



Information Item

Date: May 11, 2009

To: Mayor and City Council
From: Andy Agle, Director of Housing and Economic Development
Subject: Civic Center Village Development Update

Introduction

This report provides a status update regarding milestones achieved and anticipated delays in the financing and construction of the Civic Center Village, a mixed-income and mixed-use development.

Background

On [June 10, 2008](#), the Redevelopment Agency of the City of Santa Monica (Agency) approved a Disposition and Development Agreement (DDA) with Related/Santa Monica Village LLC (Developer) regarding the business terms for the development of the Agency-owned Civic Center Village site. The DDA provisions include a Schedule of Performance under which the Developer is obliged to meet specific deadlines for design, entitlements, finance, construction and lease-up milestones.

The execution of the DDA culminated several years of community planning, design and public benefits negotiations. Key milestones in this process include the adoption of the Civic Center Specific Plan on June 28, 2005, selection of Related Companies as the developer in January 2006 and City Council approval of the design and development conditions (Development Agreement) on May 13, 2008.

The Village property comprises approximately 3.7 acres and will enhance the Civic Center area with 324 residences (including 160 that will be affordable to low-income households, including families and artists), public open space, an extension of Olympic

Drive, public art, sustainable design and construction and additional contributions towards transportation management and the Civic Center Early Childhood Development Center. The [May 13, 2008](#) City Council staff report provides more detailed information.

Discussion

The Developer has achieved significant project design milestones while concurrently experiencing delays in financing for the development of the Civic Center Village. The June 10, 2008 DDA staff report indicated that next steps for the developer included applications to the California Coastal Commission, the State of California Multifamily Housing Program (MHP) and the Architectural Review Board. On December 11, 2008, the Coastal Commission approved the development and in November 2008, the State MHP preliminarily awarded the project \$10,000,000 in financing. The Architectural Review Board approval of the development is currently pending.

Due to the state of the credit markets and lack of access to construction and permanent capital, the Developer is facing delays in securing financing for both the affordable and the market-rate units. The DDA requires that the developer secure financing by July 31, 2009 but contains provisions for two extensions if the Developer demonstrates diligent and reasonable efforts to apply for and obtain financing. In December 2008 the City Manager determined that the Developer had been diligent albeit unsuccessful in their financing efforts and granted the first extension of twelve months.

Summary

The Civic Center Village development has achieved entitlement and public financing milestones since the Council approved this development in 2008. However, the lack of currently available conventional financing has resulted in a one-year delay in the start of construction, now anticipated for July 2010.

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