

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR ROGERS AND CITY COUNCIL
FROM: ADAM ROSS, CITY PLANNER
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
SUBJECT: 38 DEGREES NORTH PHASE 3 GENERAL PLAN DIAGRAM AND
TEXT AMENDMENT AND REZONING FOR A 30-UNIT MULTI-
FAMILY RESIDENTIAL PROJECT

AGENDA ACTION: TWO RESOLUTIONS AND ORDINANCE INTRODUCTION

RECOMMENDATION

It is recommended by the Planning Commission and the Planning and Economic Development Department that the that the Council, by two separate resolutions: 1) adopt an Addendum to the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the 38 Degrees North Phase 2 Project located at 2660 Petaluma Hill Road; and 2) approve a General Plan Diagram and Text Amendments to change subject parcel's land use designations and amend the General Plan. It is further recommended that the Council, introduce an ordinance, to rezone the property located at 2660 Petaluma Hill Road from the CSC (Community Shopping Center) and PD-96-001C to R-3-30 (Multi-Family Residential).

EXECUTIVE SUMMARY

The 38 Degrees North Phase 3 Project (Project) proposes General Plan Diagram and Text Amendments and Rezoning of the entire 15.82-acre 38 Degrees North site, which includes Phase 1, 2, and 3 multi-family housing development. The requested General Plan Land Use Diagram Amendment would change the current Medium Density Residential (8.0–18.0 units per acre) and Retail and Business Services Land Use Designations to Medium High Density Residential (18.0-30 units per acre) Land Use Designation and eliminate the “star” symbol designating the site as a location for a Community Shopping Center. The General Plan Text Amendment would remove reference to Community Shopping Center on pages 2-12, 2-22, and 2-30 of the General Plan. The Project's Rezoning application proposes a Zoning Map amendment to change the existing zoning designations from CSC (Community Shopping Center) and PD-96-001C to R-3-30 (Multi-Family Residential).

The Project's Phase 3 development proposal consists of a new 30-unit multi-family residential development. Because the 30-unit multi-family residential development is

greater than 10,000 square feet and the project site is not within a City Priority Development Area, Major Design Review approval from the Design Review Board is required ([20-52.030 Table 5-2](#)). The Design Review shall occur after all other land use entitlements are completed pursuant to Zoning Code Section [20-52.030\(G\)](#).

BACKGROUND

The 38 Degrees North Phase 3 Project applications have been submitted in accordance with the following policies and regulations of the City of Santa Rosa:

1. City of Santa Rosa [General Plan 2035](#), Section 1-7 Changing the General Plan, allows amendment of the General Plan Land Use Diagram three times per year (p. 1-11). City Council shall conduct hearings after consideration by Planning Commission. The Project is being brought forward for review as part of the Fall 2021 General Plan Amendment package.
2. Zoning Code [Section 20-64 Amendments](#) allows and regulates application, processing, noticing, and review of proposed General Plan and Zoning Map amendments.

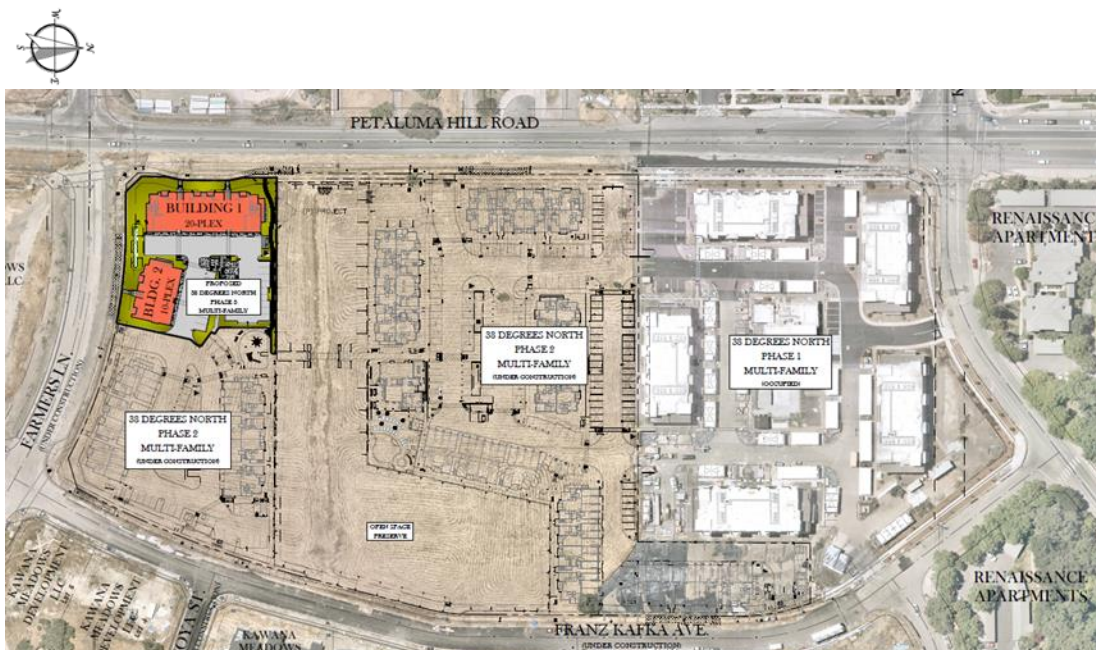
1. Project Description

The Project includes a new 30-unit multi-family residential development consisting of one 20-unit building and one 10-unit building on a 1.29-acre portion of the 10.87-acre Phase 2 site. The Project is designed to operate with Phases 1 and 2 as a single community through cross access and reciprocal use agreements. The site is bounded by Petaluma Hill Road to the west; Farmers Lane to the south; Franz Kafka Avenue to the east; and Kawana Springs Road to the north within the southeast quadrant of the City. The entire 38 Degrees North site, if Phase 3 is approved, will provide a total of 322 for-rent multi-family units.

Phase 1 is a constructed 120-unit multi-family housing development with a community room, pool, dog park, tot lot, and community garden on a 5.03-acre parcel. An Initial Study/Mitigated Negative Declaration (IS/MND) and Final Design Review were approved by the Design Review Board on August 17, 2017 (Resolution No. 17-959). Six of the 120 units are designated for very-low income occupants and 12 units for low income occupants, which fulfills the project's State Density Bonus eligibility requirement. The site is fully built and occupied. No physical changes to Phase 1 are proposed as part of the Phase 3 Project.

Phase 2 includes development of 172 multi-family residential units, a 2.54-acre Open Space Preserve, and reserves 1.29 acres for the future development of a 21,000 square-foot community shopping center as required by the current General Plan. On-site amenities include an outdoor community area with a pool, deck, spa area, and a club house with fitness center, game room, and co-workspace. An IS/MND for Phase 2 was adopted and Design Review was

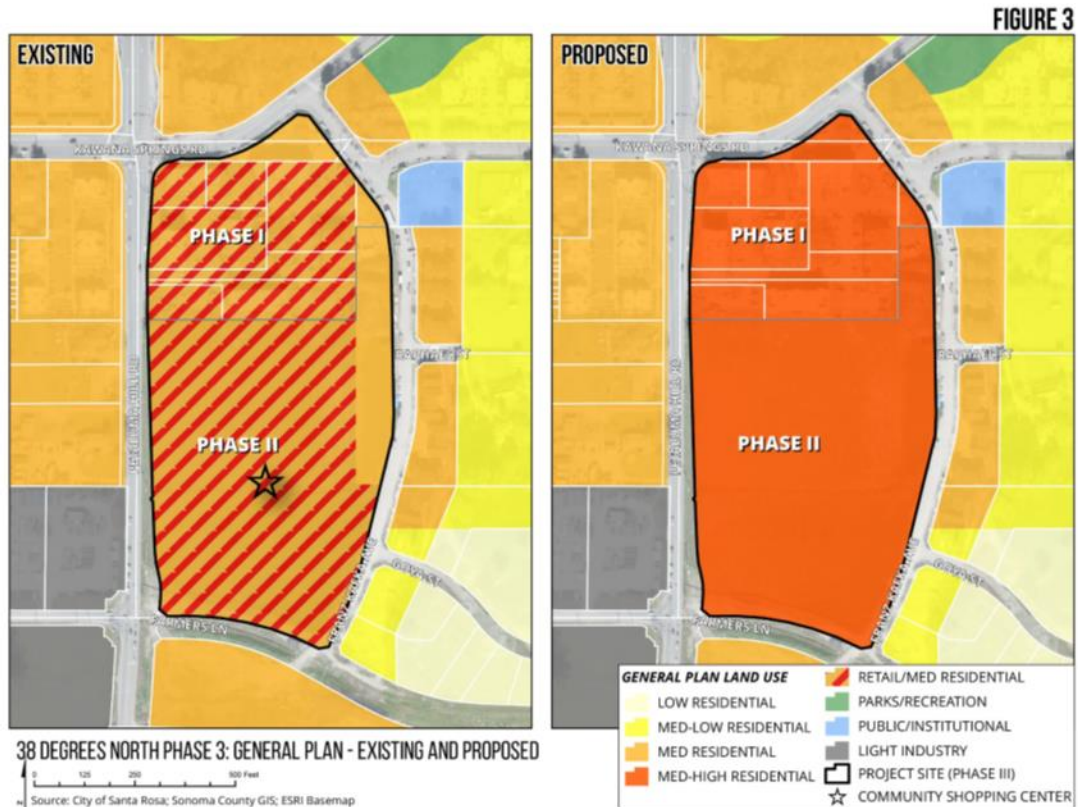
approved by the Design Review Board on August 20, 2020 (Resolution No 20-1012). Public Improvement and Grading Plans are currently under review.



The proposed Phase 3 Project includes General Plan Diagram and Text Amendments and Rezoning of the entire 15.82-acre 38 Degrees North site (Phases 1, 2, and 3).

Proposed General Plan Land Use Diagram Amendments include:

- Changing the current Medium Density Residential (8.0-18.0 units per acre) and Retail and Business Services Land Use Designations to Medium High Density Residential (18.0-30.0 unit per acre) This designation permits a range of housing types, including single-family attached and multifamily developments, and is intended for specific areas where higher density is appropriate. Single-family detached housing is not permitted; and
- Eliminate the “star” symbol designating the site as a location for a Community Shopping Center.



Proposed General Plan Text Amendments include:

1. Remove reference to a Community Shopping Center at the site on page 2-12 of the General Plan;
2. Remove reference to a “Community Shopping Center” in the southeast portion of the City in Table 2-4 on page 2-20, under General Plan Policy LUL-E-1;
3. Remove reference to a Community Shopping Center at “Petaluma Hill Road at Yolanda Avenue” on page 2-22, Policy LUL-G-1; and
4. Remove reference to the Community Shopping Center on page 2-30, Policies LUL-W and LUL-W-1, as shown below.

Table 2-4: Proposed Neighborhood Improvements

Quadrant	Parks and Recreation	Schools	Convenience Shopping
Northeast	2 Neighborhood Parks		
Northwest	5 Neighborhood Parks		Community Shopping Center
Southeast	Community Park, 5 Neighborhood Parks	Middle School	Community Shopping Center 3 Neighborhood Shopping Centers
Southwest	Community Parks, 12 Neighborhood Parks	Middle School, 4 Elementary Schools	International Marketplace, Community Shopping Centers 3 Neighborhood Shopping Centers

LUL-G-1 Develop the following areas as mixed use centers (see General Plan Land Use Diagram):

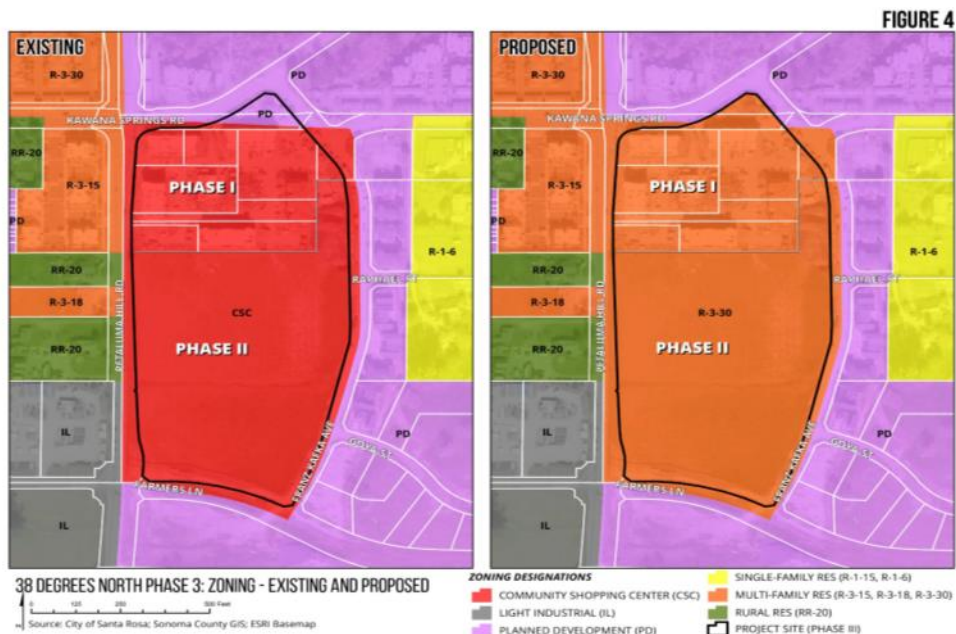
Community Shopping Centers:

- South of Hearn Avenue, at Dutton Meadow Avenue
- West of Corporate Center Parkway, at Northpoint Parkway
- Piner Road, at Marlow Road
- Petaluma Hill Road, at Yolanda Avenue

LUL-W *Encourage pedestrian activity at the ~~community shopping center and~~ neighborhood center and establish the neighborhood center as a visual focal point and center of social activity for local residents.*

LUL-W-1 *Provide a human scale environment at the ~~community and~~ neighborhood shopping centers.*

The Project’s Rezoning application proposes a Zoning Map amendment to change existing zoning designations from CSC (Community Shopping Center) and PD-96-001C to R-3-30 (Multi-Family Residential). The R-3-30 zoning district would implement the proposed General Plan Land Use Designation.



2. Surrounding Land Uses

North: Medium Density Residential
South: Medium Density Residential
East: Medium-Low/Medium Density Residential
West: Light Industry/Medium Density Residential

The Project is bounded by multi-family residential developments to the north (Phase 1); an entitled but not constructed multi-family residential development to the east; with industrial, single-family residential, and multi-family residential uses to the west.

3. Existing Land Use – Project Site

38 Degrees North Phase 1 and 2. See Project Description above for further information.

4. Project History

On May 12, 2021, a Neighborhood Meeting was held for the Project to introduce the General Plan Amendment, Rezoning, and Major Design Review.

On May 13, 2021, an application for a Concept Design Review with the Design Review Board was submitted to the Planning and Economic Development Department.

On May 19, 2021, an application was submitted to the Planning and Economic Development Department requesting a General Plan Amendment and Rezoning application for the Project.

- No Notice of Application was distributed as required by [Section 20-50.050\(E\)](#). Section 20-66.020(A)(3) states that “A defect (failure) in the notice procedure shall not affect the jurisdiction or authority of a review authority to take action on a matter.” Property owners and occupants within 600 feet of the proposed project received a mailed Notice of Neighborhood Meeting, a mailed Notice for Concept Design Review, Planning Commission public notices, and would have access to onsite noticing for the public meetings and public hearing. Notice of application will be sent out for Major Design Review.

On July 15, 2021, the Project was reviewed by the Design Review Board (DRB) as a Concept Item during a regularly scheduled DRB meeting.

On October 13, 2021, an application for Major Design Review was received by the Planning and Economic Development Department.

On November 18, 2021, the Project was reviewed by the Planning Commission and the recommendation was made to approve the General Plan Amendment and Rezoning applications.

- Two responses to SB18 letters were received by Staff. One request for Tribal Consultation pursuant to SB18 was requested and a consultation meeting was held on Thursday, October 28, 2021.
- A second Tribal Consultation meeting was held on December 1, 2021. The Tribe requested that a Tribal Monitor be included in the Cultural Resource Monitoring Plan, which the applicant agreed to. The applicant has already contracted a Tribal Monitor approved by the Tribe for Phase 2 construction. Minor updates to the Cultural Resource Monitoring Plan and the Mitigation Monitoring and Reporting Program (MMRP) for Phase 2 reflecting the Tribe's request for a Tribal Monitor have been added to the documents. Updated materials will be forwarded to Council as Late Correspondence once they are finalized.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

1. Request for General Plan Amendment

The Project site is currently designated as Retail & Business Services and Medium Density Residential on the General Plan Land Use Diagram. These designations allow retail and service enterprises, offices, restaurants, and housing developments at a density of 8 to 18 units per acre. Additionally, the General Plan Diagram includes a "star" symbol at the Project's location, which designates it as a Community Shopping Center location, and this is referenced in the General Plan Text on pages 2-12, Table 2-4 on page 2-20, General Plan Policy LUL-G-1 on page 2-22, and General Plan Policies LUL-W and LUL-W-1 on page 2-30. The implementing zoning district is CSC (Community Shopping Center), which would allow a 20,000 square-foot grocery store by-right and require mixed-use developments of up to 30 units per acre, except that the Medium Density Residential limits the density to 8 to 18 units per acre.

Since the adoption of the Santa Rosa General Plan 2035, the City has approved several large retail-grocery uses in the southeast quadrant of the City that are within one mile of the Project site. Target, Costco, and Trader Joe's are less than one-half mile to the site at the Santa Rosa Marketplace. Additionally, Smart and Final Extra is 0.9 miles from the site at the Southside Shopping Center. Additionally, Keegan & Coppin Company, Inc. produces a quarterly report that estimates Sonoma County vacancy rates (Attachment – 9) and vacancy rates throughout Santa Rosa. The retail vacancy rates in Sonoma County indicate a trend in more retail vacancies at 8.6% or 289,845 square-feet for comparable

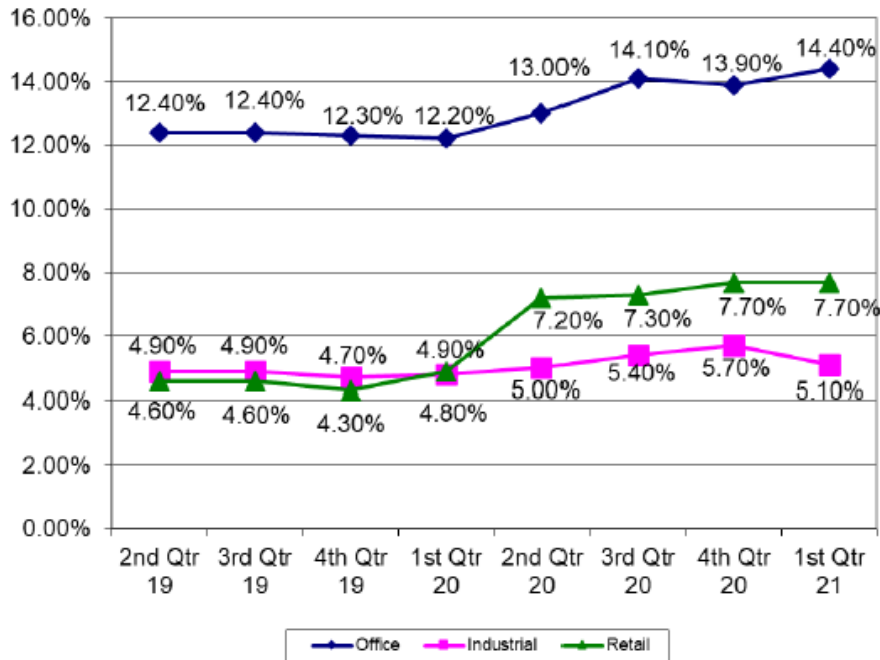
retail spaces. More specifically, Santa Rosa retail vacancy rates are estimated at 8.4% or 672,301 square feet and the Santa Rosa Marketplace has a vacancy rate of 6.5% or 34,294 square feet, which is within one-half mile to the Project site.

In addition to vacancy rates, the applicant has included a Retail and Grocery Analysis (Market Analysis) by Zonda, a market research consulting firm specializing in the real estate industry. The Market Analysis concluded that the Project site does not support any anchor retail uses and does not support a grocery store anchor. Key conclusions are as follows:

- Retail demand analysis does not indicate any supportable retail uses at the site in the foreseeable future.
- Several major grocery anchors are located within a three-mile radius of the site.
- Traffic levels at the site are well below existing retail concentrations.
- Vacancy rates are at the highest levels on record.
- Conversations with retail brokers further indicate a weak opportunity for retail development at the site.

Finally, General Plan 2035 identifies Santa Rosa's share of Regional Housing Needs Allocation (RHNA) as 4,662 units, as assigned by Association of Bay Area Governments (ABAG). The City's quantified housing objective, or its response to its RHNA assignment, is to construct 4,917 new units by 2023 (Table 4-33: Quantified Objectives, 2015-2023). Approving the General Plan Amendment and Rezoning would allow the construction of 30 additional residential units on this site, which would continue to help the City meet RHNA goals.

EIGHT-QUARTER VACANCY CHART
 Office, Industrial, Retail
 Sonoma County
 (2nd Quarter 2019 to 1st Quarter 2021)



Prior to approving a General Plan Amendment, the following findings must be made:

- A. The proposed amendment ensures and maintains internal consistency with the goals and policies of all elements of the General Plan.

The following General Plan goals are applicable to the project:

LAND USE AND LIVABILITY	
LUL-A	Goal – Foster a compact rather than a scattered development pattern in order to reduce travel, energy, land, and materials consumption while promoting greenhouse gas emission reductions citywide.
LUL-E	Goal – Promote livable neighborhoods by requiring compliance with green building programs to ensure that new construction meets high standards of energy efficiency and sustainable material use. Ensure that everyday shopping, park and recreation facilities, and schools are within easy walking distance of most residents.
LUL-F-1	Goal – Do not allow development at less than the minimum density prescribed by each residential land use classification.
LUL-F-2	Goal – Require development at the mid-point or higher of the density

	range in the Medium and Medium High Density Residential categories. Allow exceptions where topography, parcel configuration, heritage trees, historic preservation or utility constraints made the mid-point impossible to achieve.
LUL-V	Goal – Establish a land use pattern and residential environment which promotes efficient, harmonious relationships between different activities and reinforces the identity of the southeast area.
HOUSING	
H-A	Goal – Meet the housing needs of all Santa Rosa residents.
ECONOMIC VITALITY	
EV-B-1	Goal – Monitor land use and development trends in the city to ensure an adequate supply of land that offers diverse use designations and development intensities.

Since the adoption of the Santa Rosa General Plan 2035, the City has approved several large retail-grocery uses in the southeast quadrant of the City that are within one mile of the Project site, while current market trends indicate a rise in commercial vacancy rates, which has limited the feasibility of providing a Community Shopping Center at the Project’s location. Moreover, a Retail and Grocery Analysis by Zonda, a market research consulting firm specializing in the real estate industry, was provided by the applicant and included as Attachment 8, concluded that the Project site does not support any anchor retail uses and does not support a grocery store anchor. Therefore, a General Plan Amendment to change the land use designation to Medium High Density Residential is warranted and meets General Plan Policy EV-B-1. Finally, General Plan 2035 identifies Santa Rosa’s share of Regional Housing Needs Allocation (RHNA) as 4,662 units and adding 30 new additional residential units furthers the City’s goal to meet the RHNA while also meeting General Plan Policy H-A, which would be the highest and best use of the land, which is an essential community planning principle.

B. The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

Based on the Retail and Grocery Analysis by Zonda, it is not anticipated that a major retail anchor will develop on the property. Additionally, given the restrictions on retail operations imposed by COVID-related state and local health ordinances, as well as the significant change in consumer shopping habits, retail has become a less profitable enterprise. Rezoning and amending the General Plan from Retail and Business Services and Medium Low Density Residential to allow for Medium High Density Residential aligns the property with its surrounding neighbors. The Project has been reviewed by City Staff and applicable outside agencies and has been conditioned appropriately. Finally, an Addendum to 38 Degrees North Phase 2 IS/MND concluded that the project would not result in significant effects on the

environment with mitigations identified on the Mitigation Monitoring and Reporting Program as part of the Addendum.

C. The site is physically suitable (including absence of physical constraints, access, compatibility with adjoining land uses, and provision of utilities) for the requested/anticipated land use developments.

The Project site is surrounded by residential uses with some industrial uses to the southwest. The project is serviced by Petaluma Hill Road, the future extension of Farmers Lane, and Kawana Springs Road to the north, all designated as regional streets which can accommodate traffic and multi-modal transportation for the proposed use and existing surrounding uses. Some required public right-of-way improvements have been constructed as part of 38 Degrees North Phase 1, while Phase 2 right-of-way improvements were approved, and construction level drawings are under review by the City. All right-of-way improvements were reviewed in compliance with all applicable City standards as part of Phases 1 and 2 for the entire site and no changes are required as part of this General Plan Amendment.

D. The proposed project has been reviewed in compliance with the California Environmental Quality Act (CEQA).

Refer to the Environmental Impact section of this Report.

2. Zoning

The applicant requests a rezoning of the subject parcels from CSC (Community Shopping Center) to R-3-30 (Multifamily Residential) and has submitted a Rezoning application in accordance with Zoning Code [Section 20-64.020](#). R-3-30 is an implementing zoning district of the General Plan Medium High Density Residential land use designation (see [Section 20-20.020 Zoning Map and zoning districts](#)) and would allow the proposed 30-unit multifamily residential project by right, subject to a Major Design Review as required by [Table 5-2 of Zoning Code Section 20-52.030\(C\)](#).

Prior to approving a Zoning Map Amendment, the following findings must be made:

A. The proposed amendment is consistent with the goals and policies of all elements of the General Plan, and any applicable specific plan.

In accordance with Section [20-22.020\(C\)](#), the R-3 zoning district is applied to areas of the City appropriate for residential neighborhoods with medium and higher residential densities, to provide home rental and ownership opportunities, and to provide a full range of choices in housing types to

improve access to affordable housing. The maximum allowable density ranges from eight (8) to 30 dwellings per acre, with the specific allowable density for each parcel shown on the zoning map by a numerical suffix to the R-3 map symbol (see Section [20-22.040](#)). The R-2 and R-3 zoning districts implement and are consistent with the Residential—Medium Density and Medium High Density land use classifications of the General Plan. General Plan Section 1-2 requires that the General Plan be internally consistent; therefore, a proposed amendment to a zoning district that is consistent with and would implement a General Plan land use designation would be consistent with the goals and policies of all elements of the General Plan.

The proposed Project is not subject to a Specific Plan.

B. The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

The proposed zoning district would be consistent with the proposed Medium High Density Residential General Plan Land Use Designation. Rezoning of the Project site would remove the Community Shopping Center requirement and allow for residential densities that would align the property with its neighbors. The Project has been reviewed by City Staff and applicable outside agencies, and it has been conditioned appropriately. Finally, an Addendum to 38 Degrees North Phase 2 IS/MND concluded that the project would not result in significant effects on the environment provided that mitigations identified on the Mitigation Monitoring and Reporting Program as part of the Addendum are implemented.

C. The proposed project has been reviewed in compliance with the California Environmental Quality Act (CEQA).

Refer to the Environmental Impact section of this Report.

D. The proposed amendment is internally consistent with other applicable provisions of this Zoning Code.

The Project site is subject to all other applicable sections of the Zoning Code and will require Major Design Review approval should the Rezoning application be approved by City Council.

E. The site is physically suitable (including absence of physical constraints, access, compatibility with adjoining land uses, and provision of utilities) for the requested zoning designations and anticipated land uses/developments.

The Project site is bounded by Petaluma Hill Road, Kawana Springs Road, and the future extension of Farmers Lane, which are all regional streets designated by the General Plan Circulation Element, which can

accommodate the use. The site is adjacent to other similar residential uses and zoning districts that can accommodate higher density residential uses. Rezoning of this property would not be incompatible with the surrounding land uses.

3. Design Guidelines

Staff is currently reviewing a Major Design Review application for the proposed 30 multi-family residential units, which is included in the project description section of the Addendum to the MND and analyzed in accordance with CEQA regulations. The Major Design Review will be scheduled before the Design Review Board at a later date.

4. Neighborhood Comments

Several Public Comments were received by Staff from one individual during the Neighborhood Meeting and in response to the Concept Design Review meeting. The concerns identified were the removal of the Community Shopping Center requirement and the construction impacts such as fugitive dust and noise. See Attachment 12 for further review.

5. Public Improvements/On-Site Improvements

No public improvements are required as part of the General Plan Amendment and Rezoning. Public improvements for this Project were identified as part of Phase 1 and Phase 2 and no changes are required as part of this application.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

The Project has been found to be in compliance with the California Environmental Quality Act (CEQA). An Initial Study (IS) was prepared for 38 Degrees North Phase 2, which resulted in the preparation of a Mitigated Negative Declaration (MND). The draft MND was circulated for a 30-day public comment period commencing June 11, 2020. No comments were received. Potentially significant impacts related to Air Quality, Biological Resources, Cultural Resources, Energy, Geology/Soils, Greenhouse Gases, Hydrology/Water Quality, Noise, Transportation, Tribal Cultural Resources, and Cumulative Impacts were identified. The project impacts would be mitigated to a less than significant level through implementation of recommended mitigation measures contained in the Mitigation Monitoring and Reporting Program (MMRP) prepared for the Project, which identifies the timing of, and the agency or agencies responsible for enforcement and monitoring of each mitigation measure to be implemented. The mitigation measures included in the MMRP reduce potentially significant impacts to less than significant levels and demonstrate how compliance with existing Municipal Code requirements or City standards reduces impacts to less than significant levels. The

IS/MND was adopted by Design Review Board Resolution No. 20-1012 on August 20, 2020.

An Addendum to the adopted 2020 MND was prepared on October 22, 2021, and reviewed by City Staff. Staff has determined that the project would not cause new significant environmental effects or substantial increases in the severity of significant effects beyond those previously identified and mitigated to a less than significant level through implementation of the aforementioned MMRP. An Addendum to an adopted MND may be prepared if no significant environmental effects will occur and none of the previously identified effects will increase in severity (CEQA Guidelines Section 15164). None of the circumstances under CEQA Guidelines Section 15162 are triggered; therefore, an addendum complies with the requirements of CEQA.

Per CEQA Guidelines Section 15164(c), an addendum need not be circulated for public review, but can be included in or attached to the final EIR or adopted MND. Per CEQA Guidelines Section 15164(d), the decision-making body shall consider an addendum with the final EIR or adopted MND prior to making a decision on the project.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On November 18, 2021, the Planning Commission, by three resolutions, recommended: that the City Council recommend Council adopt an Addendum to the Phase 2 Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the 38 Degrees North Phase 3 Project located at 2660 Petaluma Hill Road; that City Council approve a General Plan Diagram and Text Amendments to change subject parcel's land use designations from Medium Density Residential and Retail and Business Services to Medium High Density Residential and remove the "star" symbol designating the site as a Community Shopping Center and remove reference to the Community Shopping Center in the General Plan; and that the City Council adopt a Rezoning application to amend the Zoning Map for the subject parcel to R-3-30.

NOTIFICATION

The project was noticed as a public hearing per the requirements of Chapter 20-66 of the City Code. Notification of this public hearing was provided by posting an on-site sign, publishing notice in a newspaper of general circulation, mailed notice to surrounding property owners and occupants, electronic notice to parties that had expressed interest in projects taking place in this geographic area of Santa Rosa, and bulletin board postings at City Hall and on the City website. Pursuant to Government Code Section 65091, where necessary, the City has incorporated notice procedures to the blind, aged, and disabled communities. These procedures include audio amplifier/assistive listening device support at public meetings, closed captioning, and optical character recognition conversion of electronic notices.

ISSUES

There are no unresolved issues.

ATTACHMENTS

- Attachment 1 Disclosure Form
- Attachment 2 Location Map
- Attachment 3 Neighborhood Context Map
- Attachment 4 Project Description and General Plan Criteria Narrative received November 1, 2021
- Attachment 5 General Plan Diagram Amendment Map received May 13, 2021
- Attachment 6 Zoning Map Diagram Amendment received May 13, 2021
- Attachment 7 Project Plans received October 13, 2021
- Attachment 8 Retail and Grocery Market Analysis received May 13, 2021
- Attachment 9 1st Quarter Vacancy Rates 2021, Keegan & Coppin
- Attachment 10 IS/MND Addendum dated October 2021
- Attachment 11 Public Correspondence
- Attachment 12 Phase 1 and 2 IS/MND Resolutions
- Attachment 13 Phase 2 MND

- Resolution 1 Addendum to 38 Degrees North Phase 2 IS/MND
- Exhibit A CEQA Addendum and MMRP
- Resolution 2 General Plan Amendments
- Ordinance Zoning Map Amendment

CONTACT

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