

General Plan 2045 *Culver* CITY

Citywide Economic Development

July 2020

Agenda



- Introduction
- Demographic and Socioeconomic Conditions
- Real Estate Market and Demand
- Economic Development Considerations
- Discussion

Demographic and Socioeconomic Conditions

Changing Demographics

Population



40,173

people in 2019



+3.5%

increase since 2000

Housing Units



17,732

housing units in 2019



602

new housing units built since 2000

+3.5%

increase since 2000

Households



16,543

households in 2017



-1%

decrease since 2000

Household Size



+4%

increase since 2000

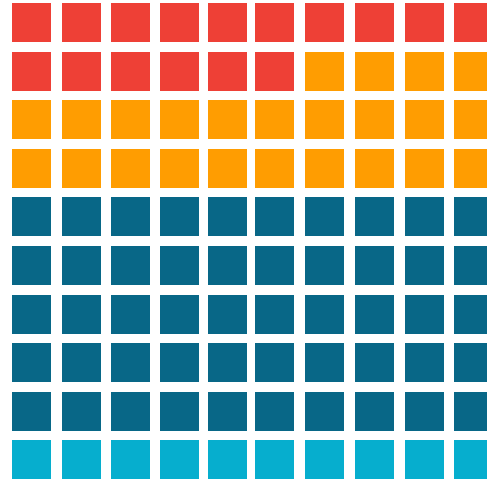
Changing Race + Ethnicity

Culver City in 2000



- Asian (12%)
- Hispanic / Latino (24%)
- White (48%)
- Black or African American (12%)
- Native Hawaiian or Pacific Islander (<1%)
- Other (<4%)

Culver City in 2017



- Asian (16%)
- Hispanic / Latino (24%)
- White (50%)
- Black or African American (10%)
- Native Hawaiian or Pacific Islander (<1%)
- Other (<1%)

LA County in 2017



- Asian (14%)
- Hispanic / Latino (49%)
- White (28%)
- Black or African American (9%)
- Native Hawaiian or Pacific Islander (<1%)
- Other (<1%)

An unprecedented employment boom.

Top 5 Job Sectors



60,036
jobs in 2017



20%
Information



11%
Retail Trade



+45%
increase since
2002



16%
Administration & Support,
Waste Management and
Remediation



7%
Education Services



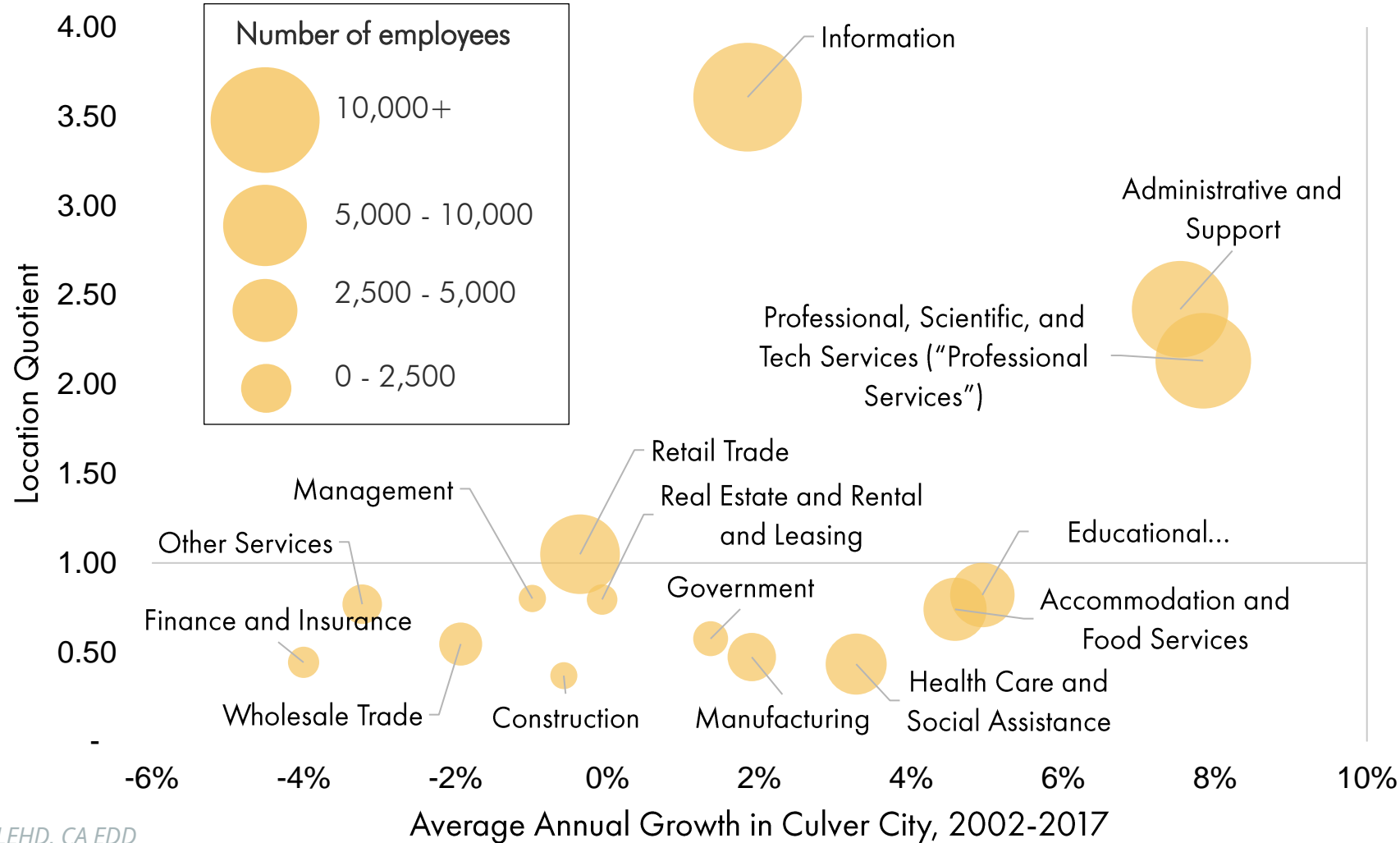
669
creativity industries
in 2017



15%
Professional, Scientific,
and Technical Services

The "Professional Services" sector has fueled most of Culver City's job growth.

Industries by Size, Historic Growth (2002-2017) and Location Quotient



+13,661
Jobs added since
2010

38%
From
Professional
Services

However new housing has not kept pace with jobs growth.

Historic Job and Housing Growth in Nearby Areas

	Jobs to Housing Ratio, 2017	Net Increase in Jobs, 2002-2017	Net Increase in Housing Units, 2002-2017	Incremental Jobs to Housing Ratio, 2002-2017
Culver City	3.5	18,500	380	49.1
Burbank	2.7	36,500	900	40.5
Beverly Hills	2.7	9,400	450	20.9
West Hollywood	1.2	7,200	880	8.3
Santa Monica	1.4	16,500	3,000	5.5
Glendale	1.1	12,700	2,770	4.6
Pasadena	1.9	3,900	4,860	0.8
LA County	1.2	564,200	232,560	2.43

Source: LEHD, CA EDD. Figures have been rounded.

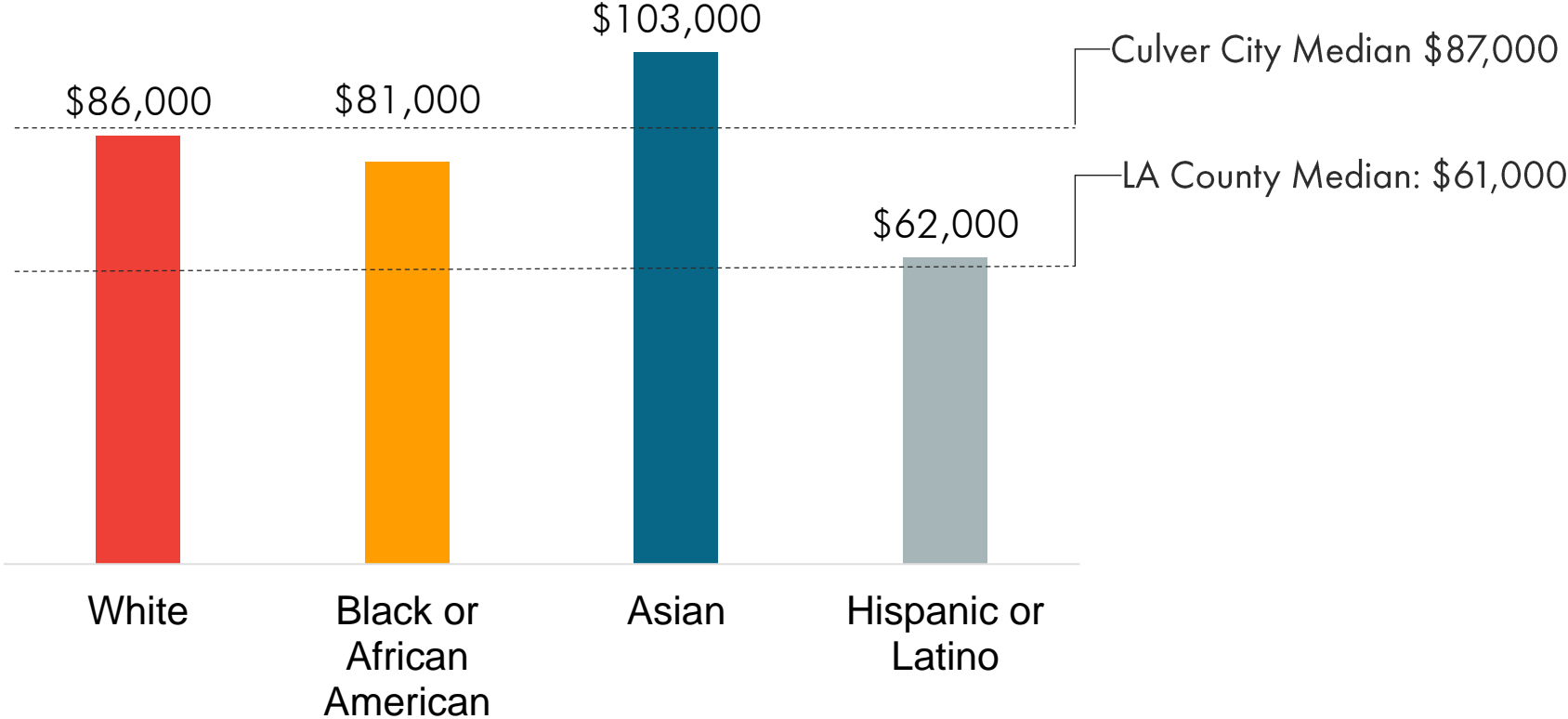
The City's share of high-income households has grown...



Source: U.S. Census ACS 2013-2017

...but household incomes vary widely by race/ethnicity.

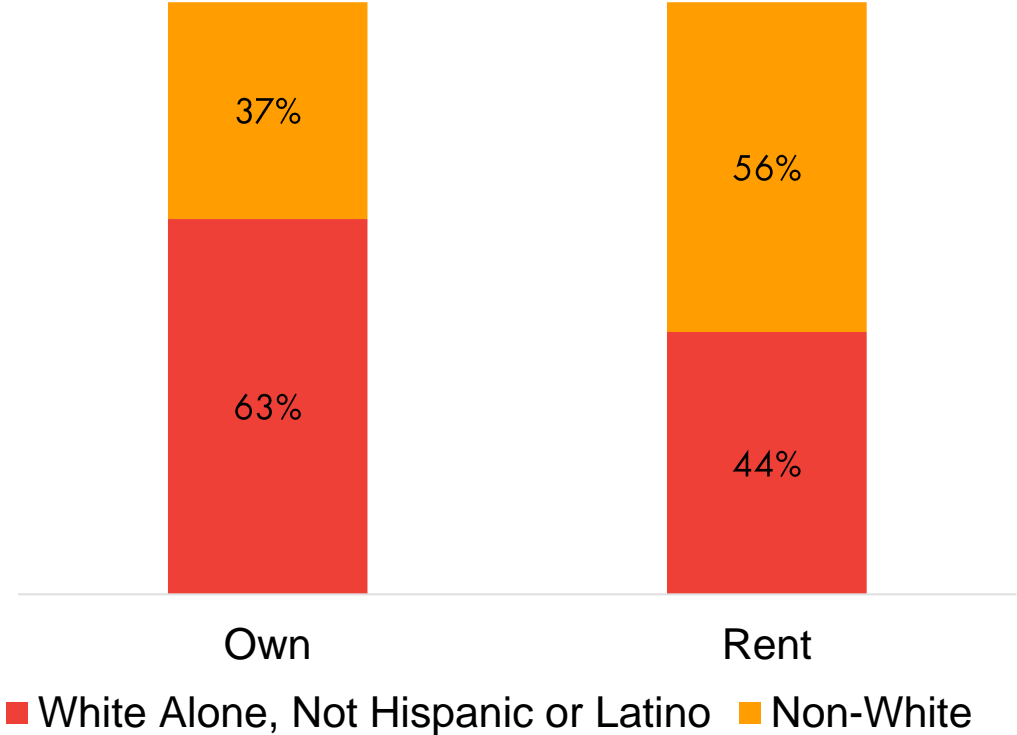
Culver City Median Income by Race/Ethnicity (2017)



Source: U.S. Census ACS 2013-2017

Housing scarcity and rising costs put low-income renters at risk of displacement.

Tenure by Race/Ethnicity, Culver City (2017)



Severely Rent Burdened Households (2017)

	Culver City	LA County	California
Severely Overburdened* Households	1,900	523,700	1,572,100
% Renters Severely Overburdened	21%	30%	27%

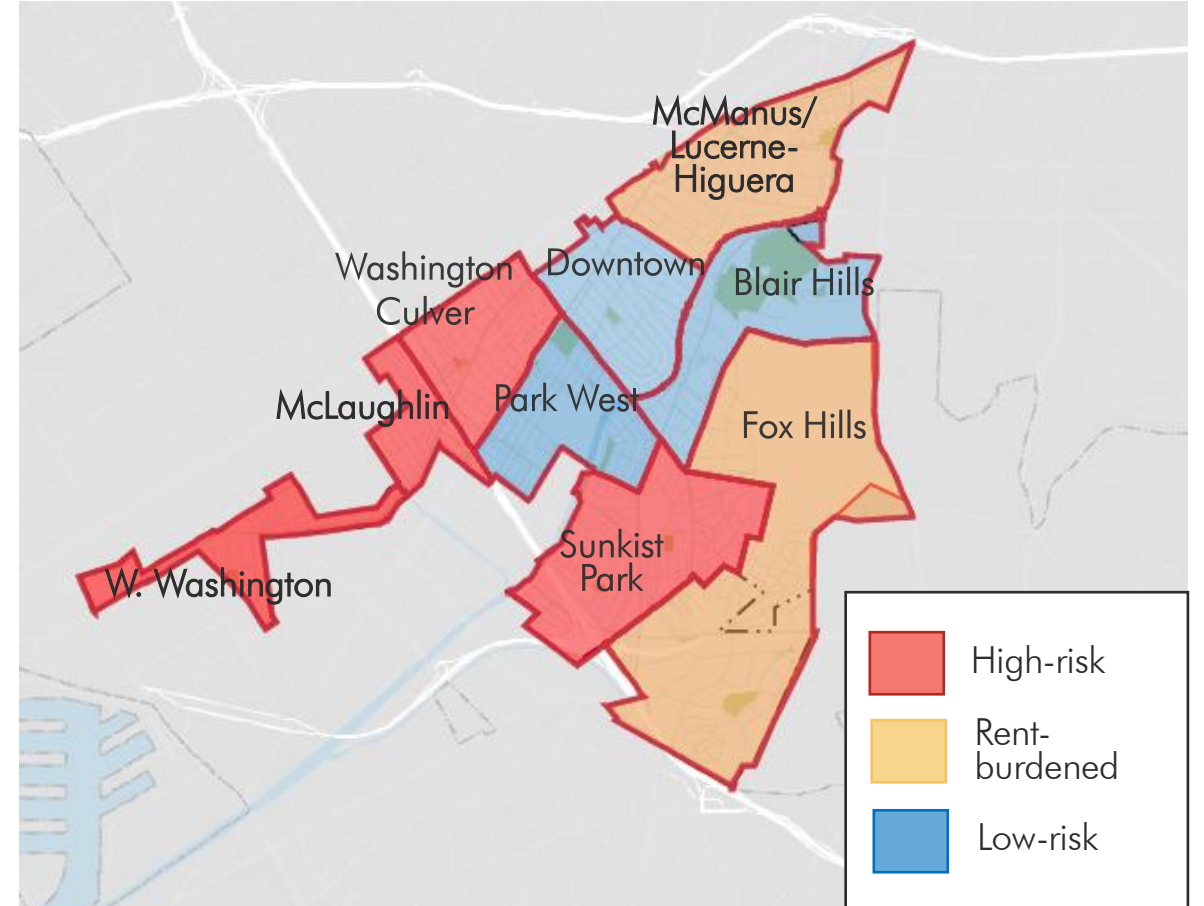
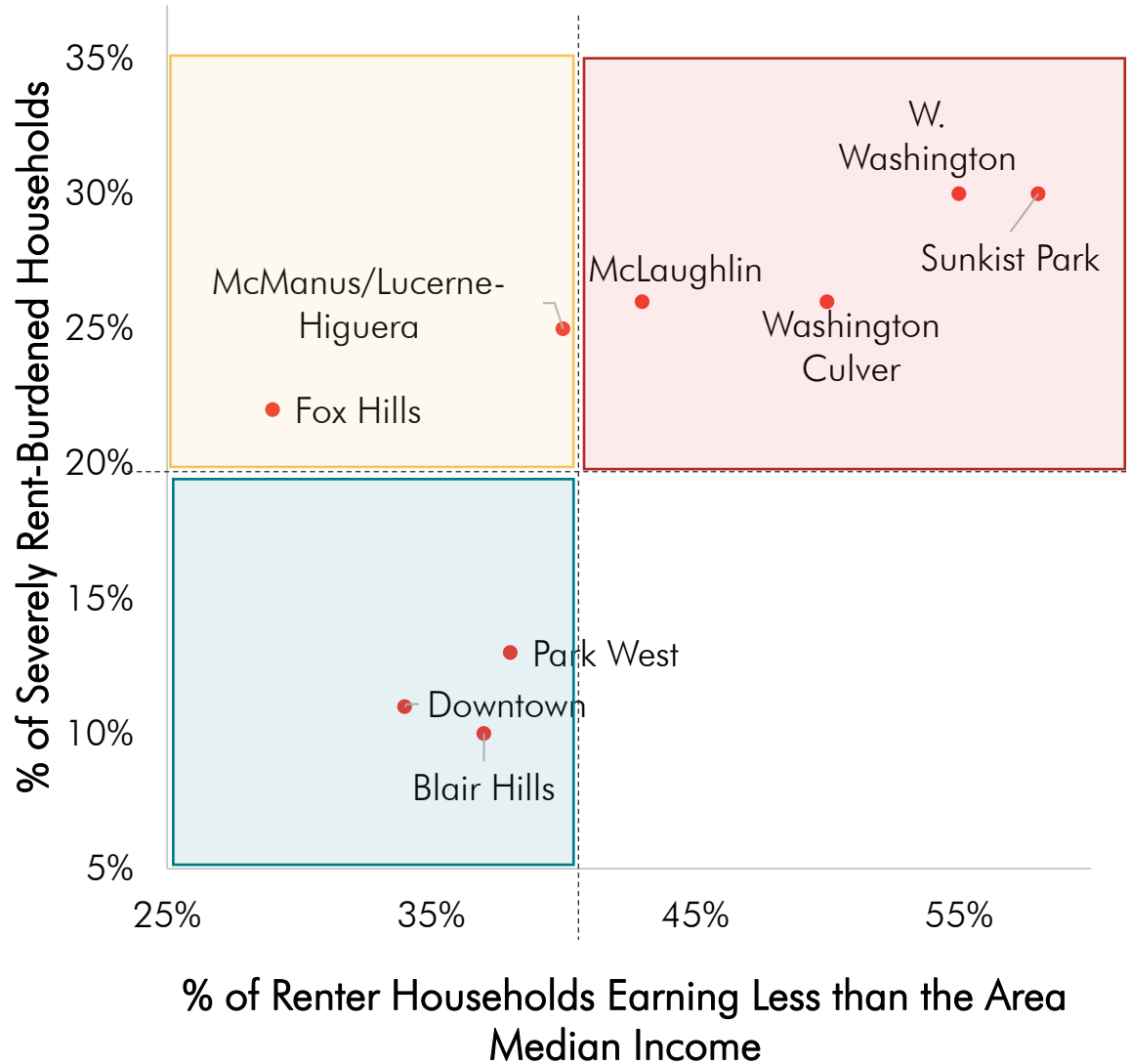
*Severely Overburdened: Pay > 50% of household income on rent

Source: HUD - Comprehensive Housing Affordability Strategy, U.S. Census ACS 2013-2017

Source: U.S. Census ACS 2013-2017

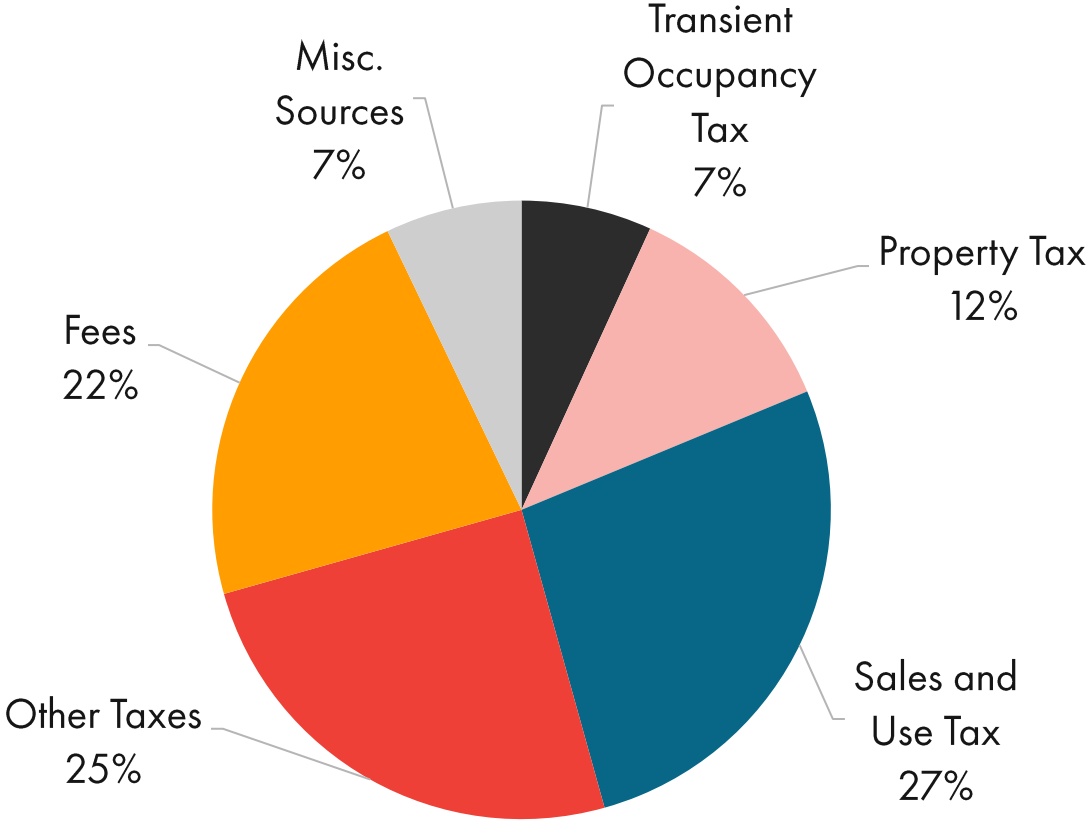
Displacement risk varies by neighborhood.

Neighborhood Displacement Risk



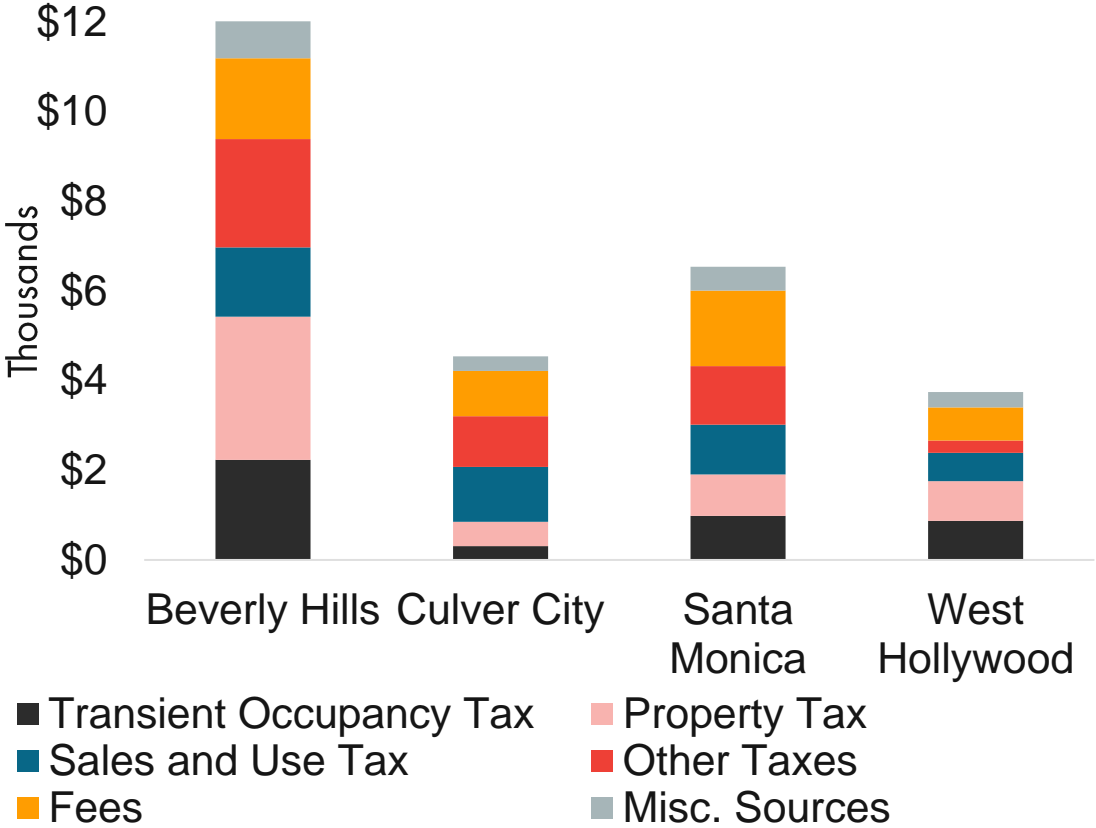
Culver City's fiscal revenues are healthy but there are challenges ahead.

General Fund Revenues (FY 2018)



Source: Culver City CAFRs, FYs 2002-2003, 2007-2008, 2011-2012, 2017-2018.

General Fund Revenues per EDU (FY 2018)



Source: Comprehensive Annual Financial Reports (CAFR), FY 2017-2018; HR&A.

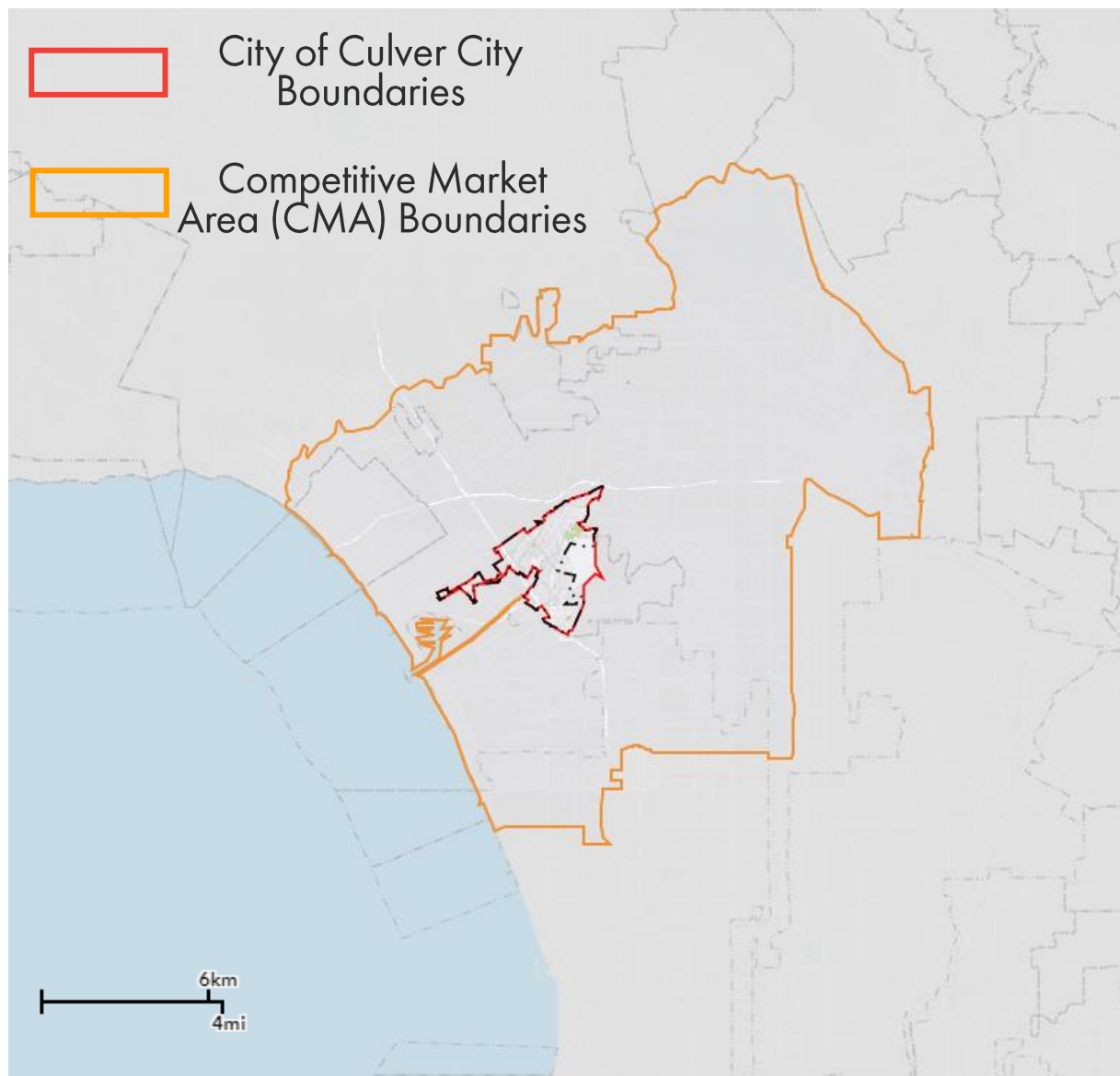
EDU = equivalent dwelling unit, FY = Fiscal Year

Fiscal Health will be a key consideration in post-COVID recovery.

- While **retail sales tax revenues** have grown, they **rely heavily on general merchandise**, which could erode over time.
- Relative to its peers and **concentration of employment**, Culver City collects a **smaller amount of Transient Occupancy Taxes**.
- In comparison to Culver City's peers, **property tax makes a relatively small contribution**. New development could change this (within the limitations of Proposition 13).
- The City's **expenditures are relatively on-par with its peer cities** on a per EDU basis, and the City receives a **very high quality of services**.
- Culver City has **significant unfunded pension liabilities** – almost \$700 million.

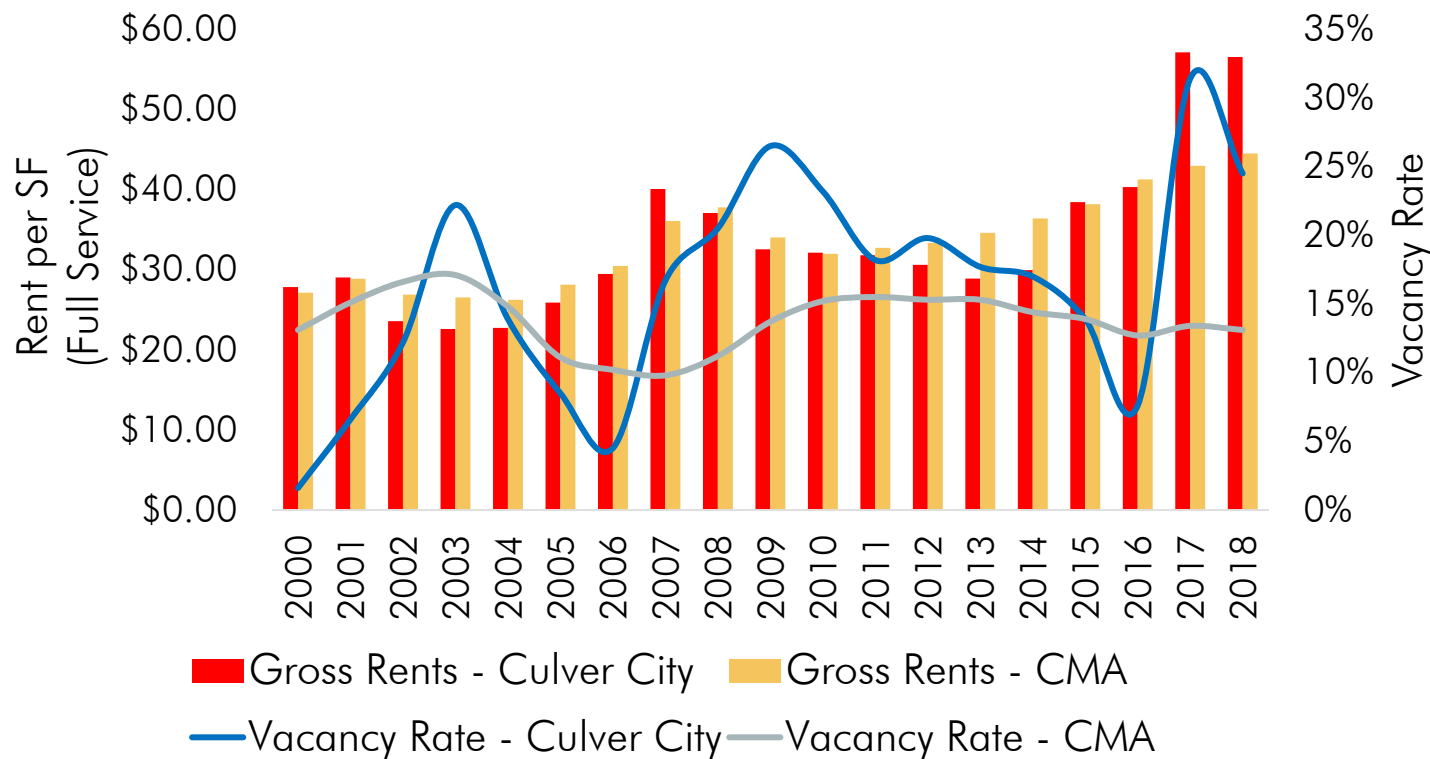
Real Estate Market and Demand

Analysis Context

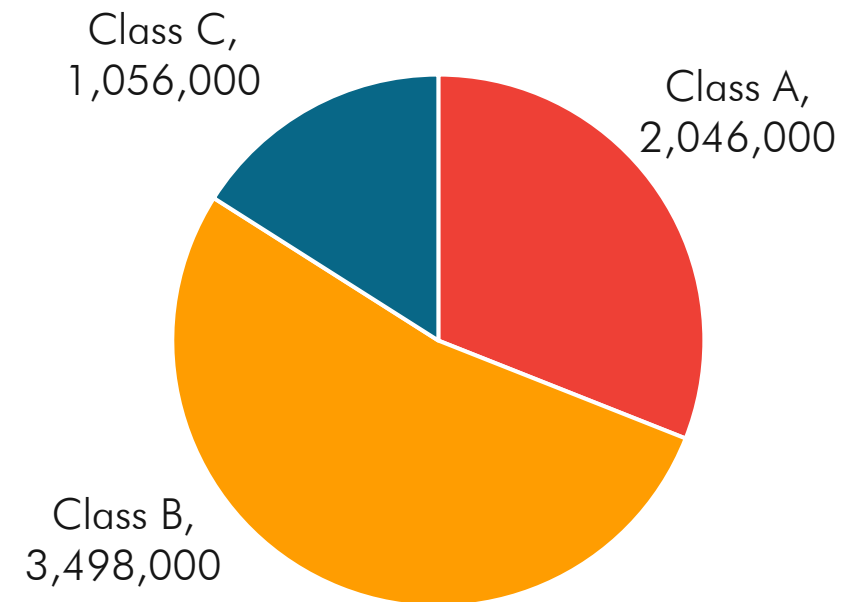


Culver City has become a prime office location with 6.5+M SF of office space.

Class A Office Average Annual Rent and Vacancy (2000-2018)



Office SF (2018)



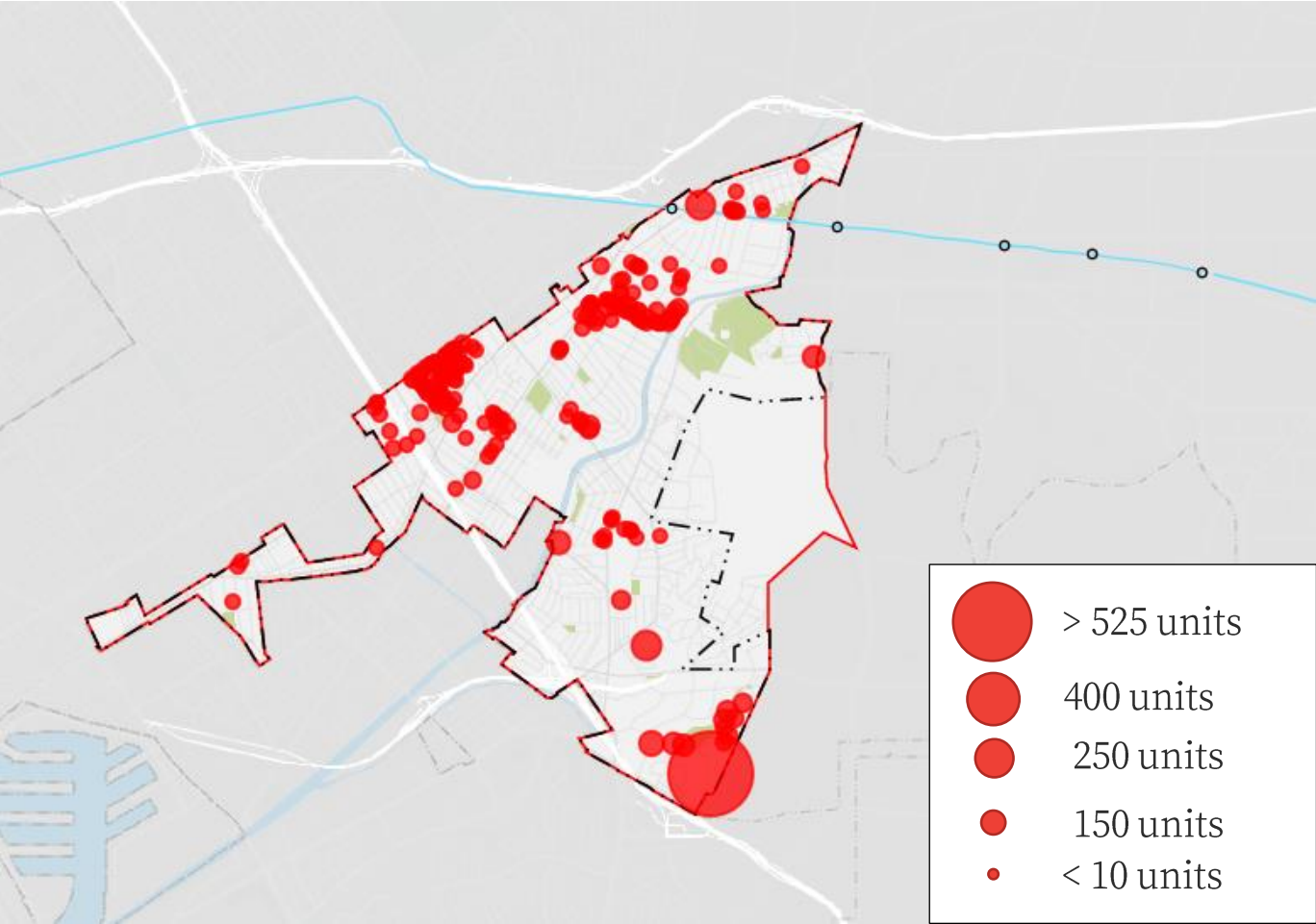
Source: CoStar

Source: CoStar. Given relatively small existing inventory, vacancy data for Class A office in the city is volatile, though broker interviews suggest an overall tight market.

SF = square feet

Culver City's multi-family stock has not seen significant new development.

Multi-family Rental Inventory (2019)



Source: CoStar



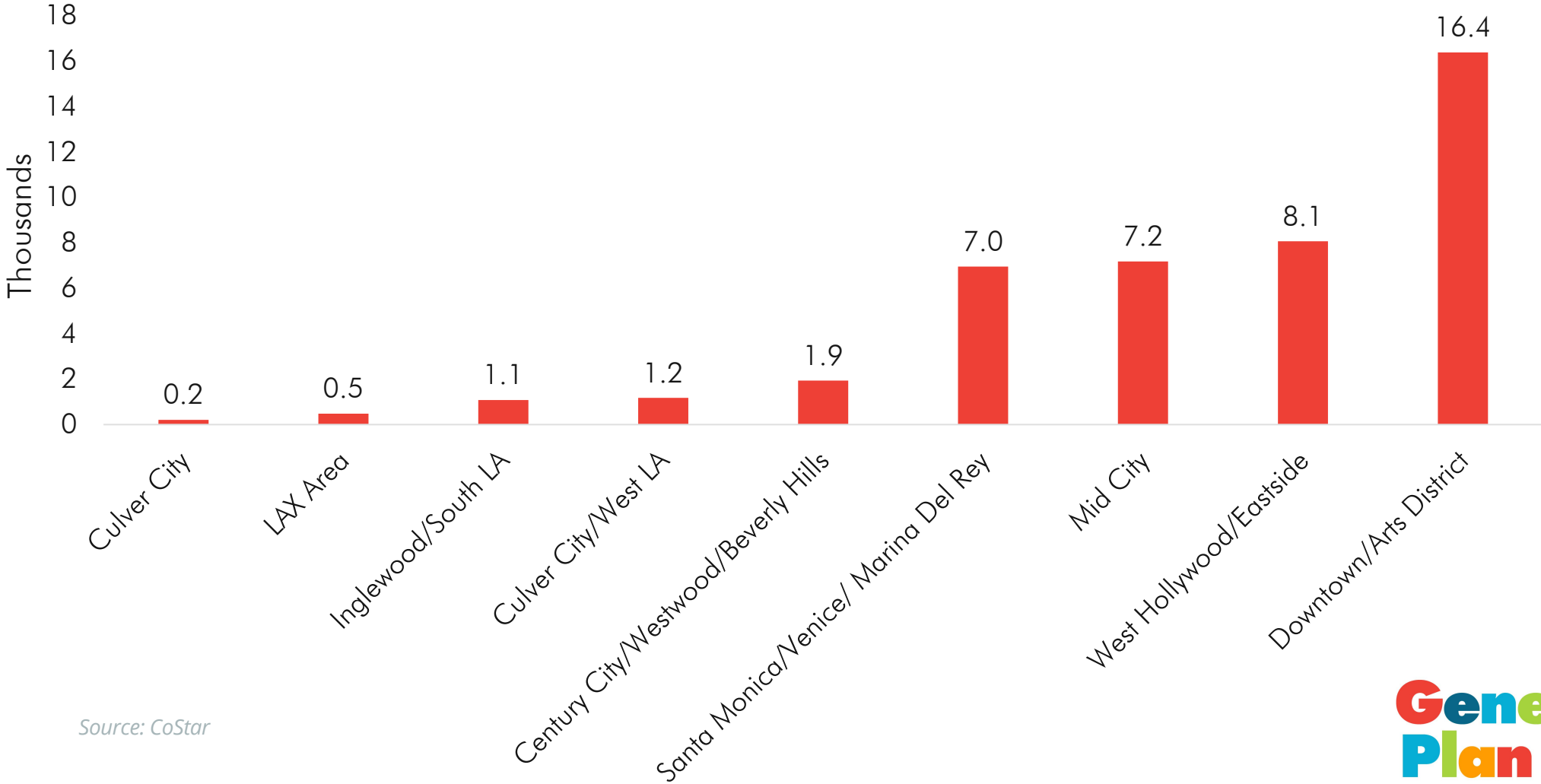
494

new housing units built since 2000

Source: City of Culver City data 2014-2019, shared via email 4/3/2020; U.S. Census Bureau for 2000-2013

Limited development and jobs growth create pent-up demand for new housing.

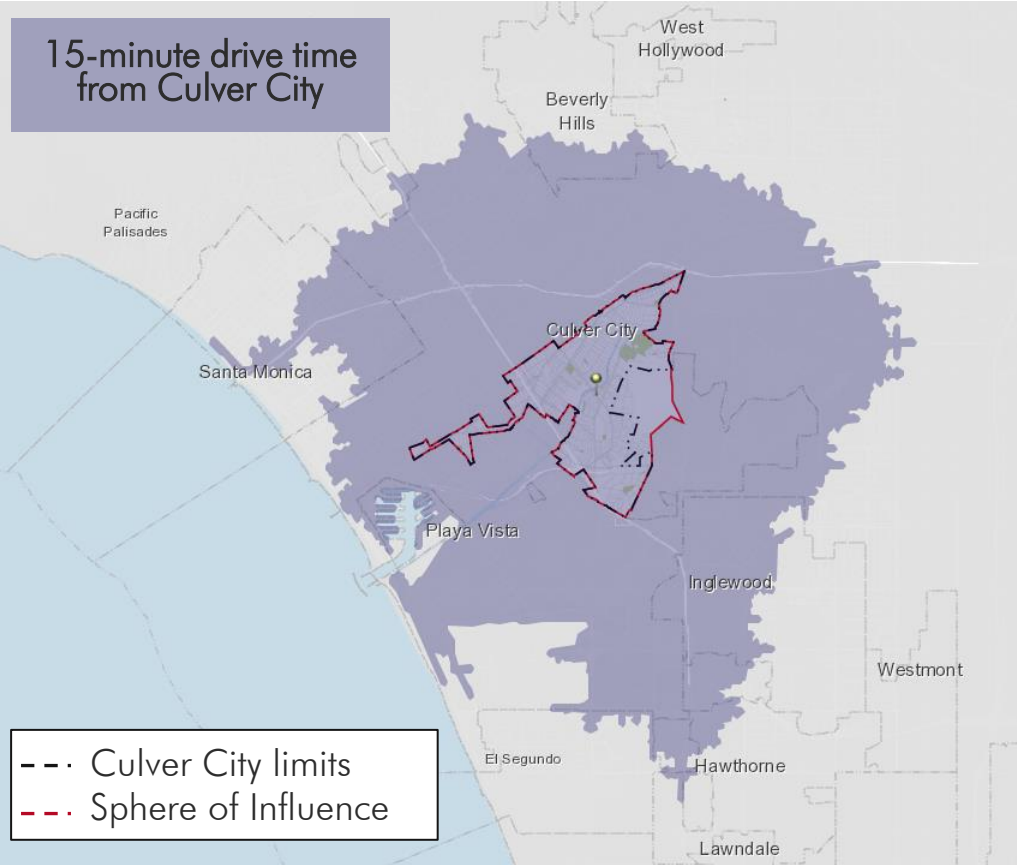
Multi-family Units Developed, 2010-2018



Source: CoStar

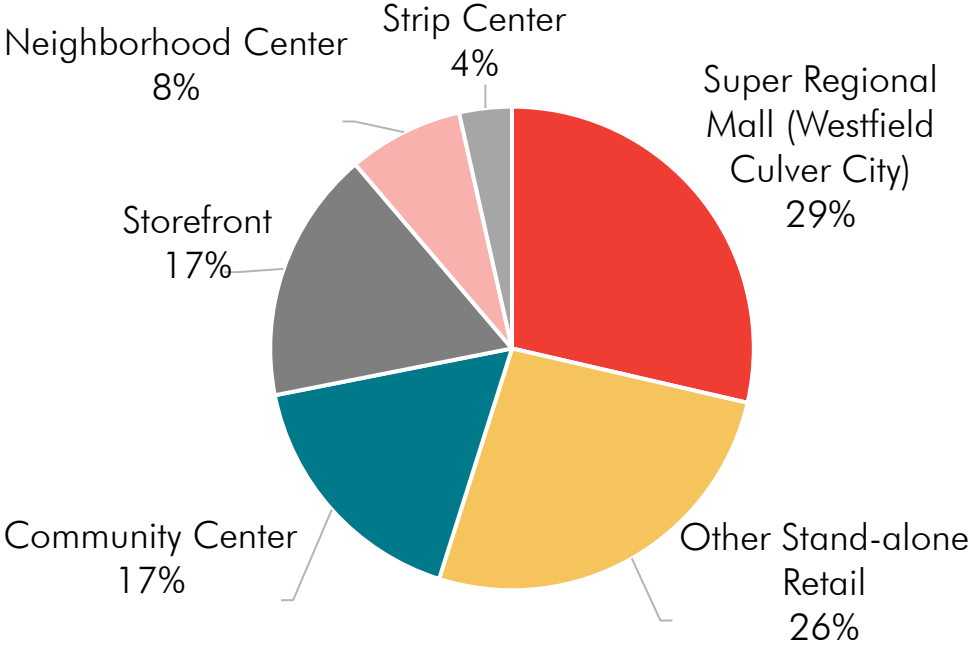
Adjacent underserved areas rely on Culver City for retail, but that demand could erode over time.

Primary and Secondary Trade Areas



Source: ESRI Business Analyst

Retail Distribution by Retail Type (2019)

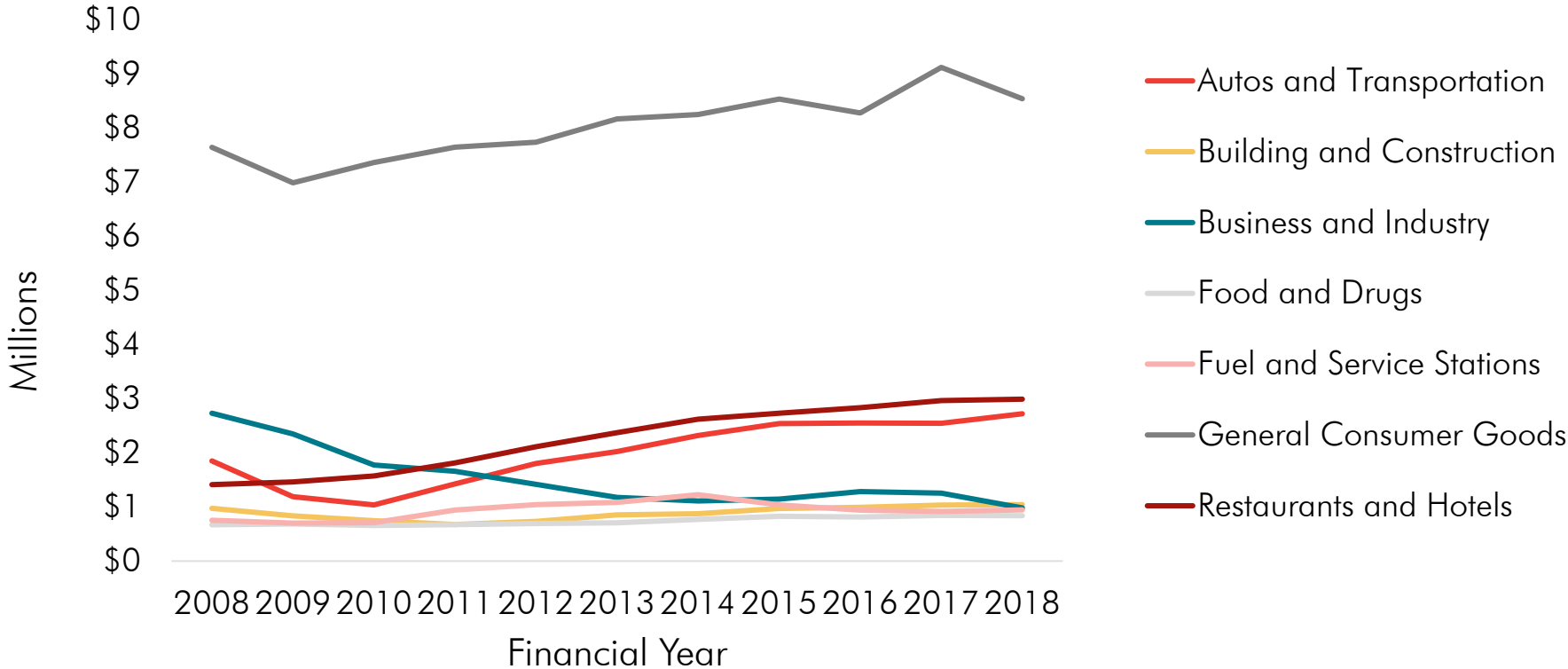


TOTAL: 4.6 million SF

Source: CoStar

General Merchandise stores dominate taxable sales.

Sales Tax Revenue Trends by Industry Group, Culver City (FY 2008 to FY 2018)



Source: Source: Economic Development Implementation Plan, 2019. Original data from HdL and City of Culver City.

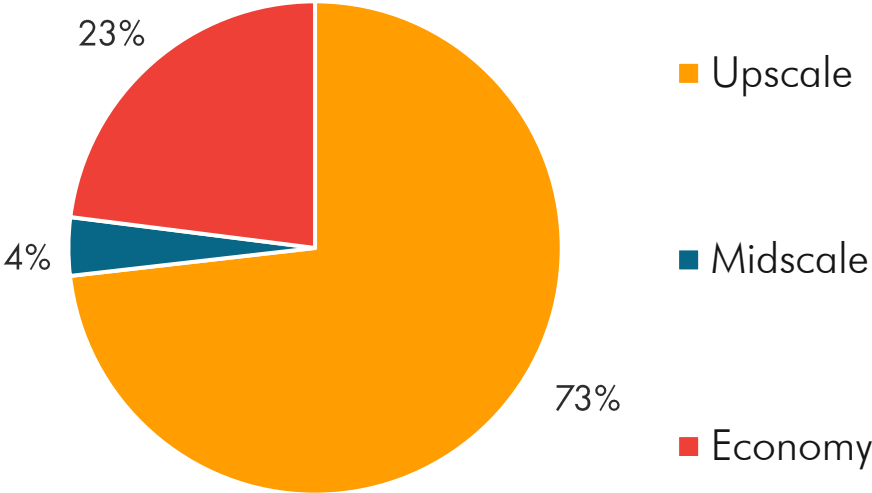
CMA = competitive market area, NNN = triple net lease, FY = fiscal year



Culver City's hospitality market is driven by business travel.

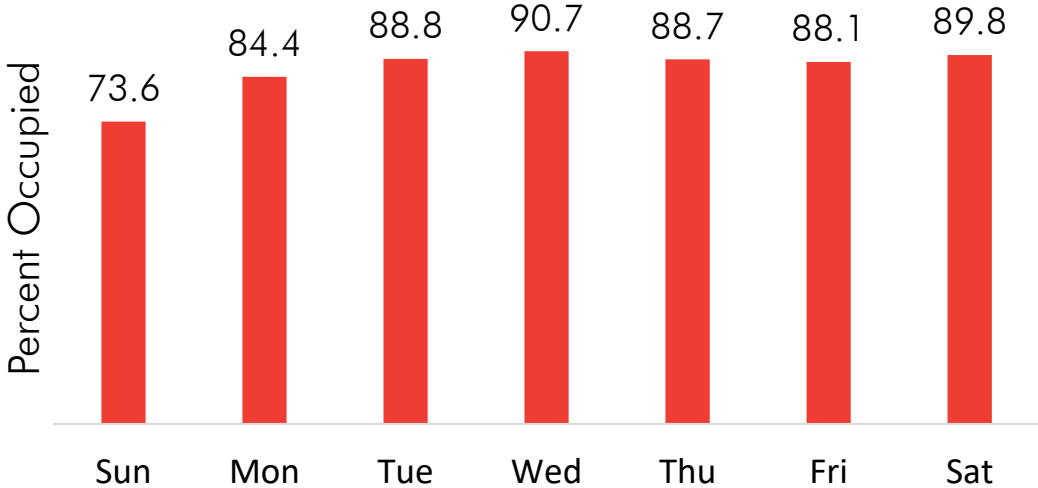
Hotel Room Breakdown by Class (2019)

Total stock: 1,313 rooms



Source: STR 2019.

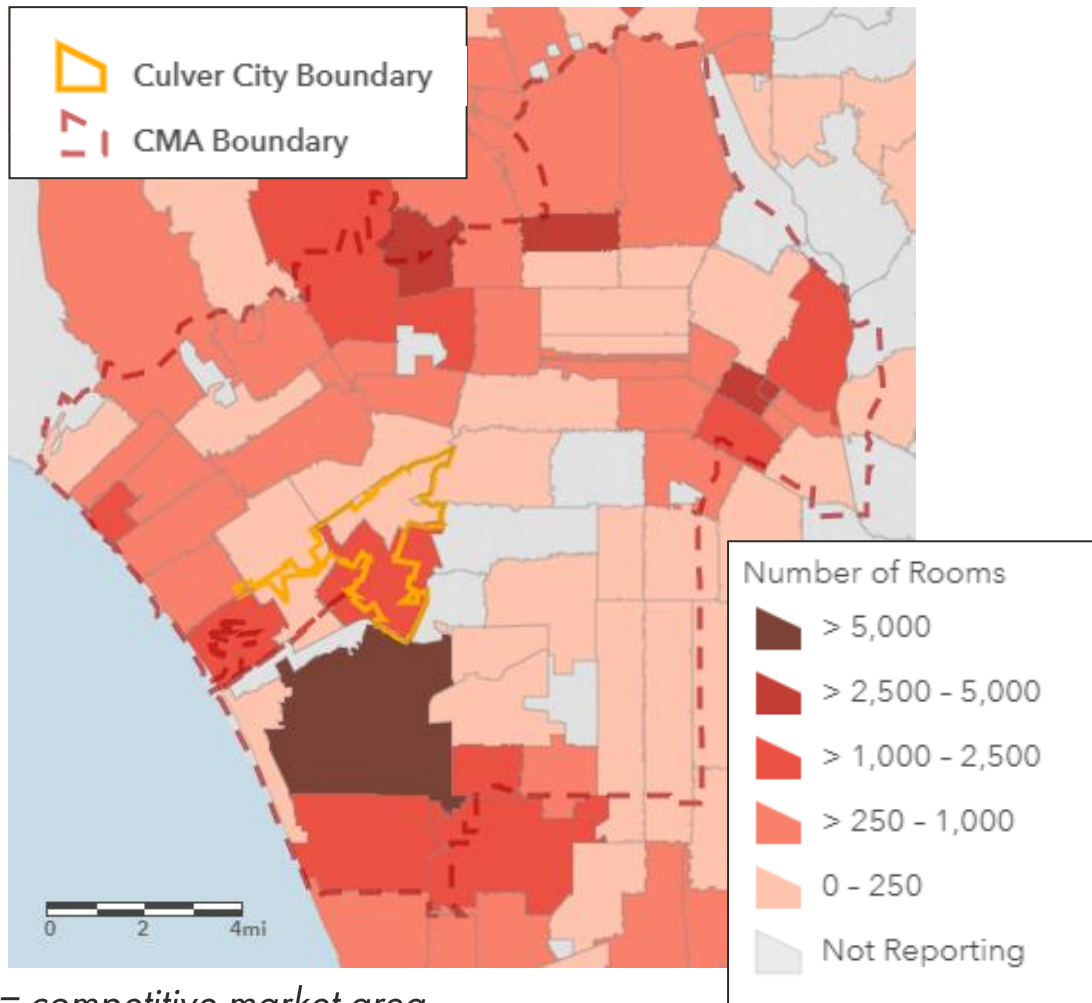
Average Annual Occupancy Rate by Day of Week (2017 - 2019)



Source: STR 2019.

The hospitality market has an opportunity to grow further.

Hotel Room Inventory by ZIP Code, CMA (2019)



CMA = competitive market area

Comparative Average Daily Rate and Occupancy Trends (2013-2018)

Year	Culver City		Beverly Hills/ West L.A.		LA County	
	ADR	Occupancy	ADR	Occupancy	ADR	Occupancy
2013	\$124	80.4%	\$305	81.0%	\$162	80.4%
2014	\$135	81.3%	\$328	81.5%	\$174	81.4%
2015	\$148	86.2%	\$347	80.1%	\$188	82.1%
2016	\$167	86.6%	\$378	83.0%	\$204	83.6%
2017	\$170	84.7%	\$379	82.4%	\$207	82.3%
2018E*	\$167	87.8%	\$384	82.0%	\$210	82.3%
5-year growth	35.1%	9.3%	26%	1.2%	29.8%	2.4%

*2018E = expected 2018 data. Source: STR 2019 and CBRE 2019.

Job growth in Culver City drives growth in all other areas.

HR&A used SCAG's projected LA County jobs through 2045 to estimate Culver City's jobs projection.

Culver City's capture of those jobs will drive market demand for future development.

688,000

New jobs in LA County through 2045

22,300 - 32,400

New jobs in Culver City through 2045

Source: SCAG and HR&A

Land Use Demand Projections Through 2045

OFFICE

1.72M – 3.15M SF
of net new office

RESIDENTIAL

13.8K – 20.5K net
new units

RETAIL

761.1K – 951.1K SF
of net new retail

HOSPITALITY

715 – 1,375 net
new keys

Economic Development Considerations

Key Levers for Culver City's Economic Development



Vibrant Local Economy: strong “creative economy”, central location, and clusters of experiential retail



Jobs/Housing Imbalance: congestion, lack of job alternatives, housing unaffordability and limited supply

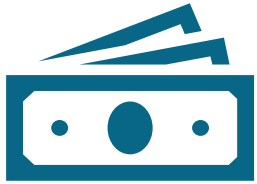


Shifting Fiscal Environment: slow expansion of property tax base, retail sales may erode, effective service delivery



COVID-19: community public health risk, significant economic impacts, threatens fiscal health and core industries

COVID-19 Stress Points



Unprecedented Unemployment Rates: the health and economic wellbeing of Culver City's most vulnerable populations will be hit hardest, at least in the short term

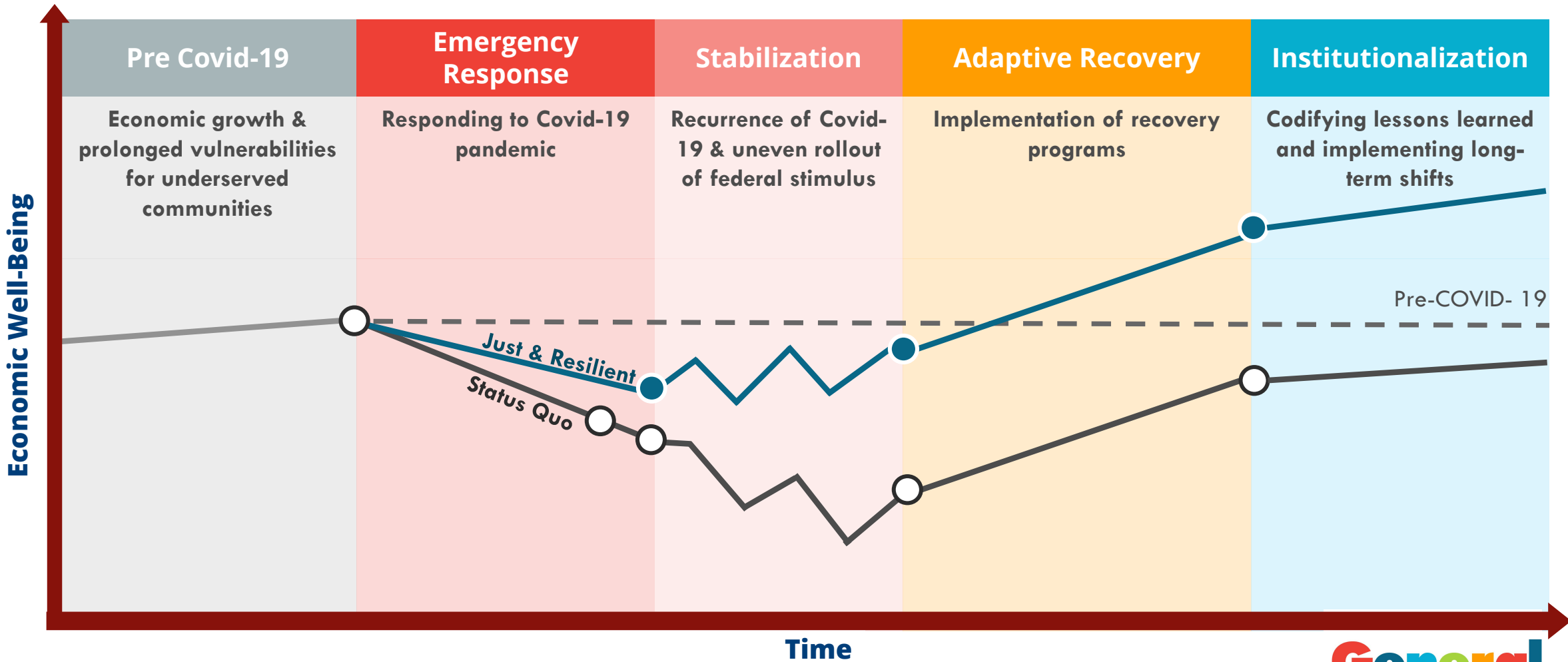


Diminished Demand: growth for retail, hospitality and office land uses has faltered and will take time to recover, most likely exacerbating existing trends



Compromised Fiscal Health: Cities nationwide are facing difficult decisions as projected budget shortfalls are weighed against immediate recovery needs

Reaching an improved “new normal” depends on a proactive response to recovery.



Culver City can leverage existing strengths to mitigate impacts and assure a more just and resilient recovery.

Recovery Levers



Strong Service Delivery



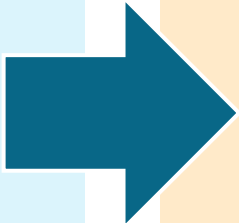
Proximity to Regional Economic Drivers



Vibrant Knowledge Economy



Redevelopment Opportunities



Just + Resilient Recovery

Focus on vulnerable populations

Increase accessibility

Leverage community capacity

Realign fiscal priorities

Pursue additional resources

Promote infrastructure innovations

Discussion

Key Questions

- How can Culver City better **leverage the growth of the creative economy**?
- What steps should the City take to **reduce the housing / jobs imbalance** and existing **displacement / affordability** concerns?
- How much **residential growth** does the City want and **where** should it occur?
- How can the City **support existing retail centers** despite erosion and competition?
- Where and how should the City **support further hotel development**?
- How does new development potential fit into the City's **sustainability and equity goals**?
- How can the City **respond to COVID-19 impacts** to become more **just and resilient**?

Want to **engage more?**

Share your thoughts on Culver City's future economy by taking a **short survey.**



Click [here](#) or go to:
**SurveyMonkey.com/
r/ECR_economy**

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