



City of Culver City

Staff Report

File #: 24-1064, Version: 1

Item #: C-4.

CC - CONSENT ITEM: (1) Approval of Second Amendment to Memorandum of Understanding and Lease Agreement with Wende Museum of the Cold War, Inc for 10808 Culver Boulevard to Add Lease of City Owned Property at 10860 Culver Boulevard for Affordable Housing; and (2) Approval of a Resolution Declaring the Property to be Exempt Surplus Land Due to Its Future Use for Affordable Housing.

Meeting Date: June 10, 2024

Contact Person/Dept: Jesse Mays/ City Manager's Office

Phone Number: (310) 253-6000

Fiscal Impact: Yes No **General Fund:** Yes No

Attachments: Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/06/2024)

Department Approval: John Nachbar, City Manager (06/03/2024)

RECOMMENDATION

Staff recommends the City Council (1) approve a Second Amendment to Memorandum of Understanding and Lease Agreement with the Wende Museum of the Cold War, Inc (Wende) for the property located at 10808 Culver Boulevard to add a lease of the City owned property at 10860 Culver Boulevard for affordable housing; and (2) approve a resolution declaring the property to be exempt surplus land due to its future use for affordable housing.

BACKGROUND

The City entered into a Memorandum of Understanding and Lease Agreement ("the Lease") with Wende Museum on December 3, 2012 for a 75 year lease of the City's Armory building, and renovation into what is now the Wende Museum (Attachment 1).

In July 2019, the City Council received a report on the status of the City-owned property at 10858 Culver Boulevard. The report identified five potential uses including (1) affordable housing for artists; (2) modular affordable housing; (3) a multiuse facility created by combining parcels to the west; (4) a community center operated by the Wende Museum; and (5) veteran services in the form of a service

center and/or housing. Upon conclusion of the discussion, the City Council directed the City Manager to conduct public outreach to understand which use is preferred by the community.

The City Council held a community meeting on September 24, 2019 to discuss the future of the City-owned property at 10858 Culver Boulevard, which had previously been leased by AMVETS. The Wende Museum presented a proposal that included a creative community center and housing. The meeting attendees indicated strong support for the Wende's proposal. There was also some support for veteran services and/or housing (due in part to the historic use of the Property). There was also discussion of combining the AMVETS parcel with the Community Garden parcel.

On February 24, 2020, the City Council approved allowing Wende to proceed with its Creative Community Center proposal and proceed through project entitlements. As part of the entitlements, Wende was required to draft a Comprehensive Plan Amendment for the property, as well as the adjacent parcel containing the Community Garden. The City Council directed staff to conduct public outreach to study the potential use of the Community Garden for affordable housing purposes.

The City Council approved at its meeting on November 9, 2020, and the City and Wende signed the amended lease on December 18, 2020 to add to the lease the lots underneath the AMVETS building, on which is now being constructed the Gloria Kaufman Creative Community Center (Attachment 2). The lease expires in 2092 (75 years from completion of the Wende's improvements to the City's former Armory building).

On January 24, 2022, the City Council adopted an Ordinance approving Comprehensive Plan Amendment P2021-0174-CPA for the development of a three-story community center, up to 12 dwelling units, a reconfigured community garden, and associated site improvements at 10808-10860 Culver Boulevard.

DISCUSSION

The proposed lease with Wende would include the following terms:

Subject Property and Term

The lots underneath the former Community Garden (Lots 9-10 of Tract 9974) (Attachment 3) would be added to the Wende's current lease with the City. The term of the lease is currently through 2092.

Affordable Housing for Artists

Wende will work with the Artistic Freedom Initiative (AFI), a New York nonprofit corporation, or another similar organization, to develop "a multi-organizational affordable housing residency program for low-income political asylum-seeking and refugee artists as well as low-income local artists, musicians, filmmakers, and other creatives, strengthening the City's cultural resources and providing a benefit to the community through collaborative programming in conjunction with the forthcoming Creative Community Center that will be located directly next door." Wende will build affordable housing for the artists on the lots. The City will approve an agreement between AFI and Wende specifying its duties, responsibilities, and financial contribution.

Affordable Housing Construction

Wende would be responsible for entitling and constructing affordable housing units to facilitate the

artist housing on the property within four years of a notice to proceed from the City. There is the option for the City Manager to grant two, six-month extensions, and there is an 18-month force majeure delay provision. The affordable housing will become the property of the City.

Four housing units would be required, including three affordable units and one manager's unit.

Culver City Rock and Mineral Club and Scout House

The wall that runs north to south along the Culver City Rock and Mineral Club and the wooden ramp attached to the Scout House are both located partially on Lot 9, which will be leased by Wende. Wende will work collaboratively with these organizations to, if necessary, remove or relocate the wall and the ramp entirely to Lot 8, which is not subject to the Wende lease, entirely at the Wende's own expense.

Tenant and Affordability Requirements

At least one-half of the affordable housing units, not including the manager's unit, will be occupied by low-income asylum seeking-artists and refugees identified by the AFI. These international renters will not be charged rent. The remainder of the affordable housing units will be occupied by low-income, local, Southern California-based artists who are qualified for affordable housing based on State Housing and Community Development standards. Maximum income and rent restrictions will be recorded against the title.

Temporary Tiny Home Installation

Wende will install a temporary tiny house or other similar structure (not to exceed 500 square feet) on the property during the entitlement and permitting process for the affordable housing. (See Attachment 4). Wende will landscape the area around the house and open the property to the public during business hours so the public can get a "preview" of what the future housing might look like. They may also allow visiting artists who are guests of the museum to temporarily stay in the tiny home overnight for a limited period of time (such as a weekend).

Wende's Ongoing Contribution

Wende is responsible for maintenance and operation costs of the affordable housing units, including but not limited to utilities, taxes, insurance, maintenance, and repairs. Wende will also be responsible for management, maintenance, and operation of the onsite private garden. The City Manager has the right to approve a similar alternative contribution to the City by Wende.

City Review and Approval

The City has the right to review and approve Wende's proposals for the affordable housing development, and any future improvements to the units.

City Fiscal Contribution

The City will contribute the cost of the leasehold interest (meaning Wende will not be charged rent), as well as \$200,000 for each of the three units with an affordability covenant. This amount is approximately one fourth of the cost of each affordable unit, or one eighth the cost of the entire project. Funds would be allocated from the City's General Fund in a future budget year. The City will also contribute the cost of permit fees related to entitlements and construction and the sewer facility

connection fee. Affordable housing is exempt from the Art in Public Places fees (see 15.06.1200), but if any of the project is subject to the APP fee, Wende would be able to use onsite art to meet the requirement and will not be required to pay the in-lieu fee.

Parking

The Wende will work cooperatively with PRCS to coordinate event parking in the public lot at the site. Wende must rent spaces if they want to reserve spaces temporarily for events.

Soil Contamination Remediation

The City performed a Phase 1 Environmental Assessment in September 2021 for 10858 Culver Boulevard (the former AMVETS property), which is adjacent to the community garden. The Phase 1 study found no concerns that would warrant further investigation, so a soils analysis was not done. If dangerous soil contamination is discovered later, the City and Wende will negotiate who is responsible for paying for cleanup.

Community Garden

Although earlier iterations of the Wende Plan called for a community garden at the site, Wende is now proposing a private garden adjacent to the housing, to ensure the privacy of the future residents. The current draft Lease amendment does not require any sort of community garden to be provided or operated by Wende.

Surplus Land Act

The California Surplus Land Act (SLA) is a state regulation that establishes requirements for public agencies intending to sell or lease surplus property. Due to the requirements of the SLA, the City Council must declare the property under consideration to be leased to the Wende to be “Surplus Land” or “Exempt Surplus Land” before the City Council takes action to dispose of the property. The SLA defines “Exempt Surplus Land” to include surplus land that is transferred pursuant to California Government Code Section 37364. California Government Code Section 37364 authorizes a city to lease real property to provide affordable housing to persons and families of low or moderate income provided that certain requirements are met (as detailed in the draft resolution, Attachment 5). Staff recommends that the City Council approve the attached resolution declaring the property to be Exempt Surplus Land, based on the findings detailed in the resolution.

FISCAL ANALYSIS

If the City Council approves the Second Amendment to the Memorandum of Understanding as proposed, the City would contribute \$600,000 towards the cost of constructing the affordable units. Funds would be allocated from the City’s General Funds during a future budget year. This amount was requested by Wende. The City would waive a variety of City fees associated with the project, valued at approximately \$140,000. The exact amount of the fees will vary based on the final design of the project. The value of the City’s leasehold interest in the property is difficult to determine, due to the unique zoning and comprehensive plan restrictions on the property. Wende would make approximately \$4,800,000 in improvements on the site, which would become the property of the City. This includes an estimated \$800,000 per unit for four units, \$800,000 for a shared studio/media

space for artists, and \$200,000 for landscaping/hardscape, and \$600,000 for soft costs. On a per square foot basis, the improvements would be around \$1,200 per square foot.

Wende's assumption of the ongoing costs such as utilities, taxes, insurance, maintenance, repairs, and management and operation of the community center is estimated to be approximately \$250,000 per year. This includes utilities, maintenance, subsidies for residents, support services, administrative expenses, and staffing. Wende's operating costs would be supported by AFI and fundraising by Wende. These and other public benefits Wende would provide as part of this agreement are estimated to exceed the City's contribution of the leasehold interest and fee waivers for the project.

ATTACHMENTS

1. 2012 Wende Lease (for Armory Building)
2. 2020 Wende Lease 1st Amendment (for AMVETS property)
3. Map of Lots 9 and 10
4. Information about the Wende's Tiny Home
5. Draft Resolution Declaring Property Exempt Surplus Land

MOTION

That the City Council:

1. Approve a Second Amendment to Memorandum of Understanding and Lease Agreement with Wende Museum of the Cold War reflecting the terms described in the Staff Report; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City; and,
4. Approve a resolution declaring the property to be exempt surplus land due to its future use for affordable housing.