

# Agenda Report

April 12, 2010

**TO:** Honorable Mayor and City Council

**FROM:** Planning and Development

**SUBJECT:** **CONSIDERATION OF ADOPTION OF A RESOLUTION OF NECESSITY FOR THE ACQUISITION BY EMINENT DOMAIN OF CERTAIN REAL PROPERTY INTERESTS LOCATED AT 78 NORTH MARENGO AVENUE, AND FURTHER IDENTIFIED AS LOS ANGELES COUNTY TAX ASSESSOR'S PARCEL NUMBERS 5723-026-028 AND 029, FOR A PUBLIC PURPOSE, NAMELY FOR HISTORIC PRESERVATION PURPOSES.**

**RECOMMENDATION:**

It is recommended that the City Council:

1. Consider adoption of a Resolution of Necessity of the City of Pasadena Declaring Certain Real Property Interests Necessary for a Public Purpose and Authorizing Acquisition thereof for Historic Preservation Purposes;
2. Open and conduct a hearing on the adoption of the proposed Resolution of Necessity, receive from staff the evidence stated and referred to in this agenda report, take testimony from any person wishing to be heard on issues A, B, C, and D below, and consider all evidence to determine whether to adopt the proposed Resolution of Necessity;
3. If the City Council finds, based upon the evidence contained and referred to in this report, the testimony and comments received at this hearing, and all written testimony submitted to the City Council, that the evidence warrants the necessary findings with respect to the proposed Resolution of Necessity, then staff recommends that the City Council, in the exercise of its discretion, adopt the proposed Resolution (which requires a 2/3 vote of the entire City Council) and authorize the firm of Richards, Watson & Gershon to file an eminent domain proceeding, on behalf of the City, to acquire the fee simple interest in the real property located at 78 North Marengo Avenue, also identified as Los Angeles County Tax Assessor's Parcel Numbers 5723-026-028 and 029; This real property interest is referred to below as "Subject Property" and is described more particularly in the Exhibit attached to the Resolution of Necessity as Exhibit "A". The Resolution also contains a drawing depicting the location of the Subject Property. The drawing is attached as Exhibit "B" to the Resolution of

- Necessity. The Resolution and its exhibits are attached hereto and incorporated in this Report by this reference;
4. If the Resolution of Necessity is approved, authorize the firm of Richards, Watson & Gershon and staff to take all necessary steps to deposit with the Court the amount of probable compensation required by law for issuance of an Order for Possession;
  5. Approve a journal voucher of \$6.43 million from PCDC fund balance;
  6. Authorize the City Manager, or his designee, to execute all necessary documents.

**EXECUTIVE SUMMARY:**

The City Council has before it a Resolution of Necessity for the acquisition of the fee simple interest in certain real property located at 78 North Marengo Avenue, in the City of Pasadena for historic preservation purposes. The real property interests sought to be acquired are for a public use, namely for historic preservation, and all purposes necessary and convenient thereto, pursuant to the authority conferred upon the City of Pasadena to acquire property by eminent domain by California Government Code sections 37350, 37350.5, 37351, 37361, 40401 and 40404, and California Code of Civil Procedure section 1230.010, *et seq.* (Eminent Domain Law), including, but not limited to sections 1240.010, 1240.020, 1240.110, 1240.120, 1240.150, 1240.410, 1240.510, 1240.610, 1240.650, and other provisions of law.

The City is considering the acquisition of the real property located at 78 North Marengo Avenue ("Subject Property") for historic preservation purposes. The Subject Property is also commonly known as the former YWCA Building. In 1976 the City Council designated the Subject Property as a landmark and in 1980, it was listed in the National Register of Historic Places as a contributing building within the Civic Center Historic District. The YWCA building, built in 1922, is also one of eleven historic monuments (a higher category of landmark) designated by the City Council. The building on the Subject Property is considered historically significant in part because it was designed by architect Julia Morgan. Ms. Morgan was the first woman accepted into the architecture section of the Ecole des Beaux Arts in Paris and was California's first female architect. During her 49 year career, she designed many high-profile properties, including the Hearst Castle. Ms. Morgan designed several YWCA buildings, including the Subject in Pasadena. Occupying nearly an entire city block, the Subject YWCA is designed in three sections and is distinguished by tall second-story windows that repeat the rhythmic arrangement of the first-floor doors and windows. The decorative iron balconies and brackets on the exterior are a touch characteristic of Morgan's designs. The arched front windows, embossed with decorative triglyphs, are similar to those at the Emanu-el Sisterhood Residence, a Jewish women's center Morgan designed the same year as the Subject.

The Subject Property has been vacant and unoccupied for at least the past 20 years. The current owners have allowed the Subject Property to fall into a significant state of disrepair, thus placing this historically significant building at risk.

Staff has studied the proposed acquisition of the Subject Property and has determined that the site is Categorically Exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15331 - Historical Resource Restoration/ Rehabilitation. True and correct copies of the documents relating to the environmental review process are on file in the office of the Director of Planning and are incorporated into this report by this reference.

As shown more fully below, the acquisition of the Subject Property that is the subject of the Resolution of Necessity to be considered by the City Council is necessary for historic preservation purposes. The legal description of the Subject Property the City seeks to acquire is attached as Exhibit "A" to the Resolution of Necessity. A map depicting the location of the Subject Property is attached as Exhibit "B" to the Resolution of Necessity. The Resolution of Necessity and its Exhibits are incorporated into this Report by this reference.

In order to adopt the Resolution of Necessity with respect to the Subject Property, the City Council must find and determine that:

- A. The public interest and necessity require the proposed Project.
- B. The proposed Project is planned and located in the manner that will be most compatible with the greatest public good and the least private injury.
- C. The Subject Property described in the Resolution of Necessity is necessary for the proposed Project; and
- D. The City has made an offer as required by Government Code section 7267.2 to the owners of record of the real property it seeks to acquire.

The amount of just compensation is not an issue before the City Council at this hearing. The hearing relates to issues A, B, C, and D above.

**COUNCIL POLICY CONSIDERATION:**

The General Plan – Objective 6: Promote preservation of historically and architecturally significant buildings and revitalization of traditional neighborhoods and commercial areas.

**BACKGROUND:**

***Description of Proposed Project and Environmental Review***

The proposed Project calls for the acquisition of the Subject Property for historic preservation purposes. Located in the Central District of Pasadena, within the Historic Civic Center District, the Subject Property is zoned CD-2, Civic Center/Midtown, which is a commercial zone. The primary purpose of this zone is to provide for a diverse mix of land uses designed to create the primary business, financial, retailing and government center of the City. It emphasizes the concept of a higher density, mixed-use environment that supports transit and pedestrian oriented mobility. The CD-2 sub district is the symbolic and governmental center of the City, supporting civic, cultural, and public service institutions, while augmenting the character of the area with a complementary mixture of uses.

The Central District Specific Plan provides that some of Pasadena's most significant architectural treasures are found within the Civic Center/Midtown area. The City is actively attempting to realize the 1920's "City Beautiful" vision by preserving historically significant buildings. The Subject Property is significant to the region as a contributing element in the City's Civic Center, as it is a "nationally significant example of civic art in the 'City Beautiful' style of the 1920's."

The Subject Property encompasses a 1.194 acre site that is nearly rectangular in shape and comprises most of one city block. In general, the basic structure of the subject building appears to be sound. However, an extensive amount of water damage is apparent on ceilings, walls and floors throughout the building. Standing water has also been observed in one second-floor room. The finishes are in extremely poor condition, and virtually all of the fixtures, including plumbing, wiring, lighting and doorknobs have been removed. The roof appears to leak in several places and the natatorium ceiling is open to the sky in places where skylights have been broken out. The current owner has allowed the Subject Property to continue to deteriorate during the term of its ownership of the property. In order to prevent further and continued deterioration of this historic structure, the Subject Property must be acquired for historic preservation purposes.

***City's Actions Pursuant to Government Code Section 7262 et seq.***

As more fully described below, the City of Pasadena, pursuant to Government Code Section 7262 *et seq.*, obtained an appraisal of the fair market value of the Subject Property, set just compensation in accordance with the appraised fair market value and extended a written offer in October 2009, to the record owner. The City granted the record owner additional time to respond to the written offer. The owner has tendered a counter-offer to the City. There is currently no agreement between the parties regarding a purchase price for the Subject Property.

Following is a brief summary of the City's actions with respect to the Subject Property pursuant to Government Code Section 7262 *et seq.*

Pursuant to Government Code Section 7262 *et seq.*, the City obtained an appraisal of the fair market value of the Subject Property based on a July 14, 2009 date of value.

The City Council set just compensation in accordance with the appraised fair market value, and in October 2009, extended a written offer letter to the owner of record. The owner requested additional time to complete their appraisal and respond to the City's offer. The City granted the owner's request. The owner tendered a counter-offer to the City, but provided no information supporting its request for additional compensation. At this time, the parties have not reached an agreement regarding the fair market value of the Subject Property.

#### **A. The Public Interest and Necessity Require the Proposed Acquisition**

As shown above, the proposed Project involves the acquisition of the Subject Property for historic preservation purposes. The Subject Property has been vacant and unoccupied for at least the past 20 years. The current owners have allowed the Subject to fall into a significant state of disrepair, thus placing this historically significant building at risk.

The City's primary goal for the Subject Property is to preserve its historic integrity. The Subject Property Interest is also commonly known as the former YWCA Building. In 1976 the City Council designated the Subject Property as a landmark and in 1980 it was listed in the National Register of Historic Places as a contributing building within the Civic Center Historic District. The YWCA building, built in 1922, is one of eleven historic monuments (a higher category of landmark) designated by the City Council. In general, the basic structure of the subject building appears to be sound. However, an extensive amount of water damage is apparent on ceilings, walls and floors throughout the building. Standing water has also been observed in one second-floor room. The finishes are in extremely poor condition, and virtually all of the fixtures, including plumbing, wiring, lighting and doorknobs have been removed. The roof appears to leak in several places and the natatorium ceiling is open to the sky in places where skylights have been broken out. The current owner has allowed the Subject Property to continue to deteriorate during the term of its ownership of the property. In order to prevent further and continued deterioration of this historic structure, the Subject Property must be acquired for historic preservation purposes.

The proposed acquisition meets the City's goals of preserving historically significant buildings. The Central District Specific Plan provides that some of Pasadena's most significant architectural treasures are found within the Civic Center/Midtown area. The City is actively attempting to realize the 1920's "City Beautiful" vision by preserving historically significant buildings. The Subject Property is significant to the region as a contributing element in the City's Civic Center, as it is a "nationally significant example of civic art in the 'City Beautiful' style of the 1920's."

#### **B. The Proposed Project is Located in the Manner that will be Compatible with the Greatest Public Good and Least Private Injury**

As shown in detail above, the proposed Project will result in the preservation of a significant historic structure in the City of Pasadena. The City's primary goal is to acquire the Subject Property and take action to preserve the existing structure. The Subject Property requires a great deal of deferred maintenance. Throughout the years, the current owners have made only a minimal effort to maintain the premises. Some of the maintenance performed was only after the owners were cited with code enforcement violations. Over the past 20 years, the Subject Property has been allowed to continue to decay. This historic building stands vacant and broken in the heart of the City. A significant amount of resources will be required in order to eventually rehabilitate the Subject Property so that it can function in a productive manner. The rehabilitation of the Subject Property simply will not occur unless the City steps in and takes affirmative action to preserve this historic structure.

The Subject Property is zoned CD-2, Civic Center/Midtown, which is a commercial zone. The Subject Property encompasses an entire city block and consists of 1.194 acres of land. The Subject Property is not being utilized, as it has been vacant for over 20 years. The Subject Property Interest is commonly known as the former YWCA Building. In 1976 the City Council designated the Subject Property as a landmark and in 1980 it was listed in the National Register of Historic Places as a contributing building within the Civic Center Historic District. The YWCA building, built in 1922, is one of eleven historic monuments (a higher category of landmark) designated by the City Council. The Subject building is considered historically significant in part because it was designed by architect Julia Morgan. The prolonged physical deterioration of the Subject Property makes it appropriate for the City Council to consider the acquisition of the Subject Property for historic preservation purposes.

In order to preserve the Subject Property, the City must acquire the fee simple interest in the property. The entire site requires some level of rehabilitation and restoration work in order to adequately preserve the historic features of the Subject Property. The acquisition of the Subject Property, as planned and located, would serve as a catalyst for the rehabilitation of the entire city block. Further, the proposed acquisition would enhance the opportunity to restore the Subject Property to a useful structure while maintaining the historic integrity of the building. Finally, the proposed acquisition is consistent with the goals of the General Plan.

**C. The Subject Property Described in the Resolution of Necessity is Necessary for the Proposed Project.**

The proposed Project involves the acquisition of the Subject Property for historic preservation purposes. The Subject Property has continued to deteriorate during the time it has been owned by the current owners. The current owners have not developed, rehabilitated or restored the Subject Property. They have conducted minimal maintenance on the Subject Property generally as a result of code enforcement citations. In order to preserve this historic structure, it is necessary for the City to obtain

control over the site. Once the City has control over the site, it can invest the time and resources that will be necessary to save this important historic resource.

**D. The City has Made the Offer Required by Section 7267.2 of the Government Code to the Owner of Record of the Subject Property the City Seeks to Acquire.**

As explained more fully above, the City, pursuant to Government Code Section 7262 *et seq.*, obtained an appraisal of the fair market value of the Subject Property, set just compensation in accordance with the appraised fair market value, and extended a written offer to the owner of record of the Subject Property. A true and correct copy of the offer letter is on file in the City Clerk's office and is incorporated into this Report by this reference. As explained more fully above, the City received a counter-offer from the property owner, however, to date the parties have not been able to reach a negotiated agreement for the purchase of the Subject Property. The continued physical deterioration of the Subject Property requires that the City Council consider the proposed Resolution of Necessity at this time.

The adoption of the Resolution of Necessity requires a vote of at least two-thirds of the City Council.

**ENVIRONMENTAL ANALYSIS:**

The acquisition of the Subject Property is Categorically Exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15331 - Historical Resource Restoration/ Rehabilitation. The proposed acquisition is consistent with the applicable general plan designation and all applicable general plan policies, as well as with the applicable zoning designation and regulations. The Subject Property is within the city limits on a site of 52,015 square feet. The Subject has no value as habitat for endangered, rare, or threatened species. Acquisition of the Subject Property for historic preservation purposes will not result in any significant effects relating to traffic, noise, air quality or water quality. Finally, the Subject Property can be adequately served by all required utilities and public services. A Notice of Exemption has been prepared and adopted by the City Council. The Notice of Exemption will be filed with the Los Angeles County Clerk's Office on April 13, 2010. A copy of the Notice of Exemption and all associated environmental review documents are on file in the Planning Department and are incorporated in this Report by this reference.

**FISCAL IMPACT:**

Project costs, including the cost of property acquisition, will be financed by PCDC unreserved fund balances available in the budget.

Respectfully submitted,

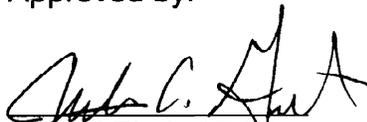


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Attachment:

Attachment A – Resolution of Necessity