

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: BILL ROSE, SUPERVISING PLANNER (PRESENTER)  
PLANNING AND ECONOMIC DEVELOPMENT

SUSIE MURRAY, CITY PLANNER (AUTHOR)  
PLANNING AND ECONOMIC DEVELOPMENT

SUBJECT: DETURK WINERY VILLAGE – THE COUNCIL WILL CONSIDER A  
VACATION OF PUBLIC RIGHT-OF-WAY FOR AN 18,725-SQUARE  
FOOT AREA ALONG THE EAST SIDE OF DONAHUE STREET, AND  
A DENSITY BONUS FOR A THIRTY-FIVE PERCENT DENSITY  
INCREASE FOR PROPERTIES LOCATED AT 806 DONAHUE  
STREET AND 8 W. 9<sup>TH</sup> STREET, FILE NO. PRJ16-012

AGENDA ACTION: ORDINANCE AND RESOLUTION

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RECOMMENDATION

It is recommended by the Planning Commission and the Planning and Economic Development Department that the Council, by separate resolutions, approve a Vacation of Public Right-of-way and a Density Bonus for DeTurk Winery Village.

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EXECUTIVE SUMMARY

DeTurk Winery Village includes 185 apartments of which 15 would be designated for very low income occupants for a period of 55 years. This represents 6.7% of the City's 5-year goal for market rate units and 1.4% of the 5-year goal for very low income units. The project would also retain approximately 20,000 square feet of existing commercial space.

The applications before the Council include (i) a Vacation of Public Right-of-way, through which an approximately 18,725-square foot strip along east side of the Donahue Street frontage would be conveyed to the applicant, and (ii) a Density Bonus requesting a 35% increase in allowable housing density. Should the Council approve these two applications, Final Design Review will be the only remaining approval necessary for the project prior to issuance of grading and building permits. The Council delegated Final Design Review to staff when it granted Preliminary Design Review.

## BACKGROUND

- On November 5, 2015, the first of two Joint Concept Design Review meetings was held before the Design Review Board and the Cultural Heritage Board (jointly, Boards).
- On February 24, 2016, a Neighborhood Meeting was held at the DeTurk Round Barn to introduce the project. Approximately 20 neighbors attended.
- On March 3, 2016, the second Joint Concept Design Review meeting was held before the Boards.
- On April 19, 2016, the Council adopted Resolution No. 28768 stating its Intention to Consider Vacation of Public Right-of-way for a 18,725 square foot strip along the east side of Donahue Street, between W. 8<sup>th</sup> Street and W. 9<sup>th</sup> Street.
- On May 24, 2016, the project applications, including Design Review, Landmark Alteration, Density Bonus and Vacation of Public Right-of-way, were submitted to Planning and Economic Development.
- On August 11, 2016, in response to the Issues Letter dated June 21, 2016, the applicant submitted a revised set of plans.
- On October 6, 2016, the first of two joint public hearings before the Boards was held to consider Preliminary Design Review and a Landmark Alteration Permit (LMA). Direction was given to the applicant and the meeting was continued to a date uncertain.
- On November 3, 2016, the second joint public hearing of the Boards was held. Both Preliminary Design Review and LMA were denied.
- On November 10, 2016, the applicant submitted an appeal of the two denials to the City Clerk.
- On January 31, 2017, the Council granted the appeal and approved both Preliminary Design Review and a Landmark Alteration Permit. Council delegated Final Design Review to staff.
- On March 23, 2017, the Commission adopted two resolutions recommending that Council grant the Vacation of Public Right-of-way and approve a Density Bonus for the project.

### PRIOR CITY COUNCIL REVIEW

On April 19, 2016, the Council adopted Resolution No. 28768 stating its Intention to Consider Vacation of Public Right-of-way for a 18,725 square foot area along the east side of Donahue Street, between W. 8<sup>th</sup> Street and W. 9<sup>th</sup> Street.

On January 31, 2017, the Council granted an appeal of the Design Review and Cultural Heritage Boards' denials and approved both Preliminary Design Review and a Landmark Alteration Permit for the project.

### ANALYSIS

#### 1. Project Description

The project proposes to construct a mixed-use development including 185 residential for-rent units, of which 15 will be designated for very low incomes occupants, and will retain approximately 20,000 square feet of commercial space. It involves four applications: A Landmark Alteration Permit, Design Review, Density Bonus and Vacation of Public Right-of-way.

The development site is located at 806 Donahue Street and 8 W. 9<sup>th</sup> Street, adjacent to the railroad tracks. The General Plan and Downtown Station Area Specific Plan (DSASP) both target this site for high density residential development. The site is located within two recognized historic districts (West End and North Railroad) and is currently developed with the historic DeTurk Winery complex which is listed on the California Register of Historic Resources. With the proposed Vacation of Public Right-of-way, the project site will encompass 3.44 acres.

#### 2. Surrounding Land Uses

North: Transit Village Medium (25-40 units per acre)

South: Transit Village Medium

East: Transit Village Medium and directly adjacent to the SMART rail tracks

West: Low Density Residential (2-8 units per acre) and Parks & Recreation

DeTurk Winery Village is located in the locally recognized West End Preservation District. The project site is bordered to the east by the SMART tracks and, just beyond the tracks, the recently approved Pullman Lofts site. The site is bordered to the west by Donahue Street, with the DeTurk Round Barn, DeTurk Park and residential properties directly across the street. The site is bordered to the north by W. 9<sup>th</sup> Street and to the south by W. 8<sup>th</sup> Street, both of which provide a mix of commercial uses in the project vicinity.

The site is also located within the State-recognized North Railroad District, which is comprised of a strip of commercial and industrial buildings along the railroad tracks, of which three buildings on the DeTurk Winery campus are included.

3. Existing Land Use – Project Site

The project site is currently developed with the historic DeTurk Winery complex consisting of both the Winery structures and the U.S. Bonded Warehouse structures. The large building located on the north end of the project site had been determined to have no historic significance. The existing buildings are currently occupied with a mix of commercial uses, including a gym, moving and storage companies, and a book publishing company.

4. General Plan

The General Plan land use designation for the site is Transit Village Medium which allows a density of 25-40 units per acre. This designation is intended to accommodate mixed-use development within one-half mile of the downtown SMART station. Residential uses are required and ground floor commercial uses are encouraged.

Transit Village Medium is the City's highest density residential land use designation; it was implemented to encourage higher density residential projects in proximity to the downtown SMART station. Pursuant to General Plan Policy H-F-4 shown below, the project implements the City's Density Bonus Ordinance by providing 11% of the base units as affordable units to very low income occupants, thus qualifying for a 35% density increase. The request is consistent with State Law, which allows development at densities higher than allowed by the General Plan land use designation in return for affordable units. The project is generally consistent with the General Plan.

The General Plan goals and policies listed below summarize those most relevant to the subject Vacation and Density Bonus. A more comprehensive list is provided in the Commission staff report for the meeting of March 23, 2017 (attached).

UD-G-2 Locate higher density residential uses adjacent to transit facilities, shopping, and employment centers, and link these areas with bicycle and pedestrian paths.

H-A Meet the housing needs of all Santa Rosa residents.

H-C Expand the supply of housing available to lower income households.

H-D-11 Continue to provide funding and offer incentives such as density bonuses,

reduced parking requirements, design flexibility, and deferred development fees.

H-F-4 Continue to implement the City's Density Bonus Ordinance, consistent with State Law.

NS-F-1 Require remediation and cleanup in identified areas where hazardous materials have impacted soil or groundwater.

5. Downtown Station Area Specific Plan (DSASP)

The DSASP is the result of a community based vision for downtown Santa Rosa. It is centered around the downtown SMART station and defines the framework for development. The subject property is located within the Railroad Corridor Sub-Area of the DSASP, and has been designated for high density residential development.

Goals and policies of the DSASP encourage transit-oriented development, with an emphasis on affordable housing, reduced parking and mixed use. The project includes several transit-oriented components, including increased densities in proximity to a transit facility, reduced parking, unbundled parking, and shared vehicles available for residential occupants at no charge. The project is consistent with the DSASP.

The DSASP goals and policies listed below summarize those most relevant to the subject Vacation and Density Bonus. A more comprehensive list is provided in the Commission staff report for the meeting of March 23, 2017.

SP-LU-2.3 Utilize existing City programs and policies to encourage and facilitate development of affordable housing within the Specific Plan Area.

SP-LU-6 Encourage development projects that will improve the quality of life in the Specific Plan Area and draw new residents into the core of Santa Rosa.

SP-T-4.1 Ensure that parking requirements in the Specific Plan Area stimulate transit-oriented development by supporting and encouraging shared parking where possible and by allowing reductions to on-site parking requirements when supported by a parking study.

SP-T-4.11 Allow private residential development projects to provide "unbundled" parking, defined in the Zoning Code as parking spaces that are separated from the cost of housing, meaning that residents with no vehicles would realize a cost savings by not leasing a parking space. Correspondingly, residents may pay more to lease more than one parking space.

6. Zoning Code

The development site is located within the TV-R-H-SA zoning district (Transit Village - Residential, and is within both the Historic and Station Area combining districts). This zoning district is consistent with the General Plan land use designation and is applied to areas within approximately one-half mile of a transit facility that are considered appropriate for mixed-use projects. As a mixed-use project, combining residential and commercial uses, the project is an allowed use within the TV-R-H-SA zoning district. The project is consistent with the development standards for such use.

Density Bonus

Zoning Code Chapter 20-31 sets forth the City's Density Bonus regulations. It is intended to provide incentives for the production of affordable housing. Pursuant to both Zoning Code Section 20-31.060 (A) and Government Code § 65915 (State of California density bonus regulations), because this housing developer is electing to designate 11% of the maximum allowable units for very low income occupants, the project is entitled to two concessions and a 35% density increase. The applicant is requesting concessions for building height and parking. The proposed 185 residential units represents the maximum 35% density increase.

Zoning Code Section 20-31.080(B) requires the City to grant the concessions requested by the applicant unless the City can make a written finding, based on substantial evidence, that one or more of the following circumstances apply:

1. The concession is not required in order to provide for affordable housing costs or affordable rents.
2. The incentive or concession would have a specific adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5 of the California [Government Code](#), upon public health and safety or physical environment or any real property that is listed in the California Register of Historical Resources and for which the City determines there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low and moderate income households.
3. The incentive or concession would be contrary to State or Federal law.

With respect to the potential for a specific adverse impact on historical resources (number 2 above), portions of the project site, including the DeTurk Winery building and the U.S. Bonded Warehouse, are listed on the California Register of Historical Resources. The historical analysis prepared by Susan Clark, dated September 2016, recognizes that space has been left between the historic and new structures so that key features of the historic structures remain clearly visible from the street, and the

proposed height of Buildings A and D are similar to the historic winery building. The analysis concludes that the proposed height will not have an adverse impact on the historical resources and that the proposed apartment buildings are compatible with the historic DeTurk Winery and U.S. Bonded Warehouse.

Zoning Code Section 20-31.030 provides a list of application requirements. This list is referenced below followed by the staff response to each submittal item:

- Identification of the location, acreage, and the maximum number of base units allowed under the zoning and the land use designated under the General Plan without the density bonus.

Response: The project site, inclusive of the proposed vacated right-of-way, is 3.44 acres. The maximum allowable density without density bonus for the 3.44 site is 137 units. The applicant is proposing that 15 of those units (11%) be designated for very low income occupancy, which qualifies the project for a 35% density increase; a total of 185 units. These calculations follow the rounding requirements of Section 20-12.020.

- Identification of the total number of units proposed, specifically identifying the density bonus units and the affordable units which will demonstrate eligibility under this Chapter.

Response: The applicant has provided an exhibit, attached to this report, that demonstrates eligibility for Density Bonus.

- Identification of the requested concessions or incentives or a list of any alternative concessions or incentives which would provide, in the developer's opinion, an equivalent financial value to the concession or incentive requested. This requirement does not impair the applicant from substituting a new incentive or concession from what is initially proposed, but substitution may cause project delays and require revision of environmental documents, and may necessitate additional processing fees as determined by the Director of Community Development.

Response: The applicant has requested concessions for building height and parking.

- A clear statement of how the requested concessions or incentives are necessary to make the proposed housing development economically feasible, and result in identifiable, financially sufficient and actual cost reductions. The information should be sufficiently detailed to enable City staff to examine the conclusions reached by the developer.

Response: The applicant has provided a justification for the Density Bonus; a copy is attached to this report.

- Other pertinent information as the Director of Planning and Economic Development may require to enable the City to adequately analyze the identifiable, financially sufficient and actual cost reductions of the proposed housing development with respect to the requested additional concession or incentive and other concessions or incentives which may be made available.

Response: The applicant has provided all additional information requested by City staff, including technical reports, an appraisal for the area being vacated, aerial views, etc.

The project was reviewed by staff and has been found in compliance with the Zoning Code Density Bonus regulations.

### Parking

The project meets parking requirements, which were calculated using a hybrid of City and State regulations (shown in the table below). Because the Zoning Code has provisions allowing decision makers to increase the number of parking spaces for the commercial portion of this project, the applicant has requested parking as a concession. Under Zoning Code Section 20-31.080, the requested concession must be granted unless, as set forth in more detail above, (1) the concession is not required in order to provide for affordable housing costs or affordable rents, (2) the concession would have a specific adverse impact upon public health and safety or physical environment or any real property listed in the California Register of Historical Resources, or (3) the concession would be contrary to State or Federal law. Staff finds that none of the exceptions apply.

With respect to the residential component of the project, State Law (Gov Code Section 65915(p)(2)) precludes the City from requiring more than 0.5 parking spaces per bedroom because the project includes 11 percent very low income units and is located within one-half mile of a major transit stop.

In total, DeTurk Winery Village must provide 170 spaces, calculated as follows:

- Through a request for Density Bonus, the project will designate 15 units for very-low income occupants. Pursuant to State Law (Gov Code §65915(p)(2)), the required parking for the residential portion of the project is 0.5 spaces per bedroom, totaling 128 spaces. These spaces are provided in off-street locations.



- The project includes approximately 20,000 square feet of commercial space. West End Fitness & Sport Center currently operates within that space. An 18% parking reduction was previously granted for the gym reducing the parking requirement to 17 spaces (reference CUP13-049, attached). At the time of approval, West End Fitness & Sport Center occupied 12,500 square feet.
- Zoning Code Section 20-36 (Table 3-4) requires non-residential uses within the Railroad Corridor Sub-Area to provide one parking space for every 300 square feet of operating space. This standard was applied to the remaining 7,500 square feet of commercial space requiring another 25 parking spaces.

The project provides 174 parking spaces which meets the parking requirements detailed above. As shown in the table below, there are 132 off-street spaces which will be designated solely for residential uses. There are 42 on-street spaces, 10 more than currently available.

| Land Use                 | Required by           | Required Spaces | Available Spaces | Location of Spaces   |
|--------------------------|-----------------------|-----------------|------------------|--|
| Residential              | Gov Code §65915(p)(2) | 128             | 132              | Off-street (101 in Building D; 18 Building C; and 13 in the surface lot) |
| Existing Gym (12,500 SF) | CUP13-049             | 17              | 17               | On-street  |
| Existing Gym (7,500 SF)  | Zoning Code Table 3-4 | 25              | 25               | On-street  |
|                          | <b>Total</b>          | <b>170</b>      | <b>174</b>       |  |

Zoning Code Section 20-36.050(C)(4)(c) encourages alternative solutions to meeting parking requirements for development within the DSASP boundary. The project also incorporates the following alternative measures which are intended to reduce parking demand:

- There will be four community vehicles available for residential occupants of DeTurk Winery Village. There will be no charge to residents for the use of these vehicles. They will be parked in the off-street residential spaces.

- Parking spaces will be unbundled from residential units. Unbundled parking spaces are separated from the cost of housing, meaning that residents with no vehicles would realize a cost savings by not leasing a parking space.
- There are 42 parking spaces along the east side of Donahue Street. These spaces are within the project boundary and meet the City's parking requirement. The applicant will provide a public access easement over this area and all 42 spaces will be available to the public on a first come, first serve basis. A parking agreement will be recorded. Initially, the 42 spaces will be restricted to 2-hour parking Monday through Friday, 8:00 a.m. to 6:00 p.m., and will have unrestricted parking at night time and on weekends. The parking agreement will allow the City to modify parking restrictions in that area in the future.

A Traffic and Parking Study, prepared by W-Trans, dated September 27, 2016, concluded that, with the incorporation of these programs, parking demand is met. The project was reviewed by staff and has been found in compliance with the Zoning Code parking regulations.

7. Vacation of Public Right-of-way

The applicant has requested a Vacation of Public ROW for approximately 18,725 square feet along Donahue Street. Pursuant to California Streets and Highways Code Section 8324(b), the review authority must make one finding prior to vacating the street:

- The area is unnecessary for present or prospective public use.

The area being vacated is currently used for public parking. As conditioned, the City will reserve access for public uses in the entire area being vacated. As such, staff has determined that *City-ownership* of the area is not necessary for present or prospective public use. Such reservation of an easement is permitted under Streets and Highways Code Section 8340.

Nothing in the California Streets and Highways Code prevents the City Council from vacating a street or public service easement without charging costs if it determines that the vacation is in the public interest. The addition of 18,725 square feet to the Project area will result in an additional 23 residential units. The applicant has also provided an appraisal prepared by Howard R. Levy, Ward Levy Appraisal Group, Inc., dated September 20, 2016 (Appraisal). The Appraisal concludes that the value of the property is zero dollars since the City will reserve the entire 18,725-square foot area for public use. City staff has reviewed the appraisal and agrees with that conclusion.

8. Design Guidelines

The Project has been found in compliance with the City's Design Guidelines. Preliminary Design Review was granted by the Council on January 31, 2017, Resolution No. RES-2017-013. Final Design Review was delegated to staff and may be acted upon subsequent to final action on the Density Bonus and Vacation of Public Right-of-way requests.

9. Historic Preservation Review Standards

The Project has been found in compliance with the City's Historic Preservation Standards. A Landmark Alteration Permit was approved by the Council on January 31, 2017, Resolution No. RES-2017-014.

10. Neighborhood Comments

A Neighborhood Meeting was held on February 24, 2016. Comments generally pertained to parking, density, building height, property values, safety, periods of construction, street improvements, and architectural design.

Staff has received several calls throughout the application review process from neighbors concerned about building height.

All written correspondence is attached.

The following table summarizes neighborhood concerns and provides staff's response:

| <u>Comment/topic</u> | <u>Staff response</u>  |
|----------------------|--|
| Parking              | The applicant has requested a concession for parking.  |
| Density              | The requested density is allowed, and encouraged, through the Density Bonus regulations.   |
| Building height      | The applicant has requested an increase in building height as a concession.  |
| Property values      | No economic analysis was prepared for or reviewed by staff, nor should an economic analysis influence the decision of the Project. |

|                         |   |
|-------------------------|---|
| Safety                  | The Project plans have been reviewed by City staff and conditioned appropriately for public safety.   |
| Periods of construction | Construction hours have been limited to Monday through Friday. No noise generating construction activities are permitted on Saturdays, Sundays or holidays. |
| <u>Comment/topic</u>    | <u>Staff response</u>   |
| Street improvements     | The Project plans have been reviewed by City staff and conditioned appropriately.   |
| Architectural design    | Preliminary Design Review and a Landmark Alteration Permit were approved by the Council on January 31, 2017.  |
| Short-term rentals      | The City does not currently regulate vacation rentals as a land use separate and distinct from a residential land use.                                      |
| Vacation of Public ROW  | If approved, the vacated 18,725 square feet of public right-of-way will allow for an additional 23 residential units.                                       |

11. Public Improvements/On-Site Improvements

Improvements along the project frontages will include upgrading the street to City Street standards including street, sidewalk, parking, etc.

The project will also remediate existing contamination within Donahue Street.

FISCAL IMPACT

If the request for Vacation of Public Right-of-way is approved, it would convert 18,725 square feet of public right-of-way to taxable real property.

ENVIRONMENTAL IMPACT

The project has been found in compliance with the California Environmental Quality Act (CEQA) pursuant to the following CEQA Guidelines, as further outlined in the draft resolutions provided herewith:

- Section 15183 - Consistent with the General Plan, the DSASP, and zoning, for each of which an EIR was certified
- Section 15332 - In-fill Development

- Section 15330 - Involves cleanup of known contamination along Donahue Street
- Section 15331 - Involves restoration measures which have been found to be consistent with the U.S. Secretary of the Interior's Standards.

#### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On March 23, 2017, the Commission held a public hearing regarding the subject Vacation of Public Right-of-way and Density Bonus applications. The Commission approved two resolutions recommending the Council approve both requests. Both resolutions carried with a vote of 4-0-0-3, with three commissioners absent.

#### NOTIFICATION

- November 10, 2015 – A Notice of Application for the Intent to Vacate Right-of-way was mailed to property owners within 400 feet of the site.
- May 26, 2016 – A Notice of Application for the project was mailed to property owners within 400 feet of the site.
- September 2016 – Pursuant to Zoning Code Chapter 20-66, a Notice of Public Hearing was mailed to property owners within 400 feet of the subject site, a Notice of Public Hearing was published in the Press Democrat, and three public hearing signs were installed on site announcing the October 6, 2016, Joint DRB and CHB meeting.
- October 2016 - Pursuant to Zoning Code Chapter 20-66, a Notice of Public Hearing was mailed to property owners within 400 feet of the subject site, a Notice of Public Hearing was published in the Press Democrat, and three public hearing signs were installed on site announcing the November 3, 2016, Joint DRB and CHB meeting.
- January 2017 - Pursuant to Zoning Code Chapter 20-66, a Notice of Public Hearing was mailed to property owners within 400 feet of the subject site, a Notice of Public Hearing was published in the Press Democrat, and three public hearing signs were installed on site announcing the January 31, 2017, Council meeting.
- March 2017 - Pursuant to the California Streets and Highways Code Section 8323 and Zoning Code Chapter 20-66, a Notice of Public Hearing was mailed to property owners within 400 feet of the subject site, a Notice of Public Hearing was published in the Press Democrat, and five public hearing signs were installed announcing the March 23, 2017, Planning Commission meeting. Notices were sent 15 calendar days prior to the hearing.
- April 2017 - Pursuant to the California Streets and Highways Code Section 8323 and Zoning Code Chapter 20-66, a Notice of Public Hearing was mailed to property

owners within 400 feet of the subject site, a Notice of Public Hearing was published in the Press Democrat, and five public hearing signs were installed announcing the Council hearing scheduled on May 9, 2017. All notifications were made 15 calendar days prior to the hearing.

### ATTACHMENTS

- Attachment 1 - Disclosure Form
- Attachment 2 - Location and Neighborhood Context Map
- Attachment 3 - Density Bonus Justification
- Attachment 4 - Project Plans and Elevations
- Attachment 5 - Affordable Units Exhibit
- Attachment 6 - Legal Description
- Attachment 7 - Appraisal
- Attachment 8 - Technical Reports (Historic Evaluation, Addendum to Historic Evaluation, DPR Primary Record, Northwest Information Center site history, DPR Form 523 for North Railroad District, and Traffic and Parking Study)
- Attachment 9 - Commission Minutes, Resolutions and Staff Report from March 23, 2017
- Resolution 1 - Vacation of Public ROW
- Resolution 2 - Density Bonus

### CONTACT

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