

ATTACHMENT D
FINANCIAL ANALYSIS MEMORANDUM



KEYSER MARSTON ASSOCIATES™
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:
Real Estate
Affordable Housing
Economic Development

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To: Talyn Mirzakhian, Zoning Administrator
City of Pasadena

From: Kathleen Head

Date: December 30, 2019

Subject: 253 South Los Robles Avenue: Updated Density Bonus Proposal

At your request, Keyser Marston Associates, Inc. (KMA) evaluated an updated density bonus proposal that was submitted in November 2019 by Zhuang & Zhong Los Robles, LLC (Applicant) for the site located at 253 South Los Robles Avenue (Site). The updated application was submitted under the auspices of the City of Pasadena (City) Density Bonus Ordinance. This Ordinance was enacted to comply with the requirements imposed by California Government Code Sections 65915 – 65918 (Section 65915).

On March 29, 2019 KMA submitted a financial analysis of the originally proposed development scope. The purpose of the following memorandum is to evaluate whether the proposed modifications to the development scope alter the conclusions derived from KMA's March 2019 analysis.

DEVELOPMENT SCOPE COMPARISON

Originally Proposed Development Scope

In the March 2019 analysis, KMA evaluated the Applicant's proposal to construct a 92 unit condominium project on the 35,502 square foot Site. To achieve the proposed development scope the Applicant submitted a request to the City for the following:

1. A 29.7% increase over the density limit imposed by the Site's zoning; and

2. The following two concessions or incentives:
 - a. A "Height Concession" that increased the allowable height to 80 feet from the 60 foot limit – (75 feet with height averaging); and
 - b. An increase in the maximum allowable floor area ratio (FAR) from 2.25:1 to 2.65:1 (FAR Concession).

In order to qualify to receive the proposed density bonus and two concessions or incentives the Applicant proposed to include eight very-low income units in the project. The provision of these very-low income units satisfied both the Section 65915 requirements and the obligations that were imposed by the City's Inclusionary Housing Ordinance at the time the proposal was submitted.

In the March 2019 analysis, KMA concluded that under the financial evidence requirements imposed by Section 65915 (d) (1) (A) there was insufficient support for the City to reject the concessions or incentives being requested by the Applicant. The factors that led to this conclusion are:

1. The two proposed concessions or incentives were found to result in identifiable and actual cost reductions; and
2. The proposed density bonus and two concessions or incentives did not exceed the net cost associated with providing eight very-low income units within the project.

Modified Development Scope

In November 2019, the Applicant submitted an updated proposal with a revised development scope. The proposed modifications can be described as follows:

1. The unit count was reduced from 92 units to 90 units. Ninety (90) units represents a 26.8% density bonus as compared to the 29.7% density bonus that was originally requested.
2. The magnitude of the two concessions or incentives was reduced in the following ways:
 - a. The FAR Concession was reduced from 2.65:1 to 2.57:1; and

- b. The Height Concession was reduced from 80 feet to 75 feet.

In order to qualify for the proposed density bonus, 8% of the units allowed by the base zoning would need to be provided to very-low income households (Section 65915 (f) (2)). However, to obtain two concessions or incentives, it is necessary for 10% of the units allowed by the Site's base zoning to be provided to very-low income households (Section 65915 (d) (2) (b)). This equates to 7.1 units, which must be rounded up to eight units in accordance with Section 65915 (q).¹

The requirement to provide eight very-low income units is unchanged from the requirement that would have been imposed on the originally proposed development scope. This is explained by the fact that the requirements are measured against the number of units allowed by the Site's base zoning rather than on the number of units allowed after the density bonus is exercised.

CONCLUSIONS

In the March 25, 2019 analysis KMA concluded that there was insufficient support for the City to deny the Applicant's requested density bonus and two concessions or incentives. It is KMA's conclusion that the proposed modifications to the project's development scope do not alter the conclusions derived from that analysis for the following reasons:

1. The currently proposed project will generate less revenue than the originally proposed project, because it has two fewer market rate units while the number of very-low income units remains unchanged.
2. The project's construction costs should not be anticipated to decrease by enough to offset the loss of two market rate units, because:
 - a. The elimination of two units reduces the number of parking spaces that must be provided, but the project still requires three levels of subterranean parking; and

¹ Section 65915 (q) calls for any calculation that results in a fractional number to be rounded up to the next whole number.

- b. The proposed reductions in FAR and height do not alter the project's construction type.

It is important to remember that Sections 65915 (d) (3) and 65915 (e) (1) provide Applicants with the right to pursue legal action if the City denies a requested density bonus, concession or incentive, and/or development standards relief. If the court finds against the City, the City would be required to pay the Applicant's reasonable attorney's fees and the costs associated with the lawsuit.

**ATTACHMENT E
CEQA MEMORANDUM**



MEMORANDUM - City of Pasadena

DATE: December 23, 2019

TO: Tallyn Mirzakhania, Planning Manager

FROM: John Bellas, Environmental Coordinator

RE: Affordable Housing Concession Permit #11869 (253 S. Los Robles Avenue):
CEQA Consideration of Revised Project

Background

Affordable Housing Concession Permit #11869, as originally proposed, was an application to construct a 6-story, 92-unit, multi-family residential project (referred to hereafter as the Original Project) consisting of two attached building volumes (referred to hereafter as the northerly and southerly volumes), located at 253 South Los Robles Avenue (west side of Los Robles between Cordova Street and Del Mar Boulevard). City staff determined the Original Project to be categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15332 In-Fill Development Projects (Class 32), based on a Class 32 Categorical Exemption Report (ESA, August 2018) and supporting technical studies, including a Transportation Impact Analysis (Pasadena Department of Transportation, February 2018), Noise Technical Report (ESA, July 2018), Air Quality Technical Report (ESA, August 2018), and Historical Resources Assessment (ESA, July 2019). Supplemental noise and General Plan consistency analyses were also conducted for the project by ESA and documented in technical memorandum dated July 10, 2019.

The Project, as proposed, was approved by the Hearing Officer and, subsequently, the Board of Zoning Appeals (BZA). The BZA approval was called for review by the City Council. Subsequent to the City Council's initial consideration of the project at a public hearing on July 22, 2019, the applicant has revised the Project in consideration of the Council's concerns (Revised Project). See the "Summary of Changes to the Project" section below for details.

This memorandum considers whether the proposed Revised Project is eligible for a Class 32 categorical exemption from CEQA.

Summary of Changes to the Project

The proposed revisions to the Project include the following:

- Reduction in the overall building height from 80 feet to 75 feet (a five-foot reduction)
- Reduction in the southerly building volume from six stories to five stories
- Addition of a roof garden/open space amenity atop the southerly building volume
- Reduction in the number of multi-family units from 92 to 90 (a reduction of two market rate units)
- Reduction in total floor area from 94,165 square feet to 91,217 square feet (a reduction of 2,948 square feet), resulting in a reduction of the project's floor-area ratio (FAR) from 2.65 to 2.57

Class 32 Infill Development Criteria Analysis

State CEQA Guidelines Section 15332 identifies the following criteria for a Class 32 Infill Development Categorical Exemption (CE):

- The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.*
- The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.*
- The project site has no value as habitat for endangered, rare or threatened species.*
- Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.*
- The site can be adequately served by all required utilities and public services.*

The proposed revisions to the Project have no bearing on criteria a, b, c, or e, and the analyses of these criteria in the Project's CEQA Class 32 Categorical Exemption Report (ESA, August 2018) and supplemental General Plan Noise Element and Land Use Element consistency analysis (ESA, July 2019) remain fully applicable. The subsections below evaluate criterion d, specifically whether the proposed revisions would change the Project in a manner that would result in significant effects relating to traffic, noise, air quality, or water quality.

Traffic

The proposed revisions to the Project would reduce the number of multi-family residential units from 92 to 90, which would result in a slight reduction (approximately three percent) in the Project's trip generation. The proposed project revisions would not affect the mix or diversity of uses in the project vicinity and would not affect the project's residents' access to alternative forms of transportation. Thus, the Revised Project would not change the project's vehicle miles traveled (VMT) per capita or vehicle trips (VT) per capita in a manner that would exceed the City's thresholds, which was confirmed through an update of the project's Travel Demand Forecasting (TDF) modeling (see Table 1 and Appendix A for modeling results). Similarly, as the Revised Project is on the same site as the Original Project and proposes the same type and nearly the same intensity of uses (approximately two percent less intense), the Revised Project would not affect the analyses of Proximity and Quality of Bicycle Network, Proximity and Quality of Transit Network, or Pedestrian Accessibility in a manner that would increase the project's incremental change above the City's significance thresholds for those metrics (see Table 1 and

Appendix A for updated modeling results). Therefore, like the Original Project, the Revised Project would not result in a significant impact relating to traffic.

Table 1. Transportation Performance Metrics Summary—Revised Project			
Transportation Performance Metrics	Significant Impact Cap (Existing)	Incremental Change (Existing + Project)	Significant Impact?
VMT Per Capita	>22.6	11.0	No
VT Per Capita	>2.8	2.1	No
Proximity and Quality of Bicycle Network	<31.7%	31.7	No
Proximity and Quality of Transit Network	<66.6%	66.7	No
Pedestrian Accessibility	<3.88	3.88	No
<i>Source: Travel Demand Forecasting (TDF) Model output, as included in Appendix A</i>			

Noise

The proposed Project would generate noise during both construction and operation. As described in the Class 32 Categorical Exemption Report, during construction noise would be generated through the use of heavy-duty construction equipment and through vehicle trips generated from construction workers traveling to and from the Project Site. Construction of the Revised Project would involve the same construction practices as the Original Project, albeit for a slightly (three percent) smaller total building volume. Daily construction activities (e.g., grading, excavation, concrete pouring) and the equipment fleet are expected to be the same as under the Original Project. Likewise, the amount of daily vehicle trips generated by construction workers would not increase, as the workforce for construction of the Revised Project is expected to be the same as for the Original Project. Thus, construction noise levels would be substantially similar to and no greater than those considered in the Class 32 Categorical Exemption Report and impacts would remain less than significant.

As described in the Class 32 Categorical Exemption Report and the supplemental noise analysis (ESA, July 2019), project operations would generate an increase in ambient noise from roadway traffic and stationary noise sources (e.g., mechanical and electrical equipment). As discussed above, the Revised Project would result in a slight reduction in the Project’s trip generation due to the reduction in residential units. Thus, roadway traffic noise levels would be slightly less than those considered in the Class 32 Categorical Exemption Report. Likewise, the Revised Project would not increase onsite noise. Mechanical equipment would remain screened and subject to the restrictions in the City’s Noise Restrictions Ordinance. Human activity would also remain subject to the Noise Restrictions Ordinance, including Section 9.36.050.A of the Pasadena Municipal Code (PMC), which prohibits the generation of noise that exceeds the ambient noise level at the property line by more than five decibels. Therefore, operation noise levels would be substantially similar to and no greater than those considered in the Class 32 Categorical Exemption Report and the supplemental noise analysis. Impacts would remain less than significant.

Similar to noise levels, since the intensity of daily construction activities and daily operational activities would not change, vibrations generated by construction and operation of the Revised Project would be substantially similar to and no greater than those considered in the Class 32 Categorical Exemption report and impacts would remain less than significant.

Air Quality

As described in the Class 32 Categorical Exemption Report, the Project has the potential to cause air quality impacts associated with construction activities, mobile sources, building energy demand, and other aspects of Project construction and operations that have the potential to generate criteria air pollutant emissions. Construction of the Revised Project would involve the same construction practices as the Original Project, albeit for a slightly (three percent) smaller total building volume. Daily construction activities (e.g., grading, excavation, concrete pouring) and the equipment fleet are expected to be the same as under the Original Project. Likewise, the amount of daily vehicle trips generated by construction workers would not increase, as the workforce for construction of the Revised Project is expected to be the same as for the Original Project. Therefore, the Revised Project's construction air quality impacts are the same in type and magnitude as those of the Original Project, which are described in the Class 32 Categorical Exemption Report and well below the South Coast Air Quality Management District's thresholds of significance.

As described in the Class 32 Categorical Exemption Report, air pollutant emissions associated with Project operations would be generated by the consumption of natural gas and by the operation of on-road vehicles. The proposed Project revisions would slightly decrease natural gas consumption, proportional to the reduction of units from 92 to 90. As previously discussed, also as a result of this reduction in units, the Revised Project would generate slightly less vehicle trips than the Original Project. Thus, mobile source air pollutant emissions would be slightly less than those evaluated in the Class 32 Categorical Exemption Report. Like the Original Project, the air pollutant emissions of the Revised Project would be well below the South Coast Air Quality Management District's thresholds of significance and, thus, air quality impacts of the Revised Project would be less than significant.

Water Quality

The Revised Project would be required to comply with the same water quality regulations as the Original Project. These regulations include construction phase requirements, including the preparation of a Stormwater Pollution Prevention Plan (SWPPP), and operation phase requirements, including the preparation of a Low Impact Development (LID) plan. With the required compliance with water quality regulations, the Revised Project would not result in any significant effects relating to water quality.

Exceptions to the Use of Categorical Exemptions

State CEQA Guidelines Section 15300.2 identifies the following six exceptions to the use of categorical exemptions:

- a. *Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located – a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies.*
- b. *Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant.*

- c. *Significant Effect.* A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances.
- d. *Scenic Highways.* A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified EIR.
- e. *Hazardous Waste Sites.* A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code.
- f. *Historical Resources.* A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource.

The proposed revisions to the project have no bearing on exceptions a-e, and the analyses of these exceptions in the Project's CEQA Class 32 Categorical Exemption Report (ESA, August 2018) remain fully applicable. The following subsection evaluates exception f, specifically whether the proposed revisions would change the Project in a manner that would cause a substantial adverse change in the significance of a historical resource:

Historical Resources

A Historical Resources Assessment and CEQA Impacts Analysis (Historical Resources Report) was prepared by ESA (July 2019) to identify any historical resources on the Project site or in the vicinity that could be impacted by the Project. Based on this analysis, no historical resources exist on the Project site. However, historical resources were identified in the vicinity of the site, including four with a view (direct or indirect) of the site: 200 S. Euclid (Masonic Temple), 324 S. Euclid (Delia Allen House), 272 Los Robles (Earnest Smith House [by Greene and Greene]), and 300 S. Los Robles (Throop Memorial Universalist Church). The Historical Resources Report concluded that, "The scale and massing of the proposed Project is compatible with the current built environment and would not substantially change the overall character of the existing setting. The proposed Project would not materially impair the eligibility of any historical resources in the project vicinity, and thus would have no adverse impact on historical resources." The proposed Revised Project would reduce the overall height of the proposed building and remove one story from the proposed southerly building volume. Since the proposed revisions would reduce the proposed building's scale and massing, the Revised Project would also have no adverse impact on any historical resources in the project vicinity.

Conclusion

Based on the analysis in this memorandum, in conjunction with the evaluations in the Project's Class 32 Categorical Exemption Report (August 2018), supporting technical studies, and supplemental analyses technical memorandum (July 2019), the Revised Project would be eligible for a categorical exemption from CEQA as an in-fill development project pursuant to State CEQA Guidelines Section 15332 (Class 32).

End of memo.

APPENDIX

A: Transportation Modeling Results for the Revised Project

APPENDIX A:
**TRANSPORTATION MODELING RESULTS FOR THE
REVISED PROJECT**

253 South Los Robles Avenue

VMT/Cap and VT/Cap Metric Calculation Summary

Daily Trips	Internal	External	Pop	136,122
Internal	351,057	335,943	Emp	111,348
External	335,943	491,158	Ext. Factor	50%

FINAL REDUCED DAILY VMT BY SPEED BIN					EMFAC INPUT
Speed	Internal	External	Regional	Total	
5	109	0	1,740	1,849	0%
10	673	135	14,352	15,160	0%
15	4,136	1,354	45,857	51,347	1%
20	16,828	4,472	75,158	96,458	2%
25	97,265	12,466	150,150	259,881	5%
30	489,558	61,431	275,018	826,006	15%
35	822,982	139,647	320,111	1,282,741	23%
40	201,350	55,692	225,394	482,436	3%
45	135,983	104,893	169,339	410,216	7%
50	112,515	2,074	211,669	326,258	6%
55	95,579	7,973	229,224	332,776	6%
60	120,003	15,078	238,029	373,110	7%
65	323,509	20,891	180,987	525,387	9%
70	3,632	0	528,840	532,472	11%
75	0	0	77,257	77,257	
80	0	0	0	0	
85	0	0	0	0	
SUM	2,424,124	426,107	2,743,123	5,593,354	100%

TOTAL RAW DAILY SUMMARY					
Metric	Internal	External	Regional	Total	Capita
VMT	2,424,124	852,214	5,486,247	8,762,585	35.4
VT	351,057	671,887	-	1,022,944	4.1
Length	6.9	1.3	-	8.6	

REDUCED DAILY SUMMARY					
Metric	Internal	External	Regional	Total	Capita
VMT	2,424,124	426,107	2,743,123	5,593,354	22.6
VT	351,057	335,943	-	687,001	2.3
Length	6.9	1.3	-	8.1	-

FINAL DAILY SCENARIO SUMMARY					
Pop	Emp	VMT	VT	VMT/Cap	VT/Cap
136,122	111,348	5,593,354	687,001	22.6	2.3

2013 EXISTING SUMMARY					
Pop	Emp	VMT	VT	VMT/Cap	VT/Cap
135,938	111,348	5,591,328	686,619	22.6	2.8

INCREMENTAL SCENARIO RESULTS					
Pop	Emp	VMT	VT	VMT/Cap	VT/Cap
134	0	2,026	381	11.0	2.1
				PASS	PASS

253 South Los Robles Avenue

Proximity and Quality Metric Calculation Summary

Proximity and Quality of Bicycle Network				
Existing				
Facility Type	Service Population	Service Population Adjustment	Final Service Population	Percent of Service Population
Level 2	78,415	0	78,415	31.7%
Level 3	123,670	0	123,670	50.0%
No Facility	45,202	0	45,202	18.3%
Exist City Total	247,286	0	247,286	100.0%
Existing + Project				
Facility Type	Service Population	Service Population Adjustment	Final Service Population	Percent of Service Population
Level 2	78,415	0	78,415	31.7%
Level 3	123,670	183.6	123,854	50.0%
No Facility	45,202	0	45,202	18.3%
Exist City Total	247,286	183.6	247,470	100.0%
Proximity and Quality Metric Summary - Bicycle				
Network	Service Population Adjustment	Significant Impact Threshold	Service Population %	Impact?
Bike	183.6	< 31.7%	31.7%	No

Proximity and Quality of Transit Network				
Existing				
Facility Type	Service Population	Service Population Adjustment	Final Service Population	Percent of Service Population
Level 1	90,600	0	90,600	36.6%
Level 2	74,298	0	74,298	30.0%
Level 3	50,495	0	50,495	20.4%
No Facility	31,893	0	31,893	12.9%
Exist City Total	247,286	0	247,286	100.0%
Existing + Project				
Facility Type	Service Population	Service Population Adjustment	Final Service Population	Percent of Service Population
Level 1	90,600	0	90,600	36.6%
Level 2	74,298	183.6	74,481	30.1%
Level 3	50,495	0	50,495	20.4%
No Facility	31,893	0	31,893	12.9%
Exist City Total	247,286	183.6	247,470	100.0%
Proximity and Quality Metric Summary - Transit				
Network	Service Population Adjustment	Significant Impact Threshold	Service Population %	Impact?
Transit	183.6	< 66.6%	66.7%	No

253 South Los Robles Avenue

Pedestrian Accessibility Metric Calculation Summary

PasadenaDTATAZ	Land Use Types	Population_In_TAZ	Employment_In_TAZ	Service_Population	Land Use Types	Weighted Average:	Average:
69	5	231	1020	1251	5	3.883521706	2.702
							Min: 0.000

**ATTACHMENT F
REVISED PLANS**



253 S Los Robles
Redesign Summary 11-21-31

Changes consist generally of:
 FAR reduction
 Unit count Reduction
 Height Reduction

Here is a comparison of the project metrics:

Lot Area	35502	0.8150	AC
Base Density Allowed	87 DU/ Ac	71	Units
Height District	60 (75)		

	FAR	Area (Zoning)	No Units	Density	Density Bonus	Affordable	% Affordable	Height
Compliant Project	2.25	79,879	71	87 DU/ AC	-	**		60 (75)
Original Design	2.65	94,165	92	112.88	29.7%	8 VL	8.70%	80
Proposed Revision	2.57	91,217	90	110.43	26.9%	8 VL	8.89%	75
<i>Delta (Orig to Proposed)</i>	<i>(0.08)</i>	<i>(2,948)</i>	<i>(2.00)</i>	<i>(2.45)</i>	<i>-2.82%</i>	<i>no change</i>	<i>no change</i>	<i>(5)</i>

** As required by inclusionary code prior to current amendments
 Including 'buy-down' to Very Low

To achieve these metrics, and to address the transitional scale of development, we propose to relocate portions of the 6th floor, thereby reducing the height of the Southerly half of the project to 5 stories as shown below. The vacated area would be developed as a Roof Garden/ Open Space Amenity.

ORIGINAL SUBMITTAL



PROPOSED REVISION



The relocation of program space away from the Southerly 6th Floor also provides a smoother transition between the 4-story Development to our South and the 100ft 388 Cordova development to our North. Additionally, the overall building height will be reduced from 80 ft to 75 ft., In the spirit of the new Inclusionary Code, this additional height is proposed on the Northerly half of the building footprint only (about 53%).

ORIGINAL SUBMITTAL



CONTEXT ELEVATION - PROPOSED REVISION



PROPOSED REVISION

