

Agenda Report

TO: CITY COUNCIL

DATE: JANUARY 12, 1998

FROM: CITY MANAGER

SUBJECT: MODIFICATION OF CONDITIONS FOR CONDITIONAL USE PERMIT
#2936, 1021 EAST COLORADO BOULEVARD

RECOMMENDATION: It is recommend that the City Council:

1. Adopt a finding that there are no changed circumstances sufficient to justify the modification of the original application as contained in Attachment A.
2. Deny the modification of condition #6 that requires the applicant to submit a financial plan to the City Manger within one year of the approval of the conditional use permit.

BACKGROUND:

On October 14, 1996, the City Council approved conditional use permit (CUP) #2936 to allow for the construction of a 170,950 square foot office building at 1021 East Colorado Boulevard. Condition #6 required that within one year the applicant shall submit evidence of financial ability to complete the project to the reasonable satisfaction of the City Manager. For a variety of reasons, the applicant has not submitted evidence of financial ability and has requested that this condition be modified such that there is a longer period rather than one-year in order to provide a sufficient time to develop a financial program for the project.

ANALYSIS:

The applicant is seeking a modification of condition #6 of CUP #2936. This condition calls for the applicant to submit evidence of financial ability to complete the project to the City Manager within one year of the effective date of the CUP, and further states that such evidence shall be submitted prior to the issuance of any building permit or demolition permits. Evidence of such financial ability would then need to be submitted by September 23, 1997. No such evidence was presented before that date and none has been submitted as of the date of this report.

The applicant is requesting a modification such that the one-year deadline is removed, but that the requirement for submitting financial ability prior to issuance of building or demolition permits will remain. This would remove the time limits on submitting the financial plan. The requirement for

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a financial plan would be valid as long as the CUP is valid. Under the zoning code, a CUP is valid for two years and can be extended with proper findings for a third year. Thus in the case of this application, the CUP is valid until September 23, 1998 unless extended by the zoning administrator for an additional year.

According to the applicant, arranging the financing for an approximately \$30 million project is a complex undertaking that requires many pieces to fall into place within a relatively short span of time. To date, this task has not yet been completed for the following reasons:

1. The project is the first major office development in Pasadena in many years. As such, there is a significant psychological hurdle for lending institutions that are just beginning to get comfortable with a loan of this magnitude in this market area.
2. The Pasadena office market has been improving gradually with occupancy rates and rents rates just now beginning to reach levels supportive of new construction.
3. The applicant has just recently (within the past two to four weeks) received the first substantial lease proposals for the project. Pre-leasing at least a portion of the office towers is considered an essential step toward a construction loan commitment.

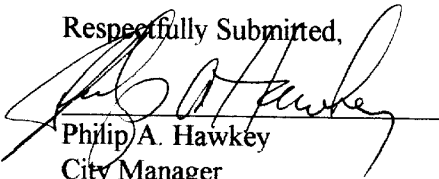
According to the applicant, he has retained a consultant that is currently negotiating financing for the project. The consultant has prepared a comprehensive financing package, has held discussions with more than 20 major financial institutions, and is currently reviewing term sheets from several banks that have indicated their serious interest in the project. According to the applicant, it is anticipated that this process make take several more months to complete. However, the applicant has not submitted any documentation indicating any progress in this area.

At the time the application was approved by the City Council, the staff had recommended to the City Council that a condition be imposed that requires the applicant to submit a financial plan within six months of the approval. At the public hearing on September 23, 1996, the applicant's representative requested the City Council to modify the condition to allow a year to submit the financial plan. The City Council approved the condition with the requirement that within one year a financial plan be provided. The one year has passed with no submission of any documentation that would support a finding of a changed financial circumstance.

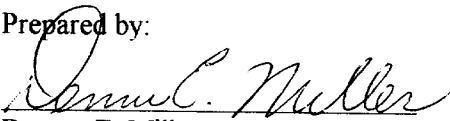
In evaluating this request a finding has to be made that there are changed circumstances that justify the modification of the condition. In reviewing the application there are no changed circumstances. The applicant has not provided any proof that the project is any closer to being constructed, and it appears that nothing has changed to indicate that the project is any closer to being financed then a year ago. Because of the reasons outlined, staff recommends denial of this modification. If the City Council adopts the recommendation to deny this modification, staff has been advised by the City Attorney's office that the City will need to proceed with a public hearing before the City Council to revoke conditional use permit #2936.

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Respectfully Submitted,

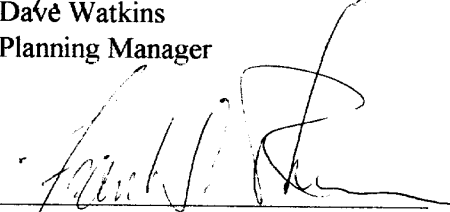

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