

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR SCHWEDHELM AND MEMBERS OF THE COUNCIL
FROM: AMY NICHOLSON, SENIOR PLANNER
PLANNING AND ECONOMIC DEVELOPMENT
SUBJECT: SENATE BILL 2 GRANT APPLICATION

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution, approve the filing of a Senate Bill 2 Grant application for State funding, in the amount of \$310,000, for various planning initiatives to accelerate or incentivize the production of housing.

EXECUTIVE SUMMARY

In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the State's housing shortage and high housing costs. The housing package included the Building Homes and Jobs Act (SB 2, 2017), which establishes a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. The purpose of this bill is to provide funding and technical assistance to all local governments in California to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production.

The resolution before the Council is to authorize the filing of an application to the California Department of Housing and Community Development (Department) for a \$310,000 grant for planning initiatives that are anticipated to accelerate the production of housing.

BACKGROUND

California State Senate Bill 2 (SB 2), which took effect on January 1, 2018, was part of a housing package that was aimed at addressing the State's housing shortage and high housing costs by establishing a permanent source of funding intended to increase the affordable housing stock in California. SB 2 directs the State of California, Department of Housing and Community Development (Department) to use 50 percent of the recording fee revenue in the first year to establish a program that provides financial and

technical assistance to local governments to update planning documents and zoning ordinances in order to streamline housing production.

The Planning and Economic Development Department has completed a Planning Grants Program application which identifies three initiatives that would result in the accelerated production of housing. Prior to submittal of the aforementioned application, the Council must adopt a resolution authorizing the filing. A total of \$310,000 is available based on the current population of the City of Santa Rosa.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

Planning staff have identified three initiatives to accelerate housing production which are described in detail in Attachment 1 – SB2 Planning Grants Application. A summary of each initiative is provided below:

Missing Middle Housing:

The purpose of the Missing Middle Housing Initiative is to amend the City's housing codes, policies, standards and fees to accommodate by right construction, replacement or conversion of standard single-family homes and remodels to produce "missing middle" infill housing. This initiative will increase the production of housing units of varying types, levels of affordability and densities in areas currently designated Medium Density Residential (8-18 units per acre) or Medium Low Density Residential (8-13 units per acre).

"Missing middle," a phrase coined by Daniel Parolek of OPTICOS in Berkeley California, is defined as a range of multi-unit or clustered housing types compatible in scale with single family homes. Missing middle housing types are those that fit within the two extremes of single family detached homes (typically 2-8 units per acre) and mid-rise apartment buildings (typically 18-30 units per acre). Examples of missing middle housing types include: duplexes, triplexes, fourplexes, courtyard apartments, bungalow courts, townhomes, and small to medium scaled multiplexes and live/work units.

Criteria for these new units would include form-based design standards that ensure a scale compatible with single family neighborhoods. Sites eligible for the missing middle incentive would be limited to properties located within a Priority Development Area (PDA) and within ¼-mile walking distance to transit corridors with a 30-minute headway, Sonoma Marin Area Rail Transit (SMART) rail station, a transit transfer facility or a major shopping center. A total of 87 undeveloped parcels totaling 80 acres and 2,785 developed parcels totaling 600 acres are currently designated Medium Density Residential and Medium Low Density Residential and meet the above locational criteria.

Historic Resource Evaluation:

The purpose of the Historic Resource Evaluation Initiative is to proactively identify properties within Santa Rosa's Downtown Station Area Specific Plan (DSASP) planning area that have historic significance, particularly among those properties that are considered age-eligible, meaning the age of the structure(s) flags it as potentially significant.

There are 1,114 properties within the DSASP boundary that are considered age-eligible, having been constructed between 1870 and 1974. The City of Santa Rosa has measures in place for regulating development within historic preservation districts, but 627 of the age-eligible properties within the DSASP boundary are outside of a preservation district. This means that a potential developer for any of these sites may be responsible for conducting an historic resource evaluation prior to an entitlement action, a requirement that adds both time and financial cost to the project. The City is presently updating the DSASP with the objective of streamlining the entitlement path for production of approximately 7,000 housing units. Since the majority of developable properties within the DSASP area are outside of a preservation district, a historic resource survey and evaluation conducted by the City would reduce the time and financial cost associated with up to 7,000 new dwelling units.

While the DSASP update process includes considerations for addressing the transition between new, higher density development and the City's existing preservation districts, the scope of review is limited to a programmatic assessment and does not include historic resource evaluation on a parcel by parcel basis.

Growth Management:

The purpose of the Growth Management Initiative is to evaluate the existing City Ordinance and General Plan Element as a potential barrier that limits the number of residential units that can be constructed in a calendar year. Current policy increases unpredictability, time, and cost, associated with residential development by limiting single family allotments to 75 per developer per year, and multi-family is limited to 200 allotments per developer per year. As such, the number of units that can be constructed as a part of one project is impacted which is of particular concern within the downtown and the City's other PDAs that envision high density residential development. In addition, current policy does not allow for more than 400 allotments per calendar year for most detached single-family houses without Council action. These policies affect the ability to meet current regional and local housing targets, including the Housing Action Plan goal of developing 5,000 housing units by 2023.

Following the necessary analysis of existing City policy and market research, the Ordinance and General Plan Element would be amended or eliminated to allow for

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residential development consistent with existing City adopted Specific Plans, General Plan and Housing Action Plan.

FISCAL IMPACT

No negative impact to the General Fund is anticipated as a result of this action. Rather, if accepted, a total of \$310,000 in grant funding will be received for planning efforts to accelerate the production of housing Citywide.

ENVIRONMENTAL IMPACT

This Council action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline Section 15378 and the funding being sought would accommodate feasibility or planning studies pursuant to CEQA Guideline Section 15262. Any future project that results from the proposed initiatives will be subject to environmental review at such time that it is initiated.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – SB2 Planning Grants Application
- Attachment 2 – Missing Middle Housing
- Attachment 3 – Historic Resource Evaluation
- Attachment 4 – Growth Management
- Resolution

CONTACT

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