

Agenda Report

November 4, 2019

TO: Honorable Mayor and City Council

FROM: City Manager

SUBJECT: RESPONSES TO REQUEST FOR PROPOSALS FOR THE YWCA BUILDING REHABILITATION, ADAPTIVE REUSE AND NEW BUILDING OPPORTUNITIES IN THE CIVIC CENTER

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3); and
2. Direct staff to further analyze responses to the City's Request for Proposals for the YWCA Building Rehabilitation, Adaptive Reuse and New Building Opportunities in the Civic Center received from:
 - a. Carpenter & Company, Inc.
 - b. Continental Assets Management
 - c. Edgewood Realty Partners, LLC
 - d. HRI Properties, LLC
 - e. The Ratkovich Company/National Community Renaissance

BACKGROUND:

On June 20, 2019, the City issued a Request For Proposals (RFP) for the YWCA Building Rehabilitation, Adaptive Reuse and New Building Opportunities in the Civic Center. The development of the RFP was informed by City Council action establishing a setback of 45 feet on the east side of the YWCA parcel as well as the site to the north referred to as the Water & Power site and a height limit of 60 feet for both. Additionally, prior to its formal release, the RFP was available for public input from May 15-28. The RFP was posted on the City's webpage and advertised on various social media feeds with a September 20th proposal deadline. A specific use was not identified as part of the outreach, rather staff sought proposals from groups that are experienced in historic renovation.

As outlined in the RFP, the stated goals/objectives of the City are to identify a project(s) that will:

- Renovate and preserve the YWCA Building.
- Enhance and activate the dynamic environment of the Civic Center District while respecting the dominance and monumentality of major civic buildings, and the scale and form of existing historic structures.
- Reflect and respect the architectural and spatial context of the civic center and surrounding historic district.
- Develop a high quality building and a use that is commensurate with the historic integrity of the YWCA Building/Site.
- Ideally, establish a long-term, fair market value ground lease or sale (as determined by an appraisal) of the YWCA Building/Site and the Water & Power site. However, the City is willing to consider alternatives that result in an overall superior project. In the event of a lease or sale, the ground floor use must be accessible to the public.
- Maximize the site's potential in a creative and complementary manner.

The evaluation process set forth in RFP outlines the following criteria to be used in evaluating proposals:

Development Entity/Capacity

- Demonstrated experience in successful financing, development, operation and economic performance of comparable projects

Development Plan

- Extent to which the submittal meets the project goals and objectives described in the RFP
- Ability to effectively design the project within the development parameters as described in the RFP

Economic and/or Public Benefit to the City of Pasadena

Transaction Terms

- Proposed development schedule and phasing required to complete the project
- Quality and feasibility of proposed business offer
- Ability to complete the transaction in a timely fashion

In response to the RFP, the City received 10 proposals with uses ranging from hotels, hotels coupled with other uses; a women's history museum, office use, senior assisted living and mixed use. The following is a brief summary of each proposal:

1. Belmont Village Senior Living – Founded in 1997 Belmont Village Senior Living is a privately owned developer, owner and operator of high quality senior housing and care communities having a presence in the Los Angeles metro area with seven operating communities. Belmont develops its own projects and maintains ownership long-term. Their proposal is for a Senior Assisted Living community with memory care. They're proposing to demolish the YWCA Building and

reconstruct a portion of it and add 142,000 sq. ft. building having 175 units of residential care for elderly with independent living, assisted-living, and memory care units over a 120 subterranean space garage on YWCA Site. No proposal for the Water & Power site.

2. Carpenter & Company, Inc., Boston MA - In existence since 1898 the Company is involved in real estate development, ownership and management developing hotels, mixed-use and retail properties. The proposal is the reuse and restoration of the historic YWCA Building combined with a new building alongside the preservation of the old, to create a new hotel setback 45 feet from Garfield Avenue with a height of 60 feet. The entire facility will be devoted to one use: a 125-150 room full-service Four Seasons hotel. The existing YWCA will be fully and accurately rehabilitated to the Secretary of the Interior's standards. Additionally, the Water & Power site will be developed into the Four Seasons residences. The luxury property will house approximately 25 residences. An approximately 100-125 car garage will be constructed underneath the hotel and residences, with a possible underground connection across Holly Street.
3. Continental Assets Management, Arcadia, CA – Founded in 1989, Continental Assets Management LLC (CAM) is a private real estate investment and development company. Continental has a long-term approach to investing in all real estate asset classes. The proposal is the reuse and restoration of the historic YWCA Building to create a new hotel setback 45 feet from Garfield Avenue with a height of 60 feet. The proposal is to rehabilitate the YWCA Building per the Secretary of Interior's Standards into a premium four star 167 room hotel. Hotel parking will be valet only. Either a five story, 120 market rate unit building or a six story 139 affordable housing unit building is proposed on the W&P Site.
4. Dieden-Acevedo Development Partnership, LLC – Diane Acevedo is a local developer who is the first Hispanic American woman in the nation to have entered the industry of shopping, retail, commercial and now mixed used development having 38 years' experience increasing economic investment in underprivileged communities. The proposal is to rehabilitate the YWCA Building as a museum honoring Julia Morgan along with other high-achieving women, and the addition of an 122,000-square-foot, four-story building providing "market-rate" housing that can be affordable to the community it intends to serve: tech office space, and public retail cafe restaurant which together would become a 170,260-square-foot economic and civic hub of Pasadena. The new building would consist of approximately 100 affordable housing units approximately 59,650 square feet of tech office facilities, and restaurant. The height of the building would be 60 feet. The W&P site project consists of building a new 97,330-square-foot, five story building providing office space primarily for Pasadena's Department of Water & Power. Parking for the new development would be off-site in existing parking lots and structures in the immediate area.
5. Edgewood Realty Partners, LLC, South Pasadena, CA - Edgewood Realty Partners ("Edgewood") is a real estate investment firm with 25 years of real estate investment experience. Edgewood builds and redevelops unique, design-

driven projects. Edgewood and its affiliate The Kutzer Company have worked on numerous properties in Pasadena. The proposal is to restore the historic YWCA Building, in conformance with the Secretary of the Interior's Standards, and adapt it for use as a 164 room boutique hotel operated by Palisociety. The new L-shaped building has an elevation of 57 feet and has a greater setback than the 45 feet as identified in the Olin Report. No on-site parking is proposed. A 70,000 sq.ft. five story building with approximately 250 subterranean parking structure is proposed for the W&P Site.

6. Genton Cockrum Partners, Pasadena, CA - Genton Cockrum Partners and Atwater Infrastructure ("AGC") is a dba for Southern Pacific Realty Partners, LLC established in 2014. They develop office, hotel and multifamily projects. Their partner is Atwater Infrastructure Partners LLC ("Atwater"), established in 2015 who is a national developer and provider of private capital for infrastructure projects. The proposal is to renovate and preserve the YWCA Building as creative office space with the construction of a 4 level 30,000 sq.ft office building having a setback of 45 feet and height of 57 feet connected to a five level, 199 space above ground parking structure. City offices are the proposed use for the new office building. A similar proposal is envisioned for the W&P Site with the construction of a 30,000 sq.ft. building used for City offices and served by a 128 space five level above ground parking structure.
7. Green Bridge Investment Partners, Beverly Hills, CA. Proposes to redevelop the YWCA Building into 3 story 150 room hotel similar to an ACE hotel brand with a Sports Club having memberships. Proposing to use the W&P Site for tennis courts related to hotel.
8. HRI Properties, LLC, New Orleans, LA – Founded in 1982, HRI Properties, LLC is a national real estate company engaged in the ownership, development and management of upscale-branded and independent hotels, luxury apartments, mixed-use properties, and mixed-income housing communities in the top 40 urban markets. The proposal is to restore the YWCA Building per the Secretary of the Interior's Standards and adapt the hotel functions as closely as possible to the original building for a 179 room hotel with 165 rooms in a new 83,000 sq.ft. building having a 45 foot setback and height of 60 feet. Hotel parking will be valet only.
9. Orton Development, Inc., Emeryville, CA - Orton Development Inc. (ODI) specializes in large-scale rehabilitation and redevelopment projects, with subspecialties in environmental remediation, historic preservation, and public-private partnerships. Over the last thirty years, ODI has developed projects, including factories, offices, warehouses, retail, medical, educational, and live-work projects. The proposal is the historic rehabilitation of the YWCA Building for commercial/retail/residential use. Their proposal is to renovate the YWCA Building to the National Park Service standards for Historic Preservation and upgrade it to meet code with anticipated uses to include commercial, residential mixed-use having an accessible lobby that offers retail. Nothing is proposed for the W&P Site.

10. The Ratkovich Company jointly with National Community Renaissance, Los Angeles, CA - Founded in 1979, TRC is a commercial development company whose mission is "to profitably produce developments that improve the quality of urban life." Since 1999, the company has developed commercial real estate and has restored and repositioned numerous historic structures. Established in 1982 as a 501(c) (3) public benefit corporation, National CORE is a non-profit community builder specializing in affordable, multifamily, mixed-income, senior, work force and special needs housing. The company's mission is to transform lives and communities together with its public and private partners. TRC is proposing two Alternatives for the YWCA site:

- a. Alternative #1, Option 1: Historic rehabilitation of the YWCA Building for creative office with surface parking; Option 2: Historic rehabilitation of YWCA Building and the construction of a new 59,000 sq. ft. office building.
- b. Alternative #2 rehabilitation of YWCA Building and construction of a new 142 room hotel on site with an 80 space subterranean garage.

On the W&P Site the preferred development scenario (Plan A) is comprised of 94 units for low income families earning up to 60% of the Area Median income with 46 units for permanent supportive housing for households who are homeless or at-risk of homelessness and a 95 space semi-subterranean garage. An alternative scenario (Plan B) proposes the same residential unit and income mix, but introduces up to 15,000 sq. ft. of leasable office space for use by a single governmental department tenant on a semi-subterranean level of the building with an 87 space two level subterranean garage. Each of the developments have a 45 foot setback from Garfield Avenue and a height limit of 60 feet.

Using the Evaluation Criteria from the RFP, staff has determined that the proposals that are most advantageous to the City and most responsive to the goals established by the City are those submitted by:

- a. Carpenter & Company, Inc. – hotel/residents
- b. Continental Assets Management – hotel/housing
- c. Edgewood Reality Partners, LLC – hotel
- d. HRI Properties, LLC – hotel
- e. The Ratkovich Company/National Community Renaissance office or hotel/affordable housing

The other five proposals submitted were not considered as viable and/or in keeping with the City's goals based on staff's initial evaluation. Belmont Village Senior Living's proposed project would result in the demolition of the existing historic asset. The proposal by Dieden-Acevedo for the establishment of a multi-cultural women's museum is interesting but offered very little to illustrate its economic viability. The proposal from Genton Cockrum Partners would result in construction of two above ground parking structures in the Civic Center, which staff believes is not the best use for the Civic Center. The proposal from Greenbridge did not address the overall Development Plan criteria as written in the RFP. Although the Orton proposal offered a comprehensive

response to the RFP, other proposals offered a more definitive approach in terms of use for the YWCA Building.

Of the five proposals staff is recommending for further consideration, four are proposing hotel uses at the YWCA site. The fifth proposal, from The Ratkovich Company, considers either an office use or hotel use to be determined based on further analysis. Additionally, three of the five provided housing options for the Water & Power site both market rate and affordable.

Given the high cost of rehabilitating the YWCA Building, it is not surprising that the majority of proposers focused on a revenue generating project i.e., hotel, that takes full advantage of the building envelope established by the City Council and the existing entitlements. All of the housing options focused on the Water & Power site which is less costly to develop. This is consistent with the analysis previously presented by Kosmont consultants in April.

Although staff is prepared to proceed in whatever fashion directed by the City Council, assuming approval of the staff recommendation, staff would with the assistance of qualified consultants, undertake a more rigorous review of the five recommended proposals. At the conclusion of that evaluation, staff would return to the City Council for appropriate direction.

There is considerable public interest in this process and the City Council has made a commitment to public engagement. Allowing public input on the draft RFP and presenting publically a summary of all proposals received is in keeping with this commitment. As the process will eventually involve real estate negotiations, it should be recognized that some elements of the process will need to be confidential. Ultimately, however, the City Council will need to take actions at publically noticed meetings to approve any project and staff will work closely with the City Attorney's Office to determine what information can be shared publically as the process proceeds.

ENVIRONMENTAL:

Pursuant to State CEQA Guidelines Sections 15060(c)(3) and 15378, environmental review is not required where the activity does not have the potential for resulting in either a direct physical change to the environment, or a reasonably foreseeable indirect physical change, and therefore is not a "project." The action proposed herein is further review and analysis of development proposals, but does not commit the City to any particular project and does not have any potential for a direct or indirect physical change to the environment. If the City eventually moves forward with a development project, that project will be subject to appropriate environmental review at that time.

FISCAL IMPACT:

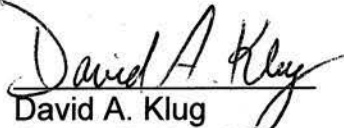
The City acquired the YWCA Building for \$8.3 million and since then has appropriated an additional \$500,000 towards securing the building; \$200,000 of which has been spent to date. The estimated cost of rehabilitating the building and creating an economically viable project range into the \$10s of millions. Depending on which project(s) ultimately move forward, the City may receive some financial benefit from the development of the YWCA Building and surrounds.

Respectfully submitted,



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