City of Culver City, California

Redevelopment Agency Agenda Item Report

Meeting Date: 11/19/07	Item Number: A-1
AGENDA ITEM: Authorization to Execute an Agreement with Uptown Lofts LLC to Reduce the Height, Density and Massing of the Proposed Project at 9900 Culver Boulevard.	
Contact Person/Dept.: Todd Tipton	Phone Number: (310) 253-5783
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: []
Public Notification: Uptown Lofts LLC (11/16/07); the Chamber of Commerce (11/16/07); and, the Downtown Business Association (11/16/07); Master Notification List (11/16/07).	
Department Approval: Sol Blumenfeld (11/02/07)	Executive Director Approval: Jerry Fulwood (11/16/07)
Fiscal Impact Approval: Marlee Chang (by N. Kimball)(11/16/07)	

RECOMMENDATION:

Staff recommends the Culver City Redevelopment Agency (“The Agency”) authorize execution of an agreement with Uptown Lofts LLC to reduce the height, density and massing of the proposed project at 9900 Culver Boulevard.

BACKGROUND:

On March 6, 2006, the Agency authorized issuance of a Request for Proposal (“RFP”) to develop a mixed use project on the Agency owned property at 9900 Culver Boulevard. Of the numerous responses received, Uptown Lofts LLC was selected due to the aesthetic appeal of the architecture and the pedestrian oriented retail tenants being proposed.

On June 19, 2006, the Agency sold the property to Uptown Lofts LLC for $2.5 million with a requirement that they obtain entitlements from the City of Culver City for a mixed-use development project.

On April 25, 2007, the Planning Commission considered and disapproved the project that consisted of 23 residential units, 5 stories, surface level retail parking, subterranean residential parking, and 4,750 square feet of ground floor retail.

On April 30, 2007, Uptown Lofts LLC appealed the Planning Commission’s decision.

On July 9, 2007, the City Council considered the appeal of the Planning Commission's denial and continued the discussion to July 23, 2007, pending requested additional information and suggested that the applicant consider design changes to address Council and neighborhood concerns related to the building's height, density and massing.

On July 23, 2007, the City Council again continued the item so the applicant could meet with Agency staff to discuss how the building's height, massing and density could be reduced to address the community's concerns. The City Council discussion was continued until September 17, 2007.

Following the July 23 meeting, staff met numerous times with representatives from Uptown Lofts LLC to discuss possible revisions to the proposed project. In the end, both parties agreed that the neighborhood's concerns would be addressed if a floor of the development were removed (resulting in five dwelling units being eliminated).

On September 17, 2007, the City Council voted to grant the appeal and allow a project consisting of a 46-foot tall building with 18 units and 5,000 square feet of pedestrian-oriented retail. The project also included additional parking in excess of that required by the Culver City Municipal Code.

On October 15, 2007, the City Council approved the General Plan and Zoning Map Amendments, the Tentative Tract Map, and the project resolution outlining the necessary findings and conditions of approval.

On November 7, 2007, the item was scheduled to be considered by the Agency, but pulled so that a specific provision of the agreement could be further discussed and clarified by staff and the applicant.

DISCUSSION:

The tentative understanding between Uptown Lofts LLC and the Agency to reduce the height, massing and density of the project by removing a floor will be memorialized in a written agreement between the two parties. The agreement will ensure that Uptown Lofts LLC constructs the project in accordance with Council approved entitlements; ensure the approved project is constructed in a timely manner; and among other things, ensure that the retail component will be occupied by a pedestrian-oriented use.

FISCAL ANALYSIS:

When developing mixed-use projects, the sale of the residential units provides revenues needed to satisfy commercial lending institution and private investment requirements, and generate profit. The removal of a floor from the project caused five dwelling units to be eliminated. This caused an impact to the fiscal parameters of the project.

To accurately estimate the amount of the impact, staff consulted Keyser Marston Associates (KMA), its financial consultant. In summary, if each unit were to sell between $750,000 and $1 million, and each unit generated a profit of 15 percent, then the amount of profit per unit would be between $112,500 and $150,000. With the number of dwelling units being reduced by five dwelling, the resulting impact comparing the initially proposed and ultimately approved project is between $562,500 and $750,000. Through extensive negotiation, both parties agreed to $550,000. The $550,000 is available in unrestricted tax increment funds (Fund 550).

The revisions to the project (reduced height, massing and density, and additional commercial square footage) is estimated to increase the annual City tax revenue projection (i.e. Sales Tax, Business Tax, Utility Tax, and Property Tax) from $14,000 to $15,200 and decrease the Agency tax increment projection from $156,000 to $132,000. At $132,000 per year (plus a 2% maximum annual increase per Prop 13), it will take the Agency approximately four years to recoup the $550,000 expenditure.

NOTE: The projections above represent estimated full year receipts in current dollars. The City and Agency will begin collecting tax revenues related to this project upon completion of construction, sale of all residential units, and update of the County tax rolls. Preliminary estimates provided by the developer indicate that the project will be completed by June 2009; therefore, actual tax revenues would be collected beginning in fiscal year 2009-10 and will need to be adjusted based on inflation.

MOTION:

That the Culver City Redevelopment Agency:

1. Determine that the proposed project as revised is in compliance with the Redevelopment Plan; and

2. Determine that Tentative Tract Map No. 68277 is in compliance with the Redevelopment Plan.

3. Authorize the Agency's General Counsel to prepare the necessary documents and the Executive Director to execute those documents on behalf of the Agency; and

4. Authorize the appropriation of $550,000 from the unrestricted tax increment fund (550);