City of Culver City, California

Redevelopment Agency Agenda Item Report

Meeting Date: 11/05/07	Item Number: _A-2_____
AGENDA ITEM: Authorization to Execute an Agreement with Uptown Lofts LLC to Reduce the Height, Density and Massing of the Proposed Project at 9900 Culver Boulevard.	
Contact Person/Dept.: Todd Tipton	Phone Number: (310) 253-5783
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: []
Public Notification: Chamber of Commerce and the Downtown Business Association, Master Notification List (10/31/07).	
Department Approval: Sol Blumenfeld (10/11/07)	Executive Director Approval: Jerry B. Fulwood (10/31/07)
Fiscal Impact Approval: Marlee Chang (by N. Kimball)(10/25/07)	

RECOMMENDATION:

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

BACKGROUND:

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

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

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

On April 30, 2007, Uptown Lofts LLC appealed the Planning Commission's decision to the City Council.

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

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

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

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

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

DISCUSSION:

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

FISCAL ANALYSIS:

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

To determine the fiscal impact resulting from this change in the project, staff consulted Keyser Marston Associates (KMA), its financial consultant. In a simplified form, the analysis identified the amount of revenue generated from the revised project would differ from the project originally proposed.

In summary, if each unit were to sell between $750,000 and $1 million, then the amount of estimated profit per unit would be between $112,500 and $150,000. With five dwelling units being eliminated, the resulting loss in profit is between $562,500 and $750,000. Through extensive negotiation, both parties agreed to resolve the various issues related to this project for $550,000. There are currently sufficient funds available in unrestricted tax increment (550) fund balance for the proposed $550,000 agreement..

It is estimated the revised project (with reduced height, massing and density, and additional commercial square footage) will increase the City tax revenue projections (i.e. Sales, Business, Utility, and Property Taxes) from $14,000 per year to $15,200 per year and decrease the Agency tax increment projection from $156,000 per year to $132,000 per year.

<u>NOTE</u>: The tax revenue projections in this fiscal impact represent estimated full year receipts in current dollars (2007$). The City and Agency will begin collecting tax revenues related to this project upon completion of construction, sale of all residential units, and update of the County tax rolls. Preliminary estimates provided by the developer indicate that the project will be completed by June 2009; therefore, actual tax revenues would be collected beginning in fiscal year 2009-10 and will need to be adjusted based on inflation.

ATTACHMENTS:

None.

MOTION:

That the Culver City Redevelopment Agency

1. <u>Approve an agreement with Uptown Lofts LLC to reduce the height, density and massing of the proposed project at 9900 Culver Boulevard;</u>
2. <u>Authorize the Agency General Counsel to prepare/review the appropriate documents and authorize the Executive Director to execute those documents on behalf of the Agency</u>
3. <u>Approve an amendment to the Redevelopment Agency budget to create a project number for the 9900 Culver Boulevard project and authorize the expenditure of $550,000 from the unrestricted tax increment fund 550.</u>