

Agenda Report

DATE: APRIL 30, 2007

TO: CITY COUNCIL

FROM: CYNTHIA J. KURTZ, CITY MANAGER

SUBJECT: APPROVAL OF THE DEVELOPMENT AGREEMENT FOR THE SMV/A NOISE WITHIN MIXED-USE PROJECT BETWEEN THE CITY OF PASADENA AND SMV TECHNOLOGY PARTNERS LLC.

RECOMMENDATION:

Staff Recommendation

It is recommended that the Pasadena City Council:

1. Concur with findings in the Initial Study that Certify the Mitigated Negative Declaration (Attachment C), and adopt the Mitigation Monitoring Reporting Program (Attachment D);
2. Adopt by Resolution the Findings that the proposed SMV/A Noise Within mixed use project is consistent with the Zoning Code and the General Plan;
3. Approve the proposed Draft Development Agreement (Attachment A) with modifications to Section 7.01 (f) Processing as described below;
4. Approve the Expressive Use Permit for the theater use;
5. Approved the Conditional Use Permit to allow a non residential project or non residential portion of a mixed use exceeding 25,000 sq. ft. of gross floor area;
6. Approve the Minor Conditional Use Permit to allow a Commercial Project greater than 15,000 sq. ft. located in a transit oriented district;
7. Approve the Minor Conditional Use Permit for shared parking;
8. Approve a variance to reduce the number of required loading spaces; and
9. Approve a Certificate of Exception for a lot line adjustment all, subject to the conditions listed in this report.

Planning Commission Recommendation

The Planning Commission recommended approval of staff's recommendation with the modification to the Development Agreement as follows.

Under Section 7.01 Processing, **delete** the following language from item (f):

Developer and City agree that if the City has not completed the improvements, then starting eighteen (18) months following receipt of the Roadway Improvement Fee, to the extent that all or portions of the residential development are completed and ready for occupancy, the City will issue one or more temporary Certificates of Occupancy permitting occupancy until the improvements are completed, at which time the final Certificate of Occupancy will be issued. The City agrees that, so long as Developer has paid the Roadway Improvement Fee, a failure to complete the improvements within the described time frame will not prohibit the use and occupancy or any portion of the improvements to the Residential Parcel.

Staff does not concur with the Planning Commission's recommendation. Rather, Staff recommends replacing the above section of Section 7.01 (f) with the following:

Once the City Council authorizes and awards a contract to begin the Kinneloa/Walnut street improvement project, and to the extent that all or portions of the residential development are completed and ready for occupancy, the City may issue the final Certificate of Occupancy for the residential development.

Transportation Advisory Commission Recommendation

On March 9, 2007, the Transportation Advisory Commission (TAC) reviewed the project at the request of City Council and recommended approval of the project. Comments from the Commission are included in ATTACHMENT E. Staff supports all of the TAC's recommendations.

BACKGROUND:

SMV Technology Partners LLC, the developer, has requested to enter into a Development Agreement with the City of Pasadena which if approved would permit the developer the right to develop a mixed use (commercial and residential) project at the southeast corner of Sierra Madre Villa Avenue and Foothill Boulevard. The project would include a total of 212 housing units (including the 15% inclusionary housing requirement) and approximately 45,000 square feet of theater space. The project would redevelop two substantially vacant properties that were previously industrial use.

Adopted in 2000, the East Pasadena Specific Plan is one of seven specific plan called for in the 1994 Land Use Element of the General Plan to direct new development in the city to areas along major corridors and adjacent to Gold Line light rail stations. The specific plan is divided into three sub-areas: Sub-area d1 – Foothill; Sub-area- d2 – Foothill, Rosemead, Sierra Madre Villa; and Sub-area d3 – Hasting Ranch/Foothill Rosemead Shopping Center Area. The proposed site is located in Sub-area d2.

Future levels of traffic are a major concern in the East Pasadena Specific Plan; therefore interim limits were placed upon development until improvements to Walnut Street and Kinneloa Avenue are completed. Roadway improvements include (1) the improvement to and the extension of Kinneloa Avenue between Colorado Boulevard and Foothill Boulevard (including beneath the I-210 Foothill Freeway); (2) improvement to and extension of Walnut Street between Sunnyslope Avenue and Kinneloa Avenue;

(3) widening of Walnut Street between Altadena Drive and San Gabriel Boulevard; (4) striping of Walnut Street from Altadena Drive to Madre Street; and (5) extension of Virginia Avenue across the historic railroad hump to the north side of Walnut Street. Specifically the improvements will include the installation of new roadway, new sidewalks, street trees, traffic signals and drainage improvements.

Under the interim limits 188 units were allocated to this area. This will be increased to 400 units provided that the roadway improvements are constructed. To date 188 units have been permitted and are under construction. Therefore the proposed project could only proceed if the improvements are completed. The total cost for the improvements, including design, is estimated to be \$3,240,000 of which \$600,000 has already been funded, leaving \$2,640,000 to be funded.

The project is a public/private endeavor with the Developer providing \$1,000,000 of the funding to the total cost of the Improvements to Walnut Street and Kinneloa Avenue and the City advancing the remaining \$1,640,000 of the unfunded balance. It is anticipated that as other development occurs in the area, developers will contribute their fair share to this project and the City will be reimbursed.

It is anticipated that the contemplated City roadway improvements will be completed well in advance of the completion of the 212-unit residential building. Advertising for the project is scheduled for Spring 2008, with construction scheduled to commence Summer 2008 and construction scheduled to be completed in Winter 2008. The final completion of the roadway project could be delayed because there are portions of the project that require review by CALTRANS and the County of Los Angeles. However, the City is already communicating with both agencies and does not anticipate any delays. CALTRANS will review the portion of Kinneloa Avenue which extends under the Foothill (210) Freeway and the County of Los Angeles will review the portion of Walnut Street which will extend over the Eaton Wash Channel.

In the event that the City has completed its roadway improvements and is still waiting for CALTRANS and the County of Los Angeles to complete their reviews, it is recommended that the following language be included in the Development Agreement to avoid a situation where the residential units would be completed prior to the completion of the roadway improvements;

Once the City Council authorizes and awards a contract to begin the Kinneloa/Walnut street improvement project, and to the extent that all or portions of the residential development are completed and ready for occupancy, the City may issue the final Certificate of Occupancy for the residential development.

In addition, the developer will be contributing a portion of the site for the development of a performance and educational theater complex consisting of approximately 350 seats together with administration, educational, rehearsal, storage and other related back-of-house area. This portion of the project site includes the historic Stuart Pharmaceutical

Company building which will require that the project be developed in a manner that is consistent with the Secretary of Interior's Standards for Historic Preservation.

The 212 residential units will generate approximately \$2,046,300 in residential impact fees.

On October 10, 2005, the business terms for a Memorandum of Understanding (M.O.U.) for the project between the City of Pasadena and the developer was presented to the City Council. The City Council approved the M.O.U. and directed City staff to negotiate a Development Agreement with the developer which if approved would permit the right to develop a total of 212 housing units (including the 15% inclusionary housing requirement) as provided in the East Pasadena Specific Plan. The business terms of the M.O.U. are included in the Development Agreement

On December 11, 2006, the project was presented as a Pre-application Conference (PAC) information item to the City Council.

On March 9, 2007, at the request of the City Council, the Transportation Advisory Commission (TAC) reviewed and commented on the proposed project. TAC supported the project and at the conclusion of the meeting voted unanimously to adopt the comments regarding the project included in ATTACHMENT E of this report.

On April 11, 2007, the project was presented to the Planning Commission. The Planning Commission unanimously voted to forward a recommendation of approval with a condition to the City Council.

Project Description:

Residential/Theater project:

The specific site is an approximately 166,536.98 square foot (3.823 acre) parcel. The proposed new construction consists of two buildings; a 237,706 (excluding the garage) square foot, 212-unit residential building and an approximately 45,000 square feet of performance and supporting space including office space. The height of the residential building at 60 feet (5 stories) is consistent with the 60 foot height restriction outlined in the East Pasadena Specific Plan. The project includes 339 parking spaces in a semi-subterranean parking structure, all of which are dedicated to the residential use. Vehicular access to the underground parking garage is proposed via a right-in only (northbound traffic) along Sierra Madre Villa Avenue and along the driveway located south of the residential structure. The theater use requires 63 spaces. These spaces will be provided in the adjacent Metropolitan Transit Authority (MTA) parking structure with a shared parking agreement.

Public Works Improvements

The "residential/theater" project cannot move forward until the Public Works roadway improvements are complete. The improvements consists of improvements to and the extension of Kinneloa Avenue between Colorado Boulevard and Foothill Boulevard

(including beneath the Foothill I-210 Freeway); improvement to and extension of Walnut Street between Sunnyslope Avenue and Kinneloa Avenue; widening of Walnut Street between Altadena Drive and San Gabriel Boulevard; re-striping of Walnut Street from Altadena Drive to Madre Street; and extension of Virginia Avenue across the historic railroad hump to the north side of Walnut Street. As mentioned, the improvements will include the installation of new roadway, new sidewalks, street trees, traffic signals and drainage improvements.

A Noise Within Theater Company

In operation since 1991, A Noise Within is the only classical repertory theater in the Greater Los Angeles region. Currently located in Glendale CA, A Noise Within is known for the high quality of its productions. In addition to its theatrical productions A Noise Within is also known for its contributions to arts education and outreach. A Noise Within offers a variety of programs to serve the young people of Los Angeles and its surrounding communities. These programs are effective not only in exposing young people to the Visual and Performing Arts, but as all productions at A Noise Within are based in classical literature, participating in these programs increases student literacy as well. The company currently serves approximately 13,000 students annually through its educational outreach programming. The Development Agreement includes language that the theater will provide opportunities for partnership with Pasadena Unified School District.

Development Agreement

As mentioned, the development agreement between SMV Technology Partners LLC (the developer) and the City of Pasadena if approved would, permit the developer the right to develop a mixed use (commercial and residential) project. This agreement also obligates the developer to make a \$1,000,000 contribution for the Walnut/Kinneloa streetscape improvements. Completion of the Kinneloa/Walnut street improvements lifts the development caps in this area and permits the construction of the 212 units. Finally, approval of the agreement would bring a community-wide benefit, in this case "A Noise Within, classical theater company, to the Pasadena area. The term of the development agreement will be seven years and under P.M.C. Section 17.66.070 must be reviewed by the City at least every 12 months from the date the agreement is entered into.

The development agreement would serve to insulate the applicant from changes to the General Plan and Zoning Ordinance that would limit the ability to achieve the development anticipated. The Development Agreement does not limit the City's ability to collect development fees.

In order for a development agreement to be approved, the agreement must be in the best interest of the City. The proposed development agreement benefits the City of Pasadena as follows:

- The City of Pasadena would become the home of "A Noise Within" a classical repertory theater.

- A portion of the historic Stuart Pharmaceutical building would be preserved, rehabilitated, and occupied by a compatible use. This is one of the five key goals of the East Pasadena Specific Plan.
- The 15% inclusionary housing requirement would be provided on site.
- The project will provide housing in a transit oriented district (TOD). The General Plan envisions housing near light rail stations.
- The road improvements for Kinneloa/Walnut are expedited which will alleviate some of the traffic congestion in East Pasadena.

Discretionary Actions

Pursuant to P.M.C. Title 17 (Zoning Code), the project requires the following discretionary actions:

- An expressive use permit is required for a “commercial entertainment” use to be located in the East Pasadena Specific Plan (EPSP) Sub-area d2.
- A conditional use permit is required for a non-residential project or nonresidential portion of a mixed-use project which exceeds 25,000 square feet of gross floor area.
- A minor conditional use permit is required for any commercial development with over 15,000 square feet of gross floor area in a transit oriented district (TOD).
- A minor conditional use permit is required to allow the shared use of parking spaces for a site where the hours of operation occur without conflict.
- A variance is required to reduce the number of required loading spaces to one space.
- A Certificate of Exception to adjust the property line to secure the appropriate land area needed for the requested residential density.

Expressive Use Permit –Theater Use

It is possible to make the findings necessary under P.M.C. Section 17.61.060(G) because the theater site will comply with EPSP-d2-CG zoning district standards for parking, height, setbacks, and all other development standards. The theater use will be a successful example of the adaptive re-use of an existing vacant building.

Conditional Use Permit – Commercial project greater than 25,000 sq. ft.

It is possible to make the findings necessary under P.M.C. Section 17.61.050 because the proposed theater use is a permitted use at this location and meets the commercial development standards applicable to the EPSP-d2-CG zoning district. In addition the project achieves two of the five East Pasadena Specific Plan’s key goals; accommodate

the transit site and maximize its use and enable preservation of the Stuart Company Building.

Minor Conditional Use Permit – Commercial project (> 15,000 sq. ft.) located in a transit oriented district:

It is possible to make the findings necessary under P.M.C. Section 17.50.340(c) because the proposed theater use is a permitted use at this location and meets the commercial development standards applicable to the EPSP-d2-CG zoning district. In addition the project achieves two of the five East Pasadena Specific Plan's key goals; accommodate the transit site and maximize its use.

Minor Conditional Use Permit – Shared parking:

The findings for the minor conditional use permit can be made because the quality and efficiency of the parking would be equal or exceed the level that is otherwise required and complies with the Zoning Code and General Plan. In addition, the project achieves two of the five East Pasadena Specific Plan's key goals; accommodate the transit site and maximize its use.

Variance – Reduce the number of required loading spaces:

In relating the required findings to the reduced required loading request, there are special circumstances applicable to the location and the physical conditions in the immediate vicinity that warrant the approval of a variance from the on-site loading requirement. The Stuart Building and its front yard garden are historically significant. Given the layout of the building and grounds, the landscaped park (proposed loading area) is the area on the site where the loading will have the least physical and visual impact on the site. Strict compliance with the on-site loading area requirement would result in a less than successful site and landscape plan.

Certificate of Exception - Lot Line Adjustment

The applicant has submitted an application for a Certificate of Exception to adjust the property line to secure the appropriate land area needed for the requested residential density.

The current size of the project parcel is 3.002 acres. To comply with the 2.0 FAR allowed in the East Pasadena Specific Plan, the existing project parcel needs to be increased to at least 3.533 acres to achieve the requested density of 212 units. The applicant is requesting to move the lot line with the adjacent parcel to the east to capture the needed land area. After the lot line adjustment the project parcel will be 3.823 acres; the remaining land area of the eastern parcel will be 3.13 acres. The transfer of .821 square feet will not result in any variance requests and allow the projects on both sites to remain in conformance with zoning and building ordinances and applicable development standards of the EPSP-d2-CG zoning district.

Consistency with the General Plan and East Pasadena Specific Plan

The proposed use, residential and theater, as well as the preservation of portions of the historic Stuart Company building existing on the project site are consistent with the General Plan designation Specific Plan and the zoning for the area, which is EPSP-d2-CG. There are many policies in the General Plan which support the development of housing at this site. The General Plan envisions housing near light rail stations. East Pasadena and other targeted development areas are located near the stations or along the light rail route and will absorb development, jobs and housing that is beneficial to immediate neighborhoods and to the city as a whole. Also it states, "To meet the housing needs, housing will be targeted at many of the transit stations and in the downtown, while affordable housing will be distributed through the City." Policy 15.1 – Sizes and Types: Provide a range of housing sizes and types for the many sizes and types of families in the community. Policy 15.2 – Increase Supply: Increase the total number of market rate and affordable housing units within the City. The proposed project is 180 market rate units and 32 affordable units.

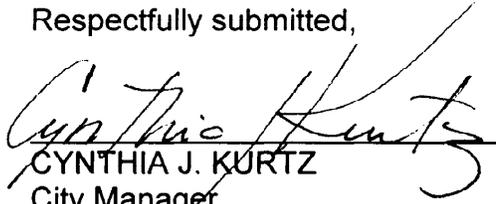
Environmental review – Mitigated Negative Declaration:

In accordance with the California Environmental Quality Act (CEQA), a Mitigated Negative Declaration (MND) has been prepared and distributed for public review on March 28, 2007. The Initial Study (IS) is available for a 30-day public review period between March 28, 2007 and April 27, 2007 during which no comments to date have been received. The IS found that the potential air quality, traffic, and cultural resources could be eliminated or mitigated to less than significant impacts.

FISCAL IMPACT:

The total cost for the roadway improvements, including design, is estimated to be \$3,240,000 of which \$600,000 has already been funded, leaving \$2,640,000 to be funded. The project is a public/private endeavor with the Developer providing \$1,000,000 of the funding to the total cost of the Improvements to Walnut Street and Kinneloa Avenue and the City advancing the remaining \$1,640,000 of the unfunded balance. It is anticipated that as other development occurs in the area, developers will contribute their fair share to this project and the City will be reimbursed.

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

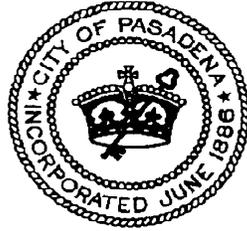
Prepared by


LEON WHITE
Project Planner

Approved by:


RICHARD BRUCKNER, Director
Planning & Development Department

CC: City Council
City Manager
Director of
Transportation
Director of Planning
& Development



TRANSPORTATION ADVISORY COMMISSION

March 12, 2007

Via E-Mail & Hand Delivery

Mayor Bill Bogaard
Vice Mayor Steve Madison
Members of the City Council
City of Pasadena
175 North Garfield Avenue
Pasadena, California 91109

Subject: 3360 East Foothill Boulevard, Pasadena, California

Dear Mayor Bogaard, Vice Mayor Madison, and Members of the City Council:

On March 9, 2007, at the request of the City Council, the Transportation Advisory Commission ("TAC") reviewed and commented on the proposed project located at 3360 East Foothill Boulevard, Pasadena, California (hereinafter "Project"). The applicant, SMV Technology Partners LLC, is proposing a mixed-use (residential/theater) development located at the southeast corner of Sierra Madre Villa Avenue and Foothill Boulevard. The Project is located within the boundaries of the East Pasadena Specific Plan ("Specific Plan"), and is located in a Transit Oriented Development ("TOD") overlay area. On April 11, 2007, the Planning Commission will conduct a public hearing on the Project.

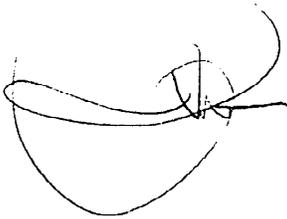
At the March 9, 2007 meeting, TAC heard presentations from City planning staff and the applicant, and reviewed site plans for the Project and a traffic evaluation prepared by Linscott, Law & Greenspan ("Linscott"). After asking questions of staff, Linscott and the applicant, TAC Commissioners commented on the Project's parking, traffic, circulation and pedestrian elements. At the conclusion of the meeting, TAC voted unanimously to adopt the following Commissioner comments regarding the Project:

1. Shared Parking for Theater: The applicant is requesting a Minor Conditional Use Permit (“CUP”) to provide shared parking for the proposed theater in the adjacent Metropolitan Transit Authority (“Metro”) Gold Line parking structure. TAC supports the applicant’s request for a shared parking CUP. The Project’s theater component is a good example of a transit-oriented development using shared parking to reduce the amount of new parking in the surrounding area.
2. Further Encourage Mass Transit: The Project is adjacent to a Metro Gold Line station. It is uniquely situated to employ “smart growth” planning strategies to encourage mass transit and non-auto mobility. Therefore, TAC recommends the applicant take additional steps to encourage future residents of the Project to use mass transit. Specifically, the applicant should consider “unbundling” the cost of parking from the apartment units, utilizing a “Flexcar” service, and providing future residents with free or subsidized Metro Gold Line passes.
3. Specific Plan Compliance: According to the staff report, the Project complies with the requirements of the Specific Plan. If the Project is approved, the applicant will provide a significant contribution to funding transit improvements identified in the Specific Plan for Walnut Street and Kinneloa Avenue. Moreover, the Linscott traffic evaluation has concluded that the Project would generate less traffic than originally forecasted in the Specific Plan EIR. TAC appreciates that the Project appears to fully comply with the Specific Plan, and that the applicant is not requesting any substantive variances from the requirements of the Specific Plan.
4. Pedestrian and Bicycle Planning: The applicant proposes to improve the area between the historic Stuart Pharmaceutical Company building and the apartment building with landscape plantings and a fountain to create what is described in the staff report as a “pocket-type pedestrian park.” This landscaped area would serve as a north-south pedestrian connection between the Metro parking garage, the new theater, the new apartment building, and Foothill Boulevard. The Project also would include a closet for bicycles. TAC supports the pedestrian linkages and amenities within the Project’s site plan.
5. Other Comments: TAC is concerned about the safety of vehicle access into the Project from Sierra Madre Villa. TAC concurs with Linscott’s recommendation that vehicles entering the Project from

Sierra Madre Villa should be restricted to right turn-only. TAC also is concerned about the potential for illegal jaywalking if future theater patrons cross Foothill Boulevard at mid-block to get to Starbucks or El Torito. TAC encourages the applicant and City staff to discuss solutions to this potential problem during the design review process.

On behalf of TAC, we thank the City Council for the opportunity to review and comment on the Project. We hope our comments and recommendations will be helpful in the upcoming public review process.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Vince Farhat', written over a faint, light-colored signature line.

Vince Farhat
Chair

A handwritten signature in black ink, appearing to read 'Juan Carlos Velasquez', written over a faint, light-colored signature line.

Juan Carlos Velasquez
Vice-Chair

cc: Planning Commission