

**City of Piedmont
COUNCIL AGENDA REPORT**

DATE: November 29, 2004

FROM: Kate Black, City Planner

SUBJECT: Update on PG&E Property at 408 Linda Avenue

INTRODUCTION:

The purpose of this report is to provide the Council and Commission with an update on the status of the redevelopment of the PG&E property. The property is currently for sale, and the sale is expected to be completed within the next month. Seventeen purchase proposals were submitted to PG&E by the November 10th deadline, and PG&E has narrowed the bidders down to two finalists. Apparently both teams have principals who are Piedmont residents. According to Rick Da Silva from Loh Realty, the realtor handling the sale, PG&E used sales price and experience as the most important selection criteria. They have asked the finalists to refine their bids and resubmit by November 29th, with an anticipated selection a few days later and a purchase and sale agreement by mid-December. It is likely that the successful developer will begin discussions with the City at the beginning of the new year.

According to PG&E, there were some toxic contaminants located at the property, including lead paint. PG&E has stated that the toxic conditions have been remediated, and they expect a “No Further Action” clearance letter to be issued by the County within the next few weeks. It is possible that the schedule mentioned above might be affected by a delay in receipt of the clearance letter, since it must occur prior to the sale.

BACKGROUND OF PROPERTY:

The building was designed by PG&E architect Ivan C. Frickstad and built in 1926. It operated as a substation from 1926 until 1991. According to the marketing materials for the property, the building was more highly designed than other substations built at the same time due to the surrounding residential neighborhood.

The building is an eclectic design with many Mission style elements. It is approximately 5,688 square feet at the ground level (the “footprint”) , but it is assumed that if the building is redeveloped, it would be developed with multiple floors, involving considerably more square footage. If the building is preserved, it is likely that it will be

added on to in order to provide covered parking and additional habitable square footage. However, it is not a given that the building will be preserved, since it may be the preference of the successful bidder to demolish the building and completely redesign the site.

As indicated on the attached map (Exhibit A, page 4), the property is located in Zone D, the City's multi-family zone, and is adjacent to two apartment buildings to the east at the Oakland Avenue side of the property. However, despite the multi-family zoning of the immediately surrounding area, all of the other nearby properties have single-family houses on them.

The existing building is non-conforming in that it does not meet the 20 foot front setback along Linda Avenue and the 20 foot street setback along Oakland Avenue. It is also probably about 10 feet taller than the 35 foot height limit. There is value in those non-conforming features, because under the Zoning Code, the non-conformities may remain, and only new construction (either an addition to the existing building or a complete rebuild of the entire site) would be required to meet the current development controls.

Assuming the property is 16,500 square feet, the current zoning would permit 8 units (at 2,000 square feet of lot area per unit), and 8 units is what is proposed under the City's Housing Element. However, it should be noted that under the state-mandated density bonus provision, more units could be developed, provided that they are below market units. SB 1818 was recently signed into law by the Governor, and it has a complicated method of determining the number of permitted bonus units depending on whether the units are low income, very low income, or moderate income units. As you can see by the attached summary of the bill, prepared by the Counsel for the League of California Cities (Exhibit B, page 5), the City is also required to provide concessions and incentives that are related to the affordability of the units.

The new law also establishes required parking standards which are not as strict as the City's current two-space-per-unit multi-family standard. However, the new standards are not too different from the City's existing requirements if you include the City's single-family zone requirement of one-space-per-units if the unit is 700 square feet or less, which tend to be one-bedroom units.

POSSIBLE ISSUES AFFECTING REDEVELOPMENT:

Staff was contacted by about 30 different individuals during the marketing phase of the property. Based on their questions, there were several issues that were raised by the interested purchasers, including the following:

1. Does the City prefer the reuse of the building or demolition of the building and new construction?

2. There is an existing walkway that cuts through the property connecting Oakland Avenue to Linda Avenue, used by Beach School children and others. Does the City want to see this access continue (in it's current configuration or another configuration?)
3. Is the City willing to consider permitting the use of the space under the adjacent Oakland Avenue bridge or the land on the other side of the bridge for use as storage or parking (through a land sale or long term lease)?
4. Is the City willing to consider other alternative parking arrangements such as vehicular lifts or uncovered parking?
5. Does the City prefer the site to be developed with as many low, very low or moderate income units as possible, or prefer the unit affordability to be at the discretion of the developer?

NEXT STEPS:

It is likely that the successful developer will begin discussions with the City at the beginning of the year. An environmental assessment will be required, and until the initial evaluation is completed, it is not known what level of environmental analysis will be required (a Negative Declaration or a Focused EIR). It is anticipated that an application will be heard by the Planning Commission a few months later. The application will not be heard by the City Council unless one of the issues mentioned above necessitates it, or unless there is an appeal.

Should the Council or Commission wish to comment on any of the issues identified in this report, staff will make sure the comments are conveyed to the successful bidder prior to the submittal of an application.

Date Report Prepared: November 23, 2004

Exhibit A, page 4 Area Zoning Map
Exhibit B, page 5 League of California Cities Summary of SB 1818 (Density Bonus Law)