

38 Degrees North Phase 3 Apartment Homes
Project Description/Narrative (30 Home Community)
November 1, 2021

OVERVIEW

38 Degrees North Phase 3 ("Phase 3") is the construction of a 30-unit class A multi-family residential community on 1.29 gross acres. The project site is located at 2660 Petaluma Hill Road in the City of Santa Rosa. It is bounded by Petaluma Hill Road to the west; Farmers Lane to the south; 38 Degrees North Phase 2 (a proposed 172-unit residential community) and Franz Kafka Avenue to the east; and 38 Degrees North Phase 1 (a fully occupied, 120-unit residential community) and Kawana Springs Road to the north.

Kennedy Wilson ("KW"), a Los Angeles based real estate investment and development firm, is the builder of 38 Degrees North Phase 2. The Phase 3 project applicant/owner (KW Petaluma Hills Road, LLC) is also the owner of 38 Degrees North Phases 1 and 2.

MAJOR DESIGN REVIEW

Major Design Review is required for Phase 3 of 38 Degrees North.

Code-required parking for Phase 3 is one-and-one-half spaces per 1-bedroom (22.5 spaces) and two-and-one-half spaces per 2- and 3-bedroom units (37.5 spaces), for a total of 60 parking spaces. As part of Major Design Review for Phase 3, the applicant is requesting a parking reduction of 14 spaces (23.3% reduction), as allowed by the Municipal Code (Section 20-36.050).

In addition to the onsite parking, guest parking will be available along Franz Kafka Avenue (29 spaces are being constructed as part of Phase 2). As part of Phase 2, a reduction in the 25% Code-required allowable was granted due to the project's location and vicinity to neighborhood shopping centers and amenities.

Phase 3 of 38 Degrees North is designed in compliance with the City of Santa Rosa Design Guidelines (Section 3.2 for Multiple-Family Residential), as discussed below under "Multi-Family Residential"). The two residential buildings will integrate seamlessly with existing Phase 1 to the north and with Phase 2 (to the east and north), currently in permitting. Signage including building and unit numbering, as well as site plans at the vehicular entrance, will orient visitors and residents alike.

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**COMMENTS FROM CONCEPTUAL DESIGN REVIEW, GENERAL PLAN AMENDMENT
AND ZONE CHANGE APPLICATIONS**

On May 13, 2021, applications were submitted for Concept Design Review, as well as for a Zone Change and a General Plan Amendment. Comments received on these application packages, and the applicant's response to those comments, are summarized below. On July 15, 2021, the applicant had a conceptual design review meeting with the DRB.

The applicant received the following comments. These comments are acknowledged, and will be complied with by the applicant:

The applicant received (PRJ21-011) from the Building Division (in a memorandum dated July 6, 2021, and an email dated July 6, 2021).

Engineering Development Services comments dated July 26, 2021. A preliminary title report, project valuation, preliminary drainage report, conceptual drainage plan, dimensioned cross sections, grading plan and utility plan are all provided in the Major Design Review submittal, as requested. Planning has not yet determined that a sewer capacity study is required.

Fire Department comments dated June 30, 2021.

Environmental compliance comments from the Water Department dated June 24, 2021. Per comment 1, no environmental compliance requirements are applicable, as the project has only residential structures.

The applicant received email comments from the City's Transportation Planner (dated July 1 and July 2, 2021). Based on comments received, the finding of the project's VMT analysis were reviewed via con call (on August 4, 2021) with the City's Transportation Planner and the project's traffic consultant (W-Trans).

Police Department email dated June 24, 2021, listing no comments on the project.

38 DEGREES NORTH – ONE COMMUNITY

38 Degrees North Phase 3 is being designed to operate with Phases 1 and 2 as a single community via a cross access and reciprocal use agreement. The

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approved valet trash service currently in use will also be used for Phase 3. All of 38 Degrees North will be managed and operated as one community.

38 Degrees North Phase 3 provides 21 garage spaces and 10 carport spaces, for a total of 31 covered spaces (exceeding the required one covered space per unit), as well as 15 surface spaces, for a total of 46 spaces.

Bicycle parking is required by Code at a ratio of 1 space per 4 units, excluding the requirement for bicycle parking for those units that have a private garage (21 units in Phase 3). To meet the required bicycle parking for the remaining 9 units, 3 additional bicycle parking spaces will be provided.

Residents of the three phases will have access to all 38 Degrees North amenities. Amenities to be provided as part of Phase 2 include a resort-style pool and pool deck, and a tot lot (directly adjacent to Phase 3), as well as a fitness and resident clubhouse building. Amenities provided as part of Phase 1 include a pool area, leasing and clubhouse building, pet park, tot lot and resident garden.

An Open Space Preserve, consisting of 2.54 acres, is provided within 38 Degrees North. This Open Space Preserve includes a drainage swale containing a protected ephemeral creek and isolated seasonal wetlands. A pedestrian bridge will span the ephemeral creek so that all three phases of the community are linked via a pedestrian connection.

MULTI-FAMILY RESIDENTIAL

Building Description

38 Degrees North Phase 3 includes the construction of 30 apartment homes contained within two buildings. The two distinct residential building types are in the form of three-story walkup structures with tuck under garage parking and adjacent surface parking. One residential building contains 20 units that front onto Petaluma Hill Road. The second residential building contains 10 units and faces Farmers Lane, while flanking the entry drive. Overall, 38 Degrees North Phase 3 will contain 15 one-bedroom/one-bath units, 12 two-bedroom/two-bath units and 3 three-bedroom/two-bath units (for a one- to two- to three-bedroom unit ratio of 50% / 40% / 10%).

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The architecture for the Phase 3 residential apartment buildings will match the contemporary style and mix of framed massing and volumes as is in the Phase 2 design, using a traditional palette of materials, textures and colors in compliance with the City of Santa Rosa Design Guidelines. Building walls will be clad in a combination of fiber cement paneling and lap siding and will be accented with stained wood-look fiber cement and screening. The siding will be painted in neutral greys and bold blues to match the hues from both the Phase 1 and Phase 2 buildings to the north and east. Building elevations are punctuated with inset vinyl windows with fiber cement trim and feature perforated metal balcony guardrails and decorative wood-look screens, providing massing/articulation in compliance with the Design Guidelines. The peak of the flat parapet is at a maximum height of 39', and the roof finish material for both Phase 3 residential buildings will be comprised of thermoplastic olefin (TPO), high density polyethylene (HDPE) or other type of thermoplastic rubberized synthetic material.

Both Phase 3 residential buildings face ground floor units out onto the street frontage with the garages positioned internally along with the rest of the surface parking. The two residential buildings are sited at the corner at angles to frame the intersection of Petaluma Hill Road and Farmers Lane. The 10-unit building also flanks the entry into Phase 3 off Farmers Lane, which will be a lushly landscaped landmark element.

Green Building/Energy Efficiency

The apartment homes are designed to minimize the use of energy during the construction process through adherence to strict CalGreen requirements and City-adopted Tier 1 requirements. In addition, the design of the homes is such that ongoing utility costs will be minimized. 38 Degrees North Phase 3 will meet (or exceed) California Title 24 thresholds and any specific code amendments promulgated by the City of Santa Rosa pertaining to energy saving objectives. Primary energy saving features include dual pane windows and energy efficient heating and cooling, as well as the use of LED lighting and low flow shower heads, faucets and toilets. The buildings will be insulated with energy efficient ceilings (R-38) and walls (R-19). Solar panels will be mounted on the roofs of the residential buildings to further reduce energy consumption.

Additional green building/energy efficiency provisions will be provided in Phase 3, including recycling bins (which will be conveniently located for residents' use), electric car charging stations and bicycle racks. 38 Degrees North Phase 3 will

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achieve all the requirements of the All-Electric Reach Code ordinance, as adopted by the City of Santa Rosa in 2019.

Landscaping

The Preliminary Landscape Plan has been designed in compliance with the Design Guidelines and includes sidewalks and pedestrian walkways, outdoor seating areas, trees and groundcover. Trees include Crimson King Norway Maples, October Glory Maples, Japanese Blueberry Trees, White Crape Myrtles, Sweet Bays, Tulip Trees, Southern Magnolias, Olives, Coast Live Oaks, Valley Oaks, Chaste Trees and Mexican Fan Palms. These trees were selected to maintain consistency with the adjacent Phase 1 and Phase 2, improving on the landscaping already present in the neighborhood, which is a key component of the Design Guidelines. Groundcover includes ornamental layered landscaping.

Trees and other landscaping will be planted along the perimeter of Phase 3, including street trees along Petaluma Hill Road and Farmers Lane. Landscaping will also be introduced internally within the common open space areas between buildings and walkways, and within bulb outs and planter strips near drive aisles and parking areas. Bulb outs and planter strips are provided to break up expanses of paved areas in compliance with the Design Guidelines. Bio-retention areas will also be landscaped with an appropriate plant palette for the local climatic conditions. Landscaping will be primarily drought-resistant, in keeping with Santa Rosa's Water Efficient Landscape Ordinance (WELO) design requirements.

A monument sign, being installed with Phase 2, will be located at the Phase 3 entry drive off Farmers Lane. All site lighting, parking area lighting, building and pole-mounted lighting has been selected based on compliance with Section 130.2(b), Table 5.106.8 of the California Green Code, and Section 20-30.080(D) of the City of Santa Rosa Code, as well as in compliance with the Design Guidelines (Lighting for Multiple-family Residential).

GENERAL PLAN AMENDMENT

The Santa Rosa General Plan 2035, Section 2, Land Use and Livability; Subsection 2.4, Land Use Classifications, designates land use within the City. All of 38 Degrees North is designated as Medium Density Residential and Retail and Business Services, with a star symbol indicating that the site has been identified

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as a community shopping center location. The Medium Density Residential designation permits housing densities from 8.0 to 18.0 units per gross acre.

The land use designation is requested to be changed to "Medium High Density Residential", which allows densities ranging from 18.0 to 30.0 units per gross acre (note: this residential density is consistent with that allowed under the existing zoning designation, as discussed below). The Medium High Density Residential designation "...permits a range of housing types, including single family attached and multifamily developments, and is intended for specific areas where higher density is appropriate".

Although Phase 1 construction is complete and the homes are occupied, and, although homes for Phase 2 are currently under construction, the General Plan land use designation of "Medium High Density Residential" is proposed for all of 38 Degrees North, thereby providing the designation that reflects existing, under construction and proposed housing. By so doing, the density for all of 38 Degrees North (containing a total of 15.92 acres and 322 homes) will be 20.23 units per gross acre.

The General Plan Land Use Diagram is proposed to be amended to designate 38 Degrees North as "Medium High Density Residential", as shown on the enclosed General Plan Diagram Amendment Exhibit.

The Land Use Element's Community Shopping Center discussion (p. 2-11) identifies locations of three new community shopping centers, including one in southeast Santa Rosa. To provide consistency between the proposed amendment to the General Plan land use classification and its corresponding text, the applicant recommends that the reference to the southeast location be removed.

The Land Use Element's Southeast Area Plan discussion (p. 2-30) identifies both a community shopping center and a neighborhood shopping center (LUL-W and LUL-W-1). As with the General Plan's Community Shopping Center discussion above, to provide consistency between the proposed amendment to the General Plan land use classification and its corresponding text, the applicant recommends that both references to the community shopping center in the Southeast Area Plan discussion be removed.

As part of the request for a general plan amendment, Section 1-7 of the Santa Rosa General Plan requires that applications for a General Plan Amendment "...address why an amendment is warranted, describe events which have

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rendered the General Plan inadequate or unattainable, and describe any studies which have brought policies or portions of the plan into question.”

The Santa Rosa General Plan Amendment Application includes a requirement that an amendment narrative be prepared that responds to four criteria. These criteria overlap with the requirements identified in Section 1-7 of the Santa Rosa

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General Plan. That narrative, responding to each of the four amendment criteria is provided below.

1. Amendment Criterion: Why do you want the Plan changed?

Response: Phase 1 and Phase 2 of 38 Degrees North were approved under the existing general plan designation of Medium Density Residential and Retail and Business Services, which allows multi-family housing. However, since the general plan designation of Retail and Business Services also includes a star symbol indicating that the site has been identified as a community shopping center location, the General Plan is proposed to be amended to accommodate multi-family housing to seamlessly integrate Phase 3 with the Phase 1 and Phase 2 components of the residential community.

2. Amendment Criterion: What changes or events have occurred or what new evidence has arisen since the Plan was adopted which now warrant a change?

Response: Since the Santa Rosa General Plan was adopted (November 2009), three new grocery outlets have entered the market within walking distance of 38 Degrees North. Traders Joe's is now located at 2100 Santa Rosa Avenue, less than a half-mile from 38 Degrees North. Target is now located at 1980 Santa Rosa Avenue, bringing fresh grocery service to the Santa Rosa Marketplace retail center. Target is located approximately 0.3-miles from 38 Degrees North. Smart and Final is located at 2805 Santa Rosa Avenue, approximately 0.9-miles from 38 Degrees North.

With the addition of these three grocery stores, there is no further demand for a grocery store at 38 Degrees North. The applicant purchased the 38 Degrees North site from WinCo Foods (a grocery developer/operator), which sold because the company no longer considered there to be demand for a grocery store at this location.

3. Amendment Criterion: Have detailed neighborhood plans or other studies revealed the need for a Plan Amendment?

Response: Studies that have revealed the need for a Plan Amendment include a report prepared as part of the Santa Rosa General Plan update, currently underway. In December 2020, the City issued "Santa Rosa

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Forward Existing Conditions Report". Among the key findings of that Report were the following Market Demand and Economic Opportunities Analysis Findings:

- * Demand for housing is strong in Santa Rosa, as the city and region continue to experience a supply shortage.
- * Financial feasibility challenges have constrained the development of higher density housing in Santa Rosa, as rents and sales prices are not yet sufficient to overcome the high cost of construction.
- * National trends indicate that 'brick-and-mortar' retail sales will continue to decline over time, as a higher share of retail sales will be captured online.

These findings, as well as the findings of an extensive market-based grocery store supply and demand analysis undertaken for 38 Degrees North (enclosed herewith), demonstrate that a grocery store is not warranted. Based on the market researcher's findings, the 38 Degrees North site "...does not support any anchor retail use and does not support a grocery store anchor in particular" (Key Findings).

4. Amendment Criterion: Describe the effect the proposed change will have on the surrounding uses. Describe how the proposed change will affect achievement of the Plan in this and the surrounding area.

Response: The proposed General Plan Amendment to allow Phase 3 will positively affect the surrounding uses, as Phase 3 will seamlessly blend with the rest of the Degrees North community. 38 Degrees North is compatible with surrounding land uses, which are also residential.

The proposed General Plan Amendment will affect achievement of the General Plan through the provision of 30 additional rental housing units. The "Annual Review 2019: General Plan 2035, Growth Management Program, and Inclusionary Housing Ordinance, City Council and Planning Commission Report" documents the City's Regional Housing Needs (which are to be provided during the time period of 2015-2023). A total of 1,879 building permits were issued between 2015-2019 (p. 9). The housing need

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remaining between 2020-2023 is 3,204 units. 38 Degrees North Phase 3 will assist in the City in a small measure in provided much-need housing.

ZONE CHANGE

The Phase 3 site is currently zoned Community Shopping Center (CSC) by Chapter 20-35, Commercial Zoning Districts, of Division 2 (Zoning Districts and Allowable Land Uses) of Title 20, Zoning, of the City of Santa Rosa City Code. The CSC designation allows for both multi-family development (up to 30 units per acre) and commercial uses.

Text revisions to the City Code are not required to achieve Phase 3 of 38 Degrees North. The zoning district, however, is proposed to be R-3 (Multi-Family Residential), which (Chapter 20-22, Section 20-22.020, Purpose of the residential zoning districts) is applied "...to area of the City appropriate for residential neighborhoods with medium and higher residential densities, to provide home rental and ownership opportunities..." with a "...maximum allowable density range from eight to 30 dwellings per acre, with the specific allowable density for each parcel shown on the zoning map by a numerical suffix to the R-3 map symbol".

As stated above under "General Plan", although Phase 1 construction is complete and the homes are occupied, and, although homes for Phase 2 are currently under construction, the zoning district of R-3 (Multi-Family Residential) with a numerical suffix of -30 (i.e., R-3-30) is proposed for all of 38 Degrees North, thereby providing the designation that reflects existing, under construction and proposed housing. By so doing, the density for all of 38 Degrees North (containing a total of 15.92 acres and 322 homes) will be 20.23 units per gross acre.

The Zoning Map of the City of Santa Rosa is proposed to be amended to designate 38 Degrees North as "R-3-30" (Multi-Family Residential)", as shown on the enclosed Zoning Map Diagram Amendment Exhibit.

As part of the request for a zone change, the "reasoning for the proposed text amendment must also be included". Although the text itself is not proposed to be amended, amending the Zoning Map would allow the provision of 30 additional rental housing units in the City of Santa Rosa. Please refer to the

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General Plan amendment narrative above. The responses to those criteria are applicable to the reasoning for the request to amend the Zoning Map.

ENVIRONMENTAL REVIEW

An Initial Study/Mitigated Negative Declaration (IS/MND) was prepared for the 5.03-acre 38 Degrees North Phase 1 (aka Kawana Springs Apartment Homes) project. That IS/MND included mitigation measures to fully mitigate potential environmental effects associated with the provision of 120 apartment homes (18 of which are affordable) and project amenities (including a community room and pool, dog park, tot lot and community garden), as well as parking and infrastructure improvements (both on- and off-site).

An IS/MND was also prepared for the 10.87-acre parcel containing the 38 Degrees North Phase 2 project. That IS/MND evaluated the potential environmental effects associated with the provision of 172 apartment homes and project amenities (including an outdoor community area, a pool/deck/spa area, and a 4,354-square-foot clubhouse containing a fitness center), as well as parking and infrastructure improvements (both on- and off-site, including provision of a bus pullout stop with bench at the southwest corner of the site). Additionally, mitigation measures were included (and permits subsequently obtained from the regulatory agencies) to create the Open Space Preserve.

The IS/MND for 38 Degrees North Phase 2 also analyzed the environmental effects of buildout, with a 21,000-square-foot community shopping center (a grocery store with ancillary retail) on 1.29-acres of the 10.87-acre parcel, to accommodate the 38 Degrees North Phase 3 project as it was envisioned at that time.

Mitigation measures were included to fully mitigate potential environmental effects associated with buildout of Phase 2 and Phase 3. A range of impacts were determined to be less than significant, and, therefore, required no mitigation. Those potential impacts determined to be less than significant included, among others, aesthetic impacts (including visual character/quality of existing visual character of the area, scenic resources and lighting).

An addendum to the Phase 2 IS/MND has been prepared, addressing the provision of 30 apartment homes, rather than provision of a 21,000-square-foot

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community shopping center on the 38 Degrees North Phase 3 project site. Based on the addendum's analyses, no additional environmental impacts (beyond those evaluated and mitigated in conjunction with the IS/MND for buildout of the parcel containing Phase 2 and Phase 3) will occur.

PROJECT BENEFITS

38 Degrees North Phase 3 provides the following benefits to the City of Santa Rosa:

- The Project will help meet the large demand for rental housing in Santa Rosa by providing high-quality apartments within proximity to commercial uses and the City center.
- The Project will pay the Capital Facilities Fee, with the funds being used by the City to pay for public infrastructure facilities to serve the Project as well as other new projects.
- The Project will pay Water and Wastewater Demand Fees to mitigate its impacts and to connect to those services.
- The Project will pay Park Development Fees which will be used by the City to help fund the costs of acquiring and constructing neighborhood and community parks.
- The Project will pay School Impact Fees which are designed to cover the costs related to the increased enrollment.
- The Project will pay Housing Impact Fees which will be used to assist in the development of affordable housing in the City of Santa Rosa.