

Downtown Development Strategy

GOAL: Foster a cohesive mixed-use district that leverages the strengths of both Mission Street and Fair Oaks Avenue in order to transform Downtown South Pasadena into a vibrant mixed use destination; improve the built environment of downtown with catalytic, mixed-use development and other strategic investments; and ensure that Downtown South Pasadena is a significant positive contributor to the City’s long term fiscal health..

EXISTING CONDITIONS

Fair Oaks Avenue is an existing high-traffic, north-south arterial that is well-positioned to capture latent retail demand of the surrounding market. Larger parcels along Fair Oaks are better able to accommodate mixed-use program as well as the required parking. Larger parcels also offer enough flexibility to accommodate physical requirements of national retailers as well as creative and tech office users, who generally prefer larger floor plates. The proposed 4-story height limit also allows for higher intensity residential/commercial mixed use development, enhancing likelihood of development feasibility.

Mission Street is notable for its pedestrian-friendly “Main Street” character, with existing collection of small, locally-owned businesses. The existing Metro Gold Line light rail station provides critical link to countywide transit system as well as a convenient link to Downtown Los Angeles, enhancing the area’s desirability for multi-family residential development. It also opens up the area to a wider retail audience, as Downtown South Pasadena is only a station or two away from residents of Pasadena as well as the a number of Downtown Los Angeles neighborhoods, such as Chinatown, Little Tokyo, and the Arts District.

Key limiting factors to achieving a vibrant mixed-use downtown include the lack of a daytime population as well as the citywide 45-foot height limit. The lack of a significant daytime population in the downtown area poses a significant challenge to sustaining a critical mass of retail and dining establishments, as most businesses find it difficult to survive on just weekend and night-time patrons alone. The 45-foot height limit, on the other hand, effectively limits mixed-use development capacity to a maximum of three stories. This is due to the fact that most national retailers expect ceiling heights of 16 to 24 feet, leaving, at most, 29 feet for residential or office uses above, which generally require 10 to 15 feet of height per story (including thickness of floors). As such, most new developments with ground floor retail would only be able to reasonably accommodate three full stories. This limited development capacity hampers financial feasibility of new projects and limits the level of public benefits that the City can extract from new development.

Therefore, if the City is to support the transformation of Downtown South Pasadena into a vibrant urban district, there must be a concerted effort to introduce higher density

nodes within Downtown South Pasadena that includes residences, office space, as well non-retail destinations. This will ensure that the City can effectively leverage the value capture potential of new development while providing a greater chance that new retailers can flourish.

This strategy provides a framework for the City to take advantage of the aforementioned strengths to address the key limitations described above, improving the vibrancy of Downtown South Pasadena while enhancing the city's overall fiscal health and quality of life.

COMMUNITY FEEDBACK

Community members expressed a strong interest in a greater variety of retail offerings, especially “experience-based” retail, outdoor/sidewalk dining, and retail with a wider appeal across a wider range of age groups. With regard to non-retail uses, community members expressed interest in live/work spaces, shared office or co-working spaces (e.g., WeWork), and more office space geared toward ‘creative’ professions. These professions include small- and medium-scale production/post-production studios (i.e. sound, film, and TV), architecture, graphic design, industrial design and multi-media firms, the likes of which some residents currently commute out of the City for. In terms of residential development, a number of residents expressed a desire for a greater variety, including granny flats and housing that is affordable to a range of incomes.

SPECIFIC PLAN AREA MARKET OVERVIEW

Mission Street and Fair Oaks Avenue has seen the bulk of new development activity that has occurred in South Pasadena since 2000. Mission Street in particular has seen the delivery of a number of sizable condominium and townhome projects, including Mission Meridian Village, 820 Mission Street and 1401 Mission Street. Recent unit sales in these developments are reflective of the strength of Downtown South Pasadena's residential market, with most selling for well over \$600,000, which is the citywide median multifamily sale price in 2016. South Pasadena, as a whole, maintained a higher median multifamily sale price than neighboring submarkets, like Pasadena, Burbank/Glendale, and Northeast Los Angeles.

Mission Street and Fair Oaks Avenue also contain the majority of the City's retail space. Mission Street is composed of mostly small, storefront businesses, whereas Fair Oaks Avenue generally contains larger format retail. Within the last decade, no new shopping centers have been built in the City, but approximately 68,000 square feet of non-shopping center retail has been built, which the City has added at a faster rate than its Competitive Market Area. Approximately half of this new retail development has been in ground floor space in mixed-use buildings on Mission Street. Retail vacancy on Mission Street and Fair Oaks Avenue has remained below 5 percent over the past 10 years, as it has throughout the City. The market and demand analysis found that of the 175,000 to 260,000 square feet of support retail space that the City could support over the next 20 years, approximately 55,000 to 80,000 square feet of that could be supported on

Mission Street, and another 125,000 to 180,000 square feet could be supported on Fair Oaks Avenue.

The majority of office space in the Specific Plan Area is located north of Mission Street on Fair Oaks Avenue, including South Pasadena's only Class A office building at 625 Fair Oaks Avenue. Other office spaces in the Specific Plan Area are primarily smaller Class B, catering to small businesses and professional service providers. Rents are more affordable and vacancy is usually lower in South Pasadena in comparison with the surrounding competitive office submarkets, indicating that higher rents could potentially be achievable. Downtown South Pasadena is currently lacking in creative office space, which has been in high demand in nearby submarkets. Creative office spaces are typically larger commercial properties that offer flexible spaces to multiple tenants. Most creative offices are housed within refurbished older buildings to maximize value via adaptive reuse. Such office products are targeted towards boutique professional service firms, design firms and small entertainment and media companies, which matches with the employment of a substantial portion South Pasadena workers. The performance of creative office properties elsewhere in South Pasadena, such as 1010 Sycamore Avenue, has been strong, suggesting that an opportunity exists to provide such a product in the Specific Plan Area.

POLICIES AND ACTIONS

Foster a cohesive mixed-use district that leverages the strengths of both Mission Street and Fair Oaks Avenue.

- **P1.1. Enhance internal and external economic development delivery capacity**
 - **A1.1.1. Designate a senior planner or other City staff member to oversee downtown economic development initiatives and partnerships**

The City can ensure that its desired policies are implemented effectively by allocating some staff resources toward creating partnerships that can leverage the capacity of other organizations and non-profit groups that are active in South Pasadena, such as the South Pasadena Chamber of Commerce, South Pasadena Arts Council (SPARC), and South Pasadena Arts Center. Over the long-term, as mentioned in the Citywide Economic Development Element, the City should consider ways to budget for the creation of a full-time economic development position that is empowered to negotiate with private developers, assist projects through the development approval process, and lead acquisition and disposition of City-owned land and other resources, and proactively implement a business attraction program.

- **A1.1.2. Engage with property owners and the South Pasadena Chamber of Commerce to gauge appetite for a Business Improvement District (BID)**
- Business Improvement Districts (BIDs), which have been implemented through Los Angeles County and the US, collect a special levy from property owners

within a geographically defined area to support agreed-upon special services and programs that enhance the desirability and performance of the district. BID activities include district-wide marketing support, public realm maintenance, organizing special events, and providing private security patrols. BIDs have been shown to have a large, positive impact on the value of commercial property while improving the quality of life for community members. In the South Pasadena context, a BID could provide much needed organizational capacity and a more steady, long-term commitment of financial resources. In addition, it could be instrumental in managing many of the initiatives proposed in this plan, including the district branding and marketing, retail tenancing strategy, and shared parking agreements. Formation of a BID will require an individual or group of individuals to form a proponent group to gather community support.

○ **P1.2. Attract a greater variety of desirable retail and office tenants by building upon existing strengths and market opportunities**

- **A1.2.1. Implement district-wide retail branding and tenancing strategy that builds upon nascent cluster of home furnishings and design stores, while adding other retail desired by the community, such as experience-based retail and retail for a wider demographic.**
- The City should implement a district-wide branding strategy that emphasizes building upon the City’s existing market opportunities and strengths, including nascent home furnishings and design stores, food and beverage clusters as well as other retail and office uses that the community has expressed interest in, like experience-based retail and tech/creative offices. Such a strategy would best be organized by a Business Improvement District, or similar entity, with the capacity to engage property owners, the broker community, and other relevant stakeholders. A cohesive branding and tenancing strategy will provide a platform for local businesses to reach a wider audience as well as attracting new retail and office tenants to the area,. It will also enhance the image of the area as a cohesive regional destination offering a unique retail, dining, and entertainment experiences. This will help to attract more visitors from surrounding communities, bolstering retail sales and strengthening Specific Plan Area’s retail tax base. The strategy should leverage the unique qualities of Mission Street and Fair Oaks Avenue and ensure a tenant mix that minimizes major competition amongst retailers, creates synergies and enhances the performance of retailers on both corridors.
- **A1.2.2. Host broker, education events to promote South Pasadena and to align office and retail tenant mix with what is desired by the community.**

Community members note that there is an overabundance of retail establishment that do not meet the needs of the South Pasadena residents, and that a wider diversity of retail is needed to meet the needs of different demographic groups. The City should engage brokers through luncheons and other similar events to

encourage brokers to engage potential tenants that will build alignment with the branding strategy mentioned above. Brokers can help the City to accomplish this by attracting tenants that would augment previously identified target clusters, such as home furnishings stores, high-quality food and beverage establishments, design-related stores and offices, and tech offices. As mentioned in the Existing Context section, above, the lack of daytime population in Downtown South Pasadena is a key limiting factor to the long-term vibrancy of the district, and is a market gap that should be filled simultaneously with the other business attraction initiatives outlined in this plan.

- **A1.2.3. Host property owner events to promote landlord practices that attract new small businesses, including flexible lease structures, shorter lease terms etc.**

A selection of retail tenants that complement and drive traffic to one another results in a more active and vibrant district for all to enjoy, while strengthening the City's retail tax base. In order to draw more unique, independently-owned businesses and restaurants, however, landlords may need to offer non-traditional (i.e., shorter) lease terms or alternative lease structures. For example, landlords with underutilized storefronts could offer short-term "pop-up" retail leases, which offer a low-cost way for fledgling business owners to gain exposure to the marketplace. Pop-up shops can generate interest in the area, draw in a wider audience, and maintain a healthy level of activation.

- **A1.2.4. Actively market South Pasadena to notable chefs and restauranteurs to attract high-quality food and beverage establishments**

The City can spur the creation of a destination dining cluster by actively marketing to notable regional chefs and restauranteurs. Mission Street, in particular, is well-positioned to attract potential restaurants that would fit well

- **P1.3. Continue to nurture small, independently-owned businesses**

- **A1.3.1. Engage with the Chamber of Commerce or future Downtown BID (if implemented) to better connect local entrepreneurs with US Small Business Administration loans and other Federal or State assistance programs.**

The South Pasadena Chamber of Commerce already offers a number of services for potential small business owners. Facilitating access to other funding assistance programs can help to build the City's retail tax base while ensuring that home-grown entrepreneurship may be nurtured within City limits.

- **A1.3.2. Engage with successful Farmers' Markets tenants in locating them in retail space in Downtown South Pasadena**

South Pasadena's Farmers' Market is one of the most successful farmers' markets in the San Gabriel Valley. The City can further leverage this valuable

asset by engaging the broker community to help the most popular vendors to find permanent storefronts within Downtown South Pasadena. This will enhance the retail mix of Specific Plan Area while strengthening the retail tax base of the City.

- **A1.3.3. Seek medium-size retailers for Fair Oaks Avenue that can both meet needs of a wide range of residents, satisfy latent demand of surrounding market, and complement smaller independent businesses.**

Larger retailers on Fair Oaks Avenue should complement the small, locally-owned businesses along Mission Street, augmenting the selection of retail offerings in South Pasadena without directly competing with smaller businesses.

- **P1.4. Promote higher levels of pedestrian foot traffic with temporary activities and events**

- **A1.4.1. Encourage Specific Plan Area property owners to collaborate on new “pop-up” events to both make use of vacant storefronts or parcels along Mission Street or Fair Oaks and to generate greater interest in Mission Street and Fair Oaks Avenue as a unique retail destination**

Pop-up events will bring more activity in the area while demonstrating the viability of the area for additional retail and businesses. The strategy should include food trucks and seasonal festivals or other temporary uses in vacant spaces such as temporary art exhibitions or eating and drinking experiences. The City should also consider engaging with notable events and organizations in neighboring communities, such as CicLAvia, the 626 Night Market, and Make Music Pasadena to establish partnerships that will draw event-goers into South Pasadena.

- **A1.4.2. Created a coordinated calendar of events for different organizations in order to allow for combined marketing of events**

Greater coordination in marketing of existing events will allow for more consistent messaging, while strengthening the brand of Downtown South Pasadena. Greater coordination could also foster more collaboration between event organizers and local businesses. For example, to complement already scheduled movie or concert nights at Garfield Park, businesses could offer extended hours or pre-event specials, which could potentially boost attendance and attract a wider audience, setting the area apart as a singularly compelling destination in the region.

- **A 1.4.3 Link businesses to active transportation by considering the long-term implementation of the Bicycle Friendly Business Pilot Program**

The City should consider transitioning the Bicycle Friendly Business Pilot Program into a permanent program, as it could be useful for attracting patrons from outside of the immediate community with minimal impact to parking demand as well as traffic.

Improve the built environment of downtown with catalytic, mixed-use development and other strategic investments

○ P2.1 Explore new and existing capital funding sources for key public realm improvements

▪ A.2.1.1. Pursue the appropriation of Metro funding resulting from the recently disbanded 710 freeway tunnel initiative for public realm objectives

The Board of the Los Angeles County Metropolitan Transportation Authority recently voted to drop their support of the 710 freeway tunnel and instead devote \$700 million to a range of transportation infrastructure improvements. The City should actively pursue this funding to mitigate the impact of the heavy north-south through traffic that runs through South Pasadena.

○ P2.2. Promote new development that supports existing market opportunities and strengths

▪ A2.2.1. Engage the development community and property owners to promote the redevelopment of single-use and single-story retail centers on Fair Oaks Avenue into mixed-use projects with shared parking

Larger opportunity sites along Fair Oaks Avenue, primarily larger, surface-parked neighborhood retail centers, offer a unique opportunity to develop larger scale mixed use project that can accommodate a significant amount of parking. This could allow for these projects to accommodate higher intensity use mix, while also potentially providing additional parking to support area businesses. The City should actively engage with the development community and property owners to explore the viability of redeveloping opportunity sites along Fair Oaks Avenue.

▪ A2.2.2. Establish an inventory of vacant retail storefronts and vacant commercial parcels with all relevant parcel information, development and use potential, and make publicly available ensure it is regularly updated.

Creating such an inventory will make it easier to the City and brokers to actively engage with property owners as well as to promote the redevelopment of underutilized parcels or properties for more productive uses.

▪ A2.2.3. Engage the development community and property owners to promote infill development on underutilized sits along Mission Street.

Vacant and small underutilized sites contribute little to the City's tax base, and also diminish the character and feel of the City. These are prime opportunities for redevelopment and new growth that conforms with the City's urban design standards and context, and bolsters the City's tax base. The City can encourage development on these sites by engaging with property owners and developers to facilitate transactions and development activity. Such actions can include:

- **A2.2.3.a Engage with private owner(s) of larger retail centers on Fair Oaks Avenue**

It is critical to engage with private owners of larger opportunity sites, particularly those who have expressed an interest in redevelopment. Such sites offer an excellent opportunity to begin transforming Fair Oaks Avenue into a veritable mixed-use corridor. Early “proof of concept” projects will demonstrate feasibility, and will likely convince others to follow suit.

- **A2.2.3.b Work with the South Pasadena Unified School District (SPUSD) to create refined development guidelines for the School District site on Mission Street.**

The City’s Planning and Building Department should proactively engage with the SPUSD to formulate clear development guidelines that are aligned with both community desires noted in the General Plan and Downtown Specific Plan update, School District needs, as well as market opportunities. Providing a more resolved illustrative development program that reflects what the community will accept will minimize risk for potential private developer, while helping to ensure that the end product will be agreeable to the community. The City should test development guidelines for market feasibility to ensure sufficient development response, after which the City should initiate a competitive RFP process to solicit a private developer with experience with a proven track record with delivering high-quality urban infill projects that are respectful of neighborhood context. As the SPUSD seeks a development partner, they should work with the City and the community to define an optimum development capacity and use mix that meets financial feasibility requirements as well as Mission Street public benefit goals. Other key considerations include the treatment of historic structures currently occupying the site as well as the potential impact to filming permit fees currently generated by the site.

- **A2.2.4. Establish a set menu of parking and building envelope flexibilities on Mission Street and Fair Oaks Avenue that developers may apply for in return for desired public benefits.**

Allowable building envelopes are currently very limited, which limits the City’s ability to extract public benefits from new development. Therefore, the City should establish a set menu of parking and building envelope flexibilities that allows developers to achieve a financially feasible project in exchange for other public benefits, such as affordable housing, open space, and public art. Such a system would set clear guidelines for zoning relaxations, allowing for built outcomes that are better aligned with the desires of the City and its residents. This also allows the City to set clear expectations regarding the specific type and scale of public benefit contributions that will be required.

- **A2.2.5. Evaluate the the citywide building height limit on Fair Oaks Avenue in order to support a tiered density bonus system.**

The City should re-evaluate the current 45-foot height limit for particular areas of the City, to ensure that infill development with active ground floor uses are financially feasible, while maintaining a consistent character with the rest of the City. The Fair Oaks Avenue corridor, in particular, is well-suited for greater building heights, as opportunity sites are large enough such that taller buildings can be sufficiently buffered from nearby, single-family neighborhoods.

- **A2.2.6. Develop comprehensive Urban Design Guidelines and Standards for Mission Street and Fair Oaks Avenue that will support the brand and identity of the Downtown district.**

1. Maintaining a consistent and desirable “look and feel” for Downtown South Pasadena will be critical component of the district’s brand. Therefore, it is important that the City establish clear Urban Design Guidelines and Standards that align with the brand and image that the City wishes to pursue. Design Standards are generally prescriptive criteria that property owners must abide by when completing any significant renovations or new construction. Guidelines provide suggestions on desirable design elements, but they are not mandatory. Standards and Guidelines should include guidance on the following:

- Street furnishings (benches, utility boxes, transit stops, magazine/newspaper racks)
- Public Art (murals, etc.)
- Urban Greenery (specified trees and underplantings)
- Alternative transit (bike lanes)
- Sidewalk/ hardscape design
- Crosswalk and street corner design
- Awning designs
- Street Lighting design (pedestrian lights, traffic signals, street lights, bollards, etc.)
- Public plaza design (particularly as they relate to surrounding uses, like retail)

- **A2.2.7. Enable businesses to share amenities, like plazas and outdoor dining space, and facilities, such as shared-kitchens or buildings in market-style formats**

The City must ensure that zoning and land use regulations allow for more creative uses of both private and public space. This will make South Pasadena a

more welcoming environment for more effective, creative, or non-traditional uses that are aligned with the desires of South Pasadena residents. Allowing for the use of shared kitchens or the creation of multi-tenant market-style retail spaces would create the opportunity for a “food hall” or similar food and beverage experience, which residents have expressed an interest in seeing.

- **P2.3. Explore creative parking strategies to efficiently use available parking and generate potential revenues.**

- **A.2.3.1. Leverage publicly-owned parking lots by allowing public paid access during nights and weekends (or other times when not in use by public facilities)**

There are existing publicly-owned surface parking lots, which are further specified in the Downtown Specific Plan, that are opportunities for the City to earn revenue by allowing public paid access when they are not in use by public facilities. They can be maintained as opportunity sites for development, while generating revenue and helping to provide shared parking for local retail in the near-term.

- **A.2.3.2. Explore metered on-street parking on shopping streets**

The City should consider applying paid parking meters to the currently free on-street parking spaces on retail corridors. This will likely be most successful once South Pasadena becomes a more established shopping destination. However, the City should be careful that charging for parking on retail streets does not encourage drivers to park on residential side streets.

- **A2.3.3. Consider reducing on-site parking requirements on shopping streets to leverage transit access and to incentivize potential office and multi-family residential mixed-use development**

Office and residential users that are located within close proximity to rail transit are much more likely to use it and, as a result, would require less parking. The City should consider offering lower parking minimums for mixed-use office, multi-family, and retail projects of a certain intensity. The provision of parking is a major cost for developers, and any reduction in requirements would enhance development feasibility, potentially generating more development interest in Downtown South Pasadena. Incentives like this will be critical in ensuring that new residential, office, and retail space is delivered to support both existing businesses and the growth of target clusters. Potential impacts to surrounding neighborhoods can be addressed through the revision of existing, or the creation of new, Preferential Parking Districts.

- **A 2.3.4 Conduct a district-wide parking needs assessment in order to reevaluate need for the Mission Street Specific Plan Parking Density Bonus.**

The previous Mission Street Specific Plan incentivized the provision of parking by private developers through the Parking Density Bonus, but the creation of new parking may no longer be a priority, given the likely decline of parking demand in the future. More Downtown South Pasadena residents and visitors are increasingly using other modes of transportation, including public transit and cycling, and new technologies, such as ride-hailing services and autonomous vehicles, will continue to weaken the long-term growth of parking demand in built-out cities like South Pasadena. To make a clear determination, however, current parking demand must be carefully studied to ensure that such demand will be adequately met in the near-term. If the City determines that a significant amount of new parking is not needed, it should consider eliminating the Mission Street Specific Plan Parking Density Bonus in order to divert value capture revenues to other, higher priority, public benefits.

Maintain and monitor the fiscal health of Downtown Area

○ **P3.1. Strengthen the Downtown South Pasadena's tax base**

- **A.3.1.1 Support the renovation and adaptive reuse of existing buildings**

The adaptive reuse of older buildings in the City can provide affordable options for creative office tenants. The City can help bring about these spaces by educating developers and property owners on mechanisms to finance the rehabilitation of their buildings through the use of historic preservation tax credits and the City's already established Property Assessed Clean Energy (PACE) program.

- **A.3.1.2. Locate residential and employment growth in mixed-use buildings or close to retail**

The City should promote a mix of uses within both individual buildings and targeted districts. This will help to create an economically symbiotic relationship between residents, employees and businesses by creating a balance of daytime and night-time population fostering urban vitality and supporting retail activity.

- **A.3.1.3 Ensure that new development is not a fiscal burden to the City**

The City should adopt a clear set of policies to ensure that new development does not impose any fiscal burdens to the City and does not take away resources from providing the current level of services. This is typically achieved by requiring proponents of new developments provide a detailed fiscal impact analysis of proposed projects, and have it peer reviewed by the City's independent

consultants (compensated by the project proponents), prior to approving final entitlements. While it is not suggested that all projects be fiscally positive as a requirement for approval, as there may be projects considered by the City for their strategic importance or catalytic potential, it is important that the fiscal impacts of new projects are publicly circulated and reviewed as part of the City's decision-making process.

- **P3.2. Explore un-tapped opportunities for value capture and revenue generation**

- **A3.2.1. Use developer agreements to support the City's public realm improvement goals.**

New development projects in the Downtown Specific Plan Area should be leveraged to further public realm improvement goals through the use of developer agreements. Such agreements provide certainty to the developer that development standard will remain fixed for a particular site, while contracting the developer to provide benefits to the City, such as infrastructure improvements, public open space, or other public realm improvements.

- **A3.2.2. Fortify the City's existing Development Impact Fee regime**

South Pasadena's current development impact fees are well below what are found in neighboring municipalities. To most effectively leverage the positive impact of new development, the City must develop a rational nexus between desired public realm improvements and the scale of development that City will allow. Given the relatively high performance of real estate in the City, the City should consider significantly increasing the fees levied on new development.

- **A3.2.3. Explore parking fees to enhance fiscal revenue.**

Parking fees are one of the few untapped sources of fiscal revenue in the City of South Pasadena. The City should consider charging for parking on publicly-owned property, including the SPUSD site, City Hall, and on-street spaces. The City should also consider charging a nominal fee for Preferential Parking District permits. This revenue could provide much needed fiscal revenue, while also serving as a security for General Obligation Bonds to fund major capital projects. The City should also explore the creation of a Downtown special assessment district to levy a fee from property owners within a defined geography to help fund major public improvements.