



June 12, 2019

Richard Deringer
c/o Railroad Square Village, LLC
808 Donahue Street
Santa Rosa, CA 95401

Via email

NOTICE OF COMPLETE APPLICATION & DENSITY BONUS ELIGIBILITY

FILE NO. DB19-006

DeTurk Winery Village – 806 Donahue Street & 8th W. 9th Street

Thank you for your application seeking a Density Bonus for DeTurk Winery Village, a proposed 185-unit, multi-family development in Santa Rosa providing 15 very-low income units. Planning staff has reviewed your Density Bonus application and deemed the application complete in accordance with the City of Santa Rosa Zoning Code Section 20-31.030(D), which reads, “A clean statement of how the requested concessions or incentives are necessary to make the proposed housing development economically feasible, and result in identifiable financially sufficient and actual cost.

Density Bonus Eligibility

In accordance with CA Gov’t Code § 65915, subd. (a)(3) (D)(i)(I), you are hereby notified that your project is eligible for a 35% State Density Bonus due to the inclusion of 11% units affordable to very-low income residents. The project’s proposed base density is 138 units, which is the maximum density allowed in the Transit Village Residential-Historic (TV-R-H) Zoning District. As a result of the project’s eligibility for a 35% State Density Bonus, the total number of units allowed for this project is 185 dwelling units. Additionally, up to two (2) concessions or incentives may be requested. The project application has requested two (2) concessions. A request for parking ratio pursuant to CA Gov’t Code § 65915 subdivision (p) was made allowing a parking rate of .5 spaces per unit. Pursuant to Government Code 65915(a)(3)(D)(ii), the amount of Density Bonus shall be adjusted based on any changes to the project during the course of development.



Requests for Concessions or Waivers

Two concessions from current City of Santa Rosa development standards were requested as part of this Density Bonus application per the statement, dated June 6, 2019. Concessions are defined in Government Code section 65915 subd. (k) and justification for Concessions as required was provided in the statement, dated received June 7, 2019. The requested concessions include:

1. **Building Height** – Zoning Code Section 20-23.050 (Table 2-5) allows a maximum building height of four stories except that except for properties that abut residential and historic residential uses and zoning districts, maximum height shall transition down to a max. of 3 stories adjacent to the residential property in the Transit Village Residential-Historic (TV-R-H) Zoning District, and Section 20-28.040(E)(3)(b-c(2)) allows a maximum building height of two (2) stories for project's within a Historic Combining District, unless otherwise approved by the review authority. The proposed building would be four stories tall and approximately 46-feet tall at its highest point. A concession to maximum allowable building height has been requested.
2. **Dispersion** – Zoning Code Section 20-30.100(H)(2) requires that “no more than 50% of the proposed affordable housing units are consolidated into one structure in developments with several multi-unit structure; and no more than 20% of affordable housing units in a single multi-unit structure may be consolidated into a distinct section; and no more than 20% of the affordable housing units may be consolidated a distinct and identifiable area within single—family residential subdivisions.” Zoning Code Section 20-30.100(H)(2) states that, “Applicants may utilize an available Concession or Incentive for relief from the dispersion requirements of this Subsection if supporting evidence is provided to the Director that demonstrates that the provisions of this Subsection reduce the financing feasibility of the project.” The Applicant has provided sufficient evidence to the Director demonstrating that the provisions of Subsection 20-30.100(H)(2) reduce the financial feasibility of this project.

Pursuant to CA Gov't Code § 65915, subd.(d)(1)(A-C), the City cannot make the findings to deny the State Density Bonus.

In accordance with CA Gov't Code § 65915, subd. (a)(3) (D)(i)(III), you are hereby notified that adequate information has been provided attached herein, dated received June 7, 2019, to support your requested concessions and the concessions are permitted pursuant to



Government Code 65915(d)(1). If an additional concession or incentive is requested, more information will be required.

Sincerely,

A handwritten signature in black ink, appearing to be "A. R.", written in a cursive style.

City Planner

To: Adam Ross -Planner City of Santa Rosa 6/6/2019 From:

Rick Deringer Applicant DeTurk Winery Village Financial

Analysis of Concessions for Density Bonus Hearing

CITY OF SANTA ROSA
100 SANTA ROSA AVENUE RM 3
SANTA ROSA CA 95404

JUN 07 2019

COMMUNITY DEVELOPMENT
DEPARTMENT

The following analysis is being submitted to justify the financial need for the two concessions, which is required to justify the economic ability for affordable housing.

1. Dispersion concession:

The affordable housing units for this project will be constructed at the same time as the market rate units, however, we are locating all the affordable units into only one of the new structures which also includes market rate units. Dispersion of affordable units in multiple buildings severely limits the pool of available lenders and financing options for projects because of the requirement for the 55 year affordability of these units and therefore reduces the financial feasibility of the project. It is very difficult to find lenders willing to lend on a project when the affordable units are included in each building on a project with multiple buildings. Consolidating the affordable housing units into a single structure reduces the financing challenges to a single building making this entire project more financially feasible to construct.

2. Height concession:

There are 185 apartment units requested in this project, of which there are 39 Fourth Floor one- bedroom units and 16 Fourth Floor 2 bed-room units. This totals 55 units impacted by the 4th floor height concession. If we did not receive approval of the fourth-floor concession, we would remove the 55 units from the 185 units currently proposed and have just 130 units. This is 8 units less than the maximum density of 40 units per acre. Since there is no requirement for on-site affordable housing there would be no economic incentive to produce any affordable housing, thereby making this concession economically feasible.

- a. Income reduction of affordable units: Adding in the affordable units will have a significant economic income loss from these units. The maximum, on average, we can charge rent on

these units under the current affordable guideline is approximately \$725 per month or about \$1,000 per month less than what we will receive for market rate units. Based on 15 units we will lose approximately \$180,000 per year or nearly \$10,000,000 over the 55-year holding period of these units. This makes the creation of 33 additional market rate units critical to offset the reduction of income from the economic reduction created by providing the affordable units.

- b. Potential sales reduction created by the affordable units. The cost of producing each unit in this project is estimated to be \$285,000. That cost is the same for market rate units as well as affordable units. The most optimistic sales price we anticipate from the sale of these apartment project units will equate to about \$330,000 per unit. Because this is an apartment project all housing units will be sold in bundle with the building associated with these specific units. However, as to the affordable units that sales price value will drop to approximately \$185,000 per units bases on a cap rate analysis of income created by these affordable units. That represents another \$2,175,000 loss that must be made up by the additional 33 Density Bonus units.

Bottom line without these concessions we will not be able to produce any affordable housing units.

Applicant Rick Deringer DeTurk Winery Village



APPLICATION DENSITY BONUS

Please Type or Print

File No: <i>DB19-006</i>	Quadrant <i>NW</i>
Related Files: <i>PRJ18-087</i>	
Set: <i>1</i>	
Department Use Only	

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GENERAL INFORMATION	LOCATION OF PROJECT (ADDRESS) 806 Donahue Street & 8 W. 9th Street	ASSESSOR'S PARCEL NUMBER(S) 010-091-001 & 010-091-007	ZONING TV-R-H-SA	
	NAME OF PROPOSED PROJECT De Turk Winery Village		GENERAL PLAN DESIGNATION Transit Village Medium	
	APPLICANT NAME * Richard Deringer, Managing Member	BUSINESS PHONE (707)310-2291	HOME PHONE () -	
	APPLICANT ADDRESS 808 Donahue Street Santa Rosa, CA 95401	CITY STATE ZIP	EMAIL rdodyssey@hotmail.com	
	APPLICANT REPRESENTATIVE Richard Deringer	BUSINESS PHONE () -	HOME PHONE () -	
	APPLICANT REPRESENTATIVE ADDRESS same	CITY STATE ZIP	EMAIL	
	PROPERTY OWNER NAME* (SIGNATURE REQUIRED BELOW) Railroad Square Village, LLC	BUSINESS PHONE (707)310-2291	HOME PHONE () -	
	PROPERTY OWNER ADDRESS 808 Donahue Street Santa Rosa, CA 95401	CITY STATE ZIP	EMAIL rdodyssey@hotmail.com	
	<small>*In the case of a partnership, all general and limited partners shall be identified. In the case of a corporation, all shareholders owning 10% or more of the stock and all officers and directors shall be identified. Please use the Partnerships & Corporations form.</small>			

PROJECT INFORMATION	PROJECT DESCRIPTION – ATTACH SEPARATE SHEET IF NECESSARY			
	PROJECT/BUSINESS DESCRIPTION – Describe in detail the proposed development, including the maximum number of base units currently allowed by the General Plan Land Use designation and the total units proposed. Attach separate sheet if necessary. Project is allowed 138 base units based on current zoning, plus the 35% density bonus increase for a total of 185 units. 15 of which are very low income			
	Describe requested concession/incentive and explain how they result in identifiable, financially sufficient and actual cost reductions: See attached description			
	DENSITY BONUS FOR: <input type="checkbox"/> CHILD CARE FACILITY <input checked="" type="checkbox"/> AFFORDABLE UNITS <input type="checkbox"/> SENIOR UNITS <input type="checkbox"/> LAND DONATION <input type="checkbox"/> CONDOMINIUM CONVERSION			
	SPECIFIC DENSITY PROPOSED MUST MEET APPROPRIATE STATE AND LOCAL REQUIREMENTS	SIZE OF PARCEL SQ FT OR 3.45 ACRES	DENSITY PER ACRE 25-40	#BONUS UNITS 47
	PROJECT INFO	AFFORDABLE OR SENIOR UNITS		INFRASTRUCTURE
	<input type="checkbox"/> EXISTING BUILDING/REOCCUPANCY	UNIT TYPE	NUMBER OF UNITS	LOCATION OF EXISTING UTILITIES AND NAME OF COMMUNITY FACILITIES
	<input checked="" type="checkbox"/> NEW CONSTRUCTION	<input checked="" type="checkbox"/> GENERAL RENTAL VERY LOW INCOME	15	<input type="checkbox"/> WATER:
	#UNITS TOTAL 185	<input type="checkbox"/> GENERAL RENTAL LOW INCOME		<input type="checkbox"/> SEWER:
	# BEDROOMS PER UNIT	<input type="checkbox"/> GENERAL FOR SALE MODERATE INCOME		<input type="checkbox"/> STREETS:
	<input checked="" type="checkbox"/> STUDIO/1 BDRM <input checked="" type="checkbox"/> 2 BDRM <input type="checkbox"/> 3 BDRM <input type="checkbox"/> 4 BDRM	<input type="checkbox"/> SENIOR RENTAL VERY LOW INCOME		<input type="checkbox"/> PUBLIC TRANSIT:
	# PARKING SPACES OFF STREET-122, ON-STREET-42	<input type="checkbox"/> SENIOR RENTAL LOW INCOME		<input type="checkbox"/> SCHOOLS:
	TYPE OF UNIT:	<input type="checkbox"/> SENIOR FOR SALE MODERATE INCOME		
	<input type="checkbox"/> SINGLE FAMILY DETACHED			
	<input type="checkbox"/> SINGLE FAMILY ATTACHED			
<input type="checkbox"/> SECOND UNIT <input checked="" type="checkbox"/> MULTI FAMILY				
<input type="checkbox"/> DUPLEX <input type="checkbox"/> MOBILE HOME				
% LOT COVERAGE	TOTAL NUMBER OF UNITS	15		
SUBMITTAL INFORMATION – See staff to determine which requirements apply				
<input type="checkbox"/> CURRENT PRELIMINARY TITLE REPORT ISSUED WITHIN THE LAST THREE MONTHS		<input type="checkbox"/> MAP IDENTIFYING BONUS UNITS AND AFFORDABLE UNITS		
<input type="checkbox"/> REQUIRED PLANNING APPLICATIONS		<input type="checkbox"/> SITE ANALYSIS MAP		
<input type="checkbox"/> INDEMNIFICATION AGREEMENT		<input type="checkbox"/> NEIGHBORHOOD CONTEXT MAP		
<input type="checkbox"/> ENVIRONMENTAL ASSESSMENT		<input type="checkbox"/> VICINITY MAP WITH NORTH ARROW		
PROPERTY OWNER'S CONSENT – I declare under penalty of perjury that I am the owner of said property or have written authority from property owner to file this application. I certify that I of the submitted information is true and correct to the best of my knowledge and belief. I understand that any misrepresentation of submitted data may invalidate any approval of this application.				
<i>x Richard Deringer Railroad Sq Village LLC</i>				

DEPT	APPLICATION <i>DB19-006</i>	RECEIVED BY: <i>WMC</i>	DATE <i>6.10.19</i>	FEE RECEIVED \$ <i>1238</i>	RECEIPT NUMBER <i>171082</i>
	PUBLIC HEARING	<input type="checkbox"/> REQUIRED <input type="checkbox"/> EXEMPT	DATE	FEE RECEIVED \$	RECEIPT NUMBER
	ENVIRONMENTAL REVIEW	<input type="checkbox"/> REQUIRED <input type="checkbox"/> EXEMPT	DATE	FEE RECEIVED \$	RECEIPT NUMBER