

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA RESCINDING  
RESOLUTION NO. RES-2022-248 AND ESTABLISHING PAYMENT OPTIONS FOR  
WATER AND WASTEWATER DEMAND FEES AND AMENDING THE ELIGIBILITY  
CRITERIA FOR THE HIGH-DENSITY MULTI-FAMILY RESIDENTIAL INCENTIVE  
PROGRAM TO INCREASE HIGH DENSITY DEVELOPMENT AND AFFORDABLE  
HOUSING DOWNTOWN

WHEREAS, the need for additional housing units remains, and the City has undertaken major efforts to address the housing crisis that existed before and was exacerbated by the October 2017 fires; and

WHEREAS, the City Council has an interest in incentivizing the location and development of high density residential units within the downtown area and close to transit pursuant to a high-density residential incentive program; and

WHEREAS, the City has specifically identified the payment of water and wastewater demand fees in the course of construction as an impediment to the development of such high-density residential development downtown and wants to provide options for payment of such fees as part of the incentive program; and

WHEREAS, the City's original Downtown Station Area Specific Plan, adopted in 2007, projected that 3,409 residential units would be constructed in the Plan area by 2027. Halfway through the planning period, only 100 residential units had been constructed, with an additional 275 units approved (not yet constructed at that time); and

WHEREAS, in 2016, the City of Santa Rosa embarked on a major effort to address the current housing crisis. The Housing Action Plan, which was prepared by the City in October 2016, identified several objectives including construction of 5,000 housing units in the 5<sup>th</sup> Cycle Housing Element (through 2023). The sudden loss of more than 3,000 homes in the 2017 Tubbs Fire dramatically exacerbated these housing needs; and

WHEREAS, a development and tax revenue analysis presented to the City Council in early 2016 by Urban 3, a planning and economics firm, provided the economic data supporting a higher density development approach in the downtown. The study found that high-density development generates significantly greater tax revenue per acre than suburban development, while also supporting the more efficient use of existing infrastructure investments; and

WHEREAS, an independent assessment of the need for an Incentive Program provided by real estate consultant, Keyser Marston Associates, Inc., illustrates the unique challenges facing high-density projects within the boundaries of the Downtown Station Area Specific Plan and General Plan Downtown Core Boundary and affirms the need for incentives to enable projects to move forward in the near term; and

WHEREAS, on September 25, 2018, the City Council adopted Resolution No. RES-2018-169, establishing the High-Density Multi-Family Residential Incentive Program (Incentive Program) to increase high-density development and affordable housing downtown by establishing payment options for Water and Wastewater Demand Fees for eligible high-density residential projects within the Downtown boundaries depicted in Exhibit A attached hereto and incorporated herein; and

WHEREAS, on October 13, 2020, the Council adopted the Downtown Station Area Specific Plan Update, replacing the 2007 Specific Plan with new tools to facilitate high-density mixed use residential and commercial development proximate to transit facilities, including the Downtown SMART rail station, the Downtown Transit Mall, and major bus routes. The updated Specific Plan looks at buildout over a 20-year period, or through 2040, and projects an increase of 7,000 new residential units to be constructed over that period; and

WHEREAS, on December 13, 2022, the Council adopted Resolution No. RES-2022-248, rescinding Resolution No. RES-2018-169, and establishing payment options for water and wastewater demand fees and amending the eligibility criteria for the High-Density Multi-Family Incentive Program to increase high-density development and affordable housing downtown; and

WHEREAS, the City Council determines that the amendment of the Incentive Program is not a “project” subject to the California Environmental Quality Act pursuant to CEQA Guidelines section 15378, including section 15378(b)(4), because it is a governmental fiscal activity that does not involve a commitment to a specific project that may result in a potentially significant physical impact on the environment; and further determines that, in the alternative, the action is exempt pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the action may have a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Santa Rosa hereby rescinds Resolution No. RES-2022-248 and establishes payment options for water and wastewater demand fees and amends the eligibility criteria for the Incentive Program as follows:

Residential projects located within the boundaries of Downtown as depicted on Exhibit A attached hereto shall be eligible for the Incentive Program if such projects meet the following criteria:

1. Residential projects of at least three stories in height with two or more floors dedicated to residential use.
2. The residential project must break ground before August 31, 2031. “Breaking ground” is defined as securing a foundation permit.
3. For purposes of the Incentive Program, floors are considered “residential” if at least twenty-five percent (25%) of the gross floor area is dedicated to habitable space.

4. Payment option one: Deferral of payment of residential water and wastewater demand fees until after 75% occupancy of all residential units within the project or six months from the date of final inspection approval, whichever is sooner.
5. Payment option two: Five-year payment plan for residential water and wastewater demand fees in five equal annual payments subject to interest based on the Prime interest rate, as published on the Bloomberg online internet site ([www.bloomberg.com](http://www.bloomberg.com)).

The payment options shall be conditioned upon the owner or developer executing a promissory note and deed of trust to be recorded against the subject property to secure payment of all deferred water and wastewater demand fees, together with any other documents reasonably necessary, in forms approved by the City Attorney's Office and the Director of Santa Rosa Water. A project seeking to participate in one of the above payment options shall not be eligible to participate in any other payment plan for water or wastewater demand fees.

BE IT FURTHER RESOLVED that the Council delegates authority to the Director of Santa Rosa Water to approve and execute the agreements and related documents necessary to implement the payment options established by this resolution.

IN COUNCIL DULY PASSED this 4th day of August, 2026.

AYES:

NOES:

ABSENT:

ABSTAIN:

RECUSE:

ATTEST: \_\_\_\_\_ APPROVED: \_\_\_\_\_  
City Clerk Mayor

APPROVED AS TO FORM: \_\_\_\_\_  
City Attorney

Exhibit A – Map of Downtown Specific Plan Area and General Plan Downtown Core Boundary