

Agenda Report

DATE: APRIL 12, 2004
TO: PASADENA CITY COUNCIL
FROM: CYNTHIA J. KURTZ, CITY MANAGER
SUBJECT: UPDATE ON THE SOUTH FAIR OAKS SPECIFIC PLAN

RECOMMENDATION:

This information on the South Fair Oaks "Technology Corridor" has been prepared to supplement the 716 S. Fair Oaks Avenue Conditional Use Permit Report.

BACKGROUND:

In the late 1980's, an effort to diversify our employment base was pursued due to the continued loss of manufacturing jobs. To supplement Pasadena's engineering, finance and service industry jobs, community leaders identified the growth of technology as a significant opportunity based on the tremendous research capacity at Caltech and other local institutions.

Eventually, the citywide effort to update the General Plan and target growth included the designation of the "South Fair Oaks Biotech Center." Biotech was specifically targeted due to the district's proximity to the Huntington Memorial Hospital and Caltech. In 1996, an Area Advisory Committee was established by the Council to help guide the preparation of a specific plan. The General Plan allocated 1.55 million s.f. of non-residential building area and 300 units of residential to this district.

After 18 months of preparation, the draft South Fair Oaks Specific Plan was completed. This plan strived to strike a balance between the interests of the existing businesses and residents, and the technology related direction provided in the General Plan. The term "Biotech" was dropped from the title in favor of a plan that promoted all technology and those firms that could benefit from adjacent institutions. The draft Specific Plan was accompanied by a draft EIR and draft redevelopment plan. A redevelopment plan was considered due to both the area's constraints such as soil contamination, and as a method to help finance (through tax increment) the implementation plan. In April of 1998, Council adopted the Specific Plan without the redevelopment component.

A key urban design feature of the plan is to protect the light industrial character of the district by pushing residential uses toward the perimeter of the area. Consequently, the zoning code was amended to allow for the 300 units of housing on the west side of Fair Oaks Avenue adjacent to existing residential areas. Previous industrial (IG) zoning on the east side of Fair Oaks and along Raymond was maintained to prohibit residential uses within the district's core.

Pasadena and Technology Industry:

Although growth of the technology sector will fluctuate, it will continue to produce a significant percent of new jobs nationally and within the state. With five percent of the national workforce, the high tech sector contributes 35 percent of the growth in the nation's Gross Domestic Product. The average tech sector wage in California is \$78,000 (2002). The past six years have brought forward significant steps in improving Pasadena's position in this sector. City support of Pasadena Entrectec, code changes, marketing efforts, and outreach, has been instrumental to the increase in technology businesses citywide.

Caltech will continue on the path of discovering novel technologies within the community. However, significant challenges remain if the City is to translate local research success into a higher level of economic benefits. The top three weaknesses that prevent more success in this area are (1) insufficient local venture capital, (2) difficulty in recruiting technology-focused executives to the area, and (3) lack of available commercial space appropriate for research and experimentation. This last challenge relates to the protection of commercial space in the Specific Plan.

Activities within the Specific Plan:

Although not visible from the street, there has been a substantial increase in lease and property transactions since the specific plan adoption. BioCatalytics, Clinical Micro Sensors, Phasebridge, U-Machines and others have leased space in the area over the past five years. Light rail and alleyway improvements have also had a positive physical impact. However, new construction has not been pursued until more recently. One factor in this upswing has been the closure of St. Luke Hospital that has instigated a slow migration of medical office space in Pasadena. Doctors who previously selected office locations between the two hospitals are now looking for options closer to Huntington Hospital. The projects listed below describe some of these changes and relate to a map on Exhibit 1:

-As a result of the Specific Plan changes in 1998, Zenith Healthcare was able to complete the first phase of the senior living facility on Fair Oaks and Hurlbut (site #12). This project was initially designed to also house the skilled nursing component of their operation. However, Zenith purchased the convalescent site north of site #1 from the hospital and was able to shift this use from the Hurlbut site.

- Huntington Memorial Hospital (#2) has issued a Request for Proposals to developers who are interested in creating additional medical office space along Fair Oaks Avenue, directly south of California Boulevard.

- Huntington Medical Research Institutes (#3) has assembled six parcels of land at the SE corner of Pico Street and Fair Oaks Avenue. This land has been purchased for the consolidation of medical research currently housed in three locations.

- Alexandria Real Estate Equities (#5) purchased this large parcel at the corner of Raymond and Fillmore for the purpose of building a laboratory project.

- Two medical office buildings (#4, #6) have been proposed for South Raymond Avenue. One of these, a 35,000 s.f. structure is currently under construction at the SE corner of Raymond and Fillmore.

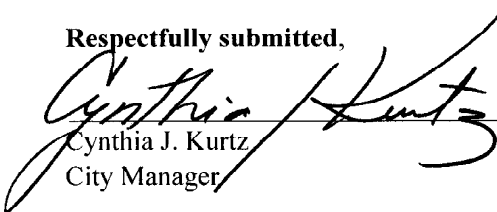
- Art Center (#7) has purchased the old Dacor facility and is substantially complete with the rehabilitation of the building.

- 710 mitigation projects are continuing in the area. The design phase is nearly complete for Raymond Avenue street widening. The under grounding of utilities will start in the next 10 months and road construction is anticipated in FY '06.

FISCAL IMPACT:


The information conveyed in this report supplements a Board of Zoning Appeals decision called up by the City Council. No specific fiscal impact has been prepared.

Respectfully submitted,



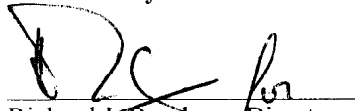
Cynthia J. Kurtz
City Manager

Prepared by:



Eric P. Duysbart
Economic Development Manager

Reviewed by:



Richard J. Bruckner, Director
Planning and Development