DOWNTOWN
HIGH-DENSITY MULTI-FAMILY RESIDENTIAL INCENTIVE PROGRAM

CITY COUNCIL
DECEMBER 13, 2022

City of Santa Rosa

Clare Hartman
Director
Planning and Economic Development

Jesse Oswald
Chief Building Official

Jen Santos
Deputy Director
Parks Division

PRESENTATION OVERVIEW

- Background
- Incentive Program - Overview
- Implementation
- Community feedback
- Staff Recommendation

INCENTIVE PROGRAM

- 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 foster a **vibrant downtown** and meet **housing needs for all**
- Council to consider:
  - Extending the Program by an additional 3 years
  - Amending the Program to reflect adoption of the Downtown Station Area Specific Plan – zoning and Floor Area Ratio (FAR)

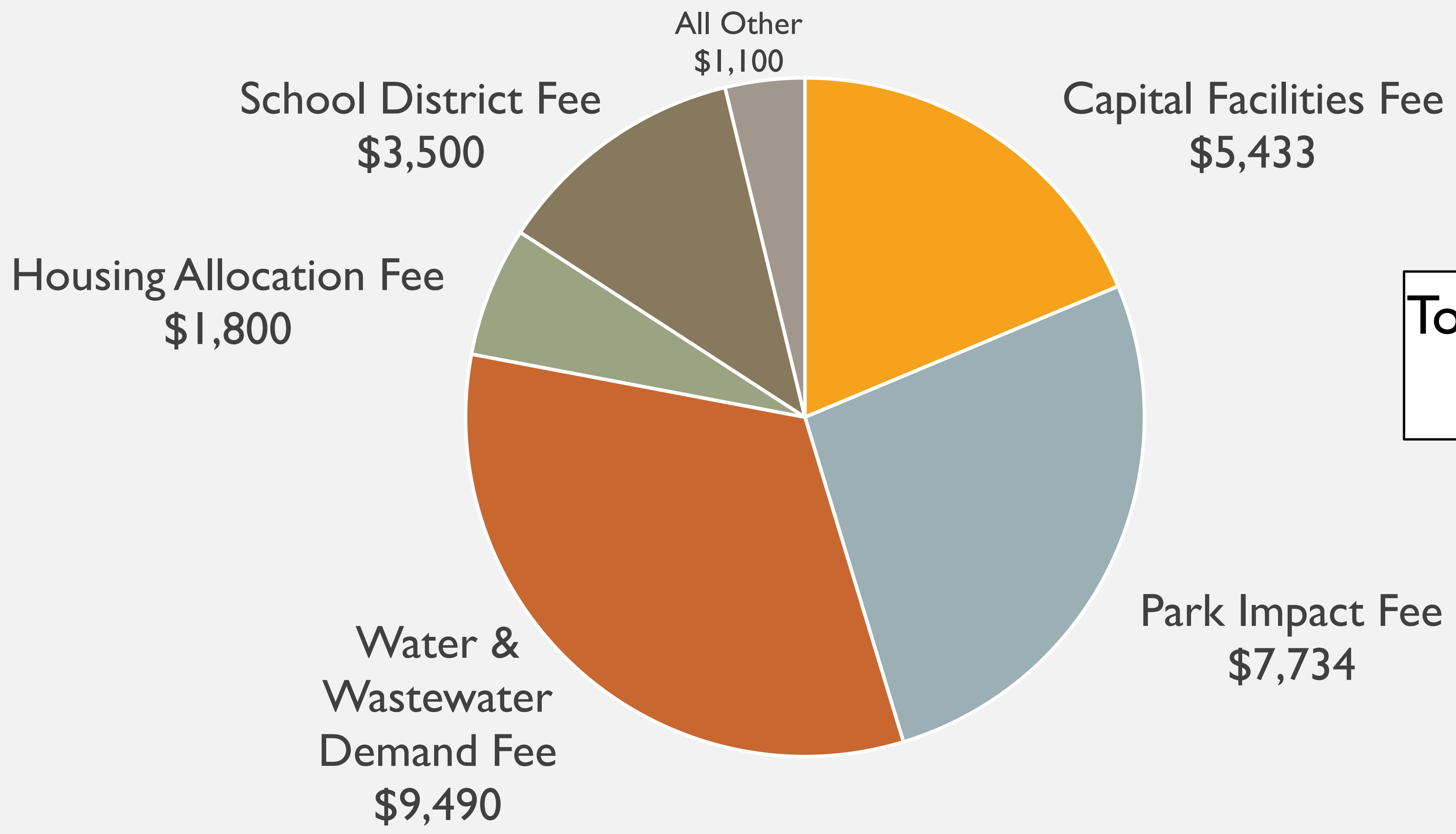
BACKGROUND

- 2016 - Adopted the Santa Rosa **Housing Action Plan**
- Supported ***Downtown Housing*** as a Council Tier I Priority
- Created an **UP Downtown** toolbox
- Adopted a city-wide **Resilient City** Ordinance
- **2018 - Adopted Downtown Residential Incentive Program**
- **2019 - Adopted Amendments to Incentive Program**
- 2020 - Adopted the **Downtown Station Area Specific Plan**
- Maintained ***Housing for All*** as a Council Goal
- CC Goals Work Plan 22-23 - Review Downtown Fee Incentive Program

UP DOWNTOWN SANTA ROSA

- Council Priority
- Permit Streamlining
- CEQA Streamlining
- **Fees & Incentives**
- Opportunity Zone
- Downtown Plan Update
- City owned assets
- RED Housing Fund
- Staffing & Professional Services

2018 ESTIMATED IMPACT FEES PER UNIT DOWNTOWN RESIDENTIAL PROJECTS



As of: September 18, 2018

Total Impact Fee per unit: $29,057

[1] *Fee varies by unit mix. Above estimate assumes average unit size of 800 sq. ft. and average fee per unit of $1.50 per sq. ft.*

[2] *Building inspection, plan review, fire permit, technology, advanced planning, micrographics, and state-mandated fees.*

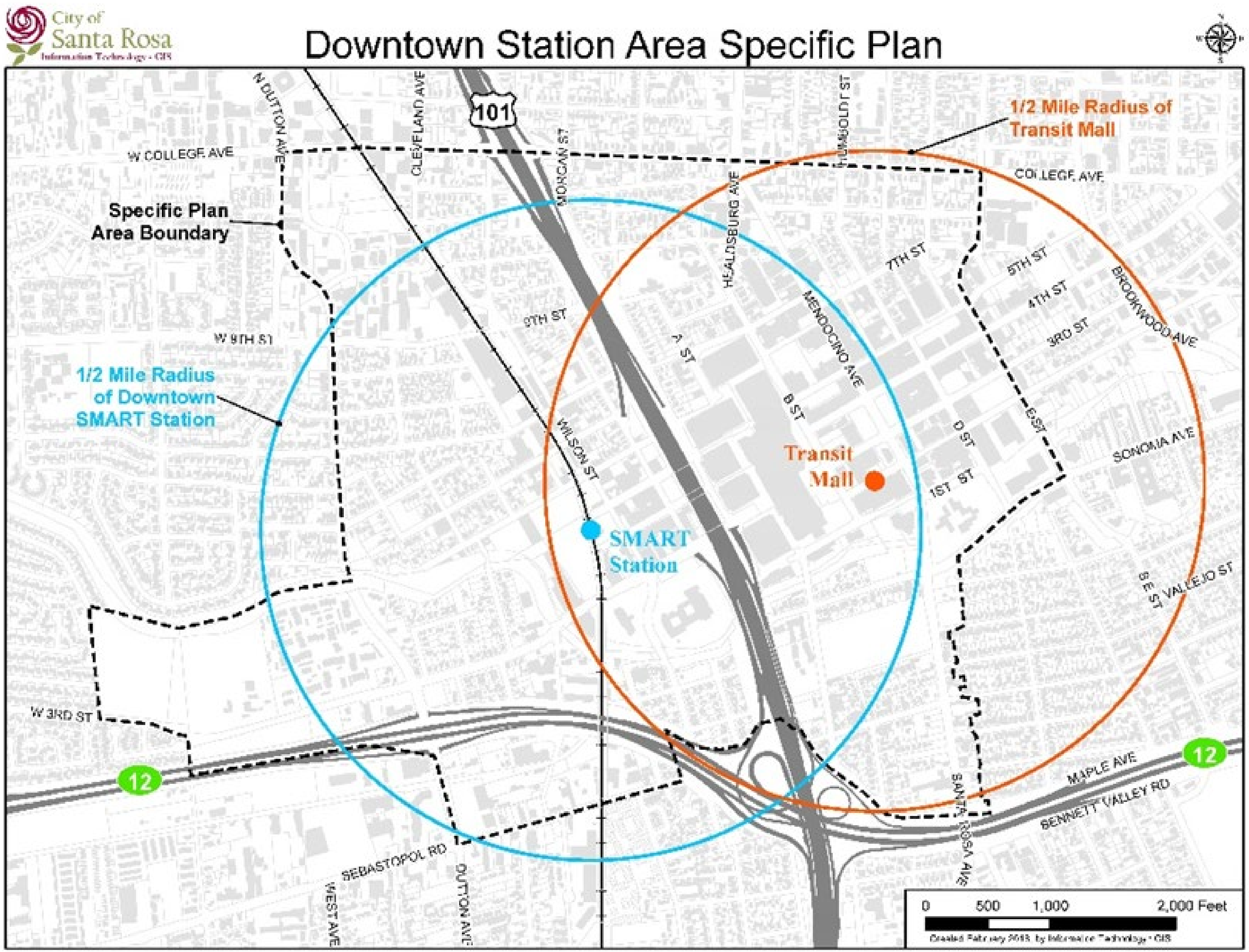
DOWNTOWN RESIDENTIAL FEE INCENTIVE PACKAGE

On **September 25, 2018**, the City Council adopts:

- Resolution #1: Capital Facilities Fees (CFF)
- Resolution #2: Water and Wastewater Impact Fees
- Resolution #3: Park Development Impact (PDI) Fees

On **June 18, 2019**, the City Council adopts:

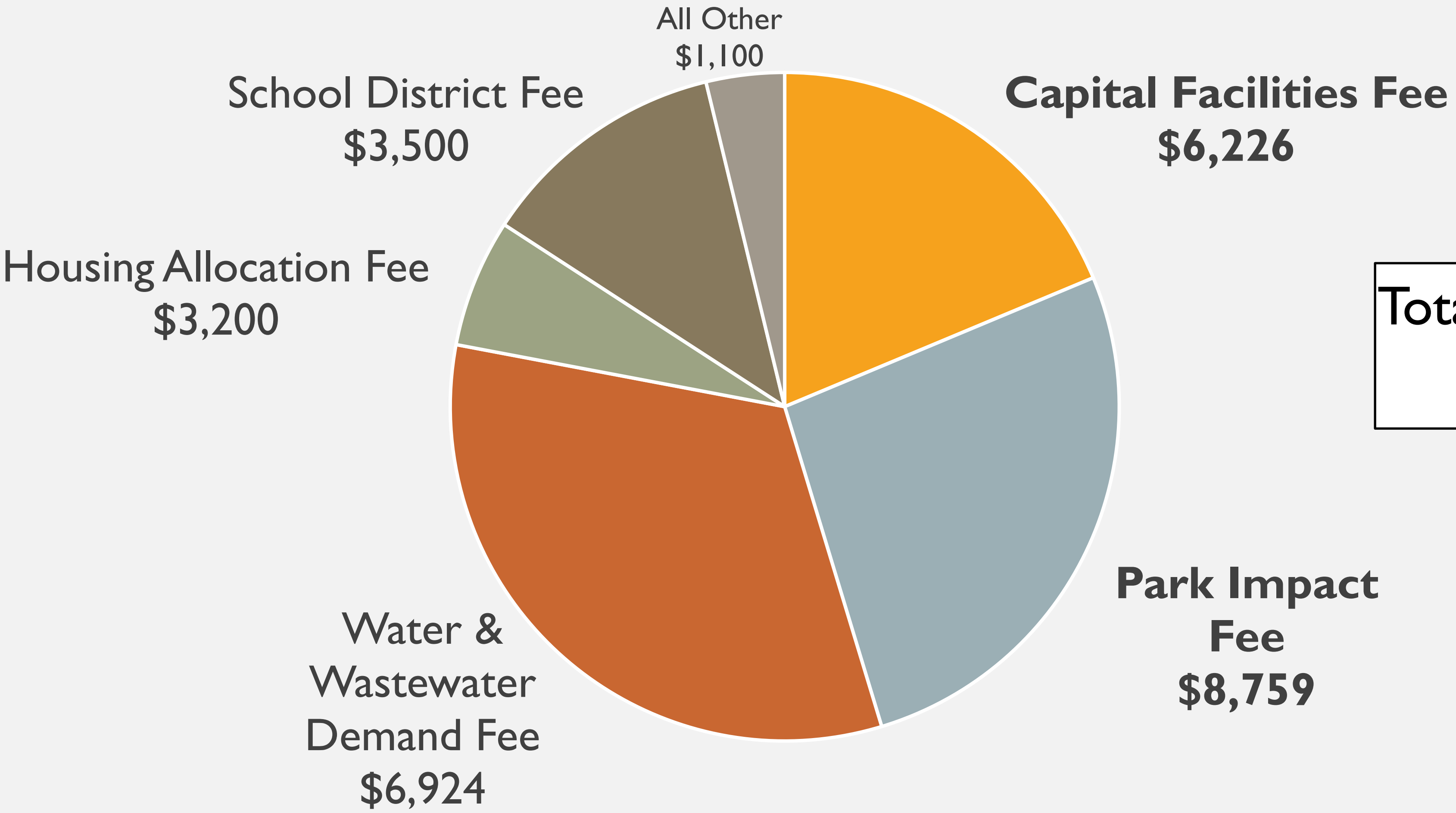
- Amendments to Resolutions #1 (CFF) & #3 (Park)
- Correct "downtown" boundary and add residentially eligible zoning districts


City of Santa Rosa
Information Technology - GIS
Downtown Station Area Specific Plan
1/2 Mile Radius of Transit Mall
Specific Plan Area Boundary
1/2 Mile Radius of Downtown SMART Station
Transit Mall
SMART Station
101
12
12
W COLLEGE AVE
COLLEGE AVE
N DUTTON AVE
CLEVELAND AVE
MORGAN ST
HUMBOLDT ST
HEALDSBURG AVE
7TH ST
5TH ST
4TH ST
3RD ST
BROOKWOOD AVE
9TH ST
W 9TH ST
A ST
MENDOCINO AVE
B ST
D ST
E ST
1ST ST
WILSON ST
SONOMA AVE
VALLEJO ST
W 3RD ST
MAPLE AVE
BENNETT VALLEY RD
SANTA ROSA AVE
SEBASTOPOL RD
DUTTON AVE
WEST AVE
0 500 1,000 2,000 Feet

2019 DOWNTOWN RESIDENTIAL FEE INCENTIVE CRITERIA

- Located in the Downtown – as defined by Station Plan
- Zoned CD-7 or CD-10:
  - 4 or more stories total; and 3 must be residential
- CD-5, TV-M, TV-R, R-3-18, or R-3-30 Zoning:
  - 3 or more stories total; and 2 must be residential
- Breaking ground before August 31, 2023
  - "Breaking ground" is defined as securing a foundation permit

2022 ESTIMATED IMPACT FEES PER UNIT DOWNTOWN RESIDENTIAL PROJECTS



As of: November 2022

Total Impact Fee per unit: **$29,709**

[1] *Fee varies by unit mix. Above estimate assumes average unit size of 800 sq. ft. and average fee per unit of $1.50 per sq. ft.*
[2] *Building inspection, plan review, fire permit, technology, advanced planning, micrographics, and state-mandated fees.*

2022 DOWNTOWN INCENTIVE EXAMPLE (CFF & PARKS)
MARKET RATE VS. AFFORDABLE

	4 Stories	5 Stories	6 Stories	7 Stories	10 Stories
Residential Floors	3	4	5	6	9
BEFORE INCENTIVES					
Fee Per Unit (All Floors)	**$14,985**	**$14,985**	**$14,985**	**$14,985**	**$14,985**
AFTER INCENTIVES					
MARKET RATE					
Fee Per Unit	$14,985	$14,985	$14,985	$14,985	$14,985
% Units Subject to Fee	100%	75%	60%	50%	33%
Net Fees/ Unit	$14,985	$11,239	$8,991	$7,493	$4,945
Fee Incentive/ Unit	**$0**	**($3,746)**	**($5,994)**	**($7,493)**	**($10,040)**
AFFORDABLE					
Base Fee /SF	$4.00	$4.00	$4.00	$4.00	$4.00
Base Fee/ Unit (800 SF/ Unit)	$3,200	$3,200	$3,200	$3,200	$3,200
% Units Subject to Fee	100%	75%	60%	50%	33%
Net Fees/ Unit	$3,200	$2,400	$1,920	$1,600	$1,067
Fee Incentive/ Unit	**($9,967)**	**($10,767)**	**($11,247)**	**($11,567)**	**($12,100)**

ADDITIONAL PARK FEE INCENTIVE

- In addition to reduced fees, 100% of Park fees collected from *qualifying projects* are to be used Downtown
  - This is *in addition* to park funds already allocated to downtown through standard city-wide budget process
  - This is *in addition* to opportunities already available city-wide for development agreements and public/private partnerships
  - Tracking method for Downtown park funds is in development
  - Application of "Downtown" funds is under review

WATER AND SEWER IMPACT FEE INCENTIVE/DEFERRAL

Water and Sewer Impact Fee Deferral Program is eligible for housing projects in the Downtown that are a minimum 3 floors dedicated to housing:

- **Option 1:** Deferral of water and wastewater demand fees for eligible projects until 75% of the residential units are occupied or for 6-months after final inspection, whichever is sooner.
- **Option 2:** Finance the water and wastewater fees for 5-years with interest.

Deferral provides a $1,700 per unit incentive
Per Keyser Marston Associates Memo

IMPLEMENTATION
ISSUED & PAID

- **The Cannery – 129 units, 6 stories, 100% affordable**
- **Total Incentive Value - $1,627,856**
  - CFF - $553,854
  - Parks - $1,074,002
  - Park impact fees paid – 100% Downtown - $63,778

ISSUED/PAYMENT PENDING

- **Pullman Lofts Phase 1 – 74 units, 3 stories**
  - **Total Incentive - $377,379**
- **888 4th Street – 90 units, 6 stories**
  - **Total Incentive - $487,972**

IN PLAN REVIEW

- **Pullman Lofts Phase 2 – 40 units, 5 stories**
  - **Estimated incentive $382k**
- **425/431 Humboldt Street – 88 units, 7 stories**
  - **Estimated incentive $1.3 M**
- **420 Mendocino Ave – 161 units, 8 stories**
  - **Estimated incentive $969k**

IMPLEMENTATION
ENTITLED & ELIGIBLE

- **Ross Street Development**
  - 109 units, 8 stories
- **1 Santa Rosa Avenue**
  - 120 units (5 affordable)
  - 7 stories
- **SMART Village, Phase I**
  - 114 units (12 affordable)
  - 6 stories
- **DeTurk Winery Village**
  - 185 units (15 affordable)
  - 4 stories
- **Avenue 320 Apartments**
  - 36 units, 3 stories
- **The Flats**
  - 24 units, 5 stories

COMMUNITY FEEDBACK

- 2022 – **Economic Development Subcommittee**
  - Continue to monitor implementation
  - Continue to collect feedback
  - Consider renewing prior to program's "expiration"
- 2022 – **Developer Roundtable Series**
  - **Downtown Toolbox** – continue the layers of incentives
  - Continue to provide incentives that address **Time-Cost-Certainty**
  - Extend the timeframe of the program
  - Continue to invest in downtown parks and urban spaces

AMENDMENTS PROPOSED

1. The project must include primarily residential uses:

    a) For projects located Downtown on parcel(s) **zoned CMU with a maximum base FAR requirement of 8.0**, as identified in Map LU-5 of the Downtown Station Area Specific Plan: the project must be four or more stories in height, with at least three floors dedicated to residential use.

    b) For all other projects located Downtown: the project must be three or more stories in height, with at least two floors dedicated to residential use.

    c) For affordable/inclusionary housing projects located Downtown: the project must construct affordable units on-site pursuant to the City's Housing Allocation Plan.

2. The residential project must break ground before **August 31, 2026**. "Breaking ground" is defined as securing a foundation permit;

RECOMMENDATION

- It is recommended by the Planning and Economic Development Department that Council, by three separate resolutions, adopt amendments to the High-Density Multi-Family Incentive Program to further support housing development and increased density in downtown Santa Rosa.