

Agenda Report

April 24, 2023

TO: Honorable Mayor and City Council

FROM: The Office of the City Manager

SUBJECT: AGREEMENT OF PURCHASE AND SALE BETWEEN KAISER FOUNDATION HEALTH PLAN, INC. AND THE CITY OF PASADENA, FOR THE PROPERTY COMMONLY KNOWN AS 450 N. LAKE AVENUE, LOCATED IN THE CITY OF PASADENA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, APN NOS. 5732-017-017 AND 5732-017-018 AND AMEND THE FY 2023 OPERATING BUDGET BY AN AMOUNT NOT TO EXCEED \$12,000,000.

RECOMMENDATION:

It is recommended that the City Council:

- 1) Find that the proposed acquisition of the subject property is being undertaken without plans for any specific use or development of the property at this time and therefore the mere change in title ownership does not have the possibility of causing any potentially significant impact on the environment, and on that basis, is exempt from environmental review under the California Environmental Quality Act pursuant to State CEQA Guidelines Section 15061 (b)(3) under the common sense exemption because it can be seen with certainty that the change in title ownership of the property has no possibility of having a significant effect on the environment;
- 2) Find that the proposed acquisition of the subject property is consistent with the City's adopted General Plan; and
- 3) Authorize the City Manager to execute an Agreement of Purchase and Sale between KAISER FOUNDATION HEALTH PLAN, INC., and the CITY OF PASADENA, for the property commonly known as 450 N. Lake Avenue, located in the City of Pasadena, County of Los Angeles, State of California, APN Nos. 5732-017-017 and 5732-017-018 for an amount not to exceed \$12,000,000, concurrent with the County of Los Angeles Board of Supervisor's approval of an agreement of fiscal partnership with the City; and

- 4) Amend the FY 2023 Operating Budget by transferring up to \$12,000,000 from the American Rescue Plan Act Fund (244) to the General Fund (101) for the purchase of property.

BACKGROUND AND SUMMARY:

On March 13, 2023, the City Council directed the City Manager to work with Los Angeles County to explore the feasibility of identifying appropriate properties in the City of Pasadena for possible co-location and joint occupation for the purposes of affordable housing and expanding essential healthcare and mental health outpatient services in the City (Agenda Report, Attachment A). This action followed the March 7, 2023 Los Angeles County Board of Supervisor’s approval of a motion (Attachment B) stated in part and, “... it would be appropriate for the County and City to explore a joint venture that would meet a critical community need, including identification of suitable properties within the City of Pasadena that could be the home for this [health outpatient services and housing] collaborative opportunity.

Subsequently, City and County staff have met on multiple occasions to further discuss a potential partnership and have identified the property commonly identified as 450 North Lake as a potential property for acquisition purposes. This property is owned by Kaiser Foundation Health Plan, Inc. (Kaiser) and is a 2.38-acre parcel located at the Southeast corner of North Lake and East Villa Street.



POTENTIAL PROPERTY ACQUISITION AND COUNTY PARTNERSHIP:

The subject property is improved with 3 existing buildings that were previously utilized by Kaiser for outpatient and administrative services but have been vacant for the past 11 years. The City's General Plan Land Use Designation for the property is Medium Density Mixed-Use with an allowed base density of 87-units per acre and a 2.25 Floor Area Ratio. Municipal rules permit the site to be developed with housing, community serving retail uses as well out outpatient health services. There is no specific project that is proposed for the property at this time. Should the City Council approve this acquisition, any future development and use of the property would follow all applicable regulations, including compliance with the California Environmental Quality Act and include public input through community meetings and any required formal public hearings.

The Board of Supervisors adopted their previous motion approximately one week prior to the Council's action, and is anticipated to agendize a proposal for an agreement of fiscal partnership with City on May 2, 2023 – approximately one week from tonight.

ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from CEQA per section 15061(b) (3), the "common sense" provision of CEQA (formerly the general rule), which applies to projects which may have the potential for causing a significant effect on the environment. The proposed action will not result in any new development or physical changes to any property but rather a change in ownership. Any future development of the property would further be subject to the review and compliance with CEQA.

GENERAL PLAN CONSISTENCY:

As stated above, there is no specific project that is proposed at this time but any future development of the property would be consistent with the adopted General Plan. All uses previously discussed for potential uses are contemplated by the adopted Land Use Element of the General Plan. The property is located within the Medium Mixed Use designation, which is described in part as follows:

Medium Mixed Use. 0.0-2.25 FAR, 0-87 dwelling units per acre. Intended to support the development of multi-story buildings with a variety of compatible commercial (retail and office) and residential uses. Development is characterized by shared open spaces, extensive landscaping, small to medium separations between buildings, and shared driveways and parking. Sites may be exclusively commercial or exclusively residential, or with buildings vertically integrating housing with non-residential uses. Mixed use development projects containing housing shall incorporate amenities contributing to a quality living environment for residents including courtyards, recreation facilities, and similar elements. Where buildings face the street frontage, they shall be designed to enhance pedestrian activity with transparent facades for retail uses and distinctive entries for housing. Parking shall be located below or to the rear of the street.

In addition, the *City's General Plan GOAL 2, Land Use Diversity*, states that: A mix of land uses meeting the diverse needs of Pasadena's residents and businesses, fostering improved housing conditions, offering a variety of employment and recreation opportunities, and supporting a healthy population while protecting the environment.

FISCAL IMPACT:

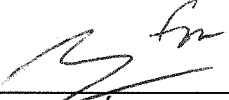
The maximum cost of the proposed action is \$12,000,000. However, the City's contribution is anticipated to be significantly less, and the exact amount will be determined following the Los Angeles County Board's action on the matter to take place on May 2, 2023. Funding for this action will be addressed by the utilization of American Rescue Plan Act (ARPA) funds that will be transferred to the City's General Fund as an allowable use under the Revenue Loss category. There is approximately \$20.3 million in remaining ARPA funds that have not been committed.

Respectfully submitted,



DAVID M. REYES
Assistant City Manager

Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachments (2):

Attachment A – Agenda Report dated March 13, 2023

Attachment B – Los Angeles County Board of Supervisor's Motion dated March 7, 2023