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June 29, 2018

Director Ken Alex
Governor's Office of Planning and Research
1400 10th Street, # 100
Sacramento, CA 95814

Re: Hollywood Center - Response to Comment Letters

Dear Director Alex:

We are submitting this letter on behalf of our client, MCAF Vine LLC (the “**Applicant**”), in response to the comment letters submitted to your office related to the proposed Environmental Leadership Development Project (“**ELDP**”) certification for the Hollywood Center project (the “**Project**”). In an effort to help solve the State of California’s housing shortage, the Hollywood Center Project consists of the development of 1,005 residential dwelling units, of which 133 units will be set aside for extremely-low and very-low income seniors, and approximately 30,000 square feet of commercial uses.

In so doing, the Hollywood Center Project fulfills the requirements set forth to achieve ELDP certification. The project will be LEED Gold qualified, it will reduce traffic trips by at least 15%, and it will achieve carbon net-neutral status. The project represents an investment of over \$1 billion, and it will create more than 8,000 jobs, having a sizeable impact on both the local and regional economy. The project will achieve all of this while committing to a living wage for the men and women responsible for doing the work to get this project built, having entered into a Project Labor Agreement with the Building Trades Council of Los Angeles and Orange Counties.

Although a number of the submitted comments raise issues entirely outside of the ELDP certification criteria, as identified in California Public Resources Code (“**PRC**”) Section 21183, the purpose of this letter is to address the comments related to the ELDP certification criteria and correct the record where necessary.

1. **The Project incorporates appropriate mitigation measures to reduce GHG emissions.**

Several letter writers argue that the Project is required to incorporate all feasible mitigation measures to reduce greenhouse gas (“**GHG**”) emissions. Although the Project in fact incorporates significant mitigation measures to reduce GHG emissions, the PRC, unlike the

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requirements of the California Environmental Quality Act (“CEQA”), does not require that the Project incorporate all feasible mitigation measure to reduce GHG emissions.

Rather, PRC Section 21183(c) requires that “[th]e project does not result in any net additional emission of greenhouse gases, including greenhouse gas emission from employee transportation, as determined by the State Air Resources Board pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.”

Furthermore, Section 6.d of the *Governor’s Guidelines for Streamlining Judicial Review Under the California Environmental Quality Act Pursuant to AB 900*, dated January 2018 (“**Governor’s Guidelines**”) provides that the California Air Resources Board “will determine and report to the Governor in writing that a project does not result in any net additional emissions of greenhouse gases if the project demonstrates through a combination of project design features, compliance with (or exceeding minimum requirements of) existing regulations, and mitigation that it would result in zero additional greenhouse gas emissions.”

On June 22, 2018, the California Air Resources Board issued a letter confirming that the Applicant’s methodology, calculations, and documentation are adequate, and based on that, confirmed that the Project will not result in any net additional emissions of GHG emissions (See State of California Air Resource Board Executive Order G-18-046).

Therefore, the Project has satisfied all of the PRC and the Governor’s Guidelines criteria related to not resulting in any net additional emission of greenhouse gases.

The legal purpose of a mitigation measure is to minimize the significant environmental effects identified in an EIR. (Pub Res C §§ 21002.1(a), 21100(b)(3); 14 Cal Code Regs§ 15126.4) The requirement that EIRs identify mitigation measures implements CEQA’s policy that agencies adopt feasible measures when approving a project to reduce or avoid its significant environmental effects. (Pub Res C § 21003, 21081(a)) Therefore, the environmental impact report (“EIR”) being prepared for the project is the appropriate place to discuss the requirements under CEQA to impose all feasible mitigation measures in order to reduce significant impacts, should they be identified.

2. The Project is permitted to purchase carbon credits to mitigate its GHG emissions.

In several letters it is stated that the Project cannot purchase carbon credits to mitigate the Project’s greenhouse gas emissions. However, Section 6.d of the Governor’s Guidelines provides that a project may seek “mitigation [so] that it would result in zero additional greenhouse gas emissions.” In fact, at the Air Resource Board’s request, the Applicant has already agreed that any potential GHG offsets for the Hollywood Center Project will be purchased and retired through an accredited registry, such as the American Climate Registry (ACR), the Climate Action Reserve (CAR), or the Verified Carbon Standard (VCS).

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By way of precedent, several ELDP-certified projects, including the Event Center and Mixed-Use Development at Mission Bay Block 29-32, Crossroads Hollywood, and 8150 Sunset Boulevard, have purchased, or have been certified as an ELDP project based on a commitment to purchase, carbon credits to offset the project's GHG emissions.

The California Air Resources Board has concluded that the Project can offset the net increase in emissions through purchasing credible offset credits issued by an accredited carbon registry to fully offset the identified construction and operational GHG emissions. (See State of California Air Resource Board Executive Order G-18-046, p. 2.)

Therefore, the Project is permitted to purchase carbon credits to mitigate the Project's greenhouse gas emissions.

3. The Project fails to use an actual project as a "comparable project" for transportation efficiency analysis.

The Project's methodology in using a hypothetical comparable project, as opposed to an existing project, is consistent with the PRC and prior ELDP-certified projects.

PRC Section 21180(b)(1) states that the Project must achieve a "15-percent greater standard for transportation efficiency than for comparable projects. These projects must be located on an infill site." Section 2.a(3) of the Governor's Guidelines states "comparable means a project of the same size, capacity and location type." Neither the PRC nor the Governor's Guidelines require that the comparable project be an existing project. In fact, none of the prior projects that the Governor has certified as ELDP projects used an existing project. A hypothetical comparable project must be utilized to calculate transportation efficiency in lieu of an existing project because there is no existing project that is the same size, capacity, and location type. Furthermore, there is no existing project that has the same mix of uses, which is a key factor in determining transportation efficiency. The transportation efficiency analysis of a comparable project can only be achieved through the use of a hypothetical project.

Exhibit 4 of the ELDP application identifies the detailed methodology used to create the comparable project, which is entirely consistent with the PRC and the Governor's Guidelines and with prior ELDP-certified projects.

Therefore, the ELDP analysis used the correct methodology to determine transportation efficiency.

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4. The Project is privately financed and does not require taxpayer financing.

One letter writer claims that the City's grant of a zone change or other entitlement is equivalent to a public subsidy. While an unquestionably creative argument, it is erroneous and defies both logic and common sense.

Generally, a public subsidy is an expenditure by a local or state municipality to a private entity for purposes beneficial to the public and typically is comprised of a grant or gift of money; loans at below market interest rates or loan guarantees; land or building sales at prices below market value; or, waiver or reduction of fees or taxes. The Project's requested entitlements do not consist of any expenditure by a local or state municipality; a grant or gift of money; loans at below market rate interest; loan guarantees; the purchase of any land or building; or, fee or tax waiver or reduction.

Therefore, the Project is privately financed and does not require any public subsidy or taxpayer financing.

5. The Project meets the criteria set forth for ELDP certification.

We would also like to call your attention to several letters submitted that note how the Hollywood Center project meets the established criteria for ELDP certification.

Climate Resolve focuses on the environmental considerations provided by the program, calling the ELDP certification for qualifying projects a "win-win with zero downsides," further emphasizing how Hollywood Center is leading the way to California's net-carbon neutral future.

While leading the way on environmental sustainability, Hollywood Center's ELDP qualifications also lead the way on creating high-paying, high-skill construction jobs, which the **LA/OC Building Trades Council** notes in its letter are vital to combatting stagnating wages and helping put food on the table for their members.

The Los Angeles Economic Development Corporation cites the project's \$1 billion investment in Los Angeles, greatly exceeding the \$100 million requirement set forth under the ELDP program.

We thank you in advance for your consideration and are happy to discuss any questions you or your staff has related to the certification of the Hollywood Center Project.

Sincerely,



Edgar Khalatian