RESOLUTION NO.

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA RESCINDING RESOLUTION NO. RES-2022-246, SETTING FORTH A REVISED SCHEDULE OF CAPITAL FACILITIES FEES CHARGED PURSUANT TO CHAPTER 21-04 OF THE SANTA ROSA CITY CODE, AND AMENDING THE ELIGIBILITY CRITERIA FOR THE HIGH-DENSITY MULTI-FAMILY RESIDENTIAL INCENTIVE PROGRAM TO ENCOURAGE HIGH-DENSITY DEVELOPMENT AND AFFORDABLE HOUSING DOWNTOWN

WHEREAS, Chapter 21-04 of the Santa Rosa City Code (City Code) includes formulas for establishing capital facilities impact fees (CFF) to pay for certain public infrastructure facilities required to serve new development within the City of Santa Rosa; and

WHEREAS, Chapter 21-04.050(D) of the City Code identifies the application and calculation of CFF and enables the City Council to establish and adjust the amount of the CFF by resolution; 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 5th 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, on May 22, 2018, the City Council passed Resolution No. RES-2018-082, adopting the Impact Fee Program Update report dated February 2018, and establishing CFF; and

WHEREAS, on September 25, 2018, the City Council passed Resolution No. RES-2018-167, establishing the High-Density Multi-Family Residential Incentive Program (Incentive Program) to increase high-density development and affordable housing downtown by setting forth the schedule of Capital Facilities Fees charged pursuant to Chapter 21-04 of the Santa Rosa City Code and amending Resolution No. RES-2018-082; and

WHEREAS, on June 18, 2019, the City Council passed Resolution No. RES-2019-066, rescinding Resolution No. RES-2018-167, and setting forth a revised schedule of Capital

Facilities Fees charged pursuant to Chapter 21-04 of the Santa Rosa City Code and establishing a revised Incentive Program to increase high-density development and affordable housing downtown; 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-2022-246, rescinding Resolution No. RES-2019-066, and setting forth a revised schedule of Capital Facilities Fees charged pursuant to Chapter 21-04 of the Santa Rosa City Code 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 need for additional housing units remains, and the City has undertaken major efforts to address the housing crisis 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 the Incentive Program; and

WHEREAS, the City Council has an interest in incentivizing development of affordable housing projects that include construction of on-site affordable units; 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 (Downtown) and affirms the need for incentives to enable projects to move forward in the near term; and

WHEREAS, the City Council determines that the amendment of the Incentive Program is not a “project” subject to the California Environmental Quality Act (CEQA) 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 the fee modification is exempt from CEQA pursuant to Public Resources Code Section 21080(b)(8) and CEQA Guidelines Section 15273(a)(4) because it concerns fees used to fund capital projects necessary to maintain service within existing service areas; and further determines that 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-2022-246 and sets forth a revised Schedule of Capital Facilities Fees pursuant to Chapter 21-04 of the Santa Rosa City Code 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. 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, 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. For residential 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: CFF for projects proposing four or more stories, with at least three floors dedicated to residential use, shall be calculated based upon the first three residential floors only, and any additional floors dedicated to residential use shall be exempt from additional CFF.

5. For all other residential projects located Downtown: CFF for projects proposing three or more stories, with at least two floors dedicated to residential use, shall be calculated based upon the first two residential floors only, and any additional floors dedicated to residential use shall be exempt from additional CFF.

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6. For affordable or inclusionary housing projects located Downtown that construct the affordable units on-site pursuant to the City's Housing Allocation Plan, CFF for units not otherwise exempt under this resolution shall be reduced to $2 per square foot. The reduced CFF shall apply in accordance with the project's classification under subsection 1(a) or 1(b) above, as applicable.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

RECUSE:

ATTEST: ____________________________ City Clerk

APPROVED: _________________________________ Mayor

APPROVED AS TO FORM: _________________________ City Attorney

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