MEETING DATE: **08.09.10**

AGENDA ITEM: **Continuation of the Public Meeting to Consider (1) Approval of an Affordable Housing Agreement with 4043 Irving Place Investors, LLC. to Create Nine Moderate and Three Low Income Housing Units at 4043 Irving Place; (2) Approval and Adoption of the Mitigated Negative Declaration and Mitigation Monitoring Program; and (3) Approval of a Related Budget Amendment.**

ATTACHMENTS

City of Culver City, California
Agenda Item Report

ATTACHMENT 1

Meeting Date: 07/26/10	Item Number: A-1
REDEVELOPMENT AGENCY BOARD AGENDA ITEM: (1) Approval of an Affordable Housing Agreement with 4043 Irving Place Investors, LLC. to Create Nine Moderate and Three Low Income Housing Units at 4043 Irving Place; (2) Approval and Adoption of the Mitigated Negative Declaration and Mitigation Monitoring Program; and (3) Approval of a Related Budget Amendment.	
Contact Person/Dept.: Todd Tipton, Redevelopment Administrator, Tevis Barnes, Housing Division Manager	Phone Number: (310) 253-5783 and 5782
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: [X]
Commission Action Required: Yes [] No [X]	Date: ________________
Public Notification: (USPS) All businesses, occupants and property owners within a 500 foot radius of the site (07/12/10); (E-Mail) Meetings and Agendas – Redevelopment Agency (07/21/10).	
Department Approval: Sol Blumenfeld: (07/14/10)	Agency General Counsel Approval: Murray Kane: (07/22/10)
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (07/22/10)	Executive Director Approval: P. Lamont Ewell (07/22/10)

RECOMMENDATION:

Staff recommends the Redevelopment Agency Board (Agency Board) approve an Affordable Housing Agreement with 4043 Irving Place Investors, LLC. (Developer) to provide approximately $6 million in funding for the creation of nine moderate and three low income housing units at 4043 Irving Place (Property).

BACKGROUND:

In 2008, the Agency Board adopted a Comprehensive Housing Strategy (CHS) that outlines the allocation of Housing Set Aside Funds to satisfy the requirements of the Regional Housing Needs Assessment (RHNA), State Housing Element Law and California's Community Redevelopment Law. The CHS is based on the concept of providing mixed-income, low-density, scattered site affordable housing developments.

On December 15, 2008, the City Council voted to allow construction of a mixed-use project with 28 residential units, one 1,403 square foot commercial unit and 66 subterranean parking spaces on the Property. The building height was limited to 45 feet. At that same meeting, the City Council, as lead agency, made certain findings and adopted a Mitigated Negative Declaration and Mitigation Monitoring program for the project. The proposed Agreement does not change the approved plans for the project (including, but not limited to, number of units, parking spaces, building height, building envelope, and setbacks).

In early 2010, the Developer requested that the Agency Board consider participating in the development by creating affordable housing units within the project. The Agency Board's participation would restrict 12 of the 28 housing units to income eligible tenants. The remaining 16 units would remain market rate units.

DISCUSSION:

If the Agency Board were to approve 12 affordable units, the units would be comprised of 9 moderate income units (e.g., $67,000 maximum annual income, based upon 2010 limits for a three-person household) and 3 low income units (e.g., $59,650 maximum annual income, based upon 2010 limits for a three-person household). The 9 moderate units would be comprised of 5 one bedroom and 4 two bedroom units and the 3 low income units would be comprised of 1 one bedroom and 2 two bedroom units. In consideration for Agency assistance, the affordable units would be subject to covenants restricting rents to the maximum allowable under Community Redevelopment Law for Los Angeles County based upon limits published by the California Department of Housing and Community Development (HCD).

The total amount of assistance required is approximately $6 million. Assistance is necessary due to the existence of both a Feasibility and Affordability gap. The Affordability Gap (approx. $2.6 million) results due to the property owner discounting the rents for the 12 affordable units and the Feasibility Gap (approx. $3.4 million) results from the property owner foregoing the potential to convert the units to condominiums during the 55-year covenant period. The Agency's financial analyst, Keyser Marston Associates ("KMA"), has reviewed the property owner's proposal and believes the amount of assistance to be accurate.

The proposed deal points are as follows:

1. The units would be secured for 55 years via income and affordability covenants. The covenants will be superior to any third party financing including first trust deeds so that it will not be eliminated in the event of a default.
2. The property would not be transferrable without permission from the Agency Executive Director, based upon the proposed transferee's qualifications, financial capability and experience.
3. The Affordability Gap would be funded in the form of a $2,626,000 grant or forgivable loan and is conditioned on recordation of Affordable Covenants.
4. The Feasibility Gap would be funded in the form of a $3,366,000 loan with a 1.5% interest rate (payable from 25% of the net cash flow generated by the project each year). The Agency loan shall be subordinated to any construction and permanent loans.

5. The loan would be secured by a subordinate trust deed on the property, and other security documents.
6. Agency funds would be deposited in an escrow account and distributed proportionally with the construction loan in accordance with an Intercreditor Agreement.
7. Change orders that alter the predetermined size, layout, appliances, fixtures and finishes of the affordable units will not be permitted during the construction process without Agency approval. The Agency will receive 50 percent of any cost savings that occur during construction, to be applied toward repayment of the Agency Loan.
8. The Agency would receive 50 percent of any revenues generated through the sale or a cash-out refinancing of the Property. The maximum loan-to-value ratio at the time the property is refinanced and net revenues are generated is 75 percent, unless the Agency Executive Director agrees otherwise.
9. The Developer will be required to reimburse the Agency up to $75,000 (subject to cost verification) in the event of agreement termination prior to the closing of construction financing.
10. Construction is scheduled to begin in October 2011 and conclude in April 2013.
11. The Developer will be obligated to give priority in renting the affordable units to three groups, (i) first, persons who have been displaced by activities of the City or the Agency, (ii) second, employees of the City and the Culver City Unified School District, and (iii) third, persons on the Agency's Rental Assistance Program Waiting List. The priority to be given to employees of the City and the School District will promote the public welfare by helping to assure that City and School District employees have adequate opportunities to live in the community they serve.
12. The Agency will monitor the project to assure that the Developer is complying with the rent and income restrictions on the affordable units and with the approved Management Plan and Maintenance Program. The Developer will pay a $5,000 annual monitoring fee to the Agency to help offset the Agency's costs in this regard.

FISCAL ANALYSIS:

The approximate $6 million in proposed financial assistance equates to $499,000 per affordable unit. Assuming an average unit size of 1,200 square feet, this equates to a per square foot cost of $416. This amount is in an affordable unit cost range that is consistent with what Santa Monica ($460 per square foot) expends on affordable units and what the Agency Board will likely spend on the Globe Avenue project ($433 per square foot).

The financial assistance will be funded from the Low/Moderate Income Housing Fund (LMIHF), which has an available appropriable balance of approximately $16 million. The available appropriable balance is the amount available after making the $11 million loan to the Redevelopment Agency to pay their FY 2009-10 SERAF obligation. Should the Agency Board approve the requested financial assistance, the available appropriable balance would decrease to approximately $10 million, then increase incrementally over the next five years as the SERAF loan is repaid to the LMIHF.

ATTACHMENTS:

1. Draft Affordable Housing Agreement
2. Correspondence
3. Mitigated Negative Declaration and Mitigation Monitoring Program

MOTION:

That the Agency Board:

1. Approve and adopt the Mitigated Negative Declaration and Mitigation Monitoring Program for the project, in the form previously adopted by the City Council; and,

2. Approve a Budget Amendment appropriating $6 million from the Low/Moderate Income Housing Fund pursuant to the Affordable Housing Agreement; and,

3. Approve an Affordable Housing Agreement with 4043 Irving Place Investors, LLC. to create nine Moderate and three Low Income affordable housing units at 4043 Irving Place; and,

4. Authorize the Agency General Counsel to review/prepare the necessary documents; and,

5. Authorize the Executive Director to execute such documents on behalf of the Agency.

The Downtown Neighborhood Association ("DNA") presented the following questions during the August 2, 2010 meeting with staff and Keyser Marston Associates ("KMA"):

1. We would like a more detailed Development Budget.

Response: Staff is utilizing cost and revenue data based upon industry standards prepared by KMA. KMA's figures were provided to the DNA during the 8/2 meeting. The Developer has explained that a detailed project budget will be prepared when construction documents are completed prior to construction.

2. We took a look at the analysis and noticed the Residential Rental Income values are based upon numbers provided by the developer. We are assuming that these numbers have been affirmed through an independent market study and we'd like a copy of that Study. f there is no rental comp market Study we would like for one to be done in due diligence.

Response: KMA has verified that rents supplied by the developer are comparable with other Westside developments. Staff is currently compiling comparable rental rates for units located in Culver City and nearby communities. The study will be attached to the Agency Agenda Item Report.

3. May we have a list of projects the Redevelopment Agency has funded with the 20% set aside money in the last 5 years?

Response: A copy of the Housing Division budget was provided, which identifies the programs funded with the Low Moderate Income Housing Fund. The Set Aside funds have not been used to create new affordable housing in the last five years and instead have been allocated to programs to preserve affordable units.

   a. We understand $16M is currently the 20% set aside at the Redevelopment Agency – are there any restrictions on the use of this money – as in timetables, etc.?

Response: There are no restrictions on the use of the set aside funds other than to provide affordable housing as defined in California Redevelopment law.

4. Who's going to monitor the affordable housing aspect of this development,

Response: Housing Division staff will monitor the affordable housing aspect of the development. Documents used by the Housing Division to monitor affordable housing units were provided to the DNA on 8/4.

5. May we have a copy of the Conditional Use Plan (CUP) on this development?

Response: The CUP was provided to the DNA on 8/4.

6. Who is Sal & George's property management company/ We'd like a list of that company's qualifications, including:

    a. How many units do they manage?

Response: The Developer indicates that they presently manage over 250 units for their own account. Staff has met with the Developer's property manager and inspected various properties, which were well managed and maintained.

    b. How many are owned by George & Sal?

Response: On a cumulative basis the Developer owns more than 800 units.

    c. How long have they been in the Management business?

Response: The Developer indicates that they have been in the management business over 20 years.

    d. Do they have experience in oversight and management of inclusionary or deed restricted AH and what is the experience?

Response: The Developer indicates that they do have experience managing over 250 deed restricted and Section 8 units.

7. We like to see Sal & George's resume including:
    a. How many buildings do they own?

Response: On a cumulative basis the Developer owns more than 800 units.

    b. How many projects have they built recently?

Response: The Developer indicates that they recently constructed a 25 unit project in Marin County. Additionally, the Developer intends to construct this project and another project located in Pasadena.

    c. Who's their contractor?

Response: The Developer indicates that they utilize contractors with experience related to the project being constructed.

    d. Did they come in on budget?

Response: The Developer indicates that past projects have always been completed within the original or revised budgets (due to scope changes made in the field), that they have never defaulted on a construction loan and have repaid all constructions loans.

e. Do they own properties that are inclusionary or deed restricted AH?

Response: The Developer has indicated that they own properties that include deed restricted affordable units.

8. What are the replacement and operating reserves being required of this operation?

Response: The replacement and operating reserves being provided for the residential component of the project are $5,600 annually. This is expected to be sufficient due to the project being newly constructed and consistent with conventional underwriting for projects of this nature.

9. Who is going to develop the project's rental waiting list?

Response: The project's rental waiting list will be developed cooperatively between the Developer and Agency staff. Tenant selection will be the Developer's responsibility.

TABLE 1

SUMMARY TABLE
28 MARKET RATE APARTMENT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

		28 Market Rate Units	9 Moderate + 3 Low Income Units
	Development Costs		
I.	**Land Assemblage Costs**	$2,923,000	$2,923,000
II.	**Construction Costs**		
	Direct Costs	$8,188,000	$8,188,000
	Indirect Costs	1,657,000	1,654,000
	Financing Costs	914,000	862,000
	Total Construction Costs	$10,759,000	$10,704,000
III.	**Total Development Cost**	$13,682,000	$13,627,000
	Net Operating Income		
I.	**Revenue**		
	Residential	$1,153,000	$871,700
	Commercial	50,500	50,500
	Total Revenue	$1,203,500	$922,200
	(Less) Vacancy & Collection Allow.	(60,200)	(46,100)
	Effective Gross Income	$1,143,300	$876,100
II.	**Operating Expenses**		
	Residential		
	General Expenses	117,600	117,600
	Management	54,800	41,400
	Property Tax Expenses	143,000	103,700
	Commercial	2,600	2,600
	Total Operating Expenses	($318,000)	($265,300)
III.	**Net Operating Income**	$825,300	$610,800
	Financial Gap Calculations		
I.	**Supportable Private Investment**	$10,316,000	$7,635,000
II.	**Total Development Cost**	$13,682,000	$13,627,000
III.	**Total Gap**	$3,366,000	$5,992,000
	Feasibility Gap	$3,366,000	$3,366,000
	Affordability Gap	N.A.	$2,626,000
IV.	**Gap Per Affordale Unit**		
	Total Gap		$499,000
	Affordability Gap		$219,000

Prepared by: Keyser Marston Associates, Inc.
File Name: Irving_8_2_10; Alt Sum

TABLE 2

ATTACHMENT 3

RENT COMPARISONS
28 MARKET RATE APARTMENT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

	Unit Type	
	1-Bdrm @ 964 Square Feet	2-Bdrm @ 1,269 Square Feet
I. Market Rent vs Moderate Income Rent		
Market Rent	$2,835 [1]	$3,516 [2]
Moderate Income Rent	1,313	1,468
Difference	$1,522	$2,048
II. Market Rent vs Low Income Rent		
Market Rent	$2,835 [1]	$3,516 [2]
Low Income Rent	692	770
Difference	$2,144	$2,747

1 The rent equates to $2.94 / square foot of living area.
2 The rent equates to $2.77 / square foot of living area.

APPENDIX A
PRO FORMA ANALYSIS
28 MARKET RATE APARTMENT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

APPENDIX A - TABLE 1 ATTACHMENT 3

ESTIMATED DEVELOPMENT COSTS
28 MARKET RATE APARTMENT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Land Assemblage Costs** [1]	24,014	Sf of Land	$122	/Sf of Land	$2,923,000	
II.	**Direct Costs** [2]	34,769	Sf of GLA			$8,188,000	
III.	**Indirect Costs** [3]	20.2%	Direct Costs			$1,657,000	
IV.	**Financing Costs** [4]	11.2%	Direct Costs			$914,000	
V.	**Total Construction Cost**	28	Units	$384,000	/Unit		$10,759,000
	Total Development Cost	28	Units	$489,000	/Unit		$13,682,000

[1] Consists of $3.2 million acquisition costs; minus $577,000 purchase price reduction; plus $300,000 in sunk predevelopment costs.

[2] Costs include on-site improvements, parking, building, tenant improvements, contractors' costs and a hard cost contingency allowance.

[3] Costs include architecture, engineering & consulting; public permits and fees; taxes, legal and accounting; marketing and leasing; Developer Fee; and a soft cost contingency allowance.

[4] Includes construction period interest, loan origination fees and a contribution to a capital reserve account.

APPENDIX A - TABLE 2

ATTACHMENT 3

STABILIZED NET OPERATING INCOME
28 MARKET RATE APARTMENT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I. Residential Rental Income [1]						
1-Bdrm @ 964 Square Feet	8	Units @	$2,835	/Month	$272,200	
2-Bdrm @ 1,269 Square Feet	13	Units @	$3,516	/Month	548,500	
2-Bdrm + Loft @ 1,554 Square Feet	4	Units @	$3,885	/Month	186,500	
3-Bdrm @ 1,448 Square Feet	3	Units @	$3,910	/Month	140,800	
Laundry/Miscellaneous Income	28	Units @	$15	/Month	5,000	
Gross Income					$1,153,000	
(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(57,700)	
Residential Effective Gross Income						$1,095,300
II. Commercial Rental Income						
Rental Income	1,403	/Sf of GLA	$3.00	/Sf	$50,500	
(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(2,500)	
Commercial Effective Gross Income						$48,000
III. Operating Expenses						
Residential						
General Operating Expenses	28	Units @	$4,000	/Unit	$112,000	
Property Management	5%	Residential Effective Gross Income			54,800	
Property Taxes [2]	28	Units @	$5,107	/Unit	143,000	
Reserves Deposits	28	Units @	$200	/Unit	5,600	
Commercial						
Management	5%	Commercial Effective Gross Income			2,400	
Reserve for Capital Repairs	1,403	/Sf of GLA	$0.15	/Sf	200	
Total Operating Expenses	28	Units @	($9,307)	/Unit		($318,000)
IV. Net Operating Income						$825,300

[1] Based on Developer estimates. Rents range from $1.80 to $3.01/Sf of GLA.

[2] Based on a 6% capitalization rate and a 1.1% property tax rate.

APPENDIX A - TABLE 3

ATTACHMENT 3

FEASIBILITY GAP CALCULATION
28 MARKET RATE APARTMENT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Supportable Private Investment**				
	Net Operating Income	See APPENDIX A - TABLE 2		$825,300	
	Threshold Return on Cost			8.0%	
	Total Supportable Private Investment				$10,316,000
II.	**Total Development Cost**	See APPENDIX A - TABLE 1			$13,682,000
III.	**Feasibility Gap**	28 Units	($120,000) /Unit		($3,366,000)
IV.	**Actual Return on Cost**				
	Net Operating Income	See APPENDIX A - TABLE 2		$825,300	
	Total Development Cost	See APPENDIX A - TABLE 1		$13,682,000	
	Actual Return on Cost				6.0%

ATTACHMENT 3

APPENDIX B
PRO FORMA ANALYSIS
16 MKT RATE; 9 MOD INCOME; & 3 LOW INC APT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

APPENDIX B - TABLE 1

ESTIMATED DEVELOPMENT COSTS
16 MKT RATE; 9 MOD INCOME; & 3 LOW INC APT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Land Assemblage Costs** [1]	24,014	Sf of Land	$122	/Sf of Land	$2,923,000	
II.	**Direct Costs** [2]	34,769	Sf of GLA	$235	/Sf	$8,188,000	
III.	**Indirect Costs** [3]	20.2%	Direct Costs			$1,654,000	
IV.	**Financing Costs** [4]	10.5%	Direct Costs			$862,000	
V.	**Total Construction Cost**	28	Units	$382,000	/Unit		$10,704,000
	Total Development Cost	28	Units	$487,000	/Unit		$13,627,000

[1] Consists of $3.2 million acquisition costs; minus $577,000 purchase price reduction; plus $300,000 in sunk predevelopment costs.

[2] Costs include on-site improvements, parking, building, tenant improvements, contractors' costs and a hard cost contingency allowance.

[3] Costs include architecture, engineering & consulting; public permits and fees; taxes, legal and accounting; marketing and leasing; Developer Fee; and a soft cost contingency allowance.

[4] Includes construction period interest, loan origination fees and a contribution to a capital reserve account.

APPENDIX B - TABLE 2

ATTACHMENT 3

STABILIZED NET OPERATING INCOME
16 MKT RATE; 9 MOD INCOME; & 3 LOW INC APT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Residential Rental Income** [1]						
	Market						
	1-Bdrm @ 964 Square Feet	2	Units @	$2,835	/Month	68,000	
	2-Bdrm @ 1,269 Square Feet	7	Units @	$3,516	/Month	295,300	
	2-Bdrm + Loft @ 1,554 Square Feet	4	Units @	$3,885	/Month	186,500	
	3-Bdrm @ 1,448 Square Feet	3	Units @	$3,910	/Month	140,800	
	Moderate Income						
	1-Bdrm @ 964 Square Feet	5	Units @	$1,313	/Month	78,800	
	2-Bdrm @ 1,269 Square Feet	4	Units @	$1,468	/Month	70,500	
	Low Income						
	1-Bdrm @ 964 Square Feet	1	Unit @	$692	/Month	8,300	
	2-Bdrm @ 1,269 Square Feet	2	Units @	$770	/Month	18,500	
	Laundry/Miscellaneous Income	28	Units @	$15	/Month	5,000	
	Gross Income					$871,700	
	(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(43,600)	
	Residential Effective Gross Income						$828,100
II.	**Commercial Rental Income**						
	Rental Income	1,403	/Sf of GLA	$3.00	/Sf	$50,500	
	(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(2,500)	
	Commercial Effective Gross Income						$48,000
III.	**Operating Expenses**						
	Residential						
	General Operating Expenses	28	Units @	$4,000	/Unit	$112,000	
	Property Management	5%	Residential Effective Gross Income			41,400	
	Property Taxes [2]	28	Units @	$3,704	/Unit	103,700	
	Reserves Deposits	28	Units @	$200	/Unit	5,600	
	Commercial						
	Management	5%	Commercial Effective Gross Income			2,400	
	Reserve for Capital Repairs	1,403	/Sf of GLA	$0.15	/Sf	200	
	Total Operating Expenses	28	Units @	($7,904)	/Unit		($265,300)
IV.	**Net Operating Income**						$610,800

[1] Market rate rents based on Developer estimates. Rents range from $1.80 to $3.01/Sf of GLA. Income restricted rents based on the calculation methodology defined in California Health & Safety Code Section 50053. Monthly utilities allowances set at: Studio @ 633 Square Feet - $39; 1-Bdrm @ 964 Square Feet - $54; and 2-Bdrm @ 1,269 Square Feet - $69.

[2] Based on a 6% capitalization rate and a 1.1% property tax rate.

APPENDIX B - TABLE 3

FINANCIAL GAP CALCULATIONS
16 MKT RATE; 9 MOD INCOME; & 3 LOW INC APT UNITS & 1,403 SF COMMERCIAL SPACE
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Supportable Private Investment**					
	Net Operating Income	See APPENDIX B - TABLE 2		$610,800		
	Threshold Return on Cost			8.0%		
	Total Supportable Private Investment				$7,635,000	
II.	**Total Development Cost**	See APPENDIX B - TABLE 1			$13,627,000	
III.	**Total Financial Gap**	12 Aff Units	($499,000) /Unit			($5,992,000)
	Feasibility Gap				($3,366,000)	
	Affordability Gap	12 Aff Units	($219,000) /Unit		($2,626,000)	

TABLE 1

ATTACHMENT 4

SUMMARY TABLE
28 UNITS - MARKET RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

		28 Market Rate Units	9 Moderate + 3 Low Income Units
	Development Costs		
I.	**Land Assemblage Costs**	$2,923,000	$2,923,000
II.	**Construction Costs**		
	Direct Costs	$8,188,000	$8,188,000
	Indirect Costs	1,653,000	1,652,000
	Financing Costs	851,000	826,000
	Total Construction Costs	$10,692,000	$10,666,000
III.	**Total Development Cost**	$13,615,000	$13,589,000
	Net Operating Income		
I.	**Revenue**		
	Residential	$817,000	$679,700
	Commercial	50,500	50,500
	Total Revenue	$867,500	$730,200
	(Less) Vacancy & Collection Allow.	(43,400)	(36,500)
	Effective Gross Income	$824,100	$693,700
II.	**Operating Expenses**		
	Residential		
	General Expenses	$117,600	$117,600
	Management	38,800	32,300
	Property Tax Expenses	96,000	76,800
	Commercial	2,600	2,600
	Total Operating Expenses	($255,000)	($229,300)
III.	**Net Operating Income**	$569,100	$464,400
	Financial Gap Calculations		
I.	**Supportable Private Investment**	$8,130,000	$6,634,000
II.	**Total Development Cost**	$13,615,000	$13,589,000
III.	**Total Gap**	$5,485,000	$6,955,000
	Feasibility Gap	$5,485,000	$5,485,000
	Affordability Gap	N.A.	$1,470,000
IV.	**Gap Per Affordale Unit**		
	Total Gap		$580,000
	Affordability Gap		$123,000

Prepared by: Keyser Marston Associates, Inc.
File Name: Irving_8_2_10 - $1,000.xls; Alt Sum

TABLE 2

ATTACHMENT 4

RENT COMPARISONS
28 UNITS - MARKET RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

	Unit Type: 1-Bdrm @ 964 Square Feet	Unit Type: 2-Bdrm @ 1,269 Square Feet
I. Market Rent vs Moderate Income Rent		
Market Rent	$1,835 [1]	$2,516 [2]
Moderate Income Rent	1,313	1,468
Difference	$522	$1,048
II. Market Rent vs Low Income Rent		
Market Rent	$1,835 [1]	$2,516 [2]
Low Income Rent	692	770
Difference	$1,144	$1,747

[1] The rent equates to $1.90 / square foot of living area.
[2] The rent equates to $1.98 / square foot of living area.

Prepared by: Keyser Marston Associates, Inc.
File Name: Irving_8_2_10 - $1,000.xls; Rent Sum

APPENDIX A
PRO FORMA ANALYSIS
28 MARKET RATE APARTMENT UNITS - RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

ATTACHMENT 4

ESTIMATED DEVELOPMENT COSTS
28 MARKET RATE APARTMENT UNITS - RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Land Assemblage Costs** [1]	24,014	Sf of Land	$122	/Sf of Land	$2,923,000	
II.	**Direct Costs** [2]	34,769	Sf of GLA			$8,188,000	
III.	**Indirect Costs** [3]	20.2%	Direct Costs			$1,653,000	
IV.	**Financing Costs** [4]	10.4%	Direct Costs			$851,000	
V.	**Total Construction Cost**	28	Units	$382,000	/Unit		$10,692,000
	Total Development Cost	28	Units	$486,000	/Unit		$13,615,000

[1] Consists of $3.2 million acquisition costs; minus $577,000 purchase price reduction; plus $300,000 in sunk predevelopment costs.

[2] Costs include on-site improvements, parking, building, tenant improvements, contractors' costs and a hard cost contingency allowance.

[3] Costs include architecture, engineering & consulting; public permits and fees; taxes, legal and accounting; marketing and leasing; Developer Fee; and a soft cost contingency allowance.

[4] Includes construction period interest, loan origination fees and a contribution to a capital reserve account.

STABILIZED NET OPERATING INCOME
28 MARKET RATE APARTMENT UNITS - RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Residential Rental Income** [1]						
	1-Bdrm @ 964 Square Feet	8	Units @	$1,835	/Month	$176,200	
	2-Bdrm @ 1,269 Square Feet	13	Units @	$2,516	/Month	392,500	
	2-Bdrm + Loft @ 1,554 Square Feet	4	Units @	$2,885	/Month	138,500	
	3-Bdrm @ 1,448 Square Feet	3	Units @	$2,910	/Month	104,800	
	Laundry/Miscellaneous Income	28	Units @	$15	/Month	5,000	
	Gross Income					$817,000	
	(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(40,900)	
	Residential Effective Gross Income						$776,100
II.	**Commercial Rental Income**						
	Rental Income	1,403	/Sf of GLA	$3.00	/Sf	$50,500	
	(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(2,500)	
	Commercial Effective Gross Income						$48,000
III.	**Operating Expenses**						
	Residential						
	General Operating Expenses	28	Units @	$4,000	/Unit	$112,000	
	Property Management	5%	Residential Effective Gross Income			38,800	
	Property Taxes [2]	28	Units @	$3,429	/Unit	96,000	
	Reserves Deposits	28	Units @	$200	/Unit	5,600	
	Commercial						
	Management	5%	Commercial Effective Gross Income			2,400	
	Reserve for Capital Repairs	1,403	/Sf of GLA	$0.15	/Sf	200	
	Total Operating Expenses	28	Units @	($7,629)	/Unit		($255,000)
IV.	**Net Operating Income**						$569,100

[1] Based on Developer estimates -$1,000.00 per month. Rents range from $1.36 to $2.01/Sf of GLA.
[2] Based on a 6% capitalization rate and a 1.1% property tax rate.

FEASIBILITY GAP CALCULATION
28 MARKET RATE APARTMENT UNITS - RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Supportable Private Investment**				
	Net Operating Income	See APPENDIX A - TABLE 2	$569,100		
	Threshold Return on Cost		7.0%		
	Total Supportable Private Investment			$8,130,000	
II.	**Total Development Cost**	See APPENDIX A - TABLE 1		$13,615,000	
III.	**Feasibility Gap**	28 Units	($196,000) /Unit		($5,485,000)
IV.	**Actual Return on Cost**				
	Net Operating Income	See APPENDIX A - TABLE 2	$569,100		
	Total Development Cost	See APPENDIX A - TABLE 1	$13,615,000		
	Actual Return on Cost			4.2%	

APPENDIX B
PRO FORMA ANALYSIS
16 MKT RATE; 9 MOD INCOME; & 3 LOW INC APT UNITS - RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

APPENDIX B - TABLE 1

ATTACHMENT 4

ESTIMATED DEVELOPMENT COSTS
16 MKT RATE; 9 MOD INCOME; & 3 LOW INC APT UNITS - RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Land Assemblage Costs** [1]	24,014	Sf of Land	$122	/Sf of Land	$2,923,000	
II.	**Direct Costs** [2]	34,769	Sf of GLA	$235	/Sf	$8,188,000	
III.	**Indirect Costs** [3]	20.2%	Direct Costs			$1,652,000	
IV.	**Financing Costs** [4]	10.1%	Direct Costs			$826,000	
V.	**Total Construction Cost**	28	Units	$381,000	/Unit		$10,666,000
	Total Development Cost	28	Units	$485,000	/Unit		$13,589,000

[1] Consists of $3.2 million acquisition costs; minus $577,000 purchase price reduction; plus $300,000 in sunk predevelopment costs.

[2] Costs include on-site improvements, parking, building, tenant improvements, contractors' costs and a hard cost contingency allowance.

[3] Costs include architecture, engineering & consulting; public permits and fees; taxes, legal and accounting; marketing and leasing; Developer Fee; and a soft cost contingency allowance.

[4] Includes construction period interest, loan origination fees and a contribution to a capital reserve account.

STABILIZED NET OPERATING INCOME
16 MKT RATE; 9 MOD INCOME; & 3 LOW INC APT UNITS - RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Residential Rental Income** [1]						
	Market						
	1-Bdrm @ 964 Square Feet	2	Units @	$1,835	/Month	44,000	
	2-Bdrm @ 1,269 Square Feet	7	Units @	$2,516	/Month	211,300	
	2-Bdrm + Loft @ 1,554 Square Feet	4	Units @	$2,885	/Month	138,500	
	3-Bdrm @ 1,448 Square Feet	3	Units @	$2,910	/Month	104,800	
	Moderate Income						
	1-Bdrm @ 964 Square Feet	5	Units @	$1,313	/Month	78,800	
	2-Bdrm @ 1,269 Square Feet	4	Units @	$1,468	/Month	70,500	
	Low Income						
	1-Bdrm @ 964 Square Feet	1	Unit @	$692	/Month	8,300	
	2-Bdrm @ 1,269 Square Feet	2	Units @	$770	/Month	18,500	
	Laundry/Miscellaneous Income	28	Units @	$15	/Month	5,000	
	Gross Income					$679,700	
	(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(34,000)	
	Residential Effective Gross Income						$645,700
II.	**Commercial Rental Income**						
	Rental Income	1,403	/Sf of GLA	$3.00	/Sf	$50,500	
	(Less) Vacancy & Collection Allow.	5.0%	Gross Income			(2,500)	
	Commercial Effective Gross Income						$48,000
III.	**Operating Expenses**						
	Residential						
	General Operating Expenses	28	Units @	$4,000	/Unit	$112,000	
	Property Management	5%	Residential Effective Gross Income			32,300	
	Property Taxes [2]	28	Units @	$2,743	/Unit	76,800	
	Reserves Deposits	28	Units @	$200	/Unit	5,600	
	Commercial						
	Management	5%	Commercial Effective Gross Income			2,400	
	Reserve for Capital Repairs	1,403	/Sf of GLA	$0.15	/Sf	200	
	Total Operating Expenses	28	Units @	($6,943)	/Unit		($229,300)
IV.	**Net Operating Income**						$464,400

[1] Market rate rents based on Developer estimates - $1,000/month. Rents range from $1.36 to $2.01/Sf of GLA. Income restricted rents based on the calculation methodology defined in California Health & Safety Code Section 50053. Monthly utilities allowances set at: Studio @ 633 Square Feet - $39; 1-Bdrm @ 964 Square Feet - $54; and 2-Bdrm @ 1,269 Square Feet - $69.

[2] Based on a 6% capitalization rate and a 1.1% property tax rate.

FINANCIAL GAP CALCULATIONS
16 MKT RATE; 9 MOD INCOME; & 3 LOW INC APT UNITS - RENTS REDUCED BY $1,000 / MONTH
4043 IRVING APARTMENT PROJECT
CULVER CITY, CALIFORNIA

I.	**Supportable Private Investment**							
	Net Operating Income	See APPENDIX B - TABLE 2			$464,400			
	Threshold Return on Cost				7.0%			
	Total Supportable Private Investment						$6,634,000	
II.	**Total Development Cost**	See APPENDIX B - TABLE 1					$13,589,000	
III.	**Total Financial Gap**	12	Aff Units	($580,000)	/Unit			($6,955,000)
	Feasibility Gap						($5,485,000)	
	Affordability Gap	12	Aff Units	($123,000)	/Unit		($1,470,000)	

Culver CITY ATTACHMENT 5

REDEVELOPMENT AGENCY

INTEROFFICE MEMORANDUM

DATE: August 4, 2010

TO: HONORABLE CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

THROUGH: Martin Cole, Interim Executive Director

FROM: Sol Blumenfeld, Assistant Executive Director
Todd Tipton, Redevelopment Administrator
Kriss Casanova, Economic Development Manager

RE: 4043 Irving – Comparable Market Rents

The purpose of this memorandum is to identify market rents for properties in the Culver City area. As indicated in the August 9, 2010 Agency Agenda Item Report, the Downtown Neighborhood Association ("DNA") has expressed concern that the market rents provided by the developer of the 4043 Irving Project (the "Project") were too high for the area. The proposed unit count and market rents for the Project are as follows:

- (8) One bedroom – $2,835
- (13)Two bedroom - $3,516
- (4) Two bedroom with loft - $3,885
- (3) Three bedroom - $3,910

Based on the attached data, it is difficult to draw a direct comparison to the 4043 project due to the lack of new housing in Culver City[1]. The attached information was obtained by utilizing Trulia, an onsite real estate search site, to identify rental properties that are available in Culver City, Palms, Glencoe/Redwood and Playa Vista. Staff's research indicates the following:

Culver City

Age of units identified: 1964-1992

Market Rents for units identified:

- One bedroom - $950 - $1,318
- Two bedroom - $1,800 to $2,350
- Three bedroom - $2,200 to $3,650

Palms

Age of units identified: information not available.

Market rents for units identified:

- One bedroom - $1,325 - $1,475
- Two bedroom - $1,275 - $3,000
- Three bedroom - $1,750

Glencoe/Redwood

Age of units identified:
approx. early 1970's - 2008

Market rents for units identified:

- One bedroom - $1,249 - $1,375
- Two bedroom - $2,299 to $4,305
- Three bedroom - $2,295 to $2,695[2] (these units are considerable older)

Playa Vista

Age of units identified: 2003 - 2006

Market rents for units identified:

- One bedroom - $1,800 - $2,129
- Two bedroom - $2,595 to $4,300
- Three bedroom - $4,750

Summary

Staff and KMA have analyzed the market rent proposed by the Project developer and believe them to be realistic due to them being newly constructed, adjacent to downtown and adjacent to major employers like Sony, Culver Studios and Brotman.

As stated in the staff report, the entity that finances the project will ultimately determine rent projections as part of their underwriting process. If the financing entity concludes that the Developer's rent projections are unrealistic, the lender will reduce the amount of financing that it will approve for the project. If sufficient funding is not provided, then the Project will not be constructed and the Affordable Housing Agreement will terminate without any assistance being provided.

If the lender accepts the rent projections, and the actual rents are dramatically less than the projections, negative cash flows may be experienced. If this occurs over a protracted period of time, the Developer may increase his equity contribution or find it advantageous to allow the project to be foreclosed upon. If foreclosed upon, the financing entity would take the property back and resell it at a price that was supported by the actual net operating income. However, the new owner would be subject to the deed restrictions on the 12 affordable units, including the management, maintenance and reporting obligations.

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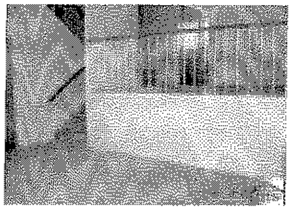
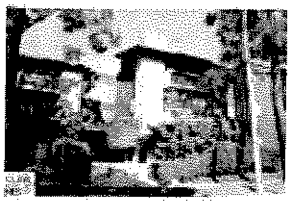
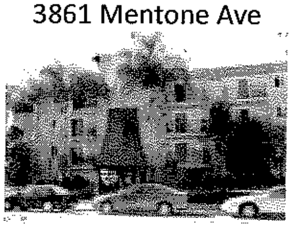
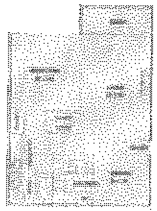
[1] The only new multiple-family housing project constructed recently in Culver City is located at 9900 Culver Boulevard. The project is a for sale condominium project so it does not appear in this memorandum. However, staff asked the real estate agent marketing the property what a two-bedroom unit would rent for if they were available and the agent indicated approximately $5,000 per month.

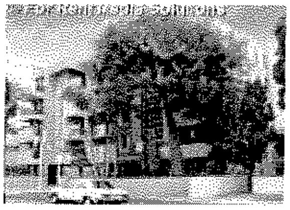
[2] As depicted in the photograph, the three-bedroom units appear to be considerably older than the two-bedroom units.

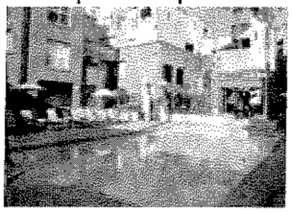
Culver City Comps

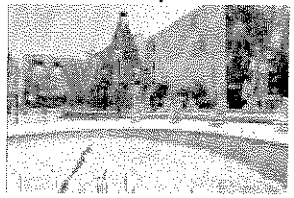
ATTACHMENT 5

$1,900 /mo 5215 Sepulveda Blvd #14B,  2 br / 2 full, 1 partial ba Year Built: 1964	**$2,595 /mo** 11260 Overland Ave #17c, Culver  3 br / 2 full, 1 partial ba / 1,628 sqft Year Built: 1967	**$3,650 /mo** 6903 Hannum Ave, Culver City  3 br / 3 full, 1 partial ba Year Built: 1992
$2,350 /mo 5215 Sepulveda Blvd #15B  2 br / 2 full, 1 partial ba Year Built: 1964	**$2,600 /mo** 5102 Maytime Ln  3 br / 2 ba Year Built: 1973	**$1,800 /mo** 6050 Canterbury Dr #F209  2 br / 2 ba Year Built: 1971
$1,950 /mo 4900 Overland Ave #182  2 br / 2 ba Year Built: 1973	**$2,200 /mo** 6151 Canterbury Dr #208  3 br / 2 ba Year Built: 1969	**$1,875 /mo** 5650 Cambridge Way  2 br / 1½ ba
$950 /mo 4714 Slauson Ave  1 br / 1 ba	**$1,125 /mo** 3861 Mentone Ave  1 br / 1 ba / 550 sqft	**$1,318 /mo** 6300 Green Valley Cir  1 br / 1 ba / 740 sqft

Palms Comps

$1,475 – $2,050 /mo
Westside Tower at Culver Center

3740 Keystone Ave, Los Angeles CA
1 – 2 br / 1 – 2 ba
550 – 1000 sqft

$1,395 – $2,175 /mo
Centrepointe Apartments

3701 Overland Ave, Los Angeles CA
Studio – 2 br / 1 – 2 ba
810 – 1026 sqft

$1,275 – $1,995 /mo
Woodcliff Apartments

3201 Overland Ave, Los Angeles CA
Studio – 2 br / 1 – 2 ba
500 – 1100 sqft

$1,425 – $1,750 /mo
Hughes Regency Apartments

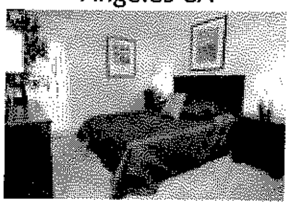
3665 Hughes Ave #304
1 – 2 br / 1 – 2 ba
800 – 1400 sqft

$3,000 /mo
11077 Palms Blvd #304, Los Angeles CA

2 br / 2 ba
Year Built: 1982

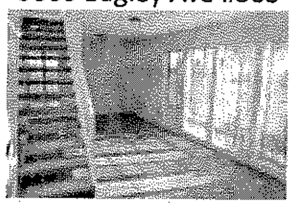
$1,275 /mo
3330 S Sepulveda Blvd, Los Angeles CA

1 br / 1 ba / 760 sqft

$1,495 /mo
3636 S Sepulveda Blvd, Los Angeles CA

1 br / 1 ba

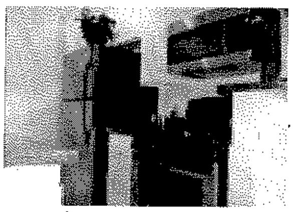
$2,145 /mo
3636 S Sepulveda Blvd, Los Angeles CA

2 br / 2 ba

$1,750 /mo
3600 Bagley Ave #303

3 br / 2 ba

$1,325 /mo
3330 S Sepulveda Blvd

1 br / 1 ba / 740 sqft

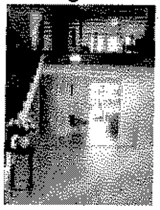
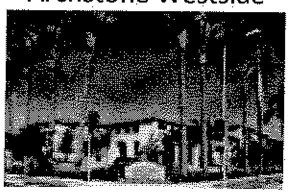
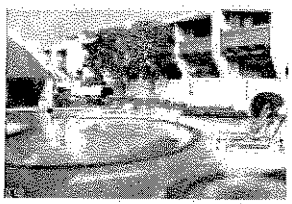
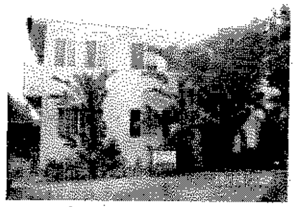
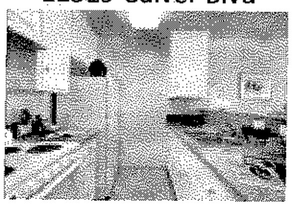
$1,750 /mo
10705 Rose Ave

2 br / 2 ba / 1,000 sqft

$1,400 – $1,750 /mo
10800 Rose Apartments

1 – 2 br / 1 – 2 ba
753 – 1000 sqft

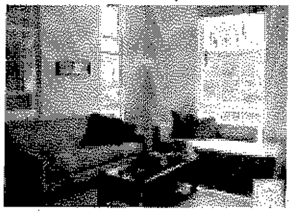
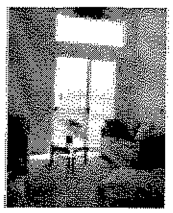
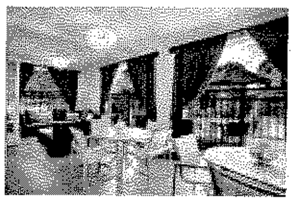
ATTACHMENT 5

Glencoe/Redwood Area (90066) Comps

$3,999 /mo 4133 Redwood Ave, Los Angeles  2 br / 2 ba / 2,200 sqft Year Built: 2008	**$3,595 /mo** 4133 Redwood Ave, Los Angeles  2 br / 2 ba / 1,140 sqft Year Built: 2008	**$3,550 /mo** 4133 Redwood Ave, Los Angeles  2 br / 2 ba / 1,200 sqft Year Built: 2008
3,291 /mo 4055 Redwood Ave, Los Angeles  2 br / 2 full, 1 partial ba / 1,382 sqft	**$3,405 – $4,305 /mo** Forty55 Lofts  4055 Redwood Ave, Los Angeles 2 – Studio / 2 – 3 ba 1282 – 1703 sqft	**$2,299 – $3,330 /mo** Avalon Del Rey  5535 Westlawn Ave, Los Angeles 2 – 3 br / 2 ba 1144 – 1633 sqft
$2,640 – $2,790 /mo Archstone Westside  3165 Sawtelle Blvd, Los Angeles 2 – Studio / 2 ba 1103 – 1149 sqft	**$2,695 /mo** 4906 Mcconnell Ave #12  3 br / 2 full, 1 partial ba	**$2,295 /mo** 12727 Matteson Ave #1  3 br / 3 ba / 1,200 sqft
$1,375 /mo 4856 Centinela Ave  1 br / 1 ba / 650 sqft	**$1,249 /mo** 11519 Culver Blvd  1 br / 1 ba	**$1,250 /mo** 12737 Pacific Ave #8  1 br / 1 ba / 720 sqft

ATTACHMENT 5

Playa Vista Comps

$3,400/mo 13031 Villosa Pl #110  2 br / 2 full, 1 partial ba Year Built: 2006	**$2,950 /mo** 13020 Pacific Promenade #208,  2 br / 2 ba / 1,480 sqft Year Built: 2005	**$3,400 /mo** 13031 Villosa Pl  2 br / 2 full, 1 partial ba / 1,540 sqft
$2,995 /mo 5625 Crescent Park W #312  2 br / 2 ba Year Built: 2003	**$4,750 /mo** 13031 Villosa Pl #443  3 br / 3 ba Year Built: 2006	**$4,295 /mo** 6011 Dawn Crk #8  2 br / 2 full, 1 partial ba Year Built: 2005
$2,595 /mo 6400 Crescent Park E #312  2 br / 2 ba Year Built: 2005	**$4,750 /mo** Villosa  3 br / 2 full, 1 partial ba / 2,850 sqft	**$4,300 /mo** Dawn Crk  2 br / 2 full, 1 partial ba / 2,200 sqft
$1,800 /mo 13200 Pacific Promenade #335  1 br / 1 ba	**$1,995 /mo** 6400 Crescent Park E, Playa Vista CA  1 br / 1 ba / 780 sqft	**$2,129 /mo** 5710 Crescent Park E, Playa Vista CA  1 br / 1 ba / 902 sqft

Source: trulia real estate search

From: Mitsanas, George [mailto:gmitsanas@newmarkrealtycapital.com]
Sent: Wednesday, August 04, 2010 11:05 AM
To: Tipton, Todd; Blumenfeld, Sol
Cc: Sal Gonzales
Subject: 4043 - per your request

ATTACHMENT 6

Dear Todd,

Per your request here is a summary of the information I have provided you during the past several months.

1) Ownership of over 750 residential units located in California, Idaho and Washington. Own retail, office, industrial and hotel properties.
2) Many different projects where we have had project based or tenant based affordable housing components
3) Own the management company for my southern California holdings. My operations manager has extensive affordable housing management experience.
4) Experienced in selecting and overseeing third party management companies.
5) Never defaulted on a loan. No BK, etc. Strong banking references.
6) Banking and lending relationships include Wells Fargo, Citibank, Chase, Deutsche Bank, Fannie Mae, Freddie Mac, 1st Century Bank, Bay Cities Bank and Midland.
7) On a professional note, have been a commercial mortgage (Investment) banker for about 21 years. Essentially been with the same group of bankers throughout this entire period. We have capitalized billions of dollars of multi-family projects throughout the nation but mostly here on the west coast. Have dealt with a number of redevelopment agencies (or equivalent). My resume posted on our website is below.
8) George H. Mitsanas, a Principal of Newmark Realty Capital, Inc., is a founder of Newmark's Southern California operations. Previously, George was a Senior Vice President and Loan Officer with Churchill Mortgage Corporation for fifteen years; a C.P.A. at Deloitte & Touché; and licensed real estate broker. B.S. in Accounting from the University of Southern California; Graduate work at the University of California, Los Angeles. George has arranged well over $4BB in income property investments which include fixed & floating rate debt; joint ventures; mezzanine debt; participating debt; forward loan commitments; institutional sales and loans which convert from secured to unsecured obligations. Correspondent lending / investment placement & servicing experience includes a wide variety of capital sources like ING, TIAA, Allstate Life Insurance Company, State Farm Life Insurance Company, AIG, Advantus, Deutsche Bank, CIBC, US Bank, Morgan Stanley, governmental apartment agencies and PNC / Midland. Property types include major class A office complexes, luxury hotels, all classes of retail including regional malls, credit lease transactions, industrial and multi-family. Client base includes, REITS, institutional funds, private developers and investors. George is a member of the TIAA's correspondent counsel, a collection of top producers from around the country. During the past fifteen years, George has continuously been one of the nation's leading production officers with regard to fee generation, loan volume and deal structures. Individual deal sizes have ranged between $1,000,000 and in excess of $275,000,000.

As you know, letters of recommendation were provided to you several weeks ago. Please let me know if you need additional information.

NEWMARK
REALTY CAPITAL, INC.

GEORGE MITSANAS I PRINCIPAL
Newmark Realty Capital, Inc.
6060 CENTER DRIVE, SUITE 800
LOS ANGELES, CA 90045
310.846.5299 DIRECT
310.846.5300 MAIN
310.846.5310 FAX
gmitsanas@e-newmark.com
www.e-newmark.com

LC LADDER CAPITAL

July 21, 2010

Mr. Craig N. Picket
Executive Director
Ladder Capital Finance
600 Lexington Avenue
New York, NY 10022

Mr. Sol Blumenfeld
Community Development Director
City of Culver City – City Hall
Attn: Community Development
9770 Culver Blvd.
Culver City, CA 90232

Dear Mr. Blumnefeld:

Based out of New York, I'm a former Managing Director and head of West Coast production for Deutsche Bank Mortgage Capital and I'm currently an Executive Director at Ladder Capital Finance. Over the past ten years I've closed over $1 billion in real estate transactions with Mr. George Mitsanas acting as mortgage banker ranging from retail centers to office buildings to multifamily properties throughout the western United States. Transaction sizes ranged from $3 million to $150 million. In addition, I financed several multifamily properties which Mr. Mitsanas personally owned, at least one of which I financed through Deutsche Bank Berkshire Mortgage for Freddie Mac.

Over this time period I have gotten to know Mr. Mitsanas, his business partners and his family. Mr. Mitsanas is without a doubt one of the most competent and reputable people in the industry on a national level; his business partners are extremely accomplished; and he has an admirable family life. His understanding of structuring transactions as well as his understanding of operating properties is among the best. He consistently delivers as promised and often over performs. In short, Mr. Mitsanas is somebody that I've entrusted my career with and committed hundreds of millions of dollars based on our mutual trust and look forward to doing a lot more business with him.

Sincerely,

Craig Picket

To Whom It May Concern:

I have known George Mitsanas for about 15 years and he has been a TIAA correspondent for over 20 years. He has arranged a lot of high profile and complex deals with TIAA including a recent $271M portfolio of construction to permanent loans throughout the nation which are very creative and compelling transactions for our organization. His firm services a fairly large portfolio of investments for TIAA and we hold Newmark in very high regard as one of our premier correspondent relationships. In fact, George is a key member of our Correspondent Council.

I have always found George to be tenacious and he consistently gives 110% in all our dealings. He is very creative and brings a wealth of experience to our industry. He is also a fair and decent person.

Sincerely,

Richard C Coppola
Managing Director
Head of Commercial Mortgage Investments
TIAA-CREF

Developer Qualifications

Silvestre "Sal" G. Gonzales will be the developer on the proposed project. He is a California State licensed General Contractor, #627427, as well as a State Licensed Real Estate Broker, #00879242. His "hands-on" business experience consists of all phases in the Real Estate Development process. From 1987-1994 he worked in the field as a superintendent coordinating the construction process, which includes negotiating contracts with sub-contractors, organizing the daily schedule at construction sites, walking with building inspectors, and going to City Hall to pull permits, amongst other tasks necessary when building. He took projects as the General Contractor from the ground up to completion.

From 1994 to present, Mr. Gonzales has been on the management side of the Real Estate Development process. Using his hands-on experience and education, he has been successful obtaining and administering construction financing. Moreover, he has found success working with Community Development Commissions and Redevelopment Agencies to create prosperous housing development that meet various community's needs. This combined experience has allowed Mr. Gonzales to successfully integrate financial strategies while at the same time delivering projects on time, within budget, and with thorough documentation.

Education:	Bachelor of Science, Business Administration, Real Estate Finance University of Southern California, 5/87 Construction Field Supervision, Certificate of Recognition School for Continuing Education, Sarasota, Florida, 6/90 University of Guadalajara, Spanish Studies, 10/87
Licenses:	California General Contractors License #627427, September 4, 1991 California Real Estate Brokers License #00879242 Since 1988
Affiliations:	Commissioner, Parks and Recreation, City of Hermosa Beach National Association of Builders Member Building Industry Credit Association Member Recipient of Beautification Award by City of South Gate Oldtimers Foundation Fundraising Committee Member Kappa Sigma Fraternity, University of Southern California South Gate Kiwanis Member USC Football Team Member and Participant in 1985 Rose Bowl

References:

Mr. Gilbert A. Livas, Assistant City Manager
City of Downey, 11111 Brookshire Avenue
Downey, CA 90241 Telephone: 562-806-7721

Mr. Steve Lefever, Director of Community Development
City of South Gate, 8650 California Avenue
South Gate, CA 90280 Telephone: 323-563-9566

ATTACHMENT 6

City of South Gate

8650 CALIFORNIA AVENUE • SOUTH GATE, CA 90280 • (323) 563-9548
(323) 563-9549 • FAX (323) 563-9571

COMMUNITY DEVELOPMENT

July 22, 2010

Mr. Sol Blumenfeld
Community Development Director
City of Culver City
9770 Culver Boulevard
Culver City, CA 90232-0507

Subject: Gonzales Reference

Dear Mr. Blumenfeld:

I have known Mr. Sal Gonzales and members of his family since I began my tenure with the City of South Gate in 1992. The Gonzales Family, in particular Sal Gonzales, has developed several properties within the City of South Gate, ranging from single family homes to commercial and apartments. As it relates to multi-family development, Mr. Gonzales has built three Redevelopment Agency assisted projects, the first was an affordable senior apartment project, totaling 75 units, and the other two were moderate-income single family attached projects, totaling 50 units.

All their developments were built on time, in accordance with our agreements and are well maintained. Some of their tenants also qualify and use the Federal Section 8 Rental Voucher program, which the City's Housing Authority manages.

If you require any more information or need further clarification, please do not hesitate to contact me at 323-563-9566 or slefever@sogate.org.

Sincerely,

Steve Lefever
Director of Community Development

ATTACHMENT 6

City of Downey

FUTURE UNLIMITED

RECEIVED
C.C.R.A.
2010 JUL 23 PM 4: 14

July 21, 2010

Mr. Sol Blumenfeld
Community Development Director
City of Culver City
9770 Culver Boulevard
Culver City, CA 90232-0507

Dear Mr. Blumenfeld:

I am writing this letter on behalf of Mr. Sal Gonzales. I have worked with Mr. Gonzales on various infill Redevelopment Agency housing projects and the product that Mr. Gonzales and his team have put forward has always been of superior quality. Mr. Gonzales has been consistent in meeting his contractual obligation with the City, and also with his buyers. I have been impressed with his commitment to his projects after construction has been completed, whether walking someone through their new home or two years down the road to performing warranty work.

I can recommend Mr. Gonzales without reservation. If you need any further information please feel free to contact me by phone at (562) 904-7282 or by email at glivas@downeyca.org.

Sincerely,

Gilbert A. Livas
Assistant City Manager

11111 BROOKSHIRE AVENUE POST OFFICE BOX 7016 DOWNEY, CALIFORNIA 90241-7016 www.downeyca.org

ATTACHMENT 7

Tipton, Todd

From: Johanna Gullick [jomgullick@gmail.com]

Sent: Tuesday, August 03, 2010 4:12 PM

To: Tipton, Todd; Blumenfeld, Sol

Subject: Re: Thank You

Attachments: Gullick Letter 8.8.10 RDA Agenda Item 4043 Irving.pdf

Attached is a comment letter I would like to request:

1. Please add the attached letter to the public record on the continued RDA Item for 40403 Irving which will be heard at the August 8, 2010 RDA/City Council meeting. (I have placed calls to the City Clerk and the City Manager's Office and not been able to get clear direction on how to place my comment letter into the public record.)

2. I would also like to ask that my letter be read at the August 8, 2010 during the public comment period on the 4043 Irving item as I will not be able to attend the meeting.

I do not have Tevis Barnes email so I would like to ask you to please forward this email and the attached letter to her.

Please feel free to call me if you would like support for upcoming affordable housing developments in Culver City.

Thanks,

Johanna Gullick

August 3, 2010

Letter Regarding 4043 Irving Agenda Item
August 8, 2010 Redevelopment Agency Board and City Council Meeting

Please place into the record and read at August 8th meeting

Mayor Armenta, Board Chair O'Leary and Members of the City Council,

I am sorry I am unable to be in attendance for the August 8th meeting as I am travelling. I want to thank you for arranging a meeting with City staff and their consultant.

I remain very concerned that the proposed $6 million investment in 4043 Irving does not make good business sense for the City.

First, the proposed subsidy of $500,000 per unit for the project is 2 1/2 times larger than our neighboring cities invest per unit in their affordable housing developments.
I analyzed five 100% affordable housing developments in Santa Monica, West Hollywood, and Marina del Rey and the average subsidy per unit is $177,000 (see attached chart).

Second, the city's investment of $6 million does not benefit from any leverage.
Each of these cities leverages their funds using tax credits or tax exempt financing to maximize their investment and bring additional dollars to their communities at an average ratio of over 2 to 1.

Third, the project will subsidize rents for people who don't need a subsidy.
The main goal of using the 20% housing set aside funds should be to build housing for families that are working in our community that can not otherwise afford to live in Culver City. For example the servers in our restaurants, hair dressers, grocery checkers, and child care workers. The project proposes to house people whose incomes are at 120% of the area median or $68,000 a year which is above market. These households can already afford the average rents in Culver City – there is no need for tax payer funds to subsidize their rents.

Fourth, the developer does not have experience in developing nor managing deed restricted affordable housing units.
It has been asserted that the developer has experience with accepting Section 8 rental vouchers. Experience with Section 8 vouchers does not constitute experience in developing, marketing, selecting, and managing affordable inclusionary units nor does it provide the experience needed to manage a resident waiting list.

Finally, the City has not commissioned independent 3rd party reports such as an appraisal and market study to validate the developers asserted operating costs and monthly market rents of:

$2835 for a 1 bedroom
$3885 for a 2 bedroom and
$3910 for a 3 bedroom

The developer's proposed rents are <u>above</u> current rents in Culver City which average:

$1600 for a 1 bedroom apartment and

$2200 to $2800 for 2 and 3 bedroom homes

The developer's rents are based on an optimistic assumption that rents will rise substantially in 2 years. What if rents stay flat or go down in 2 years. The City leaves its tax payers open to continuously having to bail out this project. Consideration of the total subsidy given to this project is based on validating the market rent comparables. A City Council and a Redevelopment Agency have a fiduciary responsibility to analyze and mitigate risk when investing tax payer dollars.

I have two recommendations:

1. My preference: **Let's go back to the drawing board** and:

   A. **Refund the developers land and assemblage costs** and

   B. **RFP the site for housing that would truly serve people who work in our community but whose wages do not afford them the opportunity to live in Culver City.**

2. **If you are determined to move forward I urge you to require more rigorous independent analysis before taking any action:**

   A. **Commission an appraisal and a market study** to validate the project assumptions.

   B. **Ask the developer for a real estate schedule** showing all properties owned and managed by them and how many of those properties include deed restricted affordable units **and go visit the properties yourselves.**

Thank you,

Johanna Gullick
Carson Street Resident
Culver City, Ca 90232

ATTACHMENT 7

Recent 100% Affordable Developments on Westside of Los Angeles

08/02/2010

Comparables for 4043 Irving, Culver City, CA

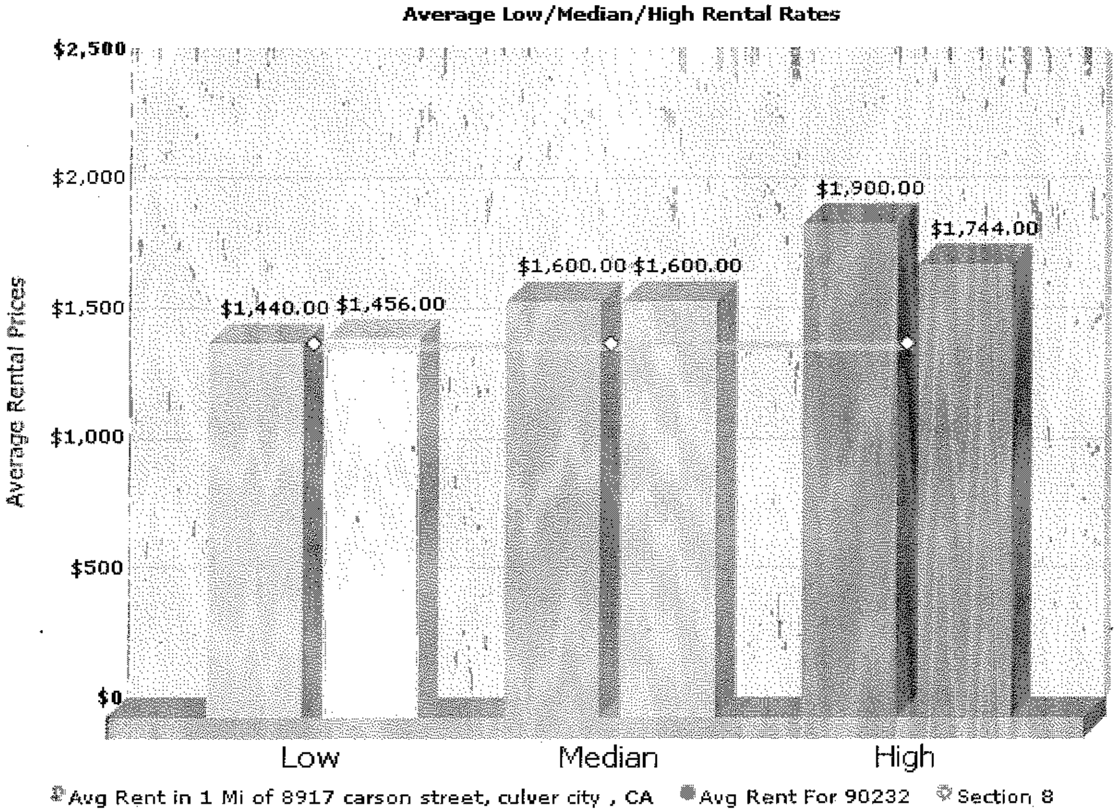
Developer	City	Project Name	# units	Bedroom Size	Area Median Income (AMI) Served	Type of Project	City Subsidy	City Subsidy Per Unit	Total Development Costs	Leverage of Public Funds	Date Completed or Proposed
West Hollywood Community Housing	West Hollywood	Hayworth House	48	40 - 1 bdrm 6 - 2bdrm 2- studio	45% avg ami 30%, 40%, 50%, 60%	Seniors	$ 10,300,000	$ 214,583	$ 18,860,670	183%	Closing 10/2010 fully funded
West Hollywood Community Housing	West Hollywood	Sierra Bonita	42	2 and 3 bdrm		Family	$ 3,356,531	$ 79,917		not available	Completed 2010
Community Corp of Santa Monica	Santa Monica	High Place West	47	32 - 2 bdrm 15- 3 bdrm	30% - 60%	Family	$ 7,806,174	$ 166,089	$ 19,451,326	249%	City Funds Committed Proposed Closing 2011
Community Corp of Santa Monica	Santa Monica	2602 Broadway	33	23 -2 bdrm 10 - 3 bdrm	30% - 60%	Family	$ 10,499,758	$ 318,174	$ 20,131,578	192%	City Funds Committed Proposed Closing 2011
Thomas Safran & Associates	West Los Angeles Marina Del Rey	Del Rey Square	74	71 - 1 bdrm 2 - Studios 1 - 2 bdrm	30%, 40%, 50%, 60%	Seniors	$ 8,106,391	$ 109,546	$ 22,274,649	275%	City Funds Committed Proposed Closing 2011
Average City Subsidy							**$ 8,013,771**	**$ 177,662**		**225%**	Average Leverage of 2:1

City of Santa Monica Subsidy per Affordable Unit in 100% Affordbale Housing Developments serving 30% - 60% Area Median Income (AMI)

A review of recently approved 100% Affordable Housing Development by the Cityof Santa Monica showed:

1. **Higher Assistance Level or lower AMI by unit**
2. **City Subsidy Ranges from $260,000 - $350,00 per unit depending on location for four rental developments.**
   All Developments include low income tax credits that leverage the City Subsidy.

We found 999 matching results in a 1 mile radius
The low average for the area is $1440/mo
The median average for the area is $1600/mo
The high average for the area is $1900/mo



Average Housing Rental Rates in Culver City CA, 90232

The following table represents the average housing rental rates in the 90232 zipcode.

Type	Median Rent	Section 8	Avg Sqft	$/Sqft
1BD Homes in Culver City	$1,295	$1,090	1,120	$1.16
1BD Apartments in Culver City	$1,150	$1,090	750	$1.53
2BD Homes in Culver City	$2,000	$1,361	1,390	$1.44
2BD Apartments in Culver City	$1,600	$1,361	1,050	$1.52
3BD Homes in Culver City	$0	$1,828	0	$0
3BD Apartments in Culver City	$2,565	$1,828	2,330	$1.1
4BD Homes in Culver City	$3,300	$2,199	2,120	$1.56
4BD Apartments in Culver City	$3,000	$2,199	2,290	$1.31

Culver City, CA average rental rates
Culver City homes for rent
Culver City apartments for rent
Culver City condos for rent
Housing for rent in Culver City, CA

From: COLLINS, CHRISTINE [mailto:COLLINCH@district.ccusd.k12.ca.us]
Sent: Wednesday, August 04, 2010 3:40 PM
To: Blumenfeld, Sol
Subject: Support for affordable housing at 4043 Irving Place

Mr. Blumenfeld,
I am writing to let you know of my enthusiastic support for the proposed development of a 28 unit apartment complex at 4043 Irving Place which would include 12 units of affordable housing. This facility would provide an affordable opportunity for some of my teachers who work at La Ballona Elementary School to live in our fair city and be close to the school where they work. Making this affordable housing available to teachers in Culver City would certainly contribute to a decrease in pollution generated by long distance commuting.

Most sincerely,
Christine Collins
Principal

Christine Collins
Principal, La Ballona Elementary School
Culver City Unified School District
10915 Washington Blvd.
Culver City, CA 90232
(310) 842-4334

ATTACHMENT 8
(310) 253-5710
FAX (310) 253-5721

PLANNING DIVISION

9770 CULVER BOULEVARD, CULVER CITY, CALIFORNIA 90232-0507

INITIAL STUDY
ENVIRONMENTAL CHECKLIST FORM AND ENVIRONMENTAL DETERMINATION

Project Title:	Tentative Tract Map, TTM P-2007117, Site Plan Review, SPR P-2007116, Administrative Use Permit, AUP P-2007115		
Lead Agency Name & Address:	City of Culver City, Planning Division 9770 Culver Blvd., Culver City, CA 90232		
Contact Person & Phone No.:	Thomas Gorham, Planning Manager (310) 253-5710		
Project Location/Address:	4043 Irving Place, Culver City, CA 90232		
Nearest Cross Street:	Culver Boulevard/Braddock Ave	**APN:**	4207-007-907
Project Sponsor's Name & Address:	Sal Gonzales 10866 Washington Boulevard # 512 Culver City, CA 90232 (562) 843-9283		
General Plan Designation:	Downtown	**Zoning:**	Commercial Downtown (CD)
Redevelopment Project Area:	Component Area No. 3		
Overlay Zone/Special District:	None		

Project Description and Requested Action: *(Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheets if necessary)*

This project consists of the construction of a multi-story, 37 to 46 foot high building including 26 residential condominium units, 3 office condominium units, and a subterranean garage with 68 parking spaces.

The requested action is a Site Plan Review to construct a 43,756 square foot building and 24,080 square foot subterranean garage, a Tentative Tract Map to subdivide the building into 26 residential and three office condominium air space units, and an Administrative Use Permit to allow 54 tandem parking spaces.

Existing Conditions of the Project Site:

The project site is located between Culver Boulevard and Braddock Drive and it fronts on both Irving Place and Lafayette. It is approximately 24,089 square feet in size and is currently a vacant asphalt-paved parking lot.

ATTACHMENT 8

Surrounding Land Uses and Setting: *(Briefly describe the project's surrounding)* North: Office building and City Fire station South: Multiple-family residences West: Multiple-family residences East: Elementary school
Other public agencies whose approval is required: *(e.g., permits, financing approval, or participation agreement)* Culver City Redevelopment Agency will review for consistency with the Redevelopment Plan

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a 'Potentially Significant Impact' as indicated by the checklist on the following pages:

- ☐ Aesthetics
- ☐ Agriculture Resources
- ☐ Air Quality
- ☐ Biological Resources
- ☐ Cultural Resources
- ☐ Geology /Soils
- ☐ Hazards & Hazardous Materials
- ☐ Hydrology / Water Quality
- ☐ Land Use / Planning
- ☐ Mineral Resources
- ☐ Noise
- ☐ Population / Housing
- ☐ Public Services
- ☐ Recreation
- ☐ Transportation/Traffic
- ☐ Utilities / Service Systems
- ☐ Mandatory Findings of Significance

ENVIRONMENTAL DETERMINATION:

On the basis of this initial evaluation:

☐ I find that the proposed project **COULD NOT** have a significant effect on the environment, and a **NEGATIVE DECLARATION** will be prepared.

☒ I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A **MITIGATED NEGATIVE DECLARATION** will be prepared.

☐ I find that the proposed project **MAY** have a significant effect on the environment, and an **ENVIRONMENTAL IMPACT REPORT** is required.

☐ I find that the proposed project **MAY** have a 'potentially significant impact' or 'potentially significant unless mitigated' impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An **ENVIRONMENTAL IMPACT REPORT** is required, but it must analyze only the effects that remain to be addressed.

☐ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier **EIR** or **NEGATIVE DECLARATION** pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier **EIR** or **NEGATIVE DECLARATION**, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Thomas Gorham
Thomas Gorham, Planning Manager

10/17/08
Date:

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
I. AESTHETICS -- Would the project:				
a) Have a substantial adverse effect on a scenic vista?	☐	☐	☒	☐
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	☐	☐	☒	☐
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	☐	☐	☒	☐
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	☐	☐	☒	☐

Responses:

a). *Less Than Significant.* The project is located in an urbanized area, with commercial and residential buildings in the immediate vicinity. The topography surrounding the site is relatively flat with no substantial ocean or mountain views that can be considered scenic that will be significantly affected by the project. The location of the proposed building may partially affect the view of Culver City Park from the adjacent office and fire station buildings; however the number of properties affected will be limited.

b). *Less Than Significant.* The project is not located along a state scenic highway; no impacts relative to scenic resources along state scenic highways are expected of this project.

c). *Less Than Significant.* The project is adjacent to 12 historical two-story residential bungalow buildings with a "Landmark" designation in Culver City's local cultural resources register. These buildings have a Spanish Colonial character and were built in 1925. The design and massing of the proposed building will not overtake the historic structures or obstruct their view from the street. The proposed building has a similar Spanish style architectural character including the use of earth-tone color stucco siding, Spanish style roof tiles, black wrought iron fencing and guard rails, wood frame windows, as well as generous landscaping along the perimeter of the site that are intended to compliment the historic buildings. The portion of the proposed building adjacent to the approximately 21 foot high historic structures includes step backs in height ranging from 11 feet at the ground floor with a 10 foot setback from the property line, 22 feet at the second floor with a 16 foot setback from the property line, and 33 feet at the third floor with a setback of 22 feet from the property line increasing to a maximum of 37 feet at the pitched roof peak setback 38 feet from the property line. These height setbacks help to ensure that the proposed buildings mass and scale do not overwhelm the historic structures. The project will result in an improvement to the visual character of the site and will complement the architectural visual character of the area.

d). *Less Than Significant.* There will be an increase in the amount of internal lighting emanating from the project. The discretionary approval for the project will require implementation of all applicable City zoning standards and design guidelines including a requirement that all lighting not project onto, or create a nuisance for, adjacent public rights-of–way and private properties. Through these code and design requirements, there will be no significant impacts adversely affecting the adjacent historic building or views in the area.

Mitigation Measure(s): None Required

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
II. AGRICULTURE RESOURCES: In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	☐	☐	☐	☒
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	☐	☐	☐	☒
c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	☐	☐	☐	☒

Responses:

a).- c). *No Impact.* The project site is not located on land identified, utilized, or zoned for agricultural purposes, and there is no known Williamson Act contract in effect on the project site.

Mitigation Measure(s): None Required

III. AIR QUALITY -- Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	☐	☐	☒	☐
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	☐	☐	☒	☐
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	☐	☐	☒	☐
d) Expose sensitive receptors to substantial pollutant concentrations?	☐	☐	☒	☐
e) Create objectionable odors affecting a substantial number of people?	☐	☐	☒	☐

Responses:

a).- e). *Less Than Significant Impact.* Future new development in any portion of Culver City will contribute both at the project level and cumulatively, to pollutant emissions over existing non-attainment conditions due to both construction and operation of individual projects. Still, this project, as proposed, is consistent with Culver

50

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

City's General Plan and Zoning Code and therefore, the project's operational impacts are considered to be factored into SCAQMD's regional air quality models.

The subject project is consists of 26 residential condominium units and three office condominium units that measure approximately 3,350 square feet, both of which are smaller in scale than the thresholds of Potential Significance in the CEQA Air Quality Handbook prepared by the South Coast Air Quality Management District (SCAQMD).

No objectionable odors are expected from the proposed office and residential uses. And, the project applicant will be required to comply with SCAQMD Rule 403, which provides specific control actions to be implemented during any construction activities to control fugitive dust.

Mitigation Measure(s): None Required

IV. BIOLOGICAL RESOURCES – Would the project:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	☐	☐	☐	☒
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?	☐	☐	☐	☒
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	☐	☐	☐	☒
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	☐	☐	☐	☒
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	☐	☐	☒	☐
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	☐	☐	☐	☒

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

Responses:

a).-d).& f). *No Impact.* The project site is located in an urbanized area surrounded by existing disturbed land and development. Information on existing conditions of the project site, submitted by the applicant with the project application materials indicates no biological resources, as identified by the California Department of Fish and Game or US Fish and Wildlife Service, or federally protected wetlands, as defined by the Clean Water Act, exist on site. There are no identifiable, migratory wildlife corridors on the project site and the project site is not subject to a City policy/ordinance protecting biological resources and is not subject to a habitat conservation plan.

e). *Less than Significant.* Two mature ficus trees located within the public right-of-way will be removed as part of the development. They will be replaced by another species of trees consistent with the City of Culver City's Street Tree Master Plan.

Mitigation Measure(s): None Required.

V. CULTURAL RESOURCES -- Would the project:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource as defined in 15064.5?	☐	☐	☒	☐
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to 15064.5?	☐	☐	☐	☒
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	☐	☐	☐	☒
d) Disturb any human remains, including those interred outside of formal cemeteries?	☐	☐	☐	☒

Responses:

a). *Less than Significant Impact.* The project is adjacent to 12 historical two-story residential bungalow buildings with a "Landmark" designation in Culver City's local cultural resources register. These buildings have a Spanish Colonial character and were built in 1925. The design and massing of the proposed building will not overtake the historic structures or obstruct their view from the street. The proposed building has a similar Spanish style architectural character including the use of earth-tone color stucco siding, Spanish style roof tiles, black wrought iron fencing and guard rails, wood frame windows, as well as generous landscaping along the perimeter of the site that are intended to compliment the historic buildings. The portion of the proposed building adjacent to the approximately 21 foot high historic structures includes step backs in height ranging from 11 feet at the ground floor with a 10 foot setback from the property line, 22 feet at the second floor with a 16 foot setback from the property line, and 33 feet at the third floor with a setback of 22 feet from the property line increasing to a maximum of 37 feet at the pitched roof peak setback 38 feet from the property line. These height setbacks help to ensure that the proposed buildings mass and scale do not overwhelm the historic structures. The project will result in an improvement to the visual character of the site and will complement the architectural visual character of the area.

b).–d). *No Impact.* The project site is located in an urbanized area surrounded by existing disturbed land and development. There are no known archaeological, paleontological, or human remain resources on the site

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

and no significant impacts relative to these specific cultural resources are expected to occur. Should such resources surface during construction of the project the applicant will be subject to the appropriate State and/or Federal laws that regulate the proper handling of these types of artifacts.

Mitigation Measure(s): None Required.

VI. GEOLOGY AND SOILS -- Would the project:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	☐	☐	☒	☐
ii) Strong seismic ground shaking?	☐	☐	☒	☐
iii) Seismic-related ground failure, including liquefaction?	☐	☐	☒	☐
iv) Landslides?	☐	☐	☒	☐
b) Result in substantial soil erosion or the loss of topsoil?	☐	☐	☒	☐
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	☐	☐	☒	☐
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	☐	☐	☒	☐
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?	☐	☐	☐	☒

Responses:

a). b).
& d). *Less Than Significant Impact.* Information on existing conditions indicates the site is not located near land subject to landslides, it is not located on expansive soil, and will be adequately served by the City's existing sewer system. The project will be constructed to meet all Uniform Building Code requirements and will comply with City and State seismic standards. The project site is not located within earthquake faults, nor is it within an area subject to liquefaction.

c). *Less Than Significant Impact.* The proposed project includes the construction of a subterranean parking garage with a finished grade of approximately 10 feet below the existing ground surface. A cut on the order of 12 feet including footings will be required for constructing the proposed subterranean garage. The proposed subterranean garage will be located on the property lines in all directions and shoring and lagging will be required for temporary excavation during construction. Due to the proximity of 3 historic residences on the property to the south, the design of the shoring must specifically acknowledge and address the close proximity of these residences. A Preliminary Soils Investigation prepared by Hu Associates, Inc dated April

ATTACHMENT 8

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17, 2007 was prepared for the proposed project and includes a number of recommendations for excavation, shoring and construction of the proposed subterranean garage. Mitigation measures referenced herein and incorporated into the project conditions of approval will require the shoring plans for the project to include the recommendations made in said report and that shoring, foundations, and structure of the proposed project be specifically designed to preserve to the extent feasible the historic residences with no damage during either the construction phase or after the project is completed.

e). <u>No Impact.</u> The project does not propose the use of septic tanks or alternative wastewater disposal systems. It is an existing building and facility located in a fully urbanized area served by existing wastewater infrastructure. The project's wastewater demand would be accommodated via connections to the existing wastewater infrastructure. Therefore, the project would not result in impacts related to the ability of soils to support septic tanks or alternative wastewater disposal systems.

VII. HAZARDS AND HAZARDOUS MATERIALS --Would the project:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	☐	☐	☒	☐
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	☐	☒	☐	☐
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school??	☐	☒	☐	☐
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	☐	☐	☒	☐
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	☐	☐	☒	☐
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	☐	☐	☐	☒

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

Responses:

a). & d).*Less Than Significant Impact.* The project is a mixed-use development with office uses on the first floor and residential units above, which do not include use of and disposal of significant hazardous materials other than volumes normally found in residential and commercial areas. In addition, the applicant will be required to obtain the necessary approvals from the Culver City Fire Department, in compliance with applicable Fire Code regulations and will also be required to participate in the Culver City Hazardous Materials Program.

Environmental information submitted by the applicant with the project plans and application materials indicates that the site is not on a list of hazardous materials sites compiled per Government Code Section 65962.5.

b). & c).*Potentially Significant Impact Unless Mitigation Incorporated.* The subject site was previously occupied by a building used by Coast Media, Inc., which was involved in pre-press and advertising activities. The property was purchased by the City of Culver City Redevelopment Agency in 1985. When purchased, the site was improved with structures constructed in the late 1940s. As typical with buildings constructed during this period, they contained lead-based paint, asbestos, and Polychlorinated Biphenyls (PCBs) in many of the light fixtures, among other things. Because the site was formerly used for newspaper printing and publishing, it also contained above and below ground storage tanks.

To accurately identify these materials and understand how they could be abated prior to demolition of the building and conversion of the site into a paved parking lot, the Agency contracted with Gale/Jordan Associates, Inc to prepare a Phase I Environmental Assessment, Summary Report (Phase II Environmental Assessment and a Remedial Action Plan). The reports indicated that asbestos, lead, and other chemicals were found on and in the building and the soil under the building. The report concluded that these hazardous materials would have to be removed from the building and the soil would have to be remediated properly. Subsequently, the Agency contracted with Specialized Environmental Inc. to demolish the site improvements and abate the contaminates in accordance with the Remedial Action Plan. Asbestos, lead and other hazardous substances were removed from the building and the surface of the site. The Remedial Action Plan identified the presence of lead in the soil. The Remedial Action Plan recommended that additional studies be performed in order to determine the lateral and vertical extent of the material. As no excavation was done as part of the demolition and conversion of the site into a paved parking lot additional studies were not completed at that time.

In early 2007, the project applicant contracted with AEI consultants to determine the lateral and vertical extent of the material. AEI's study concluded that the material would be remediated when excavation for their project's subterranean parking structure occurred. AEI recommended that during construction the impacted soil be separated from the excavated clean soil and transported to an approved disposal facility. AEI also recommended confirmation testing be performed during the excavation to confirm the removal and property disposal of all lead impacted soils above defined levels. The project site is located within one-quarter mile of an existing school. However, limited quantities of potentially hazardous materials to be used during construction and operation of the project would not pose a hazard to the public or environment. Furthermore, as outlined above, previously present hazardous materials were removed prior to the site conversion into a parking lot and additional mitigations are recommended herein to address the removal of lead impacted soils.

e). & f). *No Impact.* The project site is not located within an airport land use plan area, nor is the site located within 2 miles of an airport. The closest airport is Los Angeles International Airport (LAX) located more than 2.5 miles south from the site. There are no private airstrips in the vicinity of the site, and therefore no potential hazard to the safety of people residing or working in the area.

g). *Less Than Significant Impact.* The proposed project would not interfere with an adopted emergency response plan or emergency evacuation plan. Access to all local roads would be maintained during construction and project operation.

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

h). *No Impact.* The project site is located in an urbanized area of Culver City. In addition, the Culver City Natural Hazards Map identifies the project site as outside of the fire hazard zone. Therefore, the project would not expose people or structures to a significant risk of loss, injury, or death involving wild fires.

Mitigation Measure(s):

HM-1: During site construction, impacted soil must be separated from excavated clean soils and transported to an appropriate disposal facility.

HM-2: Confirmation testing must be completed during excavation to confirm the removal and proper disposal of all lead impacted soils above Preliminary Remediation Goals the Suitable Threshold Limit Concentration.

VIII. HYDROLOGY AND WATER QUALITY -- Would the project:

		Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a)	Violate any water quality standards or waste discharge requirements?	☐	☐	☐	☒
b)	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	☐	☐	☒	☐
c)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	☐	☐	☐	☒
d)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?	☐	☐	☒	☐
e)	Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	☐	☐	☒	☐
f)	Otherwise substantially degrade water quality?	☐	☐	☐	☒
g)	Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	☐	☐	☒	☐
h)	Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	☐	☐	☐	☒
i)	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	☐	☐	☒	☐

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
j) Inundation by seiche, tsunami, or mudflow?	☐	☐	☒	☐

Responses:

a). c). f).
h). & j). *No Impact* Grading and building plans will be reviewed and approved by the City's Building Safety and Engineering Divisions to assure that on and off-site drainage will not create significant impacts to drainage facilities, groundwater quality and quantity. The project will require the preparation of a Standard Urban Stormwater Mitigation Plan (SUSMP). The SUSMP plan must be prepared by a registered civil engineer and be reviewed by the Engineering Division for approval prior to the issuance of any permits. The City will require the project to be designed to effectively prohibit the entry of pollutants from the construction site into the public street and storm drain system. The construction contractor will be required to comply with the *California Storm Water Best Management Practice Handbook*.

b). d).
& e). *Less Than Significant Impact.* The project will use more water than the current parking lot use at the site. However, the number of residential and office units, 26 and 3 respectively will not have a substantial impact on water supplies or interfere substantially with groundwater recharge.

The project will change the drainage pattern of the site due to the construction of a four-story building and a subterranean parking structure. However, it will not affect the course of a stream or river, because the subject site is not near enough a stream or river to have such an impact.

The site will not create substantially more runoff water to exceed the capacity of existing drainage systems. The site is located in an urbanized area, surrounded by commercial, governmental and residential uses where the existing drainage systems can adequately address any additional runoff water from the project.

g). & i). *Less Than Significant Impact*. The project is not located within a dam inundation zone. It will not place housing or structures within a 100-year flood hazard area. It is not within seiches, tsunamis, or mudflow inundation zone. The project site is lot located within the vicinity of any large surface bodies of water and is located more than 2.5 miles from the Pacific ocean. As such, the project site would not be prone to inundation by a seiche or tsunami. It is also not located downslope from an area of mudslide potential, and thus there is no risk of mudflows.

Mitigation Measure(s): None Required

IX. LAND USE AND PLANNING - Would the project:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Physically divide an established community?	☐	☐	☐	☒
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	☐	☐	☒	☐
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	☐	☐	☐	☒

Responses:

a). *No Impact.* The project will not physically divide an established community. It is located within an urbanized area, consisting of a mix of uses including commercial, governmental and residential. Currently the site is a vacant parking lot. The uses immediately around the site consist of multiple family residential uses to the

57

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

south and west, and commercial and government uses to the north, and a school to the east.

b). *Less Than Significant Impact*. The proposed use is consistent with the 'Downtown' General Plan Land Use designation, its policies and objectives. The CD zone permits the proposed mixed use development with the approval of a site plan review. Furthermore, upon the City's review and approval of the application, the project will be consistent with the City's Zoning Code, including the development standards of the CD zone. Therefore, the proposed project will be consistent with the local land use plan and the zoning ordinance currently in effect.

c). *No Impact.* The project site is not subject to a habitat conservation plan or natural community conservation plan. It is developed as a parking lot and does not provide habitat for any biological species, nor does it support any natural communities.

Mitigation Measure(s): None Required

X. MINERAL RESOURCES -- Would the project:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	☐	☐	☐	☒
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	☐	☐	☐	☒

Responses:

a).-b). *No Impact.* Government Code Section 65302(d) states that a conservation element of the general plan shall include "minerals and other natural resources." The City of Culver City's Conservation Element of the General Plan states that the City does not have features included in Government Code Section 65302(d) listing of items for conservation, other than a natural wilderness area. Therefore, the project area is not designated mineral extraction site or a regionally or locally-important significant mineral resource area.

Mitigation Measure(s): None Required

XI. NOISE --Would the project result in:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	☐	☐	☒	☐
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	☐	☐	☒	☐
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☒	☐
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☐	☒	☐

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒

Responses:

a).-d). *Less Than Significant Impact.* The proposed project is not expected to generate significant noise levels during operations. Noise caused by the project will be consistent with that of surrounding urban uses. Ambient noise potentially affecting users of the project will be dampened by Building Code requirements for construction of commercial and residential mixed-use buildings. During grading, construction or remodeling, the project will be subject to both the noise element and to restricted hours of construction as noted in the Culver City Municipal Code. The project will be conditioned to require the applicant's contractor to use construction equipment with state-of-the-art noise shielding and muffling devices to alleviate potential noise impacts. Both applicant and City contact information will be posted on the project site to direct individuals wishing to report noise and other construction activity complaints.

e). & f). *No Impact.* The project site is not within an airport land use plan and is not within the vicinity of a private airstrip.

Mitigation Measure(s): None Required

XII. POPULATION AND HOUSING -- Would the project:

a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	☐	☐	☒	☐
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒

Responses:

a). *Less Than Significant Impact.* The project consists of 26 residential condominium units, and three office condominium units approximately 3,350 square feet. Thus, the project will result in an increase of population. However, the project is designed to be compatible with the scale and character of the adjacent neighborhood, which is consistent with Objective 2 of the General Plan Housing Element to maintain opportunities for all types of housing while protecting the character of existing neighborhoods. Furthermore, the project will provide 26 new residential units to the City's housing stock furthering the intent of the Regional Housing Needs Assessment as prepared by the Southern California Association of Governments (SCAG) and the State of California Housing and Community Development Department (HCD), which call for an addition 504 housing units in Culver City in the planning period ending in 2014. The project will not significantly increase employment, in that few new workers will occupy the office units. To the extent that some employees relocate to live closer to their place of employment, this demand is not expected to be substantial and could be served by existing available housing and rental opportunities as well as other housing that is planned or under construction in the area.

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

b). & c).No Impact The site is currently a vacant parking lot and no existing housing will be removed as a result of construction. No significant reduction or displacement of population or housing is associated with the project.

Mitigation Measure(s): None Required

XIII. PUBLIC SERVICES

a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
Fire protection?	☐	☐	☒	☐
Police protection?	☐	☐	☒	☐
Schools?	☐	☐	☒	☐
Parks?	☐	☐	☒	☐
Other public facilities?	☐	☐	☒	☐

Responses:

a).-e). *Less Than Significant Impact.* The project will comply with all applicable California Building and Fire Codes. There are existing public service facilities necessary to accommodate the project such as traffic control devices, sewers, storm drains, parkways, sidewalks, street lights, fire protection devices, and public utilities are provided for adequately as confirmed by the City agencies that reviewed the project during the interdepartmental review process. No extension of roads or infrastructure other than the necessary laterals to connect to City mains will be required of this project. Both Fire and Police protection can adequately service the project as proposed. The impact on schools will be less than significant, because no significant population increase will result from this project.

Mitigation Measure(s): None Required

XIV. RECREATION --

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	☐	☐	☒	☐
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	☐	☐	☒	☐

Responses:

a).-b). *Less Than Significant Impact.* The proposed mixed use project will not result in significant adverse impacts relative to recreation, because it is not expected to generate a substantial population increase. The use of existing neighborhood and regional parks is not expected to substantially increase. The project would not require the construction or expansion of recreational facilities. In addition, the applicant will be required to contribute to the City's parkland fund during the plan check process, which is intended for improvements to City parks.

Mitigation Measure(s): None Required

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
XV. TRANSPORTATION/TRAFFIC -- Would the project:				
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?	☐	☐	☒	☐
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	☐	☐	☐	☒
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	☐	☐	☐	☒
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	☐	☐	☐	☒
e) Result in inadequate emergency access?	☐	☐	☒	☐
f) Result in inadequate parking capacity?	☐	☐	☒	☐
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?	☐	☐	☐	☒

Responses:

a). *Less Than Significant Impact*. A traffic analysis was conducted for the project and the study determined that the added traffic volume generated by the proposed mixed-use project will not significantly impact any of the study intersections or street segments studied. The focus of the traffic study was to evaluate the potential traffic impact created by the proposed development on four intersections. These include, 1) Lafayette Place / Culver Boulevard, 2) Lafayette Place / Braddock Drive, 3) Irving Place / Culver Boulevard, 4) Irving Place / Braddock Drive. The study concluded that the amount of trips generated as a result of the proposed development does not exceed the threshold for significance for levels of service (LOS). Therefore, no traffic mitigation measures are required.

The traffic study estimated that the project would generate 189 daily vehicle trips taking into account both the residential and office components. The study also estimated 16 morning and 19 afternoon peak hour trips. The traffic study also projected the future traffic levels at the intersections studied based on development projects in construction or anticipated to be constructed.

b).-d).
& g). *No Impact.* On the basis of the projected future traffic levels in the area and the trips generated by the project the traffic study concludes that the increase in traffic at various street intersections as a result of the project will be below the City's criteria for significant impacts. Traffic impacts at intersections measured as volume to capacity ratios (V/C or the number of actual cars to the amount of cars the intersection can accommodate) must increase beyond a threshold given the Level of Service measured for the intersections in order to be considered a significant impact. At the study intersections noted above the increase in the V/C ratios resulting from the project given the Level of Service for those intersections was below what the City establishes as a significant impact. In other words, added traffic resulting from the project to the areas studied is expected to be small enough so as to not create significant traffic problems.

Current roadway design features in the project site area are compatible with this project and surrounding

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact

uses. The project does not conflict with alternative transportation policies and does not require elimination of bus stops/turnouts.

e). & f). *Less than significant impact.* The project will be located wholly within private property along a developed area with no requirements for significant roadway changes or elimination of current emergency access routes. As a result of the project, Lafayette Place will be widened in front of the subject site consistently with the City of Culver City's Public Works Department requirements.

Parking for the project will be provided in a subterranean parking garage which will include 68 parking spaces for residential and office uses, including handicapped parking and a loading space.

Mitigation Measure(s): None required

XVI. UTILITIES AND SERVICE SYSTEMS --Would the project:

	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	☐	☐	☒	☐
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☐	☒	☐
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☐	☒	☐
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	☐	☐	☒	☐
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	☐	☐	☒	☐
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	☐	☐	☒	☐
g) Comply with federal, state, and local statutes and regulations related to solid waste?	☐	☐	☒	☐

Responses:

a).-g). *Less Than Significant Impact*. The proposed project will connect to existing utilities available to adequately serve the project site. No significant adverse impacts to utilities are expected from project implementation.

Since the project site is completely paved, development of the proposed project would not increase the amount of impervious surface area or surface water runoff quantities. Since the project would not result n an increase in runoff, the project would not require or result in the construction of new storm water drainage facilities or expansion of existing facilities.

Mitigation Measure(s): None Required.

ATTACHMENT 8

EVALUATION OF ENVIRONMENTAL IMPACTS:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
XVII. MANDATORY FINDINGS OF SIGNIFICANCE –				
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	☐	☒	☐	☐
b) Does the project have impacts that are individually limited, but cumulatively considerable? ('Cumulatively considerable' means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	☐	☐	☒	☐
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☒	☐	☐

Responses:

a). *Less Than Significant Impact.* With regards to historic environmental resources, potential impacts to the adjacent historic structures will be less than significant with implementation of project conditions. Otherwise, the project, which is located in a developed, urbanized area, will not have significant impacts to any plant or animal wildlife resource.

b). *Less Than Significant Impact.* The project involves construction of a mixed use building which will result in an intensification of the project site, and there may be some project level and cumulative impacts where none existed before. However, the project meets all requirements of the zoning code and adequate parking is provided according to the parking requirements and it will not result in significant impacts. Furthermore, a traffic analysis was conducted for the project and the study determined that the added traffic volume generated by the proposed project will not significantly impact any of the study intersections. The amount of traffic generated as a result of the proposed development does not meet the level of significance. Therefore, no traffic mitigation measures are required.

c). *Potentially Significant Unless Mitigation Incorporated.* The project, which is located in a developed, urbanized area, is a mixed use development with office and residential uses that meets General Plan Land Use policies and guidelines and is consistent with the Zoning Code and will not cause substantial adverse impacts to human beings. With regards to hazards and hazardous materials, any potential impacts to human beings will be reduced below the level of insignificance through Mitigation Measure HM-1 and HM-2.

XVIII. EARLIER ANALYSES:

None

References Utilized:

1) Traffic study for the 4043 Irving Place Mixed-Use Project prepared by Raju Associates, Inc. received on December 31, 2007

2) Phase I Environmental Site Assessment, prepared by Gale/Jordan Associates, Inc. (1993)

3) Phase II Environmental Site Assessment, prepared by Gale/Jordan Associates, Inc. (1995)

4) Preliminary Soil Investigation prepared by Hu Associates, Inc. dated April 17, 2007

5) "Limited Geotechnical Assessment" dated April 1, 2008 prepared by L.A. Private Eyes Geotechnical Engineers for the property owners of 4052 A, B, and C Lafayette Place

6) "Site and Residence Investigation" dated April 7, 2008 prepared by Pina Structural Engineering

7) Further Site Characterization Summary Letter, prepared by AEI Consultants dated January 30, 2007

ATTACHMENT 8

MITIGATION MONITORING PROGRAM

The following environmental mitigation measures shall be incorporated into the project development as conditions of approval. The project applicant shall secure a signed verification for each of the mitigation measures which indicate that mitigation measures have been complied with and implemented, and fulfills the City environmental and other requirements (Public Resources Code Section 21081.6.) Final clearance shall require all applicable verification as included in the following table. The City of Culver City will have primary responsibility for monitoring and reporting the implementation of the mitigation measures unless otherwise indicated. The mitigation measures have been identified by impact category and numbered for ease of reference.

MITIGATION MONITORING PROGRAM
Tentative Tract Map, TTM P-2007117, Site Plan Review, SPR P-2007116, and Administrative Use Permit, AUP P-2007115

MITIGATION MEASURE	Implementing Action, Condition or Mechanism	Method of Verification	Timing of Verification	Responsible Persons
HAZARDS AND HAZARDOUS MATERIALS				
HM-1: During site construction, impacted soil must be separated from excavated clean soils and transported to an appropriate disposal facility.	Condition of Approval	Plan Check ; Field Inspection	Prior to Issuance of Grading Permit (demonstrate on plans)	Planning and Building Safety
HM-2: Confirmation testing must be completed during excavation to confirm the removal and proper disposal of all lead impacted soils above Preliminary Remediation Goals the Suitable Threshold Limit Concentration.	Condition of Approval	Plan Check ; Field Inspection	Prior to Issuance of Grading Permit (demonstrate on plans)	Planning and Building Safety

ATTACHMENT 8

(310) 253-5710
FAX (310) 253-5721

PLANNING DIVISION
9770 CULVER BOULEVARD, CULVER CITY, CALIFORNIA 90232-0507

DRAFT

MITIGATED NEGATIVE DECLARATION

Project Title:	Tentative Tract Map, TTM P-2007117, Site Plan Review, SPR P-2007116, Administrative Use Permit, AUP P-2007115		
Lead Agency Name & Address:	City of Culver City, Planning Division 9770 Culver Blvd., Culver City, CA 90232		
Contact Person & Phone No.:	Thomas Gorham, Planning Manager (310) 253-5710		
Project Location/Address:	4043 Irving Place, Culver City, CA 90232		
Nearest Cross Street:	Culver Boulevard/Braddock Ave	**APN:**	4207-007-907
Project Sponsor's Name & Address:	Sal Gonzales 10866 Washington Boulevard # 512 Culver City, CA 90232 (562) 843-9283		
General Plan Designation:	Downtown	**Zoning:**	Commercial Downtown (CD)
Redevelopment Project Area:	Component Area No. 3		
Overlay Zone/Special District:	None		

Project Description and Requested Action:
This project consists of the construction of a multi-story, 37 to 46 foot high building including 26 residential condominium units, 3 office condominium units, and a subterranean garage with 68 parking spaces.

The requested action is a Site Plan Review to construct a 43,756 square foot building and 24,080 square foot subterranean garage, a Tentative Tract Map to subdivide the building into 26 residential and three office condominium air space units, and an Administrative Use Permit to allow 54 tandem parking spaces.

Existing Conditions of the Project Site:
The project site is located between Culver Boulevard and Braddock Drive and it fronts on both Irving Place and Lafayette. It is approximately 24,089 square feet in size and is currently a vacant asphalt-paved parking lot.

Surrounding Land Uses and Setting: *(Briefly describe the project's surrounding)*
North: Office building and City Fire station
South: Multiple-family residences
West: Multiple-family residences
East: Elementary school

ATTACHMENT 8

ENVIRONMENTAL DETERMINATION:

The Initial Study identified potentially significant effects, but:

1. Revisions in the project plans or proposals made by, or agreed to by the applicant before this proposed MITIGATED NEGATIVE DECLARATION AND INITIAL STUDY was released for public review would avoid the effects or mitigate the effects or mitigate the effects to a point where clearly no significant effects would occur, and

2. There is no substantial evidence before the agency that the project as revised may have a significant effect on the environment.

Thomas Gorham
Thomas Gorham
Deputy Community Development Director/Planning Manager
City of Culver City

10/17/08
Date

KEYSER MARSTON ASSOCIATES™
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

To: Sol Blumenfeld, Community Development Director
City of Culver City

From: Kathleen Head

Date: August 5, 2010

Subject: 4043 Irving Agenda Item: Response to Public Comments

At your request, Keyser Marston Associates, Inc. (KMA) reviewed correspondence regarding the 4043 Irving agenda item submitted by Johanna Gullick on August 3rd. The purpose of this memorandum is to respond to the financial issues presented in Ms. Gullick's letter.

The letter identifies five issues in support of the assertion that the proposed contribution to the project of $6 million in Property Tax Increment Housing Set-Aside (Set-Aside) funds is not a good business decision for the Culver City Redevelopment Agency (Agency). The identified issues and the KMA responses follows:

ISSUE #1

"The proposed subsidy of $500,000 per unit for the project is 2-1/2 times larger than our neighboring cities invest per unit in their affordable housing developments."

In support of this point, the letter cites five projects in West Hollywood, Santa Monica and Marina del Rey that have subsidies ranging from $79,917 to $318,174 per affordable unit. Factors that should be considered in evaluating this issue are:

1. The Sierra Bonita project in West Hollywood was actually provided with City/Agency assistance totaling approximately $231,000 per unit, rather than the $79,917 per unit identified in Ms. Gullick's chart. Ms. Gullick was only aware of one of the funding sources deployed by the City/Agency for this project.

2. The City/Agency assistance package for the Hayworth House project in West Hollywood equals approximately $215,000 per unit as shown in Ms. Gullick's chart. However, this project is the acquisition and rehabilitation of an existing apartment project rather new construction. Also, the project consists almost exclusively of one-bedroom units.

3. The two Santa Monica examples have assistance packages of $166,000 and $318,000 per unit. It should be noted that the City of Santa Monica has an active affordable housing program, and that these two projects represent a small fraction of the City's activities. The City's Housing Trust Fund Guidelines impose the following assistance parameters on new construction projects: $393,000 per unit for 0-1 bedroom units; and $414,000 per unit for 2+ bedroom units.

4. The Marina del Rey project identified on the chart includes a density bonus in addition to the identified assistance amount. The density bonus increased the allowable project size from 78 units to the currently proposed 124 units.

The proposed assistance package for the 4043 Irving project equals approximately $402 per square foot of building area. Comparatively, the assistance packages for the two West Hollywood projects range from approximately $330 to $372 per square foot, and the assistance packages allowed by the Santa Monica Housing Trust Fund guidelines translate into costs of $410 to $560 per square foot.[1]

ISSUE #2

"The city's investment of $6 million does not benefit from any leverage."

The five example projects described in Ms. Gullick's letter each include Low Income Housing Tax Credits (Tax Credits) as a major funding source. Tax Credits are awarded in an intensely competitive process by the State of California. To effectively compete for these funds, projects must be comprised of 100% extremely low, very-low and low income units.

The Culver City affordable housing strategy focuses on dispersing affordable units throughout the community, rather than concentrating the units in 100% affordable projects. This strategy achieves the goal of integrating affordable units into market rate projects, but it renders projects uncompetitive for outside public assistance sources.

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[1] The Santa Monica estimates are based on 0-1 bedroom units at an average size of 700 square feet, and 2+ bedroom units at an average size of 1,000 square feet.

KMA works with many redevelopment agencies that focus on maximizing the leverage of their local funds. However, KMA also works with several redevelopment agencies that have chosen to make the dispersal of affordable units their primary objective. For example, the Burbank Redevelopment Agency has contracted with the Burbank Housing Corporation (BHC) to create over 230 affordable housing units with the use of no outside leveraging sources. The BHC projects have received numerous awards, and their business model is being explored by several other cities in California.

ISSUE #3

"The project will subsidize rents for people who don't need the subsidy."

The Regional Housing Needs Assessment (RHNA) for Culver City prepared by the Southern California Association of Governments (SCAG) for the period between 2006 – 2014 establishes the unmet need for 294 affordable housing units. The unmet need is broken down as follows:

Extremely Low Income	65	
Very Low Income	64	
Low Income	80	
Moderate Income	85	
Total		294

As can be seen in the preceding table, the unmet need for Low and Moderate income units actually represents the largest categories in the group. The provision of nine Moderate income units and three Low income units will assist the City of Culver City in defraying their outstanding RHNA obligations.

ISSUE #4

"The developer does not have experience in developing nor managing deed restricted affordable housing units."

KMA does not have information on the experience the development team has in constructing and managing affordable housing projects.

ISSUE #5

"The City has not commissioned independent 3rd party reports such as an appraisal and market study to validate the developer's asserted operating costs and monthly market rents of: $2,835 for a 1 bedroom $3885 for a two bedroom and $3,910 for a three bedroom…"

KMA is an independent consultant that was engaged by the Agency to evaluate the developer's pro forma. As a part of that analysis, KMA reviewed the rent and operating expense information provided by the developer, and then independently prepared a pro forma analysis for the project. The pro forma analysis prepared by KMA used estimates provided by the developer for the categories in which the developer's estimates and projections fell within the range of current market parameters.

It is clear that the projected rents for the 4043 Irving project are significantly higher than the average rents being achieved for existing units throughout Culver City. This should be expected as a significant premium should be achievable for new units in downtown Culver City. As discussed in the staff report for this agenda Item, given the lack of new rental development in Culver City it is difficult to identify directly comparable projects to test the market rents for the proposed project. As such, it was necessary to draw information from recently constructed apartment projects in Culver City, Palms, Glencoe/Redwood and Playa Vista. The data derived from this survey indicate that rents in the range projected for the 4043 Irving project are being achieved within the market area.

As a point of reference, Ms. Gullick's rent list does not include the 13 2-bedroom units that carry projected rents of $3,516 per month. These units represent approximately half of the units in the project.

Ms. Gullick's letter asserts that optimistic rent assumptiona place the Agency at risk of being required to continuously bail out this project. KMA takes exception to this contention for the following reasons:

1. The income and affordability restrictions proposed to be imposed on the project represent the senior lien on the property. If, for any reason, the project is foreclosed upon, the lender and any subsequent purchaser will be subject to the income and affordability covenants. This eliminates the need for the Agency to "bail out" the project if it should fall into financial hardship.

2. The lender that finances the project will establish the achievable market rents as part of the underwriting process for the loan. If the lender determines that the developer's projections are overly optimistic, the lender will reduce the amount of the loan that will be approved for the project. The project will not go forward if the available private financing, combined with the $6 million in Agency assistance, is insufficient to fund the development costs. In that case, no Agency funds will be drawn down.

3. If the lender accepts the developer's rents, and the actual rents do not meet the projections, insufficient cash flow could be available to make debt service payments. Clearly, the developer could request additional Agency assistance to resolve the problem, but since the Agency's income and affordability covenants would not be at risk, there would be no financial reason for the Agency to grant this request. This would leave the developer in the position of needing to increase his equity contribution, or in the worst case scenario, to allow the project to be foreclosed upon.