

**City of Culver City, California
Agenda Item Report**

Meeting Date: 12/07/09		Item Number: <u>A-2</u>	
REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Receive and File a Memorandum on Eminent Domain Amendment Feasibility and Direct Staff to Issue Requests for Proposal for Redevelopment and Environmental Consultants for Redevelopment Plan Amendment Services			
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Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification Notice was published in the Culver City News on November 26 and December 3, 2009 and by E-Mail to Meetings and Agendas – Redevelopment Agency by 12/04/09.			
Department Approval: Sol Blumenfeld (11/24/09)		Agency General Counsel Approval: Murray O. Kane (11/24/09)	
Chief Financial Officer Approval: Mark Scott (by N. Kimball) (12/01/09)		Executive Director Approval: Mark Scott (12/02/09)	
<u>RECOMMENDATION:</u> Staff recommends that the Redevelopment Agency Board (Board) (1) receive and file a memorandum on eminent domain amendment feasibility and (2) direct staff to issue a request for proposals for redevelopment and environmental consultants for redevelopment plan amendment services affecting Component Areas 3 and 4 in order to extend the time limit for the potential use of eminent domain. <u>BACKGROUND:</u> Pursuant to the Redevelopment Plan, the authority for the Redevelopment Agency (Agency) to use eminent domain expires on December 23, 2010 in all four component areas of the Culver City Redevelopment Project. If the Board wishes to extend the authority beyond that date, the Redevelopment Plan must be amended. When required, the Agency has used eminent domain to complete property acquisition where a negotiated purchase cannot be achieved and the required findings can be made. The Agency has not and cannot use eminent domain to acquire residential properties. This same restriction is expected to be continued should the eminent domain authority be extended. On February 2, 2009, the Board approved a contract with UFI/GRC Redevelopment Planning (the “Consultant”) to conduct a preliminary feasibility study to determine if there appears to be sufficient evidence to support the findings necessary to amend			

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the Redevelopment Plan. The Board chose to seek a preliminary feasibility study to obtain an opinion of whether the requisite findings necessary for an amendment could be made.

DISCUSSION:

Amending the Redevelopment Plan, in accordance with the requirements of the California Health and Safety Code¹, can be a lengthy and costly process (the consultant cost for doing the required studies and preparing the necessary documents could be as much as \$100,000.)

As detailed in the Memorandum (see Attachment No. 1), pursuant to California Redevelopment Law, it must be found that: significant blight² remains and that the blight cannot be eliminated without the use of eminent domain. The preliminary study concludes *"In general, our analysis indicates that sufficient blight remains in the four existing redevelopment project areas to justify extending non-residential eminent domain authority for the statutory maximum of twelve years."*

As alluded to above time limit extensions for continued use of eminent domain are limited by law to a maximum of 12 years. However, in three of the four component areas the redevelopment project will expire in less than 12 years. Therefore, the maximum extension which could be considered is:

Component Area	Expiration	Extension
No. 1	July 26, 2014	3½ years
No. 2	December 28, 2014	4 years
No. 3	November 25, 2018	8 years
No. 4	December 23, 2022	12 years

Redevelopment often requires assembling a development site from a group of smaller adjoining parcels within the Redevelopment Project Area. The inability to acquire a critical piece can stop a vitally needed project. Eminent domain provides a necessary tool to accomplish land assembly. Moreover, there are tax benefits through condemnation that can be conferred to property owners. Thus, an Agency that is seeking to have all the tools of redevelopment at its disposal would be disadvantaged without the authority to use eminent domain to acquire parcels and relocate occupants. Again, the Agency does not currently possess the authority to use eminent domain for residential parcels nor is it proposed to create that authority

¹ California Redevelopment Law (Health & Safety Code Section Division 24, Part 1, Chapter 4, Article 12, commencing with §33450 et seq.) details the steps necessary to amend a Redevelopment Plan for the Redevelopment Project. In this particular case, an added requirement would be evidence for the record to support findings that: A) Significant blight remains within the project area; and B) That this blight cannot be eliminated without the use of eminent domain.

² Refer to pages 2 and 3 of Attachment No. 1 for the conditions of blight as defined in California Redevelopment Law.

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in the contemplated extension period if such an extension period is ultimately adopted by the Board.

The Consultant's report preliminarily concludes that there is sufficient evidence of blight in each of the four Component Areas of the Redevelopment Project to extend the time limit on the use of eminent domain, though the timeframes vary by project area from 3 1/2 to 12 years.

Based upon the Consultants' preliminary conclusions and the expiration dates of the various project areas, staff recommends the Board focus on renewing the eminent domain authority in Project Areas 3 and 4. The use of eminent domain is best justified in Component Areas 3 and 4, since there are fewer opportunities for land assembly and eliminating blight in areas 1 and 2. By eliminating Component Areas 1 and 2 from consideration, the Agency would achieve a savings in the cost of the amending the plan. The savings would come primarily from reduced field work, somewhat reduced analytical costs and reduced administrative costs such as printing and mailing.

If the Board approves moving forward with the RFP process, staff will seek proposals from qualified redevelopment and environmental consultants for the work necessary to amend the Redevelopment Plan in Component Areas 3 and 4, and present the results to the Board for consideration (currently projected for the first half of 2010).

FISCAL ANALYSIS:

As a necessary tool of redevelopment, eminent domain can provide increased land value and increased tax revenues. For example, a projection of the possible increase in assessed valuation and the corresponding increase in tax increment was calculated in Attachment No. 2. The calculation analyzes a new two-story commercial development which is projected to result in an average increase of 334% over the average of current assessed values. This equates to new tax increment of approximately \$72,000 per acre of new development per year to the Agency (tax increment is distributed 80% to commercial/industrial funds and 20% to the Low- and Moderate Income Housing Set Aside Fund). If the Agency's eminent domain authority is not extended the opportunity to capture the monies resulting from this increased tax increment may be lost.

An initial budget of \$100,000 for the necessary consultant and environmental services, needed to properly process a redevelopment plan amendment is recommended. Some funds are available in the Agency's budget for fiscal year 2009-10 in account No. 59190400.619800. If the decision is made to proceed with obtaining proposals for consultant services, staff will recommend a budget amendment after the proposals have been received and the actual costs are known.

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ATTACHMENTS:

1. Memo dated July 15, 2009, from UFI/GRC Redevelopment Planning
2. Projection of future tax increment income to the Agency

MOTION:

That the Redevelopment Agency Board:

1. Receive and file a memorandum, dated July 15, 2009 from UFI/GRC Redevelopment Planning on the feasibility of amending the Redevelopment Plan for the Culver City Redevelopment Project to extend the time limit for the use of eminent domain; and,
2. Direct the Executive Director to issue a request for proposals for redevelopment and environmental consultants for redevelopment plan amendment services to extend the time limit on the use of eminent domain in Component Areas 3 and 4.