

**ANNUAL REPORT SUMMARY**  
**FOR FISCAL YEAR 2008-2009**  
**REDEVELOPMENT AGENCY OF THE CITY OF SANTA MONICA**

**I. INTRODUCTION**

As required by California Health & Safety Code Section 33080.1, the Redevelopment Agency must file an annual report with the California State Controller within six months of the end of the Agency's fiscal year. The annual report must contain:

- 1) An independently prepared financial audit report conducted in accordance with generally accepted auditing standards (*Independent Auditor's Report*);
- 2) A fiscal statement that provides information on the outstanding indebtedness of, and the tax increment revenue generated by, the agency and by each project area (*State Controller's Report of Financial Transactions of Community Redevelopment Agencies and Statement of Indebtedness*);
- 3) A specific description of the Agency's activities affecting housing and any displacements (*Annual Report of Housing Activities of Community Redevelopment Agencies*); and
- 4) Any other supplemental information that the Agency believes useful in explaining its programs and activities.

This annual report for the Santa Monica Redevelopment Agency contains information required by state law and includes a review of the objectives and activities of the Redevelopment Agency in FY 2008-2009, and previews the Agency's objectives and work plan for FY 2009-2010.

**II. DESCRIPTION OF REDEVELOPMENT PROJECT AREAS**

On August 13, 1957, the City Council of the City of Santa Monica established the Redevelopment Agency of the City of Santa Monica, pursuant to Redevelopment Law. In May 1972, the City Council declared itself the Agency and assumed all the rights,

powers, duties and privileges vested in a redevelopment agency. There are four redevelopment project areas within the city:

- Ocean Park Redevelopment Project 1A
- Ocean Park Redevelopment Project 1B
- Downtown Redevelopment Project
- Earthquake Recovery Redevelopment Project

### ***Ocean Park Redevelopment Project 1A***

The City Council adopted the Redevelopment Plan for the Ocean Park Redevelopment Project 1A on June 30, 1960 and amended the Plan on November 14, 1967, primarily to change the permitted land uses in the project area. The project area is 25 acres bounded by Ocean Park Boulevard to the north, Neilson Way to the east, Ocean Park Project 1B to the south and the State beach parking lots and the beach to the west.

Phase one of Ocean Park Redevelopment Project (1a) was completed in 1980 and phase two was completed in 1987. The project contains two 17-story, 250 rental unit high-rise buildings known as Santa Monica Shores and is surrounded by the Sea Colony condominium project, which consists of 340 condominium units. Ocean View Park is a public park located in the center of the project area facing the ocean.

### ***Ocean Park Redevelopment Project 1B***

The City Council adopted the Redevelopment Plan for the Ocean Park Redevelopment Project 1B on January 24, 1961, with subsequent amendments implemented on January 26, 1965, July 13, 1971, and again on September 12, 1972, principally to change the permitted land uses within the project area. The project area consists of 8 acres bounded by Ocean Park Redevelopment Project 1A to the north, Neilson Way to the east, the City limit to the south, and both the State beach parking lots and the beach itself to the west. The project was completed in 1983.

Currently the project contains two senior citizen residential apartment complexes, Neilson Villas and Barnard Park Villas, which contain 100 and 61 rental units respectively. A former utility building within the project area was adapted into offices and art storage for the Eli Broad Trust Art Foundation.

### ***Downtown Redevelopment Project***

The City Council adopted the Redevelopment Plan for the Downtown Redevelopment Project on January 13, 1976. The Downtown Redevelopment Project encompasses 9.9 acres of property located in the downtown core of Santa Monica bounded by Broadway to the north, 4<sup>th</sup> Street to the east, Colorado Avenue to the south, and 2<sup>nd</sup> Street to the west. Completed in 1980, the project consists of Santa Monica Place; a retail center containing approximately 570,000 square feet of floor area, including two major department store anchors and 160 specialty retail shops/food uses, linked by a three level enclosed common area, which is owned and operated by the Macerich Company. The project also includes two Agency-owned parking structures that provide a total of 1,968 parking spaces. The shopping center is currently undergoing remodel and will re-open by Summer 2010. The Agency is moving forward with improvements to Parking Structures 7 & 8. This includes façade improvements, converting the structures to full-day attendant parking and installing parking controls and other related capital improvements. The first phase of the parking structure improvements is anticipated to be completed by the re-opening of Santa Monica Place.

### ***Earthquake Recovery Redevelopment Project***

The City Council adopted the Redevelopment Plan for the Earthquake Recovery Project on June 21, 1994. The project is 2.89 square miles bounded to the east by Cloverfield Boulevard and 26<sup>th</sup> Street, to the west by Pacific Coast Highway/Beach Promenade, to the south generally by Pico Boulevard, and to the north by Montana Avenue and includes the structures predominantly damaged in the January 1994 Northridge earthquake. Approximately 90 percent of all red-tagged and 60 percent of all yellow-tagged buildings in the City were in the project area. To date, the Earthquake Recovery Project has funded disaster prevention and mitigation, commercial revitalization, community revitalization and institutional projects. During FY 2008-2009, the City embarked on developing the Redevelopment Funding Priorities for CIP projects over the next five years, which the City Council approved on June 11, 2009. These

Redevelopment Funding Priorities set the framework for the development of the Redevelopment Agency's next Five Year Implementation Plan.

### **III. ACTIVITIES FOR FISCAL YEAR 2008-2009 AND 2009-2010**

The Agency's activities for the last fiscal year, which implement the Redevelopment Agency's 2004 Implementation Plan objectives for Ocean Park 1A, Ocean Park 1B, Downtown and Earthquake Recovery Redevelopment Project Areas, are discussed below. Additionally Agency objectives and activities for the forthcoming 2009-2010 fiscal year are set forth below.

#### **Non-Housing Activities:**

##### ***Disaster Prevention and Mitigation:***

- **Downtown Parking Program.**

***FY 2008-2009:*** In accordance with Council and Agency authorization, staff proceeded with work related to seismic retrofit of Parking Structures 2 and 4 and the façade improvement program for Parking Structures 1-6.

***FY 2009-2010:*** The City contracted with Walker Parking Consultants to review and evaluate the City's parking operations and update the financing program associated with the Downtown Parking Program. The report reviewed parking demand, rate recommendations, revenue options, financing potential, parking operations and future parking supply needs. The final report on the Downtown Parking Program with Staff recommendations was presented to City Council on September 8, 2009. City Council directed staff to develop a timeline to implement the Walker Parking Consultant recommendations.

- **Parking Structure 2.**

***FY 2008-2009:*** Final design for the seismic retrofit of Parking Structure 2, located at 1235 2<sup>nd</sup> Street, was completed. The project entails seismic strengthening to the existing 9 story parking structure.

**FY 2009-2010:** The permitting process for the seismic retrofit work is anticipated to be completed by December 2009, with construction starting during the 1<sup>st</sup> quarter of 2010.

- **Parking Structure 4.**

**FY 2008-2009:** Seismic retrofit work was completed on Parking Structure 4 in February 2009. The project also included upgrading of the restrooms, and construction of storage area for maintenance equipment. The new restrooms are open and staffed with attendants provided by the Bayside District Corporation through the corporation's Ambassador Program.

- **Façade Improvements to Parking Structures 1-6.**

**FY 2008-2009:** This project consists of façade improvements to Parking Structures 2, 4 and 5, including artist-designed vehicle and pedestrian entry features and lighting enhancements. Also included was the painting of the six downtown parking structures (completed in Spring 2009), repairs to planters, and replacing real-time parking availability monument signs. The installation of LED light fixtures in Parking Structure 2, 4, 5 is complete. The parking counting KIOSKS (which include maps of the Bayside District and 3<sup>rd</sup> Street Promenade) were installed in July 2009.

**FY 2009-2010:** The artwork and signage installation in Parking Structures 2, 4, and 5 is due to be completed in December 2009.

- **Parking Structures 1 and 6.**

**FY 2008-2009:** The Downtown Parking Improvement Program provides for Parking Structures 1 and 6 to be demolished and rebuilt in the same locations with additional parking spaces. The rebuilding of each structure will result in a net increase of up to 250 spaces per structure. In June 2009, the Redevelopment Agency authorized the Executive Director to negotiate and execute a design-build contract for pre-construction services and preparation of a conceptual design to aid in defining the program.

***FY 2009-2010:*** The City's Planning Department presented concept massing, urban design, circulation and cost implications relative to the design-build process in November 2009. Based on City Council direction, staff will proceed with the design of Parking Structure 6.

- **Land Acquisitions.**

***FY 2008-2009:*** The City has been pursuing the acquisition of property within the area bounded by 4<sup>th</sup> Street, 5<sup>th</sup> Court, Wilshire Boulevard and Olympic Boulevards for future public projects that may include light rail transit, public parking, affordable housing or other public supportive commercial uses. The City purchased property located at 1632-1636 5<sup>th</sup> Street (February 2009) and 1334 5<sup>th</sup> Street (May 2009).

***FY 2009-2010:*** The City will continue to pursue acquisitions as necessary.

- **Palisades Bluff Stabilization.**

***FY 2008-2009:*** The Palisades Bluffs are steep and nearly vertical in certain areas, with deeply eroded gullies. After the January 17, 1994 Northridge earthquake, various sections of the bluffs were impacted by landslides, flows of debris and mud, and fractures. The damage was further exacerbated by sloughing from the disaster level storms of 1995 and 1998. The City is pursuing implementation of the Palisades Bluffs Improvement project as recommended in the Geotechnical Study of the Palisades Bluffs (October 2004). The proposed Phase 1 improvements include the installation of drainage measures, a limited demonstration of surface treatment measures to determine the aesthetic impacts prior to broader implementation, planting of native vegetation and other safety measures. The City obtained environmental clearance from the Federal Highway Administration (FHWA) and Caltrans, obtained Federal funding authorization (E-76) and approval to advertise for construction from Caltrans, and advertised the project for construction. Construction of the Phase I scope of work commenced in November 2009.

***FY 2009-2010:*** Phase II of the project includes the structural stabilization scope of work needed for the California Incline Project to move forward. Construction of Phase II Improvements is anticipated to begin in Spring 2011.

**Commercial Revitalization:**

○ **Santa Monica Place.**

***FY 2008-2009:*** The objectives of the Santa Monica Place renovations include updating and redesigning the enclosed mall into an outdoor shopping venue, establishing an open connection to the Third Street Promenade and to adjacent streets in order to better integrate the shopping center into Downtown, and providing an attractive shopping destination that will appeal both to retailers and to the Santa Monica community. The mall construction and remodel commenced in FY 2008-2009 and will continue to FY 2009-2010.

***FY 2009-2010:*** The Agency will continue to work with Macerich Company on the remodel of Santa Monica Place and coordinate construction of public improvements with Macerich to ensure the City and Agency's conditions of project approval are satisfied.

In addition, Bloomingdales (previously Macy's) and Nordstrom, the two anchor department stores at Santa Monica Place are also remodeling their existing stores. They both plan on opening their stores with the re-opening of Santa Monica Place scheduled for August 2010.

○ **Improvements to Parking Structures 7 & 8.**

***FY 2008-2009:*** This project includes façade improvements, the conversion of the structures to full-day attendant parking and installation of parking controls and related capital improvements, including secure bicycle parking. In July 2008, the Agency approved the proposed schematic designs and authorized staff to implement the proposed façade improvements, including construction of exterior cladding, pedestrian-oriented retail spaces, solar photovoltaic systems, attendant

parking controls and bicycle parking facilities. A Coastal Commission Development Permit was received in November 2008. The Agency is working with the Macerich Company to oversee construction of the improvements on behalf of the City.

***FY 2009-2010:*** In July 2009 the Redevelopment Agency approved a phased approach to the construction of improvements for Parking Structures 7 & 8. The improvements will be constructed in two phases. The second phase of the improvements will be constructed once additional funding from a variety of sources becomes available. In addition, agreements with Macerich Company to carry out the project and commence construction of capital improvements at Parking Structure 7 & 8 and convert the parking facilities to attendant parking are in final draft. It is anticipated the construction work on these improvements will commence early 2010.

- **2<sup>nd</sup> and 4<sup>th</sup> Street Improvement Project.**

***FY 2008-2009:*** The project included the installation of new trees, removal of some existing trees, pedestrian lighting to illuminate the sidewalks, enlargement of tree-wells and installation of decorative uplighting to enhance the six mid-block crosswalks on 2<sup>nd</sup> and 4<sup>th</sup> Streets. These improvements were identified as a third phase in the Downtown Urban Design Plan. The project was substantially completed in June 2009.

***FY 2009-2010:*** The last element left to complete the project is to install 5 street/sidewalk light poles with bases. The project is substantially complete; the project is on hold due to the construction of Santa Monica Place. Construction will resume in early 2010 and should be finished by February 2010.

**Community Revitalization:**

- **415 Pacific Coast Highway - Annenberg Beach House.**

***FY 2008-2009:*** The adaptive reuse of 415 PCH entails rehabilitation of the historic guest house and pool; construction of a new entry pavilion, event and pool houses;

restroom and site improvements including a children's play area, water play feature, picnic and garden terraces, sand paddle tennis, volleyball courts; renovations to the Back on the Beach Café and existing North, South and East parking lots; and installation of a traffic signal on Pacific Coast Highway. The project was completed and open to the public in April 2009. The \$30.4 million project is funded primarily by a \$26 million grant from the Annenberg Foundation with a contribution of \$0.4 million from the City's General Fund, \$0.7 in HUD EDI grant funds and \$3.3 in Redevelopment Agency funds.

- **20<sup>th</sup> Street and Cloverfield Streetscape Improvement Project.**

***FY 2008-2009:*** The scope of work includes construction of various streetscape enhancements on 20<sup>th</sup> Street and Cloverfield Boulevard between the Santa Monica Freeway (I-10) and Pico Boulevard. Concept designs were presented to City Council in FY 2008-2009. Council requested an additional traffic study and concept design peer review prior to approving the concept design for the project.

***FY 2009-2010:*** A final concept design will be presented to Council in Winter 2010. Construction is anticipated to begin during the first quarter of 2011 with completion anticipated in Summer 2011.

- **Civic Center Planning & Design**

***FY 2008-2009:*** The 2005 update to Civic Center Specific Plan resulted in plans, concept designs, and studies for various project components of the Civic Center, especially public open spaces, cultural facilities and renovation and upgrades to the Civic Center Auditorium. In March 2009, City Council provided feedback to staff on an inter-departmental approach for moving forward with planning and design of Civic Center projects and Expo Line-related capital projects in a coordinated fashion. Also initiated in FY 2008-2009 were a traffic circulation and parking study and survey work.

***FY 2009-2010:*** The Freeway Capping, Colorado Streetscape Improvements, Palisades Garden Walk, and Expo Line enhancements will be entering the design and development phase, with the goal of completing project design work by July 2012.

- **Civic Center District Projects**

***FY 2008-2009:*** This project includes the creation of a 5.6-acre park, a new cultural facility, surrounding streetscapes, the extension of Michigan Avenue from 4<sup>th</sup> Street through Main Street as a pedestrian way, and the Early Childhood Center (ECEC). An RFQ seeking a private partner for the Civic Auditorium was issued in April 2009.

***FY 2009-2010:*** Proposals in response to the RFQ were received in July 2009; the City Council authorized the City Manager to negotiate an agreement with the Nederlander Group for the use and programming of the Civic Auditorium. The objective for this fiscal year is to finalize the business terms for construction and operation of this cultural facility.

Additionally, the location for the ECEC facility will be finalized and the City anticipates entering into an agreement with Santa Monica College for the construction and operation of the ECEC.

- **Redevelopment Priorities and Implementation Plan.**

***FY 2008-2009:*** In order to capitalize on the Earthquake Recovery Redevelopment Project Area's ability to collect tax increment through 2042, the Redevelopment Agency must issue or commit all debt obligations by 2014. Thus, on June 6, 2009, the Agency confirmed its funding priorities and directed staff to prepare the necessary budget actions to move forward the capital programs identified in the long-term priorities for Agency funding. The City's goal is to complete the design development phase for these capital projects during the next three years and be prepared to issue debt by 2012 to achieve optimal funding terms for financing the construction of all these capital programs.

***FY 2009-2010:*** These redevelopment funding priorities were the basis for the 2009-2014 Redevelopment Agency's Five-Year Implementation Plan. On November 17, 2009, City Council approved a \$298 million Agency program for the next five years. In the next year, the Agency will continue to implement and fund these priority capital programs.

**Affordable Housing Activities:**

The Agency continued its efforts to increase, preserve, and improve the supply of affordable housing in Santa Monica, as set forth in the adopted housing programs of the Redevelopment Agency's 2004 and 2009 Five-Year Implementation Plan, by carrying out the following activities.

○ **Line of Credit – Leveraging Housing Set-Aside Funds.**

***FY 2008-2009:*** In May 2008, the Agency entered into a Credit Agreement with Bank of America for a line of credit in the amount of \$50,000,000, with an option to increase the line of credit by an additional \$25,000,000. During FY 2008-2009, four new construction and two multifamily low/moderate income projects received a total of \$27,952,947 from the line of credit. This financing method leverages the Agency's ongoing housing set-aside revenue stream and provides a means to acquire properties that come up for sale in a timely manner. By increasing the near-term funding available for affordable housing development, the Agency can decrease its exposure to inflationary increases in land and construction costs.

***FY 2009-2010:*** The Agency plans to exercise its option to draw down an additional \$25 million that can be made available for rehabilitation of existing developments or to create new affordable housing developments.

○ **Senior Homeless Prevention and Rental Assistance Program.**

The Housing Authority funds two programs with Redevelopment Agency funds- the Senior Homeless Prevention Program (SHP) and the Rental Assistance Program.

***FY 2008-2009:*** The SHP program provided eviction prevention assistance to eight households. The Rental Assistance program provided rental subsidies to 42 tenants.

***FY 2009-2010:*** The Agency will continue to provide funding for the SHP and Rental Assistance programs. Agency funds available to these programs for this next fiscal year are \$1.3 million.

- **175 Ocean Park Boulevard.**

***FY 2008-2009:*** Fulfilled lease payment obligations to maintain twenty-two housing units for very low-income senior and family households. The lease payment made by the Agency is on behalf of the 175 Ocean Park Boulevard public housing development operated by the County of Los Angeles. This is an ongoing obligation of the Agency for years to come.

In summary, one hundred and twenty-six (126) units have been constructed and are complete. An additional two hundred and sixty (260) units are currently in the construction phase and three hundred and sixty-three (363) units are in the acquisition/predevelopment/design phase. The following tables provide a snapshot of housing development activity during FY 2008-2009 and anticipated activity during FY 2009-2010.

**Completed**

Development	Type	Units	Bedrooms	Affordability	Completion Date	Additional Comments
2211 4 <sup>th</sup> St.	Rehabilitation	22	20 - 1 bedroom & 2 - 2 bedrooms	Low Income	October 2008	
1548 5 <sup>th</sup> St. (Step Up on Fifth).	New Construction	46	44 single room occupancy	Very-Low Income	March 2009	2 units for onsite property management
2320 34 <sup>th</sup> St.	Rehabilitation	6	4 - 1 bedroom & 2 - 2 bedrooms	Low Income	August 2009	
2411-23 Centinela Ave.	Rehabilitation	36	18 - 2 bedrooms & 18 - 3 bedrooms	Very-Low and Low Income	November 2008	
751-752 Marine (Marine Street Apartments).	Rehabilitation	8	8 - 2 bedrooms	Low Income	November 2009	
2624 Santa Monica Blvd.	Rehabilitation	8	8 single room occupancy	Very-low Income	July 2009	1 unit for onsite property management

## Construction Phase

Development	Type	Units	Bedrooms	Affordability	Activity FY 2008-2009	Activity and Goals FY 2009-2010	Additional Comments
914 4 <sup>th</sup> St	Rehabilitation	16	2 & 3 bedrooms	Low Income	Acquired	Anticipated completion: October 2010	
2418 5 <sup>th</sup> St.	Rehabilitation	6	1 - 1 bedroom & 5 - 2 bedrooms	Low Income	Acquired	Anticipated completion: March 2010	
2029-31 20 <sup>th</sup> St.	Rehabilitation	12	1 - 1 bedroom & 5 - 2 bedrooms & 1 studio	Low Income	Acquired	Anticipated completion: December 2010	
1458 14 <sup>th</sup> St (Ocean Breeze Apartments)	New Construction	20	1 bedroom	Very- Low and Low Income for Seniors	Received tax credits and Infill Infrastructure grant	Anticipated completion: mid December 2009	
2602 Broadway Ave.	New Construction	33	2 & 3 bedrooms	Very- Low and Low Income	Submitted application to ARB and held a community meeting	Anticipated completion: 2010-2011	
430 Pico Blvd.	New Construction	32	2 & 3 bedrooms	Very- Low and Low Income	Replacement Housing Plan approved and held a community meeting	ARB approval	
225 San Vicente Blvd.	Rehabilitation	36	25 - 1 bedroom & 11 - 2 bedrooms	Low Income	None	Anticipated completion: 2010-2011	
1930 Stewart (Mountain View Mobile Home Park)	Rehabilitation	105	Mobil homes	Low and Moderate Income	In Process	Anticipated completion: June 2010	

**Acquisition/Predevelopment/Design Phase**

Development	Type	Units	Bedrooms	Affordability	Activity FY 2008-2009	Activity and Goals FY 2009-2010	Additional Comments
1438 25 <sup>th</sup> St.	Rehabilitation	12	6 - 2 bedrooms & 6 - 3 bedrooms	Low Income	Acquired	Anticipated construction start: April 2010	
1513 Centinela Ave.	Rehabilitation	7	2 - 2 bedrooms & 1 - studio	Low Income	Acquired	Anticipated construction start: January 2010	
1924 & 1930 Euclid St., 1753 18 <sup>th</sup> St. and 1754 19 <sup>th</sup> St. (FAME)	New Construction	49	2 & 3 bedrooms	Very-Low and Low Income	Planning Commission approval received	Apply for tax credits March 2010	
1943, 1945, 1955 and 1959 High Place (High Place East)	New Construction	45	2 & 3 bedrooms	Moderate Income	ARB and approval received	12 month loan extension and Landmark Commission approval received	Home Ownership
1942-54 High Place (High Place West)	New Construction	50	2 & 3 bedrooms	Low Income	ARB and approval received	12 month loan extension and Landmark Commission approval received	
844 Lincoln Blvd.	Rehabilitation	10	5 - 1 bedroom & 5 - 2 bedrooms	Low Income	Acquired	Anticipated construction start: May 2010	
1700 Main St. ( The Civic Center Village)	New Construction	160	Pending	Very-low to Low Income	Development Disposition Agreement and Development Agreement executed \$10 million in State Multifamily Housing Program funds rec'd	Anticipated construction start: August 2010	
2802 Pico Blvd.	New Construction	30	2 & 3 bedrooms	Very- Low and Low Income	Completed conceptual design and held 5 community meetings	Apply for tax credits March 2010	

The Agency will continue to secure as many low and moderate housing opportunities within the City as feasible with funding assistance for land acquisition, new construction, and acquisition and rehabilitation of existing properties.

**V. PROJECT AREA HOUSING FUND REVENUES AND OTHER SOURCES**

During the reporting period, the Agency contributed \$14,257,950 into its Low & Moderate Income Housing Fund, reflecting 20 percent of the tax increment revenues received in FY 2008-2009. These funds will be used in support of low and moderate income housing in future years. The following represents the breakdown of these contributions:

***Ocean Park Redevelopment Projects 1A & 1B***

In FY 2008-2009 the Ocean Park 1A and 1B Redevelopment Projects received \$4,041,805 in tax increment revenue, of which \$808,361 was set aside for housing activities. These funds were expended on debt service, associated administrative costs and projects through the Affordable Housing Trust Fund.

***Downtown Redevelopment Project***

In FY 2008-2009, the Downtown Redevelopment Project received \$996,838 in tax increment revenue, of which \$199,368 was set aside for housing activities. These funds were expended on debt service, associated administrative costs and projects through the Affordable Housing Trust Fund.

***Earthquake Recovery Redevelopment Project***

In FY 2008-2009, the Earthquake Recovery Redevelopment Project received \$66,251,106 in tax increment revenue, of which \$13,250,221 was set aside for housing activities.