

Agenda Report

October 5, 2020

TO: Honorable Mayor and City Council
FROM: Planning & Community Development Department
**SUBJECT: DECLARATIONS OF SURPLUS PROPERTY
78 N. MARENGO AVENUE, 255 E. UNION STREET, 95 N. GARFIELD
AVENUE & 280 RAMONA STREET**

RECOMMENDATION:

Staff recommends that the City Council:

1. Find that the proposed action is not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378, as the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment and is not a "project;"
2. Adopt the attached resolution declaring the properties at 78 N. Marengo Avenue, 255 E. Union Street, 95 N. Garfield Avenue & 280 Ramona Street as surplus property under California Government Code Sections 54220-54234; and
3. Adopt the attached resolution declaring the property at 280 Ramona Street as surplus property and exempt from the competitive sale requirement under Pasadena Municipal Code Chapter 4.02.

PLANNING COMMISSION RECOMMENDATION:

At its regular meeting of September 23, 2020, the Planning Commission, by a vote of 4-2:

1. Found that the proposed action is not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378, as the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment and is not a "project;" and
2. Found that the proposed disposition of the properties at 78 N. Marengo Avenue, 255 E. Union Street, 95 N. Garfield Avenue & 280 Ramona Street, following

declarations that such properties are surplus property, is consistent with the General Plan.

The Commission was also asked to consider the following recommendation, which failed by a vote of 3-3:

- Recommend that the City Council declare the property at 280 Ramona Street as surplus property and exempt from the competitive sale requirement under Pasadena Municipal Code Chapter 4.02.

The discussion surrounding this recommendation was focused around concerns about lack of control over potential future development that might occur on this property (i.e., inability to make the finding without a specific project proposal), lack of evidence to support a determination that the property is not needed for another City use, as well as loss of open space.

EXECUTIVE SUMMARY:

Pursuant to the State Surplus Land Act, the City of Pasadena is negotiating in good faith with certain developers regarding the disposition and development of the properties at 78 N. Marengo Avenue, 255 E. Union Street, 95 N. Garfield Avenue (the Pasadena YWCA building and parking lot and landscaped area adjacent and east of it) and 280 Ramona Street (landscaped area and dirt lot east of the Pasadena YMCA), including rehabilitation of the historic YWCA building (see map of property locations in Attachment A). Prior to disposing of the properties, either through a long-term lease or sale, the City Council must declare them to be surplus land under State law. State law defines surplus land as land that is not necessary for the City's use. Pursuant to State law (Government Code Section 65402¹), the Planning Commission, on September 23, 2020, found that the proposed disposition of the properties, following declarations of surplus land, for the purposes of development and historic resource rehabilitation is consistent with the General Plan. Staff has provided an analysis in this report to support the City Council's declaration of the properties as surplus land for the purposes of disposing of the properties for development and rehabilitation of a historic resource.

In addition, pursuant to Chapter 4.02 of the Pasadena Municipal Code (PMC), real property owned by the City that is no longer needed for the purpose for which it was acquired or for any other public purpose may be declared surplus real property. Such declaration is required for the property at 280 Ramona Street in order to allow the City to pursue a development on this site. Staff has provided an analysis in this report to support the City Council's declaration of this property as surplus real property under the PMC, including exemption from the competitive sale requirement.

¹ As a charter City, the City is not required to comply with Government Code Section 65402 in connection with the disposition of City-owned property because the City has not explicitly adopted this requirement in connection with the disposition of property. However, this review was requested from the Planning Commission in order to assist the City Council in making the necessary findings for disposition of surplus property.

BACKGROUND:

City Acquisition and Request for Proposals:

In 2003, after years of decline in the YWCA building's condition, the City began the process of acquiring the building to arrest further deterioration and ensure its future rehabilitation. Following years of unsuccessful negotiations with the owner and the continued decline of the building, in 2010 the City Council authorized eminent domain action to acquire the building for the preservation of an historic asset. Rather than continue with costly eminent domain action, both parties agreed to mediation which culminated in a court approved Stipulation Agreement which gave the City ownership in April 2012. The City paid \$8.3 million for the land and building (78 N. Marengo Avenue and 255 E. Union Street properties).

In 2012, the City issued a Request for Proposals (RFP) to identify potential developers that would propose a project that would rehabilitate the building, which included the potential to develop adjacent properties in a manner consistent with the Central District Specific Plan. In 2013, the City entered into an Exclusive Negotiation Agreement with Kimpton Hotel & Restaurant Group, LLC (Kimpton) for development of a hotel project on the site. Following extensive review, preparation of an Environmental Impact Report, and public hearings before the Planning Commission and City Council, the Council approved on August 15, 2016 a series of entitlements for the project, including declaration of surplus property and exemption from the competitive sale requirement pursuant to Pasadena Municipal Code (PMC) Chapter 4.02 for the property at 95 N. Garfield Avenue.

Negotiations with Kimpton continued until the City Council determined on May 22, 2017 that it did not agree with subsidies Kimpton was requesting to execute the project. The Council then established a citizen's task force to develop recommendations for potential future development of the properties adjacent to the YWCA and YMCA buildings, which, after multiple public meetings, were provided to the Council on June 18, 2018. The Council then directed staff to engage an urban design consultant to prepare a recommendation on development parameters on these sites, which was presented to and accepted by the Council on April 8, 2019. A second RFP reflecting the Council's April 8, 2019 determination was released on June 20, 2019 and summaries of the proposals received were presented to the Council on November 4, 2019. On January 1, 2020, amendments to the State Surplus Land Act (Act) became effective, resulting in the City suspending review of the RFP proposals and issuing on April 8, 2020 a Notice of Availability (NOA) for all four parcels to designated entities for authorized purposes in accordance with the amended Surplus Land Act (i.e., development for parks & recreation, school or affordable housing purposes). Three proposals have been received under the NOA, one of which has been subsequently withdrawn. The remaining two proposals (which both propose affordable housing projects on the 280 Ramona Street property), as well as two proposals received under the second RFP (which propose hotels on the YWCA properties and affordable housing projects on the 280 Ramona Street property) are currently under review. Regardless of whether

development projects are pursued on these properties, or the scope of such potential projects, the properties will need to be declared surplus land in order for any development to be pursued on these properties.

State Surplus Land Act

Under the Surplus Land Act, Government Code Sections 54220-54234 (“Act”), surplus land is land owned in fee simple by the City for which the City Council takes formal action in a regular public meeting declaring the land is surplus and not necessary for the City’s use. The Act provides that land shall be declared either surplus land or exempt surplus land before the City may take action to dispose of it consistent with the City’s policies or procedures.

Under the Act, land is necessary for the City’s use if the land is being used, or is planned to be used pursuant to a written plan adopted by the City Council, for City work or operations. The Act specifies that the City’s use does not include commercial or industrial uses, and land that is disposed of for the sole purpose of investment or generation of revenue is not necessary for the City’s use. Pursuant to Government Code Section 65402(a), if applicable, no real property shall be disposed of until the location, purpose and extent of such disposition has been submitted to and reported upon by the planning agency as to conformity with the adopted general plan. Although not required because Pasadena is a charter city, staff conducted a public hearing with the Planning Commission on September 23, 2020, which determined that the disposition of the land for purposes of development and rehabilitation of a historic resource is in conformance with the General Plan.

PMC: City Sale of Surplus Real Property

PMC Chapter 4.02 establishes procedures for declaring property owned by the City to be “surplus real property,” which is defined as “real property of the city not needed for the purpose for which it was acquired or for any other public purpose” prior to its sale (which includes long-term leases) The City purchased the YWCA and parking lot properties at 78 N. Marengo Avenue and 255 E. Union Street, respectively, in 2012 for the purpose of rehabilitating and reusing the YWCA so as to halt any “demolition by neglect” and this remains the purpose of the properties; therefore, these properties are not considered surplus property under the PMC. The property at 95 N. Garfield Avenue was previously declared surplus property under the PMC on August 15, 2016 in conjunction with the City Council’s approval of entitlements for the YWCA/Kimpton Hotel project and this determination and the finding exempting the sale from the competitive bid requirement remains in effect and is not specifically tied to the project that was proposed at that time. As such, only the property at 280 Ramona Street is required to be declared surplus real property under the requirements of PMC Chapter 4.02.

ANALYSIS:

Surplus Real Property Declarations under the State Surplus Land Act

The four subject properties are not being used, nor are they planned to be used pursuant to a written plan adopted by the City Council, for City work or operations. As noted above, the City acquired the YWCA property and adjacent parking lot in order to ensure rehabilitation of the historic resource; the remaining two properties have been owned by the City since 1923 (95 N. Garfield Avenue and the easterly portion of 280 Ramona Street) and 1989 (the westerly portion of 280 Ramona Street). As the City is financially unable to rehabilitate the building, it is seeking to partner with the private sector development community to develop a project that would rehabilitate the building and develop additional supporting uses to ensure adequate return to the developer on the large financial investment needed to rehabilitate the properties. As such, the sites are not needed for the City's use, as defined in the State Surplus Lands Act, and are proposed to be made available through sale or long-term lease to a private developer or developers.

As noted elsewhere in this report, the properties have been zoned and planned for development since the 1920's and are not specified in any planning documents as being zoned or planned for public use. On April 8, 2019, the City Council identified setback and height parameters that would be imposed on any potential developments that would be undertaken on these properties. To ensure that the Council's goals for the project are met, appropriate steps will be taken during any potential negotiations that may occur with private developers to ensure that these parameters are followed and all development proposals that have been submitted to the City in response to the most recent RFP and NOA are in compliance with them.

Surplus Real Property Declaration under PMC Chapter 4.02

The property at 280 Ramona Street is not needed for the purpose for which it was acquired or for any other public purpose. The easterly landscaped portion of the property at 280 Ramona Street was purchased in 1923 along with other properties in the vicinity for "the construction and completion thereon of a building, together with suitable appurtenances, grounds and approaches, for City Hall purposes." The westerly portion of the site (dirt lot) was acquired by the City in 1989 in conjunction with the rehabilitation of the YMCA building, for no specific purpose or use. To sell or lease this parcel for the development of this property would require the City Council to declare it surplus property. The information below is provided to assist the Council in understanding the history of the easterly landscaped portion of the site in terms of both its acquisition and intended use since 1923 and supports declaring the 280 Ramona Street property surplus property for the purposes of future development.

Municipal Improvement Act

In 1921, the California Legislature enacted an amendment to Section 14 of the Municipal Improvement Act of 1901 to allow any city in California to issue a single bond for a number of municipal improvements in one group, provided that the city's planning commission has approved the group of municipal improvements as constituting a city plan and the voters also approve. The City of Pasadena's Planning Commission was created on April 19, 1922 and approved the group of municipal improvements for City Hall, the Public Library and the Civic Auditorium in May 1923 (Resolution 2), followed by voter approval in June 1923 as detailed below. This approval of the City Plan, as defined in the ballot language, was a funding mechanism to purchase and develop property at one time. This was explained by the then-City Attorney James H. Howard in a May 21, 1923 article published in the Pasadena Star-News (Attachment B). The bonds have been used for the purpose for which they were intended, construction of City Hall with appurtenances, grounds, and approaches, and the bonds have been paid. There were no covenants established restricting use of the land in the future.

Bennett Plan & Bond Propositions

In 1922, the City engaged the planning firm of Bennett, Parsons & Frost to develop a "city plan" and a conceptual plan was developed by that firm in January 1923 (Attachment C). In June 1923, two propositions were placed on the ballot to ask voters:

1. Whether the City should "incur a bonded debt of \$3.5 million for the purpose of the acquisition, construction and completion of certain municipal improvements in one group heretofore approved by the City Planning Commission of the City of Pasadena as constituting a City Plan..." which included "a building, together with suitable appurtenances, grounds and approaches" for City Hall, Public Library and Municipal Auditorium and assembly and convention hall purposes; and
2. "Whether the City Plan approved by the City Planning Commission as Resolution 2 on May 11, 1923 should be approved" (Attachment D).

Planning Commission Resolution 2 (also in Attachment D) that is referenced in the ballot language includes a legal description of specific properties to be acquired for the purposes described in the propositions and the landscaped parcels at the corner of Holly Street and North Garfield Avenue were included in this legal description and were acquired following approval of the propositions.

While the January 1923 conceptual plan drawing by Bennett, Parsons & Frost was published in local newspapers leading up to the vote, the plan drawing was not part of the City Plan set forth in Resolution 2 by the Planning Commission, was not part of Ordinance 2116 adopted by the Board of Directors (City Council) authorizing the propositions, and was not on the official ballot. Attachment E includes a map drawn by the lead surveyor in the City's Department of Public Works depicting an aerial photograph of the existing conditions in this area, the configuration of properties and

streets at the time of the vote and the limits of properties that were outlined in the legal description in Resolution 2. Also included are two Sanborn Maps from 1910, which also depict the configuration of the properties at the time of the vote.

What is clear from these maps is that the City intended to purchase all of the properties with frontage along Worcester Avenue (later renamed Garfield Avenue) and that the depth of the area to be purchased along the street corresponds to the actual depth of the properties as they existed at that time. The 1923 conceptual plan prepared by Bennett, Parsons & Frost depicts a 50-to-55-foot deep landscaped area along Garfield Avenue, on both the north and south sides of Holly Street, measured from the back of the sidewalk, based on the scalable Bennett Plan architectural drawing hanging in the Permit Center Hearing Room. This dimension is nearly half of the depth of the properties that were purchased in 1923, which corresponds to the existing depth of the landscaped areas and totals approximately 107 feet from the back of the Garfield Avenue sidewalk to the eastern edge of the parking lots that adjoin the two sites on the west.

Subsequent to the passing of the propositions, a competition was held to design the three buildings and, upon the completion of the competition and selection of the building designs in March 1924, Bennett revised the 1923 plan to reflect the selected designs (which, in all three cases, was different than shown on the 1923 conceptual plan) and to modify the spatial relationships of the surrounding properties and rights of way accordingly. Records (a newspaper article and Bennett's diaries, see Attachment F) show that Bennett visited the City in December 1924 to meet with the Planning Commission and the architects of the three buildings. This visit resulted in Bennett's more detailed March 1925 plan, which more closely matches the existing conditions and identifies the landscaped parcels as "automobile space (future bldg site)" behind a dimensioned 25-foot setback from the back of the North Garfield Avenue sidewalk (Attachment G). In staff's opinion, identifying these areas as future building sites suggests that the City Council either intended to build additional City buildings on this land or to declare it surplus property for private development in the future. The plan was further refined with the final revision occurring in April 1926 (see Attachment G).

Between the 1923 and 1926 versions of the Bennett Plan, the amount of landscaped area shown along Garfield Avenue was between 51% and 77% shallower than what exists today. It appears that the only reason this entire 107-foot-deep area is currently landscaped is because the City purchased the entire properties, as they were configured at that time, and did not build on any portion of them, despite clearly intending to do so as depicted in the 1923, 1925 and 1926 versions of the Bennett Plan.

Based on the information above, the Planning Commission previously recommended approval, and the City Council ultimately approved, a declaration of surplus real property for the property at 95 N. Garfield Avenue. These same arguments apply to the current proposed declaration of surplus real property for the easterly landscaped portion of the property at 280 Ramona Street. As noted above, the westerly (dirt lot) portion of the site was not acquired for a specific purpose; therefore, declaring it surplus property

for the purposes of development is not inconsistent with its original acquisition. In addition, although construction of a municipal building had once been proposed on this property, there is no longer a need for this, nor is there funding available for such a project. As such, the property is no longer needed for a public purpose and is proposed to be declared surplus to allow for private development.

It should also be noted that although the current Central District Specific Plan requires a minimum 10' setback from Garfield Avenue, following an urban design study by OLIN Partnership, the City Council has determined that a 45' setback from Garfield Avenue is more appropriate and the RFPs that have been released since that time, including the Notice of Availability under the Surplus Land Act, have required this setback to be provided on both the 95 N. Marengo Avenue and the 280 Ramona Street properties.

Competitive Sale Requirement

PMC Chapter 4.02 also prescribes procedures for sale of surplus property, which, unless the sale is exempt, "may be sold only after an open and competitive bidding process to the highest bidder." This section of the Code states that the City Council may, at least 60 days prior to sale (which includes long-term leases), hold a public hearing and make findings that "an extraordinary and overriding public benefit will be achieved" by the sale and that "such public benefit may relate to the provision of public parking, low-cost housing, a public service facility, or a museum or other cultural or artistic institution, or the economic and public well-being of other properties in the immediate vicinity."

Staff recommends that the City Council determine that the sale or long-term lease of the 280 Ramona Street property is exempt from the competitive bidding process based on the finding that the sale or lease will improve the economic and public well-being of other properties in the immediate vicinity. This finding would be based on the fact that the project will create a new, active use in the Civic Center, resulting in improved economic and public well-being for all properties in the immediate vicinity. The City is not proposing to develop the site; therefore, this declaration is needed to ensure that a private developer may pursue a development project on the site. Making this finding to exempt the project from the competitive bidding process will allow the City to enter into a long-term lease or sale with the developer most suited to successfully develop a project rather than to the highest bidder.

COUNCIL POLICY CONSIDERATION:

The disposition of the subject land was found by the Planning Commission on September 23, 2020 to be consistent with the following goals and policies of the General Plan Land Use Element:

- 1.1 Basic Growth Policy. Accommodate growth that is consistent with community values and that complements the scale and character of Pasadena's unique residential neighborhoods, business districts, and open spaces.

- 1.2 Targeted Growth. Target growth and new construction in infill areas and away from Pasadena’s residential neighborhoods and open spaces by redeveloping underutilized commercial and industrial properties, especially within the Central District, Transit Villages, Neighborhood Villages, and along selected corridors.
- 2.6 Transit-Related Land Uses. Promote the development of uses that support and capture the economic value induced by the presence of transit corridors and stations.
- 4.1 Sustainable Urban Form. Provide an overall pattern of land uses and densities that encourages sustainable development; offers convenient alternatives to auto travel; ensures compatibility among uses; enhances livability and public health; sustains economic vitality; and reduces air pollution, greenhouse gas emissions, and energy consumption.
- 4.2 A Diversity of Places. Maintain and enhance the City’s urban form with distinct, compact, and walkable areas with a diversity of uses, densities, and characters. Offer choices for living, working, shopping, and recreation consistent with community values, needs, and demographics.
- 4.3 An Active Central District. Continue and reinforce the Central District as a vital, pedestrian-oriented place, linked to local and regional transit designed for all ages and serving as the focal point of community identity, business activity, employment, living, governance, and culture.
- 4.4 Transit Villages. Accommodate and intensify a mix of local and regional commercial, residential, and public uses close to the Metro Gold Line stations. Design these areas to accommodate safe and convenient walking, bicycling, and transit use. Include gathering places and amenities to enhance their quality and livability.
- 5.5 Civic Center Open Space. Continue to protect the character of the Civic Center as defined by its landscaped open spaces and tree canopy. Locate and design new civic structures to respect this urban form, character, design, functionality, and concepts in the Bennett Plan. (See the “Surplus Real Property Declaration Under PMC Chapter 4.02” section of this report below for explanation of how the development of these properties is consistent with the Bennett Plan.)
- GOAL 8. Historic Preservation. Preservation and enhancement of Pasadena’s cultural and historic buildings, landscapes, streets and districts as valued assets and important representations of its past and a source of community identity, and social, ecological, and economic vitality.

- 8.1 Identify and Protect Historic Resources. Identify and protect historic resources that represent significant examples of the City's history.
- 8.4 Adaptive Reuse. Encourage sensitive adaptive re-use including continuing the historic use of historic resources to achieve their preservation, sensitive rehabilitation, and continued economic and environmental value.
- 18.1 Development Mix and Densities. Accommodate the mix and density of land uses and urban form that induce walking, bicycling, and transit use as an alternative to the automobile, as specified by the Land Use Diagram.
- 28.1 Land Use Mix. Allow for the development of properties and buildings in areas designated as "Mixed Use" for a mix of compatible commercial and residential uses.
- 31.1 Focus Growth. Focus growth in the Central District into key sub-areas including the Pasadena Playhouse, Civic Center/Midtown, Lake, Northwest Gateway, and Walnut Districts, and in proximity to the three Metro Gold Line stations, to support economic vitality while preserving and complementing the historic core.
- 31.3 Del Mar, Memorial Park and Lake Transit Villages. Concentrate higher intensity development with a mix of retail, office, and multi-family housing uses that are compatible with one another expanding the customer base for local retail uses and supporting Metro Gold Line ridership.

It should be noted that, although the sites at 95 N. Marengo Avenue and 280 Ramona Street are currently undeveloped and landscaped, they are not designated open space or park land and have been zoned for development since the 1920's. As such, General Plan policies related to preservation of open space and parks do not apply to these sites. In addition, because the specific design of a potential future project is unknown, General Plan policies related to urban design, architecture and compatible development are not cited in this analysis, but will be evaluated during the design review process for any project that may be proposed on the sites in the future.

ENVIRONMENTAL ANALYSIS:

The state CEQA Guidelines section 15004(b) states, "Choosing the precise time for CEQA compliance involves a balancing of competing factors. EIRs and negative declarations should be prepared as early as feasible in the planning process to enable environmental considerations to influence project program and design and yet late enough to provide meaningful information for environmental assessments." CEQA Guidelines sections 15060(c)(2) and (3) indicate that an activity is not subject to CEQA if the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment; or the activity is not a project as defined in CEQA Guidelines Section 15378. A project is defined as, "the whole of an action, which has a potential

for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment...”

The recommended action in this report is a required step that will allow for the potential future disposition and development of the subject properties but it does not commit the City to such action or to any specific project. At this time, the City has not selected or committed to any particular project or defined with the requisite specificity a project that could be evaluated for potential environmental impacts. As such, the declarations do not have the potential to result in a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Further, if a particular project is selected for development on the subject properties in the future, appropriate environmental review pursuant to CEQA will be conducted at an appropriate time when the program and design of the project are known and any application(s) for necessary land use entitlements are requested by a developer.

FISCAL IMPACT:


The City acquired the YWCA Building for \$8.3 million and since then has spent approximately \$711,000 towards preserving the historic structure. The estimated cost of rehabilitating the YWCA Building and creating an economically viable project range into the \$10s of millions. If a development is selected for the subject sites from the existing proposals, the developer(s) would fund the design and construction of the project(s) in accordance with the parameters of a final lease or sale agreement consistent with the applicable City Commission/Committee. Subsequent to construction, operation and stabilization, the project(s) could generate revenues to the General Fund from sources that may include transient occupancy tax, sales tax, property tax, and/or lease payments.

Respectfully submitted,



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STEVE MERMELL
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Attachments (7):

- A. Aerial map
- B. May 21, 1923 Pasadena Star-News Article (City Attorney Opinion)
- C. 1923 Bennett Plan
- D. Ordinance 2116 (Including Planning Commission Resolution 2)
- E. Map of Legal Descriptions from Resolution 2 & 1910 Sanborn Maps
- F. Records of Bennett's Civic Center Work Subsequent to Building Design Competition
- G. 1925 & 1926 Bennett Plans