

BLUE FOLDER ITEM

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CITY COUNCIL MEETING

May 11, 2021

N.2. DISCUSSION AND POSSIBLE ACTION ON THE GENERAL PLAN ADVISORY COMMITTEE (GPAC) RECOMMENDED LAND USE PLAN

CONTACT: BRANDY FORBES, COMMUNITY DEVELOPMENT DIRECTOR

- Letter from AES property owner

May 11, 2021

VIA ELECTRONIC MAIL

Mayor Brand and Honorable Members of
Redondo Beach City Council
415 Diamond Street
Redondo Beach, CA 90277

Re: Housing Element Update (RHNA Allocation for AES Power Plant Site at 1100 N. Harbor); Agenda Item N.2, 5/11/21 City Council Meeting

Dear Mayor Brand and Honorable Members of the Redondo Beach City Council:

This office represents the current fee owners¹ of the approximately 50-acre site on which AES operates the Redondo Beach Generating Station (“Power Plant”). As you know, on April 15, 2021, the Redondo Beach Planning Commission voted, 5 to 2, in favor of correcting the general plan designation for the Power Plant site, to mixed use allowing 30 dwelling units per acre for up to 50% of the Power Plant site. The Owners agree with the Planning Commission’s recommendation and welcome the opportunity to discuss with the City Council their plans for future reuse of the site when the Power Plant operations cease.

As it currently stands, the California State Water Resources Control Board (“Water Board”) has exempted the Power Plant site from operation of the Water Board’s new “Once Through Cooling Policy” (“Policy”) through December 31, 2021. AES will continue to operate the Power Plant through that date and further retains the right to seek additional exemptions to allow it to operate through December 31, 2023. As the Water Board has indicated, the amendment to the Policy allowing for this exempted use is, at least in part, necessary for potential backup electric generation for the regional grid.

Owners have begun planning for the ultimate re-use of the Power Plant site. While the General Plan designation previously allowed for economically viable re-uses, on November 2, 2010, the Redondo Beach electorate approved Measure G, creating a new land-use designation of “Generating Plant” (something that did not previously exist and does not exist within the City’s zoning code) which was exclusively applied to the Power Plant site (and no other). Measure G eliminated all economically viable re-uses of the site when the Power Plant operations cease.

¹ The fee owners of the Power Plant site include 9300 Wilshire, LLC, 1112 Investment Company, LLC, Ed Flores, LLC, 9300 Wilshire Fee, LLC, David Dromy, 1650 Veteran, LLC, Outdoor Billboard, LLC, BH Karka, LLC, 5th Street Investment Company, LLC, 505 Investment Company, LLC, SLH Fund, LLC, and Peak Alcott, LLC. Collectively, the fee owners are referred to herein as “Owners.”

Mayor Brand and Honorable Members of
Redondo Beach City Council
May 11, 2021
Page 2

Owners understand the history of the Power Plant site and the myriad land-use tools that were used to shut down the Power Plant operations and effectively convert the site to open space and parklands. These efforts are the subject of a pending inverse condemnation lawsuit filed against the City in which Owners seek just compensation as a result of the City's regulatory taking and spot zoning. (See Cross-Complaint filed in *City of Redondo Beach v. California State Water Resources Control Board*, Los Angeles County Superior Court Case No. 20STCP03193.)²

As noted, Owners welcome the opportunity to discuss with the City Council the recommended re-use of the site for mixed use development of 30 dwelling units per acre for the site. As the Southern California Association of Governments ("SCAG") has determined, the City must allow for the construction of at least 2,490 additional residential units in its Regional Housing Needs Assessment ("RHNA"). The City historically has placed most of its planned housing units in North Redondo, removing the ability to develop adequate housing on sites much better suited for residential development. With the impending closure of the Power Plant, the 50-acre Power Plant site represents the prototypical "underutilized" property that State Law has determined should be made available for future development. State law, in fact, compels the City to identify underutilized properties on which local governments may plan for future housing development.

With respect to whether the Power Plant site will be available for housing development by 2028, Owners' consultants have developed a plan and timetable for closure and clearing of the Power Plant facilities by 2027. This assumes that AES may obtain additional extensions allowing for intermittent Power Plant operations through December 31, 2023. Even with this assumed date, Owners are prepared to have a substantial portion of the site cleared allowing for residential development on approximately half the site by late 2025, with the remainder of the site cleared by 2027. There is no question this site qualifies as an appropriate "underutilized property" for which much of the additional RHNA housing units may be accommodated.

Additionally, the sites proposed in the North Tech area of the City are less suitable for redevelopment into housing and may not qualify as part of the RHNA process for the following reasons: i) they are adjacent to industrial uses and freeways which have potentially harmful effects on health;³⁴ ii) Northrup Grumman, the City's largest employer strongly opposes the overlay as the work conducted and noise emitted from such work make residential occupancy unsuitable in such close proximity; iii) eliminating commercial and industrial areas from the City will only amplify the severe housing jobs imbalance;⁵ iv) eliminating business districts will further erode the City's tax base; v) commercial and industrial uses have staggered lease terms that may prevent the sites from being available until well after 2028;⁶ and vi) eliminating industrial uses, many of

² Approximately 2:36-2:38 into the May 4, 2021 City Council Meeting, the City's own consultant alluded such actions were a taking.

³ Sites have been analyzed whether historical use precludes residential development or what level of clean up would be necessary.

⁴ http://www.publichealth.lacounty.gov/place/docs/DPH%20Recommendations%20to%20Minimize%20Health%20Effects%20of%20Air%20Pollution%20Near%20Freeways_Final_March%202019.pdf

⁵ While density per zip code and district were analyzed, was school crowding per area ever reviewed?

⁶ E.G.: 2701 Manhattan Beach Blvd. (MBB) is on a ground lease expiring 4/1/2044, 2061 MBB and 2420 Santa Fe Ave. were both acquired in

Mayor Brand and Honorable Members of
Redondo Beach City Council
May 11, 2021
Page 3

which are last mile distribution of goods movement will only increase traffic as they would be pushed further away from the households they serve.

The Power Plant site is superior for a mixed use redevelopment that includes the above recommended housing in addition to uses such as office, retail, hospitality, and potentially content production or studio space. A large commercial or mixed use campus would help remedy the housing jobs imbalance of the City and actually ease traffic congestion during rush hour while relying on space capacity from the direction against gridlock.⁷ One such development concept the owners are contemplating is as follows:

1. 750 residential housing units
2. 300 key hotel
3. 750,000 square feet of office (up to 20% of which would be studio or production space)
4. 150,000 of retail, restaurant and event space

Again, Owners stand ready, willing and able to discuss an economically viable re-use of the site as appropriately recommended by the Planning Commission. We look forward to working with the City through this Housing Element and General Plan update.

RUTAN & TUCKER, LLP



Douglas J. Dennington

DJD:pj

2020 by Rexford Industrial, a publicly traded REIT whose business plan generally includes holding industrial assets for a decade or longer.

⁷ If residents and pass through traffic is now captured within the City, it will ease the congestion getting out and benefit from the spare capacity from the other direction (e.g. southbound in the AM hours and northbound in the PM hours) coming into the City during rush hour.