

Agenda Report

TO: CITY COUNCIL
FROM: Acting City Manager
SUBJECT: Amendment to the New Development Impact Fund and Fees Ordinance

Date: August 24, 1998

RECOMMENDATION:

It is recommended that the City Council:

- (1) Direct the City Attorney to amend Section 4.19 of the Pasadena Municipal Code, entitled "New Development Impact Fund and Fees", to provide an exemption for the demolition of existing buildings, and to define an exemption and a reduction in the fee for the rehabilitation of historically significant and non-significant buildings.
- (2) Acknowledge that the proposed ordinance amendment is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15273 (a) of the State CEQA Guidelines (modify rates for obtaining funds for capital projects needed to maintain service within existing service areas) and authorize the Acting City Manager to execute and the City Clerk to file a Notice of Exemption therefor with the Los Angeles County Clerk.

BACKGROUND:

The New Development Impact Fund and Fees Ordinance was approved by the Board of Directors on June 30, 1981. The ordinance states that new commercial and industrial developments generate additional requirements for traffic control and management projects and street improvements requiring capital investment by the City that is translated into cost burden per square foot of new development. It was determined that the fee bears a reasonable relationship to the capital needs generated by traffic caused by new developments. The purpose of the ordinance was to impose a fee on commercial and industrial development to help mitigate the costs of capital projects that will specifically benefit new development and that were necessary, in whole or in part, by the new development. Prior to 1981, the burden of funding capital projects was placed upon the general public through general taxes. The ordinance states that this practice was "unfair and improper and confers a windfall on new development at the expense of the general public."

BACKGROUND, Continued

In addition, the intent of the ordinance was to preserve historic buildings within the City and promote the rehabilitation of these buildings. Therefore, the rehabilitation of a building was not defined as “new development” in the ordinance and a fee was not imposed for this type of development. In practice, many of the buildings that are being rehabilitated do not have historic significance. They are substandard and do not lend themselves to more modern uses. As a result, many developers have questioned whether or not they can have credit towards their development impact fee for the demolition of existing buildings on their project site. Currently, the ordinance only allows credit for buildings that need to be demolished because they were destroyed or damaged by fire, explosion, natural catastrophe or Acts of God. In cases where the developer that is demolishing the existing building and the developer that is constructing the new building are one in the same, the use of the new building is the same as the use of the existing building, and the building has no historic significance, staff recommends that credit be given.

More specifically, staff recommends that credit be given for the demolition of existing buildings for new projects that meet all the following criteria:

- The existing building has been vacant for less than 12 months.
- The same developer constructing the new project is demolishing the existing building and an application has been submitted for the new development within 12 months of its demolition.
- The use of the new building (commercial to commercial, industrial to industrial) is the same as the use of the existing building.
- The building is not a “qualified historic building” (PMC 14.06.020).

As mentioned above, many developers are rehabilitating buildings that are not determined to be historically significant. Even with the approval of the guidelines set forth above, some developers may still wish to rehabilitate an existing building. In these cases, staff recommends the following changes to the ordinance:

- Structures determined not to be qualified historic buildings, have been vacant for less than 12 months and the proposed use is the same as the past use are exempt from the fee.
- Structures determined not to be qualified historic buildings, have been vacant for more than 12 months OR the building is proposed for a different use shall pay the fee.

If a building has been vacant for more than twelve months, or the use of the building is changed, there will be an impact as a result of the new development. By setting these similar guidelines, the choice to demolish or rehabilitate an existing building will be that of the developer as opposed to the imposition of a fee making that choice for them.

There is still the intent to preserve historically significant buildings. In some cases, the City has encouraged developers to rehabilitate a building, in whole or in part, based on its historic value. One of the General Plan’s (1994) objectives and policies of the land-use element is to encourage and promote the adaptive re-use of Pasadena’s historic resources. The type of buildings that are considered are “qualified historic buildings” as defined in PMC 14.06.020. Basically, the definition is a building that is designated as a landmark or qualifies for designation as a landmark or a building that is contributing to one of our National Register districts, such as Old

BACKGROUND, Continued

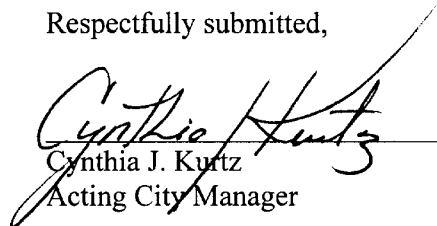
Pasadena, the Civic Center, and portions of the Playhouse District. Citywide, there are very few commercial or industrial buildings that meet these criteria. As a result, staff recommends that "qualified historic buildings", as defined in PMC 14.06.020, be exempt from the development impact fee.

The Environmental Administrator has determined that the proposed ordinance amendment is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15273(a) of the State CEQA Guidelines (modify rates for obtaining funds for capital projects needed to maintain service within existing service areas) and it is recommended that the Acting City Manager be authorized to execute and the City Clerk to file a Notice of Exemption therefor with the Los Angeles County Clerk.

FISCAL IMPACT:

The recommended exemption for demolished buildings will reduce revenue collected from this fee. As a result, construction of capital projects that are identified for this type of funding will be delayed. On the other hand, collection of the fee, where applicable, for the rehabilitation of non-significant buildings may offset at least a portion of this loss in revenue.

Respectfully submitted,



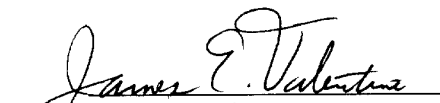
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