



High-Density Multi-Family Residential Incentive Program

City Council Report Item

August 4, 2026

Planning & Economic Development

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Incentive Program

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- Adopted in 2018 to **incentivize downtown housing** development including increased density and height by reducing/deferring City development impact fees for a limited 5-year term
- Supports City Council goals to promote Citywide **economic development** and encourage **housing for all**
- Council to consider extending the Program by an additional 5 years to allow time to:
 - Develop an updated impact fee study
 - Engage with the community and developers
 - Update the Incentive Program

Background

- 2016
 - Development and tax revenue analysis presented to Council by Urban 3 provided economic data supporting higher density development in downtown
 - Adopted the Santa Rosa **Housing Action Plan**
- 2018 - Adopted **Downtown Residential Incentive Program**, through 2023
- 2019 - Adopted Amendments to Incentive Program
- 2020 - Adopted the **Downtown Station Area Specific Plan**
- 2022 - Adopted **3-year extension** to Incentive Program, through 2026

Purpose of Incentive Program

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Encourage housing development of all affordability levels and increased densities in downtown through reduction/deferral of development impact fees:

- Reduced Capital Facilities fees (CFF)
- Reduced Park fees
- Deferral of payment of Water/Wastewater fees (no fee reduction)

Incentive Program Example

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Park Impact Fee =
\$11,519 / unit

Capital Facilities
Fee = \$6,821 / unit

7-Story, 296-Unit Apartment Project Downtown with CMU Zoning			No Incentives	Market Rate with Incentives	Affordable with Incentives
	Total Sq. Ft.	Residential Units	Total Fees	Total Fees (296 units)	Total Fees \$4 / Sq. Ft.
Floor 1 – parking/amenities	54,978	0	N/A	N/A	N/A
Floor 1 – residential	3,720	4	\$73,360	N/A	N/A
Floor 2 – parking/amenities	46,959	0	N/A	N/A	N/A
Floor 2 – residential	11,739	17	\$311,780	N/A	N/A
Floor 3 – residential	58,698	55	\$1,008,700	\$1,008,700	\$234,792
Floor 4 – residential	58,698	55	\$1,008,700	\$1,008,700	\$234,792
Floor 5 – residential	58,698	55	\$1,008,700	\$1,008,700	\$234,792
Floor 6 – residential	58,698	55	\$1,008,700	\$0	\$0
Floor 7 – residential	58,698	55	\$1,008,700	\$0	\$0
TOTAL	410,886	296	\$5,428,640	\$3,026,100	\$704,376

Water/Wastewater Impact Fee Incentive

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- Water and Wastewater Impact Fee Deferral Program is eligible for housing projects in the Downtown that are a minimum 3 stories, with at least 2 floors dedicated to residential:
 - **Option 1:** Deferral of payment of residential water and wastewater demand fees until after 75% occupancy of all residential units within the project or 6 months from the date of final inspection approval, whichever is sooner.
 - **Option 2:** 5-year payment plan for residential water and wastewater demand fees in 5 equal annual payments subject to interest.

Implementation

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Status	Project	Description	Address
Complete	The Cannery at Railroad Square	129 multi-family units (100% affordable) (6 stories)	3 West 3 rd Street
Complete	Pullman Lofts – Phase 1	74 multi-family units (3 stories)	701 Wilson Street
Complete	Pullman Lofts – Phase 2	40 multi-family units (5 stories)	85 8 th Street
Complete	888 4 th Street	90 multi-family units (7 stories)	888 4 th Street
Complete	The Felix	168 multi-family units (8 stories)	420 Mendocino Avenue
Complete	891 3 rd Street Multi-Family Housing	18 multi-family units (3-stories)	891 3 rd Street
Pending	Avenue 320 Apartments	37 multi-family units (3 stories)	320 College / 325 Lincoln
Pending	Pullman Lofts III	69 multi-family units (6 stories)	700 Wilson Street
Pending	Humboldt Street Apartments	299 multi-family units (7 stories)	425 Humboldt Street

Next Steps

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- Extend current expiration date from August 31, 2026 to August 31, 2031
- Engage with community and developers
- Develop updated impact fee study
- Amend Incentive Program

Recommendation

The Planning and Economic Development Department recommends that the Council, by three separate resolutions:

1. Rescind Resolution No. RES-2022-246 and set forth a revised schedule of capital facilities fees for the high density multi-family residential incentive program;
2. Rescind Resolution No. RES-2022-247 and set forth a revised schedule of park development impact fees for the high density multi-family incentive program; and
3. Rescind Resolution No. RES-2022-248 and establish payment options for water and wastewater demand fees for the high density multi-family residential incentive program to further support housing development and increased density in downtown Santa Rosa.