

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR COURSEY AND MEMBERS OF THE COUNCIL
FROM: ANDY GUSTAVSON, SENIOR PLANNER
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
SUBJECT: DENSITY BONUS ORDINANCE UPDATE

AGENDA ACTION: RESOLUTION AND ORDINANCE

RECOMMENDATION

It is recommended by the Planning Commission and the Planning and Economic Development Department that the Council (1) by resolution adopt a Negative Declaration for the Density Bonus Ordinance Update, and (2) introduce an ordinance amending Chapter 20-31, Density Bonus and Other Developer Incentives, to be consistent with State law and to provide for supplemental density bonus options.

EXECUTIVE SUMMARY

The California State Density Bonus Law (California Government Code Section 65915) was adopted in 1976 to help address affordable housing needs in the state. The City adopted the Density Bonus Ordinance in 2004, with the most recent update in 2012 to comply with State law. Current amendments to State law, since 2012, necessitate this ordinance update.

The City's 2016 Housing Action Plan frames the Council's strategy to meet housing needs in the City and includes direction to revise the City Code to be consistent with State density bonus law and to explore additional opportunities for supplemental density bonus. Consistent with this direction, the proposed ordinance update would amend Zoning Code Chapter 20-31 to be consistent with State law and to create a supplemental density bonus program that enables eligible projects located within the boundaries of the Downtown Station Area Specific Plan or North Santa Rosa Station Area Specific Plan ("Station Area Plans") to increase residential density up to 100% above the existing General Plan limit. Eligible projects include housing development of five or more units that provide affordable units, senior housing, a land donation for the construction of affordable housing, child care facilities, specialized housing for transitional foster youth, disabled veterans, homeless persons, or student housing.

On July 26 and October 25, 2018, the Planning Commission held public hearings on the proposed Density Bonus Ordinance Update ("ordinance"). Following the close of the

public hearing on October 25th, the Commission voted 5-1-1 to recommend that the City Council adopt the Negative Declaration and approve the Ordinance.

BACKGROUND

1. Project Description

The proposed Ordinance would amend Zoning Code Chapter 20-31, Density Bonus and Other Developer Incentives, to (a) comply with State law and (b) add provisions for a supplemental density bonus of up to 65% above the State density bonus maximum of 35% (for a total bonus of 100% above General Plan allowable density).

The State's 35% density bonus would be available to eligible projects throughout the City wherever eligible projects are permitted by the Zoning Ordinance.

The proposed supplemental density bonus program would allow eligible projects within the Station Area Plan boundaries to exceed General Plan maximum residential density by as much as 100% with an approved Minor Use Permit. Eligible projects would qualify for one of three supplemental density bonus tiers (25%, 35%, and 65%) above the State's 35% density bonus, based on General Plan designation, location criteria, and eligibility points earned by providing affordable units and community benefits. Eligible projects located within the boundary of a Preservation District will not qualify for a supplemental density bonus, except if those projects are located on sites designated by the General Plan as Transit Village Medium, Transit Village Mixed Use, or Retail and Business Services. Eligible projects located on sites with these land use designations may qualify for the highest supplemental density bonus tier (65%).

The existing density bonus ordinance is provided in Attachment 1; the amended ordinance text, in strike-out and underline format, is provided in Attachment 2. The maps showing the supplemental density bonus area and supplemental density tiers within the Station Area Plans is provided in Attachment 3.

2. Project History

In 1976, the California State Density Bonus Law (SDBL), defined in California Government Code Section 65915, was adopted to help address California's affordable housing needs. The SDBL requires local governments to grant a density increase over the otherwise maximum allowable residential density defined in the General Plan when an applicant for an eligible project requests a density bonus. The SDBL also requires local governments to grant certain incentives, concessions, reductions, and waivers to development standards to

help offset the cost of providing affordable housing, senior housing, a land donation for affordable housing, child care, or specialized housing.

By 2004 the City adopted a local Density Bonus Ordinance that complied with the SDBL at that time. The Density Bonus Ordinance was subsequently amended in 2004, 2010 and 2012.

Legislative updates to the SDBL since 2012 have not been incorporated into Zoning Code Chapter 20-31, Density Bonus and Other Developer Incentives.

In 2016, the City Council accepted the Housing Action Plan (Plan) to address local ongoing unmet housing needs and to implement the City's General Plan Housing Element. The Plan identified density bonuses as an effective tool to incentivize on-site construction of affordable housing units by private developers and affordable housing providers. To increase the efficacy of the density bonus incentive, Program 1 of the Plan directs development of a Zoning Code Text Amendment to address changes to SDBL, and to consider appropriate additional density above the State-allowed 35%, with consideration of up to 100% density bonus.

In May 2017, the City entered into a contract with Metropolitan Planning Group (M-Group) to assist with preparing an update to Chapter 20-31.

On October 5, 2017, a Density Bonus White Paper (Attachment 4) was released for public review. The document provides a comprehensive overview of the SDBL, recent amendments to State law, and relevant background to inform an update of Zoning Code Chapter 20-31.

On December 4, 2017, a series of three workshops were conducted with housing developers, affordable housing providers, and the community to gather feedback and direction on refining recommended updates for the supplemental density bonus, which is outlined in the Community Comments section of this report (below).

On July 26, 2018, the Planning Commission held a public hearing on the proposed ordinance and voted to continue the item to a date uncertain to provide staff time to respond to comments and questions raised by the public and by the Commission.

On September 29, 2018, Governor Brown signed into law four new housing-related bills that will take effect January 1, 2019 and, as discussed below, establish a new mandatory State provision that qualifies Student Housing for a State density bonus.

On October 25, 2018, the Planning Commission resumed its public hearing on the proposed ordinance and recommended 5-1-1 that the Council certify the Negative Declaration prepared for the project and adopt the proposed ordinance to update the Density Bonus Chapter of the Zoning Code.

PRIOR CITY COUNCIL REVIEW

See “Project History” in Background section above.

ANALYSIS

1. General Plan

The proposed ordinance update to Chapter 20-31 is consistent with the following General Plan goals and policies.

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| LUL-A | Foster a compact rather than a scattered development pattern in order to reduce travel, energy, land, and materials consumption while promoting greenhouse gas emission reductions citywide. |
| LUL-L-1 | Establish land use designations and development standards which will result in a substantial number of new housing units within walking distance of the downtown SMART station site; and |
| LUL-Z-1 | Support future transit improvements and ridership, and provide a significant number of new residential units, through intensified land uses and increased residential densities; and |
| LUL-Z-2 | Support transit-oriented development in the project area by allowing adequate intensity of use and requiring pedestrian-oriented development (e.g., buildings along sidewalk, parking lots minimized). |
| UD-B-2 | Encourage, promote, and assist in the development of housing units within downtown for a mix of income levels and housing types, including integrating housing into existing buildings as mixed use. |
| UD-B-4 | Respect and relate the scale and character of development at the edges of downtown to the surrounding Preservation Districts. |
| 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-2 | Pursue the goal of meeting Santa Rosa’s housing needs through increased densities, when compatible with existing neighborhoods. Development of existing and new higher-density sites must be designed in context with existing, surrounding neighborhoods. The |

number of affordable units permitted each year and the adequacy of higher-density sites shall be reported as part of the General Plan Annual Review report.

- H-C-6 Facilitate higher-density and affordable housing development in Priority Development Areas (PDA), which include sites located near the rail transit corridor and on regional/arterial streets for convenient access to bus and rail transit. Implement existing PDA specific plans—the Downtown Station Area Specific Plan and the North Santa Rosa Station Area Specific Plan—and develop new plans, such as the Roseland Specific Plan, to encourage the development of homes that have access to services and amenities.
- H-C-15 Encourage new affordable housing development to provide amenities for residents, such as on-site recreational facilities, children's programs (day care or after-school care), and community meeting spaces.
- H-D-11 Encourage the development of affordable housing for the elderly, particularly for those in need of assisted and skilled nursing care. Continue to provide funding and offer incentives such as density bonuses, reduced parking requirements, design flexibility, and deferred development fees; and
- H-D-12 Encourage the provision of affordable housing for young adults, particularly former foster youth and young mothers, through planning consultations, streamlined permit processing, and funding assistance.
- H-F-4 Continue to implement the City's Density Bonus Ordinance, consistent with state law.
- H-F-6 Ensure that regulations contained in the Santa Rosa Zoning Code provide development standards, parking requirements, and use allowances which facilitate the development of housing for all income groups.

The updated ordinance would ensure that Chapter 20-31 is consistent with State law, and would extend State law, as provided for in California Government Code Section 65915(n), to allow a supplemental density bonus that further promotes housing development in the City's Station Area Plans. The ordinance requires that supplemental density bonus applications generate at least 60% of a project's required eligibility points to qualify for the supplemental bonus by providing affordable housing. The remaining 40% of the eligibility points can be obtained by providing a variety of community benefits, which include public open space dedication as well as innovative community benefits, which may include recreational facilities and community meeting spaces. Finally, supplemental

density bonuses are contemplated only on the periphery of the City's Preservation Districts. The notable exception is in the Transit Village Medium, Transit Village Mixed Use, and Retail & Business Services Land Use Designations, where the entire designation is allowed the highest tier of supplemental density bonuses (at 65% above the State Density Bonus) to support transit-oriented development.

In addition to aligning with General Plan goals and policies, the Ordinance promotes higher-density housing development on identified General Plan Housing Opportunity Sites by allowing the highest tier of supplemental density bonuses on these sites. The Transit Village land use designations are wholly within the Station Area Plan boundaries and, therefore, may receive a supplemental density bonus of up to 65% above the State density bonus. Properties within the Medium High-Density Land Use Designation that are also within the Station Area Plan boundaries would continue to receive a 65% supplemental density bonus.

2. Other Applicable Plans

The proposed amendments to Chapter 20-31 also align with the goals and policies of the City's Downtown Station Area Specific Plan and the North Santa Rosa Station Area Specific Plan. Each of the specific plans support higher density housing development within their boundaries, which coincide with the boundaries of two of the City's six Priority Development Areas (PDA), as well as encourage higher density development near major transit stops such as the Transit Mall and the two Sonoma Marin Area Rail Transit (SMART) stations. Further, the proposed ordinance amendments would support and implement the City's Housing Action Plan and Housing Allocation Plan ordinance by enhancing the incentives that State density bonus law provides for affordable housing construction.

3. Zoning

This section summarizes the proposed Zoning Code Text Amendment, broken out into two categories: updates related to State law, and the proposed supplemental density bonus provisions.

Overview of Updates to Chapter 20-31 for State Density Bonus Law Compliance

The following outlines proposed amendments to Chapter 20-31 to bring the City's regulations into conformance with State Law, including the most recent SB 1227 Student Housing Development provisions adopted by the State in September of 2018.

- a. The required affordability term for below-market rate units that establish eligibility for a density bonus is expanded from 35 years to 55 years throughout Chapter 20-31.

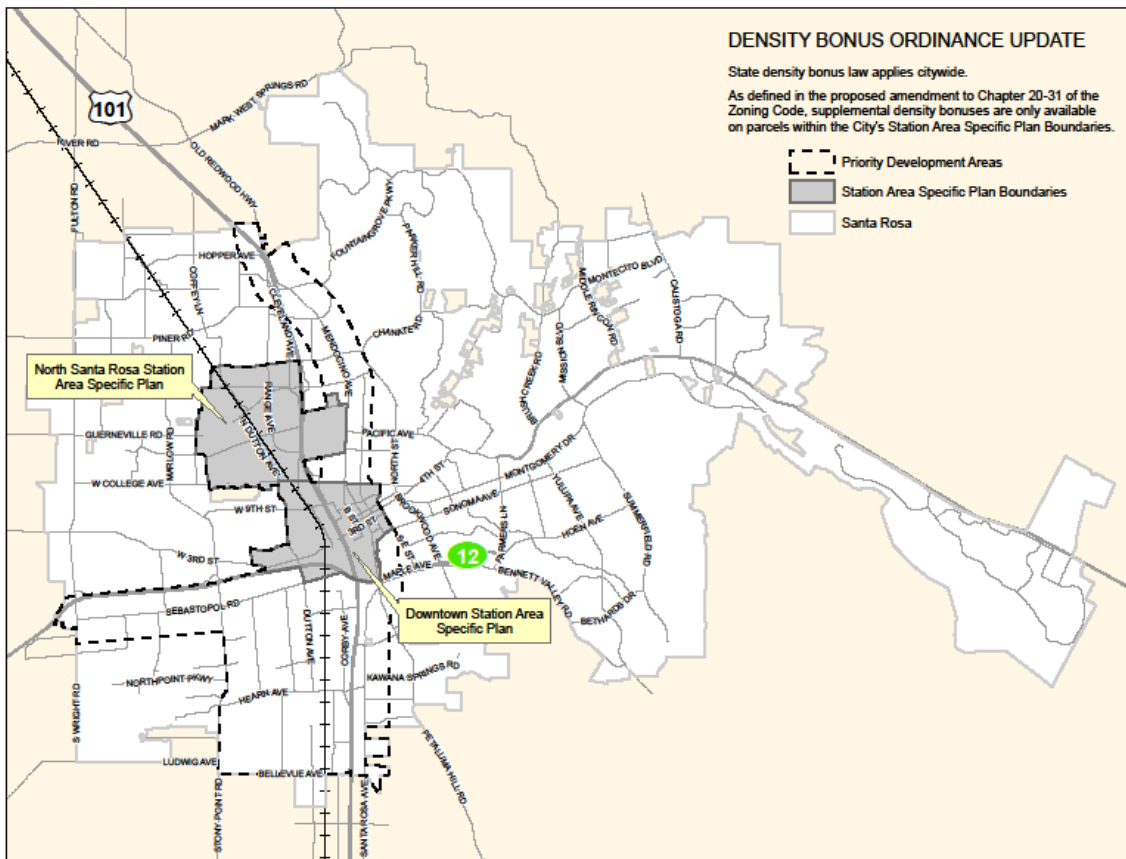
- b. Section 20-31.020 (Definitions): Several definitions were added to this Section for consistency with State law and to capture new terminology utilized for the supplemental bonus, including the following:
- Affordable Housing
 - Base Project Units
 - Bedrooms
 - Common Interest Development
 - Density Bonus
 - Development Costs
 - Development Standard
 - Equivalent Size
 - Family-Size Units
 - Housing Development
 - Incentives or Concessions
 - Income (Household)
 - Lower Income Student
 - Major Transit Stop
 - Maximum Allowable Density
 - Replacement Unit
 - School Facility
 - Significant, Adverse Impact
 - Specialized Housing
 - Unobstructed Access to a Major Transit Stop
- c. Section 20-31.030 (Application for Density Bonus and Incentives or Concessions) – Clarification provided for application requirements and procedures.
- d. Section 20-31.050(A) (Eligibility Criteria for Density Bonus) – Included Specialized Housing, Student Housing Development, and Commercial projects as an eligible project types for consideration of a density bonus.
- e. Section 20-31.050(B) and (C) (Eligibility Criteria for Density Bonus) – Added provisions related to rental and for-sale replacement unit requirements that match the SDBL.
- f. Section 20-31.060(F) (State Density Bonus) – Project description amended to the more permissive “Common Interest Development” terminology used in the SDBL.
- g. Section 20-31.060(G) (State Density Bonus) – Added provision for a 35% density bonus for Student Housing Development that meet the eligibility criteria.
- h. Section 20-31.060 (State Density Bonus) – Inserted a project example to facilitate ordinance implementation (Attachment 5).
- i. Section 20-31.080 (Child Care Facility Density Bonus) – Inserted clarification on the calculation of a density bonus for child care facilities pursuant to the SDBL.

- j. Section 20-31.090 (Available Incentives and Concessions) – Expanded provisions related to the City’s review of requested incentives and concessions.
- k. Section 20-31.100.F (General provisions for density bonuses and Incentives or Concessions) – Included provisions for parking reductions.
- l. Chapter 20-31.010 (Purpose) – Expanded and clarified the Purpose section to indicate the intent to comply with State law, and to establish the intention to provide a supplemental density bonus as an option in the Station Area Plans.
- m. Section 20-31.090 (Available Incentives and Concessions) – Included a list of “pre-approved” concessions or incentives to streamline the density bonus review process, including the following:
 - A setback reduction of up to 25%.
 - A parking requirement reduction of up to 50% where reduced parking ratios pursuant to the SDBL do not already apply.
 - An increase in allowable lot coverage by up to 10%.
 - A height increase of the larger of 12 feet or 10%, where all stories above two stories must be set back by at least 6 feet.
- n. Section 20-31.100(H) (General Provisions for Density Bonuses and Incentives/Concessions) – Retained the requirement to construct affordable units at the same time as market-rate units, and established integration criteria for affordable units within the project, including:
 - No more than 50% of affordable units may be clustered in one structure where multiple housing structures are proposed, to avoid isolated affordable-unit structures within a larger development.
 - No more than 20% of the affordable units in a structure may be consolidated into a single section of the structure to promote dispersal within multi-unit buildings.
 - No more than 20% of the affordable units in a subdivision may be clustered together to promote dispersal throughout the development.
 - Incentives and concessions, or waivers and reductions may be used for relief from the integration requirements.

Overview of Updates to Chapter 20-31 to Enable a Supplementary Density Bonus

The proposed Zoning Code Section 20-31.070, Supplemental Density Bonus, contains provisions to establish a supplemental density bonus program beyond the State-allowed 35%. The key aspects of program are summarized below:

- a. Section 20-31.070 (A): After five years the Council will consider the effectiveness of the supplemental density bonus program on the City's housing supply and decide whether or not to continue the program.
- b. Section 20-31.070 (B): This section establishes that affordable housing and community benefits that are provided by an applicant to secure a supplemental bonus will be above and beyond those that are required to secure a State density bonus (35%).
- c. Section 20-31.070 (C): This section establishes supplemental density bonus eligibility criteria by requiring projects to be located:
 - Within the boundaries of the Downtown Station Area Specific Plan and/or the North Santa Rosa Station Area Specific Plan (shown in the image below); and



- Within an eligible General Plan Land Use Designation that allows residential development at a density of at least 13 dwelling units per acre and is located outside of a Preservation District except as noted below. These designations include the following:

1. Medium-Low Density Residential (see note below)
2. Medium Residential (see note below)
3. Medium-High Residential (see note below)
4. Retail/Medium Residential (see note below)
5. Office (see note below)
6. Office/Medium residential (see note below)
7. Business Park (see note below)
8. Light Industrial/Medium Residential (see note below)
9. Transit Village Medium
10. Transit Village Mixed Use
11. Retail & Business Services

Note: Housing Projects on sites with these Land Use Designations are not eligible for a supplemental bonus if the site is inside a Historic Preservation District. This restriction does not apply to the Transit Village Medium, Transit Village Mixed Use, and Retail & Business Services Land Use Designations.

- d. Section 20-31.070 (D): This section establishes that within areas eligible for a supplemental bonus, the supplemental bonus amount may be up to 25%, 45%, or 65%. The applicable percentage would depend on where the project is located, as identified in the following table:

Table 3.10: Maximum Supplemental Density Bonus

	Maximum Supplemental Density Bonus for a Project in a Station Specific Plan, on Eligible Land Use Designations pursuant to this Section ¹ , and Located:					
	In an eligible Land Use only (A) ²	(A) and ½ Mile to Major Transit Stop (B) ³	(A) and ½ Mile to a School Facility (C) ³	All of (A), (B) and (C)	In Medium-Low Density Land Use and (B) and (C) ²	On a Housing Opportunity Site
Supplemental Bonus Amount	25% ²	45%	45%	65%	25%	65%
Total Bonus (with 35% State Density Bonus)	60% ²	80%	80%	100%	60%	100%

Notes:

- (1) Pursuant to Subsection 20-31.070.C.2, within Historic Preservation Districts, only the Retail and Business Services, Transit Village Medium, and Transit Village Mixed Use Land Use Designations are eligible for a supplemental density bonus pursuant to this table.
- (2) Properties in the Medium-Low Density General Plan Land Use that are not located both within ½ Mile of a Major Transit Stop and School Facility are not eligible for a Supplemental Density Bonus.

- e. Attachment 3 includes maps of the Station Area Plans and the supplemental density bonus tiers that would be available to eligible projects, based on current General Plan land use designations within this area.
- f. Section 20-31.070 (E): To qualify for a Supplemental Density Bonus, applicants must provide affordable housing or a mixture of affordable housing with defined community benefits. The amount of affordable housing and community benefits that must be provided are determined by calculating project “Eligibility Points.” Section 20-31.070(E) establishes the formula for calculating the number of required Eligibility Points based on the amount of supplemental bonus that is being requested above the State 35% density bonus. The proposed formula is:

$$\left(\frac{\text{Percent Bonus Requested above 35\%}}{\text{Max Supplemental Bonus Available}} \right) \times 100 = \text{Eligibility Points}$$

Eligibility Points reflect how much of the available supplemental density bonus is requested. On a site where a 45% supplemental bonus is available, a project seeking all 45% would be required to generate 100 points through affordable housing or affordable housing combined with community benefits. For a project seeking half of the available supplemental bonus amount, 50 eligibility points would need to be generated.

- g. Section 20-31.070 (F): This section establishes that at least 60% of the required Eligibility Points must be generated by incorporating a percentage of affordable housing units into the base project.
- h. Sections 20-31.070 (G) through (J): These sections define the percentage of affordable housing that must be incorporated into the base project to generate a defined number of eligibility points. The schedule for rental and for-sale projects is based on the following table and is summarized below:

Table 3-11: Eligibility Points Schedule for Supplemental Density Bonuses

ELIGIBILITY POINTS AWARDED	RENTAL PROJECTS (1): PERCENT OF TOTAL UNITS IN BASE PROJECT REQUIRED BY INCOME:			SPECIALIZED VERY-LOW INCOME HOUSING (1)	FOR-SALE PROJECTS (1):
	VERY LOW INCOME	LOW INCOME	MODERATE INCOME		MODERATE INCOME
5	1.7%	2.6%	3.2%	2.5%	20.5%
10	1.8%	2.8%	3.4%	3.0%	21.0%
15	1.9%	3.0%	3.7%	3.5%	21.5%
20	2.0%	3.2%	3.9%	4.0%	22.0%
25	2.1%	3.3%	4.1%	4.5%	22.5%
30	2.2%	3.5%	4.3%	5.0%	23.0%
35	2.3%	3.7%	4.5%	5.5%	23.5%
40	2.4%	3.9%	4.7%	6.0%	24.0%
45	2.5%	4.0%	4.9%	6.5%	24.5%
50	2.6%	4.2%	5.2%	7.0%	25.0%
55	2.8%	4.4%	5.4%	7.5%	25.5%
60	2.9%	4.6%	5.6%	8.0%	26.0%
65	3.0%	4.7%	5.8%	8.5%	26.5%
70	3.1%	4.9%	6.0%	9.0%	27.0%
75	3.2%	5.1%	6.2%	9.5%	27.5%
80	3.3%	5.3%	6.5%	10.0%	28.0%
85	3.4%	5.4%	6.7%	10.5%	28.5%
90	3.5%	5.6%	6.9%	11.0%	29.0%
95	3.6%	5.8%	7.1%	11.5%	29.5%
100	3.7%	6.0%	7.3%	12.0%	30.0%
If the calculation for the required number of units at each income level results in a fractional number, the required number of units shall be rounded up to the next whole number.					

- **Rental Projects:** Rental projects have two options to generate eligibility points through affordable housing: (1) by providing affordable housing units for very low-, low-, and moderate-income households, or (2) by providing very low-income level, specialized housing units targeted to transitional foster youth, disabled veterans, or homeless persons.
 - **For Sale Projects:** For-sale projects earn Eligibility Points by providing units for moderate-income households.
- i. Section 20-31.070 (K): Projects are only required to generate 60% of their eligibility points through the provision of affordable housing. The remaining 40% may be provided through additional affordable housing, or through a variety of community benefits as outlined in this section, including public open space, historic preservation, family sized units, or innovative community benefit. The community benefits provide flexibility for applicants to find the most cost-effective means of generating eligibility points, while ensuring that commensurate community benefits are achieved in exchange for a supplementary bonus request.
- j. Section 20-31.070 (L): This section identifies the findings that must be made by the review authority to grant the supplemental density bonus.

- k. Section 20-31.070 (M): This section identifies standard conditions of approval that are proposed to apply to all projects that receive a supplemental density bonus.

FISCAL IMPACT

Adoption of the proposed ordinance would not have a fiscal impact on the General Fund. The direct cost of ordinance administration will continue to be covered by existing development review fees. The incentives and concessions associated with the proposed ordinance, as well as the supplemental density for residential projects in the Station Area Plan may stimulate new development which in turn may increase General Fund revenues.

ENVIRONMENTAL IMPACT

The proposed Ordinance Update has been evaluated pursuant to the provisions of the California Environmental Quality Act (CEQA). An Initial Study/Negative Declaration (IS/ND) was prepared, which determined the project would not result in the creation of significant environmental impacts. A Notice of Intent to adopt a Negative Declaration was posted at the County Clerk's Office, at City Hall and on the City's webpage, with a 30-day public review and comment period running from June 25, 2018 to July 24, 2018.

Subsequently, the IS/ND was revised to analyze the potential impacts of the supplemental density bonus limited to projects located within the Station Area Plan boundaries (Attachment 6). The scope of the supplemental density program presented to the Commission at its July 26th hearing extended to all six of the City's PDAs. However, because the area of the proposed supplemental density program is now reduced to focus on the two Specific Plan Areas, the revised IS/ND draws directly from the environmental impact reports (EIR) that analyzed the effects of high density residential development in these two areas. As detailed in the IS/ND, the proposed supplemental density program will incentivize in-fill housing development in areas that have existing transportation and infrastructure capacity to serve higher intensity development. In addition, the General Plan 2035 EIR concluded that concentrating density in the downtown core and corridor areas is the environmentally superior land use alternative, as compared to limiting development to current General Plan density, because it will reduce significant and unavoidable impacts to air quality, greenhouse gas (GHG) emissions, and noise impacts by reducing vehicle miles travelled (VMT). Thus, the proposed ordinance, as revised to focus on the Station Area Plans, will have less environmental effects than originally assessed by the IS/ND. The proposed project will not result in any significant environmental impacts. For these reasons, the Planning Commission and Staff recommends the adoption of a CEQA Negative Declaration for this project.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On July 26, 2018, the Planning Commission held a public hearing on the proposed ordinance and voted to continue the item to a date uncertain to provide staff time to respond to comments and questions raised by the public and the Commission. Below is

DENSITY BONUS ORDINANCE UPDATE

PAGE 14 OF 19

a summary of the main comments and concerns raised during the public hearing:

- General support for the supplemental density bonus program as well as agreement with ordinance amendments to incorporate State density bonus law provisions;
- Agreement for density bonus adjustments based on proximity to transit facilities, schools, residential neighborhoods, and preservation districts;
- Support for expedited review of density bonus project, as allowed under the Resilience City ordinance with neighborhood meeting and Concept Design Review;
- Support for a supplemental density bonus program focused on the Station Area Plans, and a preference to move forward with an ordinance update with a focused application of the supplemental density bonus program over, an ordinance that would apply the program to all six of the City's PDAs;
- Concern regarding parking concessions and the effect on neighborhoods, and the consequence of higher intensity development in residential neighborhoods;
- Need to clarify Preservation District protections in the ordinance;
- Support for flexibility in the affordable housing dispersion requirement, provided affordable housing must be developed concurrent with market rate units.

On October 25, 2018 the Commission resumed the public hearing and staff presented a revised ordinance prepared in response to comments from the public and the Planning Commission. The supplemental density bonus program was revised to focus on the Station Area Plans which addressed a general concern regarding the impact supplemental density bonus projects may have on residential neighborhoods, Preservation Districts, traffic circulation and parking, and City infrastructure. The Planning Commission also made the following two changes to the attached recommended ordinance update:

- Section 20-31.070.M.2 was revised to eliminate a provision that would have allowed developers to pay an in-lieu fee instead of providing community benefits that earned project eligibility points for approved supplemental density bonus units.
- Section 20-31.100.G was revised to be consistent with State law findings to approve waivers and reductions of development standards and requirements that would otherwise prevent development of a project at approved densities or with allowed incentives.

DENSITY BONUS ORDINANCE UPDATE

PAGE 15 OF 19

With the above noted changes, the Planning Commission voted 5-1-1 (with one Commissioner absent, and one voting against the project) to recommend that the City Council approve the Density Bonus Ordinance Update.

COMMUNITY COMMENTS

On December 4, 2017, three workshops were conducted with housing developers, affordable housing providers, and the community to gather feedback and direction on recommended updates to the density bonus ordinance. Several comments were received and incorporated into the draft update to Chapter 20-31, including:

- Focusing supplemental density bonuses on housing opportunity sites and within the City's PDAs.
- Reducing potential conflicts between higher-density projects and adjacent, less-dense, neighborhoods.
- Ensuring that supplemental density bonus requirements can be achieved by market-rate developers and housing providers.
- Removing or clarifying subjective standards and expectations.
- Providing clear direction on application requirements.
- Adjusting eligibility requirements to be more feasible.
- Simplifying the procedure for evaluating supplemental density bonus applications.
- Compatibility with surrounding land uses.

Public comments presented at the July 26, 2018 Planning Commission hearing (Attachment 7) raised the following specific issues:

- More careful consideration of buffer space between supplemental density bonus areas and adjacent lower-density neighborhoods is needed to ensure compatible scale and built form;
- The proposed location of the supplemental density bonus area, within all six of the City's PDAs, could cause strain on City services, particularly in the areas that are not planned for higher densities, like the Roseland PDA. The supplemental program should be focused in and near the downtown core area, where higher density is already envisioned by the General Plan and the two Station Area Specific Plans, infrastructure is available, and transit is more accessible.
- The program may not go far enough to stimulate housing.

- An EIR was not prepared for the project, and the increased densities that could result from the supplemental program were not quantified. Projections at buildout are needed to understand the impacts to the community.

The Planning Commission received public statements supporting the revised ordinance at the October 25, 2018 public hearing (Attachment 7). The Greenbelt Alliance and four other interested parties, including one developer, submitted comments supporting: the supplemental density bonus focus on the City's two Station Area Plans, clarification regarding Preservation District protection, avoiding low density residential neighborhood impacts, and reliance on earlier EIRs prepared for the Downtown Station Area Specific Plan and the North Santa Rosa Station Area Specific Plan.

The ordinance recommended by the Planning Commission addresses the following issues:

- Location of the Supplemental Program. To ensure that higher density projects enabled by the supplemental program are located in areas of the City with the appropriate services and infrastructure, the program has been restricted to the boundaries of the Station Area Plans. This has the dual impact of ensuring that supplemental density bonus projects foster transit-oriented and active mixed-use higher density residential development projects consistent with the City's two Station Area Plans.
- Success of the Program Toward Housing Provision. The supplemental density program is focused on the Station Area Plans to address concern that its incentives are appropriate, land compatibility provisions are adequate, and affordable housing units are being created. A review of the supplemental program, following five years of implementation, remains in the proposed ordinance. Such a review would provide an opportunity to evaluate the program and to determine whether an expansion or amendments are warranted to ensure that Santa Rosa's density bonus ordinance is successful in generating additional housing development in the community
- Use Permit and Design Review. Supplemental density bonuses would require a Minor Use Permit. In addition, projects eligible for a supplemental density bonus would require Design Review with concept review by the Design Review Board. The associated review process allows for consideration of site and building design to alleviate incompatibilities that may be addressed through more considerate architecture or site layout. The discretionary process also ensures that adequate environmental review can be conducted for the project. The Minor Use Permit and Design Review process includes a Zoning Administrator public meeting, which would provide notice to the public, and an opportunity for members of the public to participate in the project review process.
- Land Use Designations. Supplemental density bonuses are only permitted in General Plan land use designations that allow for a residential density of at least

13 dwelling units per acre. The less dense land use designations, where the majority of the City's single-family neighborhoods are located, are not included in the proposed supplemental density bonus areas.

- Tiered Supplemental Bonus. Within the land use designations that provide for supplemental density bonuses, the least dense designation (Medium-Low Density Residential) would receive, at most, a 25% supplemental bonus. Higher supplemental bonuses of up to 65% would only be considered in land use designations that already have the highest density development in the City.
- Proximity to Transit and Schools. Higher supplemental density bonus tiers are considered only on parcels that are within walking distance to a major transit stop or school. This is expected to reduce the potential traffic impacts of higher density development.
- Eligibility Points Scale. The eligibility point formula, provided in proposed Section 20-31.070(E), increases the required community benefit (i.e. the amount of affordable housing or community benefits) as a greater density bonus is requested. Thus, the compensation for the community when considering higher density projects is more balanced.
- Significant Impact Test. As provided in the SDBL, the City may deny both a State density bonus and supplemental density bonus application if the proposed project has a significant impact on a historic landmark property. Also, supplemental density bonuses are only contemplated on the periphery of the City's Preservation Districts, where higher density development is more common. Interior single-family historic neighborhoods would be protected from supplemental density bonuses.
- Limited Concessions/Incentives. The proposed supplemental density bonus provisions would allow for a maximum of three concessions or incentives to development standards and requirements, to accommodate a project with a density bonus and reduce costs associated with affordable housing. By limiting the number of incentives and concessions, the proposed ordinance would also limit the number of design standards or policies that may be circumvented through a density bonus application.

Compatibility with Adjacent Lower-Density Neighborhoods. The supplemental density bonus program has been restricted to the Station Area Plans - the City's highest density and transit-oriented development areas. In addition, should the supplemental density bonus program area be expanded by amendment to the Station Area Plans or by future land use amendments, the lowest-density eligible Land Use Designation within the supplemental program— Medium-Low Density Residential —has been restricted to a maximum supplemental bonus of 25%, and only for sites that are within ½-mile of both a major transit stop and school facility, as defined in the draft

DENSITY BONUS ORDINANCE UPDATE

PAGE 18 OF 19

ordinance. These provisions reinforce existing Station Area Plan policies and design guidelines.

NOTIFICATION

The notice for the continued hearing was issued pursuant to Zoning Code Section 20-66.020(D), Alternative to Mailing. This provision provides that, if the number of property owners to whom notice would be mailed would exceed 1,000, the City may, as an alternative to mailing and on-site posting, provide notice by placing an advertisement of at least one-eighth page in at least one newspaper of general circulation 10 days prior to the hearing. The proposed Zoning Code Text Amendment would affect properties Citywide, therefore, a one-eighth page advertisement was placed in the Press Democrat. The notice was also emailed to a list of stakeholders developed through the public workshops for the project and to the City's Community Advisory Board, and the notice was posted at City Hall. Finally, a project website was created, which provides information on the project, as well as a copy of the draft ordinance and draft density bonus worksheet.

ATTACHMENTS

- Attachment 1 – Existing Zoning Code Chapter 20-31
- Attachment 2 – Proposed Zoning Code Text Amendment Chapter 20-31 (strikeout and underline format)
- Attachment 3 – Density Bonus Ordinance Update Maps
- Attachment 4 – Policy White Paper: City of Santa Rosa Density Bonus Ordinance Update
- Attachment 5 – Example Density Bonus Calculation
- Attachment 6 – Initial Study and Negative Declaration, dated June 2018, revised September 14, 2018
- Attachment 7 – Public Correspondence
- Attachment 8 – Planning Commission Minutes, July 26th and October 25th, 2018
- Attachment 9 – Planning Commission CEQA Resolution, October 25, 2018
- Attachment 10 – Planning Commission Ordinance Amendment Resolution, October 15, 2018

Resolution - CEQA Initial Study and Negative Declaration

- Exhibit A (Initial Study/Negative Declaration for the Santa Rosa Zoning Code Text Amendment to amend Chapter 20-31, Density Bonus and Other Developer Incentives, dated June 28, 2018 and revised September 14, 2018)

Ordinance - Zoning Code Text Amendment

WEBSITE RESOURCES

- [State Density Bonuses and Other Incentives, Gov Code Section 65915](#)
- [SB 1227, Skinner. Density bonuses](#), September 29, 2018

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