



City of Palo Alto

City Council Informational Report

(ID # 1979)

Report Type: Informational Report

Meeting Date: 8/1/2011

Title: Varsity Theater

Subject: Informational Report on 456 University Avenue

From: City Manager

Lead Department: City Manager

Executive Summary

This is an informational report regarding the zoning, historical features, and background on 456 University Avenue, currently the site of Border's Books in Downtown.

Background

The Varsity Theatre opened at 456 University Ave in 1927 and operated as a theatre until 1994 when it closed as a single screen movie house. After the closure and prior to its conversion to the current Border's Books (a national chain bookseller) a significant response from the community was raised in regards to keeping the theatre in operation, and maintaining its historic significance in Downtown. However, groups intent on raising the funds necessary to keep it in operation were unable to raise enough donations to sustain an on-going viable theater.

In 1995, the building owner converted the theatre to a two-floor, approximately 23,000 square foot retail location. As per the Secretary of the Interior's standards, many of the historical aspects were preserved, including the courtyard, façade, and ability to re-convert to a theatre. These preservations occurred in an era prior to developers bonuses for historic or seismic upgrades, which would be available today.

Recently, it was announced that Border's will be liquidating its assets and closing stores nationwide. The Palo Alto location is expected to be closed prior to September 30, 2011. The Borders' vacancy has once again raised community interest in the idea of the Varsity reopening as a theatre, highlighting Downtown economic and community character issues.

The economic viability of a movie or performing arts theater for that site has significant obstacles, especially in light of the constraints and costs of such a retrofit. Given its limited University Ave frontage and large size, finding a retailer interested in the entire space also presents a major challenge in a retail environment facing serious competition from the internet and newer retail destinations within Palo Alto's market area.

Zoning

The zoning for this property is CDC-GF-P (Community Downtown Commercial with Ground Floor and Pedestrian Combining Districts). Within this district, allowable ground floor uses include restaurants, hotels, personal services, retail services, theaters, travel agencies, and similar uses. Other uses, such as business/trade schools, commercial recreation, day care, financial services, and general business services may be allowed with a conditional use permit. Office uses on a site within the GF combining district are allowed on upper floors, and can only be permitted on the ground floor if the area does not exceed 25% of the ground floor area and does not front on a street. The building does include a substantial area at ground level that is oriented to the parking lot behind, rather than to University Avenue. Floor area on the site is limited to 1:1, which may be exceeded only through seismic or historic rehabilitation bonuses or the purchase of transferable development rights (TDRs). Staff believes that the existing floor area already exceeds the 1:1 FAR limit.

Historic

The property is listed as a Category #1 Historic Resource on the City's Historic Inventory, the highest level of significance designated by the City. Any exterior modifications would be subject to review by the City's Historic Resources Board (HRB) and, if significant, would be analyzed in an environmental review (CEQA) document that would be forwarded to the State Historic Preservation Officer for review and comment. The analysis for HRB review would focus on the project's compliance with the Secretary of the Interior's Standards for Rehabilitation. The HRB would provide a recommendation to the Architectural Review Board, which would then provide a recommendation to the Director of Planning and Community Environment (Director) for action. The Director's action would be appealable to City Council.

Interior modifications (no impact on the exterior) would generally only require HRB review if coupled with a request for a historic rehabilitation floor area bonus. If no exterior changes are required and no bonus is requested, only a building permit is required.

Prepared By: Thomas Fehrenbach, Econ Dev Mgr

Department Head: James Keene, City Manager

City Manager Approval: James Keene, City Manager