



City of
Santa Rosa

Downtown Asset Surplus Strategy -Study Session

City Council Meeting

January 25, 2022

Creating a Downtown City Asset Surplus Strategy

- The City has contemplated alternatives to invest and promote investment in the Downtown as well as options to manage the organizations significant deferred maintenance of City buildings.
- The Housing Action Plan (HAP), Downtown Station Area Specific Plan (DSSP) and Infill Developer Attraction are a few ways the City has prioritized, promoted and incentivized affordable housing/housing and mixed-use development. Although they have been successful, more housing is needed.
- Staff is seeking Council's direction and feedback on an asset strategy for the downtown; putting City assets to work to create more housing for the community.

What has been done?

Housing Action Plan

HAP Mission:

The City of Santa Rosa will facilitate the construction of “Housing for All”; specifically, meeting the housing needs of the full spectrum of household income groups including those currently living within the city and those relocating to the city in the future.

Council Priority - Housing:

2015-2019 – housing & affordable housing identified as a Tier 1 Council Goal

HAP Program Areas:

- **Program 1**
Increase inclusionary affordable housing
- **Program 2**
Achieve “affordability by design” in market-rate projects
- **Program 3**
Assemble and offer public land for housing development
- **Program 4**
Improve development readiness
- **Program 5**
Increase affordable housing investments and partnerships.

Infill Developer Attraction

ACCELERATING
INFILL IN
SANTA ROSA &
SONOMA
COUNTY

OPTIONS TO ADDRESS
THE HOUSING
SHORTAGE & WILDFIRE
REBUILDING EFFORT
NOVEMBER 2018

COUNCIL OF
INFILL
BUILDERS

The Council of Infill Builders Convening:

- Convened builders, public officials, financial leaders, affordable housing developers, architects and consultants
- Identified key barriers and recommended solutions to encourage and expedite infill development in Santa Rosa

Developer Tours & Marketing:

- 2019 Bay Area Council developer tour – coordinated tour of Qualified Opportunity Zone eligible infill site
- Created Up Downtown campaign to market to experienced infill developers
- Initiated Public Private Partner redevelopment analysis for potential intensification of downtown public parcels

UP
DOWNTOWN
SANTA ROSA



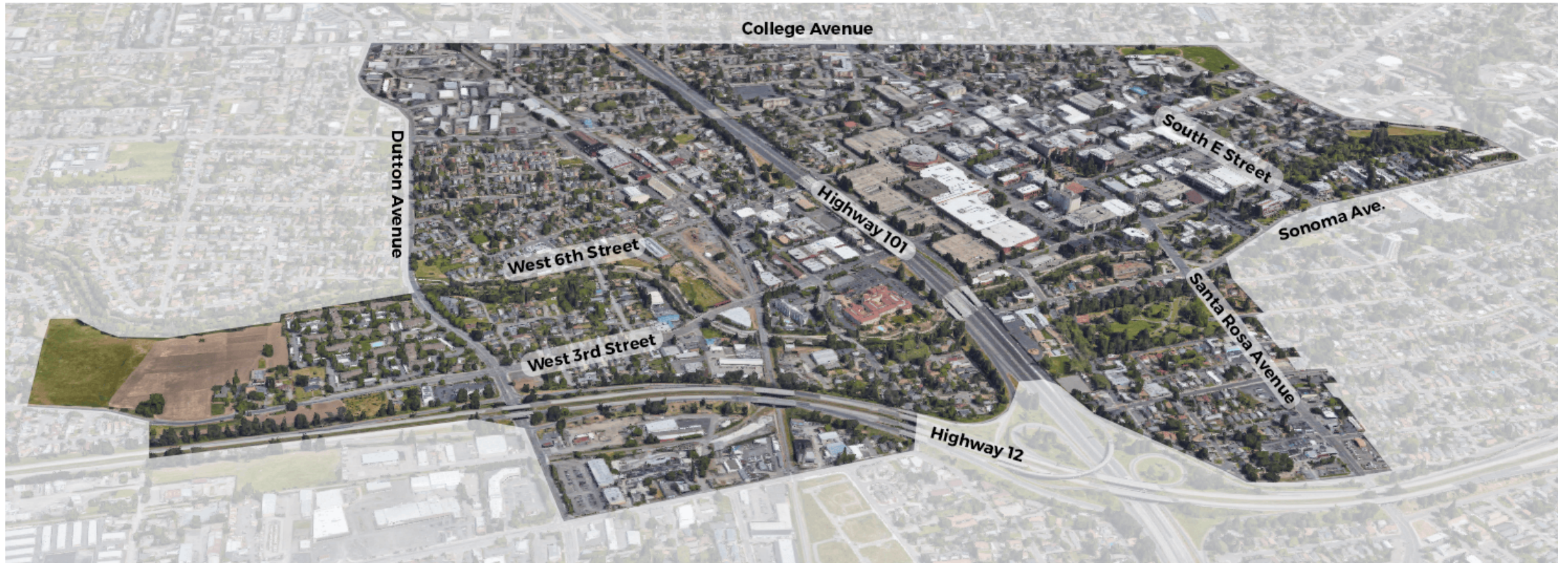
City of Santa Rosa

DOWNTOWN STATION AREA SPECIFIC PLAN

ADOPTED OCTOBER 2020



Plan Area



2017/2018 Tier 1 Council Goal: Downtown Housing

- Reduced Discretionary Action/Permit Streamlining → • Resilient City Development Measures (2018)
- Fee Incentives → • High-Density Multi-Family Residential Incentive Program (2018)
- DSASP + CEQA Document → • Plan + Final Subsequent EIR (2020)
- Federal Opportunity Zones → • Established in April 2019
- Regional Housing Action → • Renewal Enterprise District (2020)

Where are we in our goals?

2021 Downtown Housing Production

Development Project Under Construction (Building Permit)	11 Projects	596 Units*
Development Project Pending/Approved	9 Projects	757 Units*
Detached SFD, ADU or JADU Under Construction (Building Permit)	18 Projects	17 Dwelling Units or ADU/JADU
Detached SFD, ADU or JADU Project Approved	2 Projects	1 Dwelling Units or ADU/JADU
TOTAL	40 Projects	1,371 Dwelling Units or ADU/JADU

* Caritas Village is approved to construct 126 units. A Phase 1 building permit for 64 units is under review. These unit counts reflect the projects' current status.



Housing Element Update and Schedule

Santa Rosa RHNA 6th Cycle (2023-2031) = 4,685 units
5th Cycle (2015-2023) = 5,083 units



Draft Housing Inventory	January, 2022
Prepare Public Draft Housing Element	March
Release Public Review Draft (30-days)*	April
Submit Draft Housing Element to HCD (90-Day Review)*	May– July
Submit Draft Housing Element to HCD (2 nd review 60-days) – if needed	August - September
Planning Commission and City Council for Adoption hearings	October/November
Submit Final Adopted Housing Element to HCD – Review and Certification (Up to 60 Days)	December – January 2023

Putting City Assets to Work for the Community

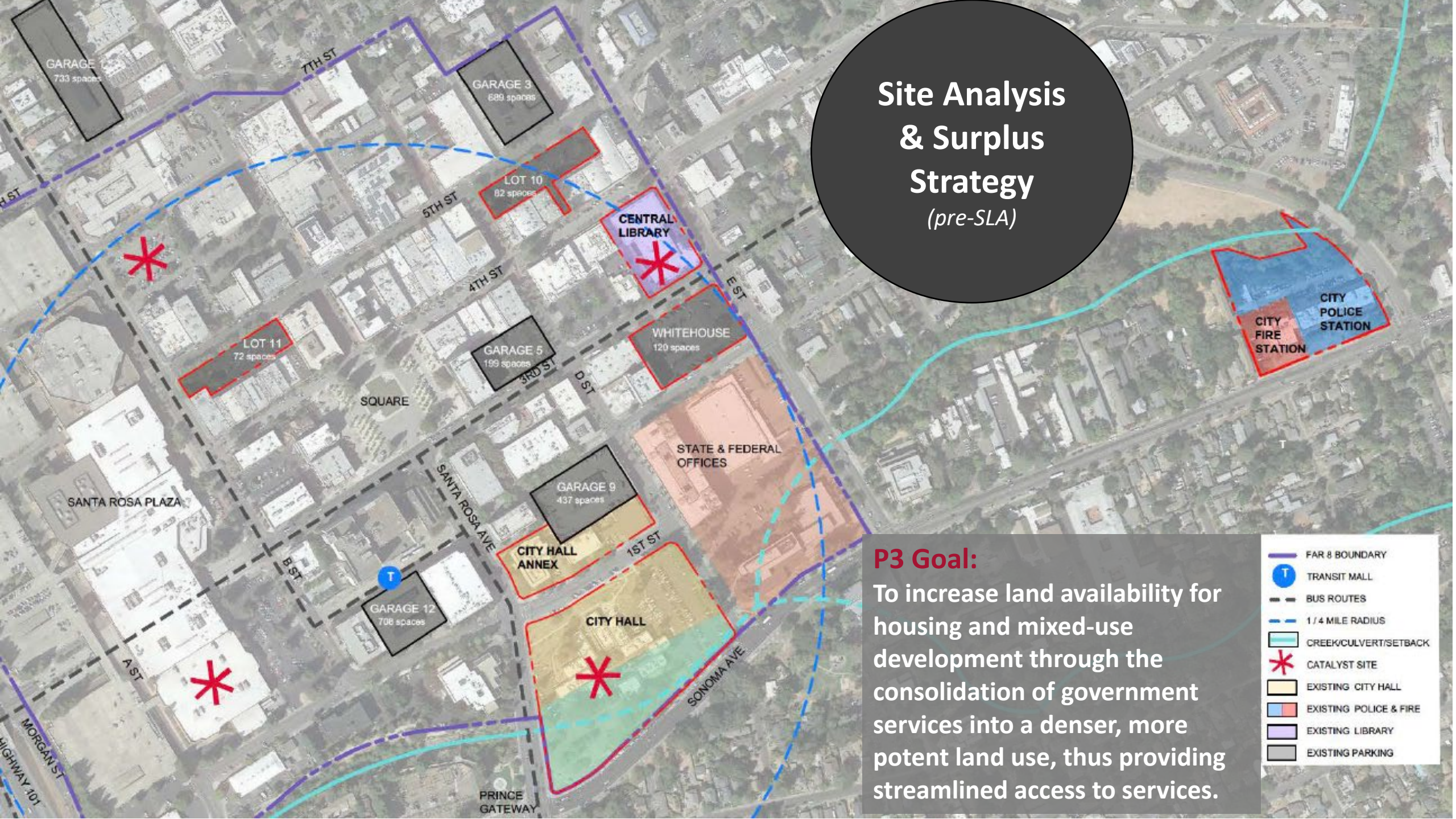
**Goal: Program 3 of the HAP:
Assemble and offer public land for housing development**

Actions:

- Identify downtown land assets that are underutilized and could be made available for housing/mixed use development, while still including a public use, such as public parking.
- Consider the Public Private Partnership (P3) options to address deferred maintenance of property assets.
 - 2019 JLL Consulting Real Estate Study – increase availability of downtown land for housing by consolidating government services into denser land use and streamlining access to services. While also solving the growing deferred maintenance issues and freeing up buildable land.

Both actions alleviate the City of millions of dollars of deferred maintenance concerns associated with City Hall complex, advance the HAP goals for much needed housing for the community and streamline government services.

Site Analysis & Surplus Strategy (pre-SLA)



P3 Goal:
To increase land availability for housing and mixed-use development through the consolidation of government services into a denser, more potent land use, thus providing streamlined access to services.

- FAR 8 BOUNDARY
- TRANSIT MALL
- BUS ROUTES
- 1/4 MILE RADIUS
- CREEK/CULVERT/SETBACK
- CATALYST SITE
- EXISTING CITY HALL
- EXISTING POLICE & FIRE
- EXISTING LIBRARY
- EXISTING PARKING

Downtown Asset Considerations

Staff originally reviewed and considered all downtown assets for viability and marketability. Three Parking assets were identified as having the most interest and potential for redevelopment with some inclusion of public parking:

- 1) 625 and 637 3rd Street (Third Street Garage/Parking Garage 5)
- 2) 700 5th Street (Parking Lot 10); and
- 3) 500 5th Street (Parking Lot 11)

*White House Site was not included at this time due to P3 portion of strategy.

Due to market conditions, lot size and specific needs of surrounding area, staff believes that Garage 5 is currently the best opportunity to launch a market test for redevelopment of City assets in the downtown.

Further Considerations: Parking Asset Deferred Maintenance

Third Street Garage/Garage5, \$3,069,500

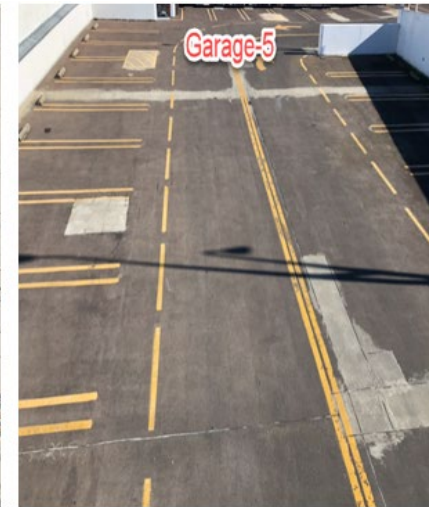
- 2006-Top deck replacement and other waterproofing repairs recommended in 2006 Asset Management Plan (AMP).
- 2014-Top deck replacement and other waterproofing repairs deferred.
- 2022 Top deck replacement and other waterproofing repairs necessary to continue operation.

Parking Lot-10, \$1,500,000

- 2018 Project development put on hold while city explored potential development of this site.

Parking Lot-11, \$1,500,000

- 2019 Project development put on hold pending outcome of potential development of this site.



Strategy Launch Timeline

Garage 5 on 3rd Street –
Consider for first asset to
market test for development



If Garage 5 is successful –
Consider Lot 11 development
in upcoming years.



Lot 10 -Remove from
development consideration
recommend deferred
maintenance (reconstruction)
project



Staff return to Council for
future study session on public
private partnership options to
address the City Hall Complex
and additional deferred
maintenance.

2019 Surplus Lands Act (SLA)

Changes to
the SLA
government
code
section
54222

Government owned property must be declared surplus by its governing body prior to disposition or request for proposal (RFP) for development, even with continued use such as public parking.

Be made available to housing sponsors for affordable housing through a notice of availability to the State Department of Housing and Community Services (HCD) prior to being made available to private developers through the RFP process.

City Council Surplus Policy



Prior to Council review and declaration as surplus:



Housing Authority review for recommended action to Council



Planning commission review for recommended action to Council



Council may elect to have Staff follow this as well as the SLA process for the downtown properties for consideration in the downtown strategy, or direct Staff to bypass Council Policy and proceed with SLA requirements bringing the actions directly to Council.

Next Steps

1. Housing authority review and approval/recommendation on surplus to Council per City Council Surplus Policy
2. Planning Commission review and approval/recommendation on surplus to Council per City Council Surplus Policy
3. Council Surplus Resolution action with future development requirements which could include:
 - Reservation of Right of Way
 - Replacement of public parking
 - General Plan, zoning code, bike and pedestrian master plan & DSSP
4. City Council closed session for consideration of price and terms of long-term lease or sale.

Next Steps

4. Submit a notice of availability to HCD making the property available to approved affordable housing sponsors
5. Negotiate with interested housing sponsors
6. Enter into ENA, DDA with housing sponsor for development

If no interest from approved affordable housing sponsors:

- City may chose to issue an RFP to private developers for redevelopment of the property