

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JESSICA JONES, SUPERVISING PLANNER
PLANNING AND ECONOMIC DEVELOPMENT
SUBJECT: APPROVAL OF FUNDING AGREEMENT AND SUPPLEMENT TO
FUNDING AGREEMENT WITH METROPOLITAN
TRANSPORTATION COMMISSION RE: DOWNTOWN STATION
AREA SPECIFIC PLAN UPDATE

AGENDA ACTION: RESOLUTIONS

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by two resolutions, (1) approve the Master Funding Agreement with the Metropolitan Transportation Commission (MTC) for planning, programming, transportation, transit, land use and other projects for fiscal years 2018/2019 through 2027/2028; and(2) approve Supplement One to the Master Funding Agreement with MTC for the Downtown Station Area Specific Plan Update; and (3) authorize the Chief Financial Officer to appropriate \$800,000, with the source of funds being a \$800,000 grant from the Metropolitan Transportation Commission.

EXECUTIVE SUMMARY

On October 9, 2007, the City Council adopted the Downtown Station Area Specific Plan (Specific Plan), which has yielded approximately 100 residential units and 194,000 square-feet of office and retail uses, with approximately 275 residential units and 107,000 square-feet of office and retail uses approved for future development. Midway through the planning period, these numbers are far below the projected the development of 3,409 new dwelling units, 197,500 square-feet of office and institutional uses, and 296,000 square-feet of retail uses by 2027. While a lack of vitality in the downtown can in part be attributed to market forces, feedback has indicated that the Specific Plan is too restrictive, in terms of development standards such as density and height, to finance and fully realize the City's need for high density downtown housing and job centers within walking distance to the Downtown Station. Following the Council's designation of downtown housing as a top priority, the City applied for a Planning Grant Program through the Metropolitan Transportation Commission (MTC), which was approved on April 25, 2018. The grant would provide funding for an update

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to the Specific Plan to address land use and transportation issues, as well as infrastructure needs, associated with intensification of housing development in the downtown. To begin the project, the City must sign an agreement with MTC and appropriate the necessary funds for the project. MTC is requesting that all grant recipients enter into a Master Funding Agreement, which would establish terms and conditions for all potential grant funding with MTC over a ten-year period, with supplements to the agreement for each grant awarded.

BACKGROUND

On October 9, 2007, the City Council adopted the Downtown Station Area Specific Plan (Specific Plan). The primary objective of the Specific Plan is to increase the number of residents and employees within walking distance (1/2 mile) of the Sonoma Marin Area Rail Transit (SMART) station through the intensification of land uses in the Plan area.

In 2007, the Metropolitan Transportation Commission (MTC) designated the Downtown Station Area Specific Plan boundaries as a Priority Development Area (PDA). PDAs are areas within existing communities that local governments have identified and approved for future growth. These areas are accessible by one or more transit services, and are often located near established job centers, shopping districts and other services. Santa Rosa has six PDAs: Downtown Station Area, North Santa Rosa Station Area, Roseland, Mendocino Avenue Corridor, Santa Rosa Avenue Corridor, and Sebastopol Road Corridor.

In October 2016, the Council accepted the Housing Action Plan, which was prepared to address the City's ongoing unmet housing needs and to implement the City's General Plan Housing Element.

In October 2017, the City experienced devastating fires, resulting in the loss of nearly 3,000 homes in Santa Rosa. Prior to the fires, the City was already in a housing crisis, with less than 300 units per year being realized each year, compared to the 625 units per year needed to reach the City's goal of 5,000 new housing units by 2023.

On December 14, 2017, MTC notified local governments in the Bay Area of the availability of grant funding for the PDA Planning Grant Program for up to \$800,000 (with a 12% local match). The PDA Grant Planning Program provides financial support for planning processes that seek to intensify land uses by increasing both housing supply, including affordable housing, and jobs, boosting transit ridership, increasing walking, bicycling, carpooling and car-sharing, and retaining and expanding community assets.

On February 13, 2018, the Council adopted a new set of priorities, which includes downtown housing as a Near Term (six month) and Tier 1 top priority.

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On March 5, 2018, based on Council Policy 000-62, which authorizes the City Manager or his designee to submit grant applications, the City submitted an application to MTC for the PDA Planning Grant Program to amend the existing Specific Plan. The grant would allow the City to comprehensively address land use and transportation issues, as well as infrastructure needs, associated with intensification of housing development in the downtown.

On April 25, 2018, the MTC Commission approved a grant in the amount of \$800,000 to the City of Santa Rosa to update the Downtown Station Area Specific Plan. A match of 12% (\$109,090) is required, which will be provided as in-kind staff time from the Planning and Economic Development Departments existing budget. A Master Funding Agreement, along with a supplement specifically for the proposed project, with MTC is required to be executed by the end of October 2018.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

Master Funding Agreement with the Metropolitan Transportation Commission

From time to time, MTC expects to provide grant funding to Bay Area jurisdictions for planning, programming, transportation, transit, land use or other similar projects. Santa Rosa has been the recipient of numerous grants through MTC over the years, and expects this trend to continue. In order to ease the process of administering the agreement side of the grant funding, MTC is requesting that all jurisdictions receiving grant funding through this year's Planning Grant cycle enter into a Master Funding Agreement. The Master Funding Agreement would establish terms and conditions for all potential grant funding with MTC over a ten-year period (fiscal year 2018/2019 through fiscal year 2027/2028). For each specific grant awarded, a Supplement to the Master Funding Agreement would be required, which, depending on the amount of funding awarded, may be reviewed by Council. The first Supplement for Santa Rosa is being requested for the Downtown Station Area Specific Plan Update project.

Downtown Station Area Specific Plan Update

The development of the Downtown Station Area Specific Plan was the culmination of several years of work by numerous elected officials, City staff, and the community at large, including many interested business and neighborhood groups. The primary objective was to increase the number of residents and employees within walking distance (1/2 mile) of the SMART station through the intensification of land uses in the Plan area; specifically, the development of 3,409 new dwelling units, 197,500 square-feet of office and institutional uses, and 296,000 square-feet of retail uses within 20 years (2027).

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The Specific Plan area encompasses approximately 1,560 parcels, and contains a diverse mix of land uses, development intensities, building heights, and circulation patterns. To preserve the character of these diverse neighborhoods while guiding appropriate development, the Specific Plan is divided into seven distinct sub-areas, which include Courthouse Square, Railroad Square, Railroad Corridor, Park and Gardens, Imwalle Gardens, Residential, and Historic Residential sub-areas.

The Specific Plan defines each sub-area by its unique characteristics and provides for specific regulations related to land use, density, parking, and height to inform new development. The regulations supplement the City's Zoning Code and Design Guidelines.

Since the adoption of the Specific Plan ten years ago, halfway through its lifespan, approximately 100 residential units and 194,000 square-feet of office and retail uses have been constructed, with approximately 275 residential units and 107,000 square-feet of office and retail uses approved for future development. While a lack of vitality in the downtown can in part be attributed to market forces, feedback has indicated that the Specific Plan is too restrictive, in terms of development standards such as density and height, to finance and fully realize the City's need for high density downtown housing and job centers within walking distance to the Downtown Station.

In addition to the lack of investment to the downtown, a number of other events have led the City to reconsider the intensity of development needed in the Downtown PDA. In October 2017, the City experienced devastating fires, resulting in the loss of nearly 3,000 homes in Santa Rosa (5% of the City's housing stock). Prior to the fires, the City was already in a housing crisis, with less than 300 units per year being realized each year, compared to the 625 units per year needed to reach the City's goal of 5,000 new housing units by 2023.

The Housing Action Plan, which works toward addressing housing needs through implementation of several programs, has resulted in a number of housing policy projects that are currently underway, including an amendment to the City's Density Bonus and Inclusionary Housing ordinances. Despite these efforts, however, it has become apparent that there is a need to do more to incentivize both new and replacement housing in the City's core, near transit and services.

On February 13, 2018, the Council adopted a new set of priorities, which includes downtown housing as a top priority.

While there is currently no density cap in parts of the downtown, the Specific Plan, as well as the City's General Plan and Zoning Code, do include parking minimums and height restrictions that effectively limit the amount of housing that can be realized on a site. With the devastating loss of housing in October 2017, coupled with the previously existing housing crisis, the City seeks to incentivize the development of new housing

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units, focusing on the downtown area, beyond the current projections outlined in both the General Plan 2035 and Plan Bay Area 2040 (MTC's long-range Regional Transportation Plan and Sustainable Communities Strategy for the nine-county San Francisco Bay Area).

To realize this vision of dense housing development in the downtown core, the City submitted a grant application to MTC to amend the existing Specific Plan to comprehensively address land use and transportation issues, as well as infrastructure needs, associated with intensification of housing development in the downtown. The proposed amendment would include consideration of the Environmental Impact Report (EIR) that was prepared for the Specific Plan, and a potential addendum or supplemental analysis to address increased housing potential.

It should be noted that the Specific Plan and PDA boundaries for the downtown area (which are the same) do not line up with the City's downtown core boundary, as identified in the Santa Rosa General Plan. While the downtown core boundary is smaller than the PDA, there is a section of the downtown core that is located outside of the Specific Plan/PDA boundary. The area in question is bounded by College Avenue to the north, Sonoma Avenue to the south, Brookwood Avenue to the east and E Street to the west. This inconsistency has created confusion and disconnect for this area of the downtown core. As a result, given its proximity to the City's Transit Mall, the amendment to the Specific Plan will also include amending the boundaries of the Specific Plan/PDA to include this additional area.

FISCAL IMPACT

Authorizing the Mayor to sign a Master Funding Agreement with MTC to establish terms and conditions for all potential grant funding over a ten-year period would not have a fiscal impact on the General Fund.

Authorizing the Mayor to sign Supplement One to the Master Funding Agreement specifically for \$800,000, to fund the Downtown Station Area Specific Plan Update, would obligate the City to provide a 12% local match, which totals \$109,090. It is the intention of the City to provide the local match as in-kind staff time in working on the project.

While the initial \$800,000 will need to be appropriated from the General Fund, that money will be paid back through reimbursements from MTC. The in-kind staff time would come from an existing Senior Planner within the Planning and Economic Development Department. The funding for this time would fall within the Department's existing budget. Therefore, there would be no further impact to the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it

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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 Guideline section 15378. Potential impacts resulting from any proposed changes to the Specific Plan, or subsequent changes to the General Plan, Zoning Code or other City document, will be assessed through a separate CEQA review process.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Notification for action on the MTC Funding Agreement is not required. However, community involvement for the planning process, which is anticipated to begin in mid to late summer, will be a key component of the Specific Plan Update. Stakeholders will be identified and outreach methods customized to ensure maximum involvement. Community stakeholders will include residents, business owners, property owners, developers, transit agencies, and neighborhood groups. A Community Involvement Plan will be developed, and brought to Council for acceptance, to ensure significant public involvement in identifying issues and envisioning future conditions in this area. Components of the Plan will include, but will not be limited to, development of an interactive website, strategies to reach those who do not regularly participate in City planning processes, creation of a Community Advisory Committee (made up of various community members) and a Technical Advisory Committee (made up of various City staff and staff from outside agencies), and community workshops, to name a few.

ATTACHMENTS

- Attachment 1 – Location Map
- Resolution 1/Exhibit A (Master Funding Agreement)
- Resolution 2/Exhibit A (Supplement One to Master Funding Agreement and Appropriation of Funds)

CONTACT

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