MEETING DATE: 12/07/09

AGENDA ITEM: **Receive and File a Memorandum on Eminent Domain Amendment Feasibility and Direct Staff to Issue Requests for Proposal for Redevelopment and Environmental Consultants for Redevelopment Plan Amendment Services.**

ATTACHMENTS

		Pages
1.	Memo dated July 15, 2009, from UFI/GRC Redevelopment Planning	1-11
2.	Projection of future tax increment income to the Agency	12-13

ATTACHMENT 1

URBAN FUTURES INCORPORATED UFI / GRC

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Memo

To: John Fisanotti

From: Ernie Glover

Date: July 15, 2009

RE: Eminent Domain Amendment Feasibility

Introduction

This memorandum examines the potential for amending Culver City's existing redevelopment project areas to extend eminent domain authority on properties used for non-residential purposes. The following recommendations are based on a generalized field analysis of remaining blight conditions performed by UFI|GRC Redevelopment Planning, and upon interviews with Redevelopment Agency and City departmental staff members.

In general, our analysis indicates that sufficient blight remains in the four existing redevelopment project areas to justify extending non-residential eminent domain authority for the statutory maximum of twelve years.

Recommendation

Authorize Redevelopment Agency staff to begin the plan amendment program by recruiting a redevelopment plan amendment consulting firm in conformance with Redevelopment Agency procedures. The eminent domain amendment should be limited to extension of eminent domain authority on property used for non-residential purposes only. All forms of legal residential use would be exempted from eminent domain, with the possible exception of care-taker dwellings associated with non-residential uses such as industrial development.

An eminent domain extension program could take up to twelve months, but can usually be completed in six to nine months depending on the issues and controversy involved.

Criteria for Extending Eminent Domain Authority

Sections 33333.4(a)(3)(A) and (B) of the Health and Safety Code (the "Community Redevelopment Law" or "CRL") set the basic requirements for the extension or re-institution of eminent domain authority in redevelopment project areas. The Agency must find, based on substantial evidence, that significant blight remains in the Project Areas, and that the blight cannot be eliminated without the use of eminent domain. In short there must be a nexus between the remaining blight documented for the amendment and the use of eminent domain.

Note that the adoption of Proposition 99 in 2008 significantly limited eminent domain use by redevelopment agencies. This proposition excluded, with certain exceptions, owner-occupied residences from a redevelopment agency's authority to acquire property through eminent domain. It is proposed herein to extend the Agency's eminent domain authority, but only to include properties used for non-residential purposes. As an example, an apartment along a commercial corridor would be excluded, but a commercial use would not be excluded.

Conditions of Blight

The CRL divides conditions of blight into physical and economic. Blight surveys and documentation are aimed at identifying the presence and extent of these following conditions, although not all need to be present to substantiate prevalent or significant blight.

Physical Blight

According to CRL Section 33031(a), the following conditions are the physical characteristics that cause blight:

- Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.
- Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.
- The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

Economic Blight

In addition to having conditions of physical blight, redevelopment areas must also exhibit at least one condition of economic blight. According to CRL Section 33031(b), the following conditions are the economic characteristics that cause blight:

- Depreciated or stagnant property values
- Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority
- Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings
- A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions
- Serious residential overcrowding that has resulted in significant public health or safety problems
- An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems
- A high crime rate that constitutes a serious threat to the public safety and welfare.

A blighted area that contains the conditions described above may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

Project Area Analysis

The following sections assess in general terms the remaining conditions of blight in each of the City's four Component Areas. [1] This is not intended as a detailed or definitive blight analysis; rather, it is intended to show that sufficient blighting conditions appear to remain in the Project Areas, and that these observed conditions would justify more detailed analysis.

Component Area 1 ("Slauson/Sepulveda")

Component Area 1 (see Figure 1) is the oldest of the Agency's redevelopment project areas, and will expire in July 2014. As with the other Component Areas, current eminent domain authority will expire on December 23, 2010. An eminent domain extension will allow the Agency to commence eminent domain proceedings in this Component Area through July 26, 2014.

Land uses in this Component Area include commercial and office development, with some residential uses on Playa Street. The office development is modern, Class A, in character. The Westfield Shoppingtown Mall (Fox Hills Mall) is currently being significantly upgraded. However, commercial

[1] The four original redevelopment project areas were merged into a single project area in 1998. At that time the original project areas were renamed Component Areas.

development along Slauson Avenue, including a Penny's, a Circuit City, and the Hooman Toyota/Scion automobile dealership all seem to be vacant. There is a concentration of older, obsolete industrial and service commercial development northwest of Sepulveda Boulevard. Lot consolidations is this latter area may be necessary to effect a redevelopment program.

Blighting Condition	Observed Conditions
Physical Conditions of Blight	
1. Buildings in which it is unsafe or unhealthy for persons to live or work.	Code enforcement has identified issues in the western corner of the Component Area west of Sepulveda.
2. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots.	Obsolete lot pattern and building design hinders reinvestment.
3. Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.	No significant issues
4. The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.	Obsolete parcelization pattern hinders development pursuant to general plan and zoning.
Economic Conditions of Blight	
5. Depreciated or stagnant property values	No significant indicators of depreciated values, but suspected in areas with closed stores near Slauson and Sepulveda.
6. Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority	No significant issues observed, but may be some hazardous waste issues in the area east of Sepulveda and south of Slauson.
7. Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings	Business vacancies high north of mall due to economic downturn and closures of major retailers.
8. A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions	None observed.
9. Serious residential overcrowding that has resulted in significant public health or safety problems	None observed.
10. An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems	None observed.

Blighting Condition	Observed Conditions
11. A high crime rate that constitutes a serious threat to the public safety and welfare.	None observed or reported by Police Department.

Component Area 2 ("Overland/Jefferson")

The second oldest of the four Component Areas, Component Area 2 will expire on December 28, 2014, but current eminent domain authority will expire on December 23, 2010. An extension of eminent domain authority will allow the Agency to commence eminent domain proceedings through December 28, 2014.

Component Area 2 generally lies along Jefferson Boulevard from Sepulveda Boulevard north to Pearson Street. (See Figure 1.) Land uses in the Component Area are predominantly residential north of Overland Avenue, and a mix of commercial development and older residential development south of Overland Avenue. There is obsolete commercial development along Overland Avenue north of Jefferson Boulevard, and along Jefferson west of Dobson Way. Apartment buildings south of Kinston Avenue are in need of significant re-investment according to code enforcement staff. A relatively new community commercial center lies along Jefferson Boulevard.

The following table summarizes significant remaining conditions of blight observed in Component Area 2.

CRL Blighting Condition	Observed Conditions
Physical Conditions of Blight	
1. Buildings in which it is unsafe or unhealthy for persons to live or work.	Code enforcement has identified issues in apartment buildings south of Kinston Avenue.
2. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots.	Obsolete lot pattern and building design hinders reinvestment along Jefferson Boulevard in the vicinity of Overland Avenue.
3. Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.	No significant issues
4. The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.	Obsolete parcelization pattern hinders development pursuant to general plan and zoning, especially along Jefferson Boulevard in the vicinity of Overland Avenue.

CRL Blighting Condition	Observed Conditions
Economic Conditions of Blight	
5. Depreciated or stagnant property values	Potentially depreciated property values were observed in along Jefferson Boulevard in the vicinity of Overland Avenue. This is especially the case where parcelization patterns hinder new investment.
6. Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority	No significant issues observed.
7. Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings	No significant issues observed.
8. A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions	None observed.
9. Serious residential overcrowding that has resulted in significant public health or safety problems	None observed.
10. An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems	None observed.
11. A high crime rate that constitutes a serious threat to the public safety and welfare.	None observed or reported by Police Department.

Component Area 3 ("Washington/Culver")

Component Area 3 will expire on November 25, 2018, but current eminent domain authority will expire on December 23, 2010. An extension of eminent domain authority will allow the Agency to commence eminent domain proceedings through November 25, 2018.

This Component Area includes most of the commercial and industrial territory east of Overland Avenue, including land between Culver Boulevard and Venice Boulevard east of Elenda Street. (See Figure 1.) Land uses in Component Area 3 are complex, and include Culver City's downtown area, the predominantly industrial/heavy commercial eastern end of the City, and older strip commercial development mostly along Washington Boulevard.

There has been significant re-investment in this area over the past decade, including the re-emergence of the downtown area and significant rehabilitation along Washington Boulevard. Continuing significant conditions of observed blight were concentrated along Washington Boulevard east of Culver Boulevard, and in the Hayden industrial tract. Issues in the Hayden industrial tract include internal circulation issues, and older, run-down industrial buildings.

Very low water pressure and substandard hydrant spacing along Washington Boulevard east of Main Street result in fire safety issues in this area.

The table below summarizes significant remaining conditions of blight observed in Component Area 3.

CRL Blighting Condition	Observed Conditions
Physical Conditions of Blight	
1. Buildings in which it is unsafe or unhealthy for persons to live or work.	Code enforcement has identified issues concentrated east of Hargis Street and in the vicinity of National Boulevard and Washington Boulevard. Very low water pressure and substandard hydrant spacing contribute to fire safety issues.
2. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots.	Obsolete lot pattern and building design hinders reinvestment along portions of Culver Boulevard, mostly east of the downtown area, and along Washington Boulevard west of Overland Avenue.
3. Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.	Incompatibility issues may occur in the older industrial areas near the east end of Washington Boulevard.
4. The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.	Obsolete parcelization pattern hinders development pursuant to general plan and zoning along commercial strips on Washington Boulevard west of Overland Avenue and along Culver Boulevard mostly east of the downtown area.
Economic Conditions of Blight	
5. Depreciated or stagnant property values	Depreciated property values are in evidence east of the Culver Boulevard/Washington Boulevard intersection. This is evidenced by abandoned commercial uses, vacant buildings, and apparent lack of re-investment. Obsolescence also is an indicator of depreciated property values, in that reinvestment is difficult, which reduces market values for properties.
6. Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority	No significant issues observed, but soils contamination may occur in older industrial areas.

7

CRL Blighting Condition	Observed Conditions
7. Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings	Significant business vacancies were noted in the eastern end of the Component Area.
8. A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions	None observed.
9. Serious residential overcrowding that has resulted in significant public health or safety problems	None observed.
10. An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems	None observed.
11. A high crime rate that constitutes a serious threat to the public safety and welfare.	None observed or reported by Police Department.

Component Area 4

Adopted in 1998, this Component Area comprises multiple sub-areas linking the other three Component Areas, along Washington Boulevard west of Component Area 3, and along Sepulveda Boulevard. (See Figure 1.) An eminent domain extension would authorize the Agency to commence eminent domain proceedings through December 23, 2022. Component Area 4 is set to expire in 2028.

The predominant land use in Component Area 4 is older strip commercial intermixed with scattered multiple-family development and some institutional uses. A new Costco-anchored shopping center is located at the far western extent of Washington Boulevard.

Significant remaining blight is evident throughout the Component Area. The parcelization pattern throughout the Component Area is obsolete for modern commercial and residential development standards, which is reflected in a lack of new construction or significant new investment. The Culver City/Los Angeles city boundary line splits lots along the south side of Washington Boulevard west of Zanja Street, which results in service issues and may contribute to lower property values. There are also significant building code issues, which would lead to public health and safety problems in the area.

The Sepulveda Boulevard portion of Component Area 4 has a consistently obsolete strip commercial development pattern. There appears to be a strong automobile commercial orientation, especially north of Washington Boulevard. As with other portions of the Component Area, the Sepulveda Boulevard strip is dominated by small, narrow, older commercial lots under multiple ownership. The size and shape of these parcels makes them difficult to develop given modern commercial building and development standards.

CRL Blighting Condition	Observed Conditions
Physical Conditions of Blight	
1. Buildings in which it is unsafe or unhealthy for persons to live or work.	Code enforcement has identified issues concentrated east of along
2. Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots.	Obsolete lot pattern and building design hinders reinvestment along portions of Culver Boulevard, mostly east of the downtown area, and along Washington Boulevard west of Overland Avenue.
3. Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.	Incompatibility issues may occur in the older industrial areas near the east end of Washington Boulevard.
4. The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.	Obsolete parcelization pattern hinders development pursuant to general plan and zoning along commercial strips on Washington Boulevard west of Overland Avenue and along Culver Boulevard mostly east of the downtown area.
Economic Conditions of Blight	
5. Depreciated or stagnant property values	Depreciated property values are in evidence east of the Culver Boulevard/Washington Boulevard intersection. This is indicated by abandoned commercial uses, vacant buildings, and apparent lack of re-investment.
6. Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority	No significant issues observed, but soils contamination may occur in older industrial areas.
7. Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings	Significant business vacancies were noted in the eastern end of the Component Area.
8. A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions	None observed.
9. Serious residential overcrowding that has resulted in significant public health or safety problems	None observed.
10. An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems	None observed.
11. A high crime rate that constitutes a serious threat to the public safety and welfare.	None observed or reported by Police Department.

How Eminent Domain Authority Helps Alleviate Remaining Blight Conditions

The CRL requires that amendments to extend eminent domain authority document that there is significant remaining blight in the affected redevelopment project area, and that eminent domain authority is necessary to remediate the blighting conditions. Since eminent domain allows the Agency to assemble parcels for future development aimed at alleviating blighting conditions, the blighting conditions that eminent domain could remediate include those that may require property acquisition by the Agency.

These conditions could include:

- Assembly of small parcels to form a larger parcels meeting modern development standards
- Assembly of parcels to help remediate health and safety issues
- Assembly of parcels or easements for the purpose of building modernization or rehabilitation
- Parcel acquisitions for public purposes or to remediate health and safety problems, as appropriate

Note that a redevelopment plan's having eminent domain authority does not mean that such authority will ever be used.

Potential Plan Amendment Schedule

As mentioned earlier in this memorandum, redevelopment plan amendments to extend eminent domain take between six and nine months, but can require up to one year if there are significant public issues.

The following is a general schedule for completing an eminent domain amendment.

Week	Activity
1	Agency Board Authorizes Contract
4	Contract Signed, Work Begins
4-12	Research and Mapping
19	Draft Documents Delivered to Agency Staff
27	Environmental Documents Circulated
33	Public Notices of Hearing Mailed and Published Final Documents Available for Public Review
35	Community Meeting
37	Joint Public Hearing, Ordinance Amending Plan Introduced
39	City Council Approves Ordinance Amending Plan

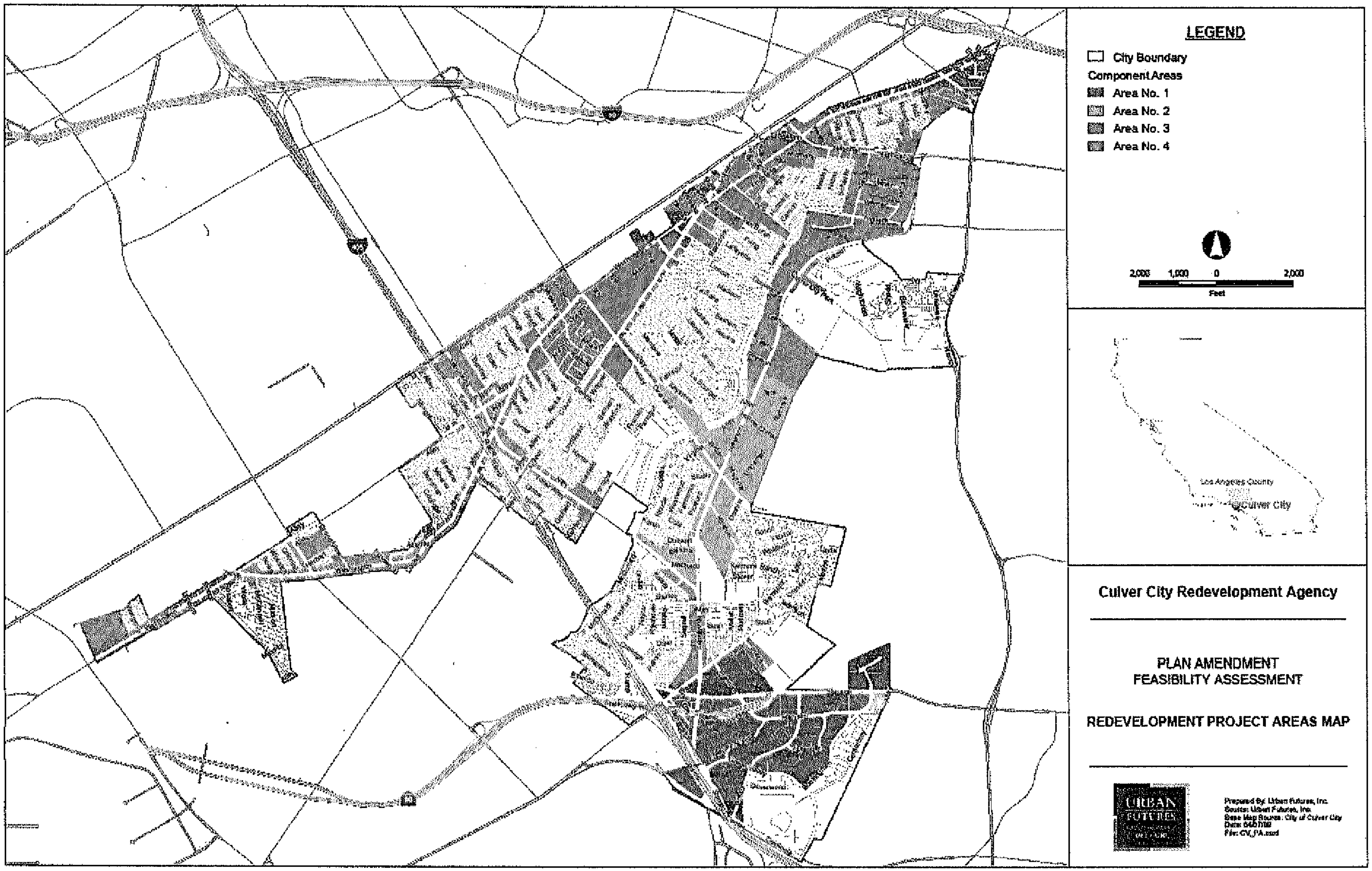
LEGEND
City Boundary
Component Areas
Area No. 1
Area No. 2
Area No. 3
Area No. 4
2,000 1,000 0 2,000
Feet
Los Angeles County
Culver City
Culver City Redevelopment Agency
PLAN AMENDMENT
FEASIBILITY ASSESSMENT
REDEVELOPMENT PROJECT AREAS MAP
URBAN FUTURES

FIGURE 1

ATTACHMENT 2

Sample Sites for Redevelopment

Sample Site "A"
21,330 s.f. assembled site in Commercial General Zone

Proposed new commercial space:		New 2 story		New 4 story
Estimated New Assessed Value:	$	5,119,200	$	10,238,400
Less Existing Assessed Value:		$1,318,098		$1,318,098
Net Increase in Assessed Value	**$**	**3,801,102**	**$**	**8,920,302**

Sample Site "B"
30,786 s.f. assembled site in Commercial General Zone

Proposed new commercial space:		New 2 story		New 4 story
Estimated New Assessed Value:	$	7,388,640	$	14,777,280
Less Existing Assessed Value:		$2,675,714		$2,675,714
Net Increase in Assessed Value	**$**	**4,712,926**	**$**	**12,101,566**

Sample Site "C"
24,987 s.f. assembled site in Commercial General Zone

Proposed new commercial space:		New 2 story		New 4 story
Estimated New Assessed Value:	$	5,996,880	$	11,993,760
Less Existing Assessed Value:		$1,421,934		$1,421,934
Net Increase in Assessed Value	**$**	**4,574,946**	**$**	**10,571,826**

Sample Site "D"
48,577 s.f. assembled site in Commercial General Zone

Proposed new commercial space:		New 2 story		New 4 story
Estimated New Assessed Value:	$	11,658,480	$	23,316,960
Less Existing Assessed Value:		$3,253,556		$3,253,556
Net Increase in Assessed Value	**$**	**8,404,924**	**$**	**20,063,404**

Sample Site "E"
25,000 s.f. assembled site in Commercial General Zone

Proposed new commercial space:		New 2 story		New 4 story
Estimated New Assessed Value:	$	6,000,000	$	12,000,000
Less Existing Assessed Value:		$2,689,656		$2,689,656
Net Increase in Assessed Value	**$**	**3,310,344**	**$**	**9,310,344**
Total Net Increase in Assessed Value	**$**	**24,804,242**	**$**	**60,967,442**

Assumptions: New Bldg footprint = 60% of lot size
New assessed value = $200/s.f. of building s.f.

Average Increase through Redevelopment	Two-Story	Four-Story
Total Increased Assessed Value	$24,804,242	$60,967,442
Increased Assessed Value per Acre[1]	$7,189,635	$17,671,722
Increased Assessed Value per Site	$4,960,848	$12,193,488
Increased Tax Increment	$248,042	$609,674
Increased Tax Increment per Acre[2]	$71,896	$176,717
Increased Assessed Value in Percentage	334%	667%

[1]Total Increased Assessed Value/Total Square Feet x 43,560
[2]Total Increase Tax Increment/Total Square Feet x 43,560