

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: DAVID M. GUHIN  
ASSISTANT CITY MANAGER/ DIRECTOR  
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT  
SUBJECT: HIGH-DENSITY MULTI-FAMILY RESIDENTIAL INCENTIVE  
PROGRAM ADMINISTRATIVE CORRECTIONS

AGENDA ACTION: RESOLUTIONS

---

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council rescind Resolutions RES-2018-167 and RES-2018-168 (collectively, the "Resolutions") adopted on September 25, 2018, and adopt new revised resolutions (Revised Resolutions) to replace the rescinded Resolutions.

---

EXECUTIVE SUMMARY

On September 25, 2018, the City Council (Council) approved the establishment of the High-Density Multi-Family Residential Incentive Program (Incentive Program). The purpose of the Incentive Program is to address the community's housing crisis by encouraging housing development and increased density in downtown Santa Rosa through the reduction/deferral of City development impact fees for eligible residential projects breaking ground by August 31, 2023. Pursuant to the approved Resolutions, eligible projects must be located within the boundaries of the Downtown Station Area Specific Plan Area or the General Plan Downtown Core (collectively, the "Downtown"), and within one of the zoning districts identified in the resolutions.

Following the adoption of the Resolutions, it was discovered that several of the City's zoning districts that allow multi-story residential development and would otherwise be eligible to receive benefits from the Incentive Program, were inadvertently omitted from the Resolutions. The Revised Resolutions include those zoning districts that were inadvertently omitted to and thereby reflect the intent of the Incentive Program -- to enable all eligible residential projects within the Downtown boundaries to receive program benefits.

## BACKGROUND

Residential development located within the Downtown Station Area Specific Plan Area and the General Plan Downtown Core Boundary (collectively, the “Downtown”) is vital to the City’s housing strategy due to the area’s capacity to accommodate density and to provide a diversity of housing options near transit. Aiming to address regional housing needs and intensify the vibrant and thriving economic center that is the Downtown, the Council identified creation of Downtown Housing as a Tier 1 priority for 2018/2019, directing staff and resources to support policies and incentives to bring higher density and transit-oriented housing to the Downtown area, including the reduction and deferral of development impact fees.

In response to this directive, the Council approved the establishment of the High-Density Residential Incentive Program on September 25, 2018. The purpose of the Incentive Program is to encourage housing development of all affordability levels and increased densities in transit-rich downtown Santa Rosa through the reduction/deferral of development impact fees.

The Incentive Program identified geographical boundaries consistent with the Downtown Station Area Specific Plan and the General Plan Downtown Core, as shown on Attachment A. It was the intention of the Incentive Program that all eligible projects within these boundaries have the opportunity to benefit from the Incentive Program.

## PRIOR CITY COUNCIL REVIEW

Not applicable.

## ANALYSIS

The Resolutions approved on September 25, 2018 (RES-2018-167 and RES-2018-168) identified the boundaries and specific criteria for eligible residential projects in the Downtown area, including specific zoning districts that projects must be located within. Following the adoption of the resolutions, it was discovered that several of the City’s zoning districts that allow multi-story residential development and would otherwise be eligible to receive benefits from the Incentive Program, were inadvertently omitted from the Resolutions. Staff seeks to reconcile these omissions by rescinding the Resolutions and adopting the Revised Resolutions to allow eligible multi-family residential projects in any zoning district that permits such development and thereby reflect the original intent of the Incentive Program.

## FISCAL IMPACT

A 2015 study by Urban 3 commissioned by the City highlights the fiscal benefits of encouraging higher density development in the downtown. The study showed that focusing development where adequate infrastructure already exists is more efficient and gains higher revenue per acre versus suburban development.

If the Incentive Program succeeds in spurring high-density residential development, it will bring new residents, transit-oriented housing options, reduced VMT, increased consumer spending, business activity, and tax revenues to the downtown area and will foster the overall economic development of the community.

Under the Incentive Program, developers will continue to pay a portion of Park Impact and Capital Facilities fees. For every 100 residential units built under the program, developers will contribute approximately \$790,000 in Park Impact and Capital Facilities fees and receive approximately \$520,000 in fee waivers/ incentives (based on a six-story, market rate building in the Downtown). Fee incentives are anticipated to be higher for affordable projects but will serve to reduce the gap financing that the City often provides to affordable developments through other local sources and will incentivize developers to construct affordable units on-site rather than paying a fee.

### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines section 15378. Pursuant to CEQA, the creation of government funding mechanisms or other government fiscal activities is not a “project” subject to environmental review. (CEQA Guidelines section 15378, subd. (b)(4).) The action is also exempt from CEQA pursuant to Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273(a)(4) in that the fee modification is for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas, and is further exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) in that the activity in question will not have a significant effect on the environment.

### ATTACHMENTS

- Attachment 1 – Map of Downtown Specific Plan Area and General Plan Downtown Core Boundary (the “Downtown”)
- Attachment 2 – Redline Amendments to RES-2018-167
- Attachment 3 – Redline Amendments to RES-2018-168
- Resolution 1 – Capital Facilities Fees
- Exhibit A – Map of Downtown Specific Plan Area and General Plan Downtown Core Boundary
- Resolution 2 – Park Impact Fees
- Exhibit A – Map of Downtown Specific Plan Area and General Plan Downtown Core Boundary

### CONTACT

David M. Guhin  
Assistant City Manager/ Director  
Tel. 707.534.4299  
[dguhin@srcity.org](mailto:dguhin@srcity.org)