retail, Take-Out Restaurant (no seating), Art Gallery (retail) or Discount Wholesaler selling to the general Public, Gold buying	1 per 250
7. Wholesaler not selling to the general Public	1 per 500
8. Retail Furniture, Major Appliances store, or similar	1 per 500
9. Professional Office or other Business/services such as Dry Cleaner, Coin-laundry, Beauty Salon, Art Studio (no retail), Museum, Travel Agency, kennel, animal clinic, animal hospital.....similar	1 per 500
10. School for adult: Trade, Music, Professional, or similar as defined in code section 12.21A.4.(c)(7)	
a. Classroom setting or assembly area	1 per 50 or 1 per 5 fixed seats
b. Laboratory or Classroom with heavy equipment	1 per 500
11. Adult Care Facility	1 per 500
12. Warehouse or Storage (for Household Goods) - Parking shall be calculated for each building	1 per 500 (1 st 10,000 sq ft) + 1 per 5,000 after
13. Light manufacturing uses such as data retrieval, record management, research and development, information processing, electronic technology or multi-media productions	1 per 500
14. Auto Dismantling Yard, Junk Yard or Open Storage in the M2 or M3 zones [Sec. 12.19 A4 (b) (4) and Sec. 12.20 A6 (b) (3)]	6 for the first acre, 1 per 12,000 sq ft for the second acre, and 1 for each acre after
15. Used vehicle sales /auto repair garage per Sec. 12.26 I.3(b) (exception: display of not more than 3 vehicles for purpose of sale or trade at any one time)	1 per 2000 of outdoor vehicle sales area (min. 2 stalls) + parking as required for the building
SECTION 12.21A.4.(d) – INSTITUTIONS :Use of Building (or portions of)*	Ratio (spaces/sq ft or unit)
1. Philanthropic Institution, Museum, Government Office, or similar	1 per 500
2. Medical Office, Clinic, or Medical Service Facility	1 per 200
3. Sanitarium or Convalescent Home	The greater of 1 per 500 or min 0.2 per bed
4. Hospital	2 per patient bed

***Exceptions for Section 12.21A.4.(c), (d), (e) and (f)**

1. **For Outdoor Eating Areas, read page 37 of the Zoning Manual.**
http://ladbs.org/LADBSWeb/LADBS_Forms/Zoning/zoning_manual.pdf
2. For any Specific Plans published prior to May 21,1990, parking shall be based on Specific Plan or Section 12.21A4 whichever is required more parking.
3. Read 12.21A(j) for **combination of uses** inside an office building or an industrial-use lot. Exception 12.21A(j) (3) can be applied to retails, health club or any commercial uses per section 12.21A.4.(c) for an office building greater than 50,000 sq ft.
4. For church, gyms or any assembly, every 24" of **bleacher or pew** (if without a delineated seat or cushion for each person) is considered as one seat.
5. **Warehouses** built prior to Sept 8, 1950 can be considered as Industrial Use for nonconforming parking per LADBS' 10/06/1997 memo.
6. Per Ord.#182,110 (amending section 12.21A.4(m)), the number of code required parking spaces can be reduced to meet the State Access Law on disabled parking as determined by Department of Building and Safety.

SECTION 12.21A.4.(e) and (f) – ASSEMBLY AREA AND SCHOOLS : Use of Building (or portions of)*	Ratio(spaces/sq ft or unit)
1. High School/College Auditorium; Stadium; Theater; Bingo Parlors more than 50 occupants; or similar assembly	1 per 35 sq. ft. or 1 per 5 fixed seats
2. Church (The greater of the main sanctuary or the assembly areas)	1 per 35 sq. ft. or 1 per 5 fixed seats
3. Schools (Private or Public)	//////////
a. Elementary/Middle – K thru 8 th grade	1 per classroom (on-site only)
b. 9 th thru 12 grade	The greater of auditorium, any assembly or 1 per 500 of total building area
4. Facility for 12th graders and under including Child Care, Counseling Facility, After School Program for tutoring or athletic facility	The greater of 1 per 500 of total building area or 1 per classroom for K thru 8 th grade

SPECIAL DISTRICTS: Use of Building (or portions of)	Ratio spaces/sq ft or unit)
1. Downtown Parking District (DPD) - 12.21 A4 (i) (1) – Auditoriums and other similar places of assembly	1 per 10 fixed seats or 1 per 100 sq ft
2. Downtown Parking District (DPD) - 12.21 A4 (i)(2)(3) – Hospitals, philanthropic institutions, governmental offices buildings, medical offices and all uses as listed in Section 12.21A4C (No parking for any uses listed in Section 12.21A4C when the entire building is smaller than 7,500 sq ft in gross floor area)	1 per 1000 for all uses in Section 12.21A4C
3. Downtown Parking District (DPD) - 12.21 A4 (i)(3) - warehouse	1 per 1000 (1 st 10,000 sq ft) + 1 per 5,000 after
4. All Enterprise Zones outside of DPD District or selected CRA per Section 12.21A4(x) (3) - on medical office, clinic and all commercial uses in Section 12.21A4C	1 per 500 (See 12.21A4c for warehouse parking)
5. Historical Buildings (National Register of Historic places or State or City historical or cultural monuments) – 12.21 A.4.(x)(2)	No change in parking in connection with change of use.

SECTION 12.21A4 (a) (b) – Use of Building (or portions of)**	Ratio (spaces/sq ft or unit)
1. One-Family Dwelling (SFD) or group of one family dwellings	2 (on-site only)
2. Apartment or Two-Family Dwelling (Duplex)	//////////
a. units > 3 habitable rooms (such as a typical 2 bedroom unit)	2 (on-site only)
b. units = 3 habitable rooms (such as a typical 1 bedroom unit)	1.5 (on-site only)
c. units < 3 habitable rooms (such as a typical single unit)	1 (on-site only)
3. Hotel, Motel, Boarding House or Dormitory ⁷ including accessory facilities	//////////
a. first 30 guestrooms / a suite in a Hotel	1
b. next 30 guestrooms / a suite in a Hotel	One half
c. remaining guestrooms / a suite in a Hotel	One third
d. Multi-purposes assembly room >750 sq ft inside a hotel or motel	1 per 35 sq. ft. or 1 per 5 fixed seats
e. Restaurants > 750 sq.ft and not intended for hotel guests	1 per 100 sq. ft.
4. Condominiums	Planning's tract condition
5. Mobile Homes Park (Title 25 of the California Administrative Code)	N/A

*See Footnotes on Page 1 of 2.

**Exceptions for Section 12.21A4 (a) and (b):

- Subject to the Hillside Ordinance or the Baseline Hillside Ordinance, a SFD may require up to a maximum of 5 parking spaces.
- Residential in the Central City Parking District (CCPD) with reduced parking as follows:
 - Provide 1 parking per dwelling unit. When more than six dwelling units having more than 3 habitable rooms per unit on the site, the parking for these units shall be at 1/4.
 - Provide 1 parking for each two guestrooms for first 20, 1 for each four guestrooms for next 20, 1 for each six guestrooms for the remaining.
- SFD on a lot narrow than 40 ft wide and not abutting an alley requires only one parking space. However, this reduction shall not apply to lots fronting on a substandard street in A1, A2, A, RE, RS, R1 and RD zones. 12.21A.4(q).
- Any commercial vehicle exceeds a registered net weight of 5600 lbs shall not be considered as an accessory residential use.
- Affordable Housing Incentives – Parking Options are available pursuant to 12.22 A25 (d).
- Elder Care Facilities – Reduced parking for special housings pursuant to 12.21 A4 (d) (5).
- Every 100 sq ft of superficial floor area in a dormitory shall be considered as a separate guest room.
- Bicycle parking is required per Section 12.21A16.

Section 12.

PARKING

The required number of parking spaces for Projects shall be as set forth in the applicable sections of the LAMC and may be additionally tailored, reduced, waived or exempted pursuant to the following provisions:

- A. **Requirements.** The following parking provisions shall apply in Subarea D, notwithstanding any provisions of LAMC Section 12.21 A 4(c) to the contrary:
1. For restaurants with total (gross) square footage greater than 1000 square feet, one parking space shall be required for each 150 square feet of total floor area.
 2. For restaurants with total (gross) square footage less than 1000 square feet, one parking space shall be required for each 250 square feet of total floor area.
 3. For restaurants where outdoor eating areas, (café or patio) are provided, one parking space shall be required for each 350 square feet of total floor area.
 4. Arcades, recessed balconies, patios, cafes and other usable open spaces developed within setbacks indicated in Section 9, shall not be counted as floor area, for the purpose of determining the number of required parking spaces.
 5. For adaptive rehabilitation and/ or reuse of existing theaters and for actor equity theaters, at least one parking space shall be required for every ten seats. Where there are no fixed seats, there shall be at least one parking space for each 50 square feet of floor area (exclusive of stage area).
- B. Projects located within the boundaries of a Transit-Oriented Development Area shall be allowed a 50 percent reduction to the number of spaces required by the LAMC and the maximum permitted shall not exceed 90 percent that required by Code. This incentive shall be in addition to the Affordable Housing Incentives listed in LAMC Section 12.22.A.25 (d) regarding Parking.
- C. In all subareas, Projects which establish a new Full-Service Grocery Store shall be allowed to reduce the required parking by 25 percent for the square footage devoted to that particular use in addition to other parking reductions.
- D. **Waiver and Exemption.** Pursuant to LAMC 12.21 A.4.(o) and (x)(2), respectively, required off-street automobile parking may be waived where accommodated within an adjacent publicly owned facility, or, exempted where a change of use involves a Designated Historic Resource.

Prepared by National Data & Surveying Services
Leimert Park Parking Study

Location: Leimert Park
City: Los Angeles

Day: Sunday
Date: 4/3/2016

TIME	Lot 005				Lot 006			Lot 007			Lot 008			TOTAL
	Regular	Compact Car Only 2 hours	Compact Car Only	SUBTOTAL	Compact Car Only 2 hours	HC	SUBTOTAL	Regular	HC	SUBTOTAL	Regular	HC	SUBTOTAL	
	25 cents per 30 minutes All day \$2.50 7 AM-9 PM No Parking 12 midnight to 6 AM				25 cents per 30 minutes 2 hour limit 7 AM to 9 PM No parking 12 midnight to 6 AM			25 cents per 30 minutes All day \$2.50 7 AM-9 PM No parking 2 AM-6 AM			25 cents per 30 minutes All day \$2.50 7 AM-9 PM No parking 2 AM-6 AM			
Spaces	104	18	34	156	10	6	16	100	5	105	89	4	93	370
11:00 AM	10	1	4	15	0	0	0	61	0	61	7	0	7	83
12:00 PM	12	0	6	18	0	0	0	65	1	66	4	0	4	88
1:00 PM	22	0	9	31	0	0	0	17	0	17	9	0	9	57
2:00 PM	36	3	9	48	0	0	0	25	3	28	24	0	24	100
3:00 PM	22	3	7	32	2	1	3	47	5	52	27	0	27	114
4:00 PM	24	0	7	31	2	1	3	63	5	68	56	1	57	159
5:00 PM	32	1	8	41	1	1	2	44	5	49	39	1	40	132
6:00 PM	31	1	3	35	1	1	2	16	0	16	21	1	22	75

The inventory that the client gave for lot 005 does not coincide with our inventory. There is a difference of 1 space.

Leimert Park Parking Study

Location: Leimert Park
City: Los Angeles

Day: Sunday
Date: 4/3/2016

EAST-WEST SEGMENTS

TIME	001 W 43rd St bet. Crenshaw Blvd & Edgehill Dr							003 W 43rd Pl bet. Crenshaw Blvd & Degnan Blvd								010 W 43rd St bet. Edgehill Dr & Leimert Blvd			
	North Side			South Side				North Side				South Side				North Side	South Side	TOTAL	
	2 Hour Parking 8am to 8pm Except Sunday			2 Hour Parking 8am to 8pm Except Sunday				2 Hour Parking 8am to 8pm Except Sunday				2 Hour Parking 8am to 8pm Except Sunday				1 Hour Parking 8am to 6 pm	1 Hour Parking 8am to 6 pm		
	Marked/ Metered	Loading	SUBTOTAL	Marked/ Metered	Illegal Red Curb	SUBTOTAL	TOTAL	Marked/ Metered	Illegal Red Curb	Illegal Striped Curb	SUBTOTAL	Marked/ Metered	Illegal Red Curb	**Illegal	SUBTOTAL	TOTAL	Unmarked		Unmarked
	Spaces	16	1	17	15		15	32	13			13	8			8	21		
11:00 AM	5	0	5	5	1	6	11	11	0	0	11	8	1	0	9	20	2	0	2
12:00 PM	4	0	4	7	0	7	11	13	1	1	15	8	2	0	10	25	2	0	2
1:00 PM	8	0	8	6	0	6	14	13	1	1	15	8	3	0	11	26	4	1	5
2:00 PM	7	0	7	9	0	9	16	13	0	0	13	8	3	0	11	24	4	1	5
3:00 PM	12	0	12	10	0	10	22	13	2	0	15	8	3	2	13	28	5	3	8
4:00 PM	14	0	14	12	0	12	26	13	1	1	15	8	4	3	15	30	6	2	8
5:00 PM	8	0	8	11	0	11	19	13	2	1	16	8	3	4	15	31	5	2	7
6:00 PM	12	0	12	9	0	9	21	13	2	1	16	8	3	4	15	31	1	2	3
NOTES: North Side: Between Degnan Blvd and Edge Hill Dr, there was a temporary sign that said "No parking 6:30am to 4pm Mon and Tues" North Side: There was a sign said that "No parking for vehicles over 6ft in height"																			
** These vehicles were parked illegally behind the vehicles parked in the spaces, not allowing them to leave.																			

NORTH-SOUTH SEGMENTS

TIME	002 Degnan Blvd bet. W 43rd Pl & W 43rd St												004 Leimert Blvd bet. W 43rd Pl & 11th Ave			009 Crenshaw Blvd bet. W 43rd Pl & W 43rd St			011A Leimert Blvd bet. W 46th St & Vernon Ave			011B Frontage Rd east of Leimert Blvd & bet. W 46th St & Vernon Ave				
	<u>East Side</u>						<u>West Side</u>						<u>East Side</u>	<u>West Side</u>		<u>East Side</u>	<u>West Side</u>		<u>East Side</u>	<u>West Side</u>						
	4 Hour Parking 8am to 8pm Except Sunday						2 Hour Parking 8am to 8pm Except Sunday																			
	Marked/ Metered	Marked/ Not Metered	HC	Loading	Illegal Red Curb	SUBTOTAL	Marked/ Metered	Loading	Illegal Red Curb	**Illegal	SUBTOTAL	TOTAL	Marked	Metered	TOTAL	Unmarked	Unmarked	TOTAL	Unmarked	Unmarked	TOTAL	Unmarked	Loading	SUBTOTAL	Unmarked	TOTAL
Spaces	24	1	1	1	27	31	1			32	59	12	23	35								1	1		1	
11:00 AM	9	1	0	0	2	12	15	1	0	0	16	28	0	14	14	1	0	1	0	1	1	0	0	0	4	4
12:00 PM	12	1	1	0	2	16	23	1	0	0	24	40	1	19	20	1	0	1	0	1	1	1	0	1	8	9
1:00 PM	24	1	1	0	2	28	27	1	0	0	28	56	2	7	9	1	0	1	0	2	2	0	0	0	8	8
2:00 PM	24	1	0	1	2	28	31	1	1	0	33	61	1	10	11	2	0	2	0	1	1	0	0	0	1	1
3:00 PM	24	1	1	1	3	30	31	1	2	0	34	64	3	16	19	3	0	3	0	2	2	0	0	0	1	1
4:00 PM	24	1	1	1	5	32	31	1	3	5	40	72	0	17	17	4	0	4	0	1	1	1	0	1	1	2
5:00 PM	24	1	1	1	3	30	26	1	1	1	29	59	0	19	19	2	0	2	0	2	2	1	0	1	2	3
6:00 PM	22	1	1	0	3	27	31	1	4	2	38	65	3	11	14	0	0	0	0	2	2	1	1	2	1	3
NOTES:	The inventory that the client gave of 62 spaces does not coincide with our inventory of 59. **These vehicles were parked illegally behind the vehicles parked in the spaces, not allowing them to leave.														West Side: There was a sign that said " No stopping at any time"											

APPENDIX E: GENERAL & LIMITING CONDITIONS

- In preparing this Report, HR&A has used its independent professional judgment and skills in good faith, subject to the limitations, disclosures and disclaimers herein.
- This Report is based on estimates, assumptions and other information developed by HR&A based upon data provided by other parties. Every reasonable effort has been made to ensure that the data contained in this Report are accurate as of the date of this Report; however, factors exist that are outside the control of HR&A and that may affect the estimates and/or projections noted herein.
- HR&A reviewed the information and projections provided by third parties using its independent professional judgment and skills in good faith, but assumes no liability resulting from errors, omissions or any other inaccuracies with respect to the information provided by such third parties referenced in this Report.
- In addition to relying on data, information, projections and forecasts of others as referred to above, HR&A has included in this Report estimates and assumptions made by HR&A that HR&A believes are appropriate, but HR&A makes no representation that there will be no variances between actual outcomes and such estimates and assumptions.
- No summary or abstract of this Report, and no excerpts from this Report, may be made for any purpose without HR&A's prior written consent, which consent will not be unreasonably withheld.
- No opinion is intended to be expressed and no responsibility is assumed for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate and economic development consultant.
- This Report is qualified in its entirety by, and should be considered in light of these General and Limiting Conditions. By use of this Report each party that uses this Report agrees to be bound by all of the General and Limiting Conditions stated herein.

THIS PAGE INTENTIONALLY LEFT BLANK