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By Monet Sheikhalı at 10:48 am, Nov 07, 2025



November 7, 2025

Teresa L. Stricker, City Attorney
Gabe Osburn, Director of Planning and Economic Development
City of Santa Rosa
100 Santa Rosa Avenue
Santa Rosa, CA 95404

Dear Ms. Stricker and Mr. Osburn,

RE: Lago Fresco Apartments, PRJ22-019

The purpose of this letter is to document the concessions, incentives and waivers requested by the Applicant and Project developer, Auxon Lago Fresco, and to explain why they result in cost savings that make it possible for the Developer to build four below market apartment dwellings at the proposed Lago Fresco Apartments (the Project) in the physical configuration in which the Project is designed.

The Project proposes 50 units to be located at 4744 Hoen Avenue (APN: 014-361-029 and 014-361-028) including 46 market-rate units and 4 below market rate Very Low-Income (VLI) units.

Per the City of Santa Rosa's Municipal Code Section 20-23.040, Commercial District General Development Standards, the CO zone allows a base residential density of 30 dwelling units per acre. Given the project site's 1.31- gross-acre size, the maximum allowable density would be 40 dwelling units (the base density of the site). The proposed project, however, would provide a total of four affordable units, all of which are Very Low Income, representing ten percent of the base maximum allowed density.

Per the Municipal Code, Section 20-31.060, when 10 percent of the base maximum allowed density are set aside for Very Low Income affordable housing, the project is eligible for a 32.5

percent density bonus on the base density allowance. Based on the 1.31 -acre project size, the proposed project would be allowed to propose a maximum of 13 density bonus units or a total of 53 dwelling units. As noted above, the project proposes 50 units, which is within the maximum allowed.

The developer is proposing that ten percent or four of the base density units are deed restricted Very Low Income (VLI) units. In accordance with the State Density Bonus Law (SBDL) (Gov. Code, §65915), and the City of Santa Rosa's Municipal Code Section 20-31.090, the Project is entitled to two concessions and an unlimited number of waivers of development standards as a benefit for the set aside units. By providing four below market-rate Very Low Income units, the Project meets the eligibility requirements for the proposed 10 density bonus units 2 incentives/concessions.

Concessions

Pursuant to the State Density Bonus Law, an eligible housing development shall be entitled to two concessions for meeting the criteria in §65915(d)(2)(B). The developer requests two incentives/concessions for the project for designating at least ten percent of the base density of units (four units) for Very Low-income households.

The developer requests one concession for relief from Santa Rosa Municipal Code (SRMC) Sec. 20-31.100, H, 2, dispersion requirements. The developer proposes to locate the four affordable housing units in one building, Building C. The concession results in identifiable and actual cost reductions that make it economically possible for the developer to set rents for the affordable units according to the rates defined in Section 50052.5 of the Health and Safety Code. Grants, loans and tax credits obtained to build the affordable units are monitored separately from resources used to build the market rate components of inclusionary projects. Locating the affordable units in one building makes it possible to track expenditure of affordable housing funding obtained to construct and manage the set aside units.

Clustering affordable units in a non-elevator serviced building (as opposed to flats in an elevator serviced building such as the units in Building D), and designing them as flats (not townhouse apartments such as the units in Buildings A and B), also results in lower construction costs to build the units in Building C.

Situating the affordable units in a single building, under the oversight and guidance of a live-in program leader best serves the operational structure of the affordable housing sponsor's program, which is to provide sober-living based housing where members have demonstrated good outcomes through the mutual support provided by residing together in four-bedroom family apartments. Grouping the affordable units in one building results in management efficiencies and lower operational costs, making the construction of the units and management of the program economically feasible.

The project requests a second concession to allow reduction of parking from 72 stalls, (Santa Rosa Municipal Code Sec. 20-31.100, F, Table 3.6) to 63 stalls. The Applicant requests a separate parking reduction incentive, as allowed by Section 20-36.100, F, 1. The State's Density Bonus Law considers an incentive to reduce parking as a separate benefit from other density bonus incentives. The law entitles a developer who qualifies for a density bonus to parking reductions as a separate entitlement, in addition to the others to which they are allowed, as determined from the percentage of set aside units and their tenure of affordability. Under the Density Bonus Law, the parking reduction incentive is a distinct benefit, and a developer can request even lower parking ratios than provided by Gov. Code 65915, as a separate incentive/concession or waiver.

Waivers

Pursuant to State Density Bonus Law, and unlike incentives and concessions, an eligible housing development shall be entitled to an unlimited number of waivers of development standards for projects meeting the criteria in §65915(e)(1).

The developer requests five waivers of development standards that would otherwise have the effect of physically precluding the construction of Lago Fresco Apartments with the density and concession proposed.

1. Increase in maximum allowable Building Height from 35' to 45' proposed.
2. Decrease in Front Yard Setback at Summerfield Road from 15' minimum allowed to 7' proposed.
3. Decrease in Front Yard Setback at Hoen Avenue from 15' minimum allowed to 10' proposed
4. Decrease of standard for required covered parking from 50 covered spaces to 38 covered spaces proposed
5. Decrease of width of covered parking space from 9.5 feet wide to 9 feet wide proposed

1. Increase of Building Height at Building D

The maximum allowable building height in CO zones, per Santa Rosa Municipal Code Sec. 20-23.040, Table 2-7, is 35 feet. The Applicant requests a waiver to increase the maximum building height at Building D to 45 feet from average natural grade to top of roof plywood, excluding rooftop mechanical equipment, exit stair enclosures, and the elevator shaft. The building is designed in four stories to accommodate 36 one- and two- bedroom apartment flats. 7 of the 36 flats are located on the fourth floor of Building D. The waiver is necessary for the Project to be constructed at the density proposed. Absent the waiver, the density bonus units would not fit into the project as designed.

2. Decrease of Front Yard Setback at Summerfield Road

The minimum allowable front yard setback in CO zones, per Santa Rosa Municipal Code Sec. 20-23.040, Table 2-7, is 15 feet. The Applicant requests a waiver to decrease the front yard setback at Summerfield Road at the east side of Building D to 7 feet. The waiver is necessary for the

project to be constructed at the density allowed and as designed. Building C's floor plate extends into the setback to optimize development of usable site area for housing and to visually define the street edge at the site's Summerfield Road boundary. The proximity of Building C to the north-east corner of the project site contributes to creating an active and engaging streetscape and pedestrian experience on Summerfield Road and to delineate the landscaped common open space at the east side of the parcel. Absent the waiver for reducing the front yard setback, the affordable units would not fit into the project as designed.

3. Decrease of Front Yard Setback on Hoen Avenue

The minimum allowable front yard setback in CO zones, per Santa Rosa Municipal Code Sec. 20-23.040, Table 2-7, is 15 feet. The Applicant requests a waiver to decrease the front yard setback at Hoen Avenue to 10 feet. The waiver is necessary for the project to be constructed at the density allowed and as designed. Building A's floor plate extends into the setback to optimize development of usable site area for housing and to visually define the street edge at the site's Hoen Avenue boundary. The proximity of Building A to the north-west corner of the project site contributes to creating an active and engaging streetscape and pedestrian experience on Hoen Avenue. Absent the waiver for reducing the front yard setback, the number of covered parking stalls would be reduced, and the density bonus units would not fit would not fit into the project as designed.

4. Reduction in number of Covered Parking Spaces

To help address concerns regarding the number of parking spaces proposed, the Applicant requests a waiver of Santa Rosa Municipal Code Sec. 20-36.040, Table 3-4, to decrease the number of covered parking spaces from 1 covered space per unit or 50 covered spaces to 38 covered spaces. All of the parking facilities are proposed to be rented separately from the rental of the apartment units. Of the 63 parking stalls proposed by the Project, 56 are standard-sized. All 38 of the covered parking stalls are standard sized. 20 of the covered standard sized stalls are tandem stalls and will only be assigned to residents requiring two parking stalls. Ten residential units will be allocated to 20 tandem stalls. 28 of the 50 units have covered parking facilities available to them. Absent the waiver, the Project would not be constructed as designed and the area of site landscaping proposed would be reduced to make room for additional parking canopies.

5. Decrease of width of covered parking space (from 9.5 feet wide to 9 feet wide proposed)

To help address concerns regarding the number of parking spaces proposed, the Applicant requests a waiver for construction of typical covered parking spaces in the garages and carports in Buildings A, B, and at space numbers 35, 36 and 37, as 9 feet wide instead of 9 and one half feet wide, as stated in Santa Rosa Municipal Code Sec. 20-36.070, D, 1. From the National

Parking Association's "Parking Space Design: Guidelines for Parking Geometrics", for 90-degree angle parking stalls in structured parking, where turnover is low, stall width is recommended to be 8'-6". The width of structured parking proposed in the Project exceeds the National Parking Association standard by 6" at typical covered stalls, indicating that the proposed covered parking stalls would be useable and safe. The stall widths in Buildings A, B, and C are aligned with the width of the units above them and with the location of the building's bearing points. The floor plan layout of each apartment unit determines the width of the stalls below it. The locations of exterior walls of Buildings A, B and C are determined by the requirements of the fire code for separation of exterior walls of buildings each other and from actual and assumed property lines. Absent this waiver, the Project would need to reduce the number of parking stalls proposed, precluding it from being constructed as designed.

The Density Bonus Law provides that "[1] In no case may a city, county, or city and county apply any development standard that will have the effect of physically precluding the construction of a development [with affordable housing] at the densities or with the concessions or incentives permitted by" SDBL. (Gov. Code, § 65915, (e)(1).) Case precedent confirmed that incentives and waivers must be granted even if a different project design would avoid the need for the requested incentives or waivers. (E.g., *Bankers Hill 150 v. City of San Diego* (2022) 74 Cal.App.5th 755, 775 [incentives must be granted even though decreasing the open space would reduce the need for incentives]; *Wollmer v. City of Berkeley* (2011) 193 Cal.App.4th 1329, 1346–1347 [waivers must be granted even though decreasing project amenities would reduce the need for waivers].)

The Density Bonus Law also provides that:

"[1] An applicant for a density bonus (for affordable housing) may submit to a city, county, or city and county a proposal for the specific incentives or concessions that the applicant requests pursuant to this section, and may request a meeting with the city, county, or city and county. The city, county, or city and county shall grant the concession or incentive requested by the applicant unless the city, county, or city and county makes a written finding, based upon substantial evidence, of any of the following:

(A) The concession or incentive does not result in identifiable and actual cost reductions, consistent with subdivision (k), to provide for affordable housing costs, as defined in Section 50052.5 of the Health and Safety Code, or for rents for the targeted units to be set as specified in subdivision (c).

(B) The concession or incentive would have a specific, adverse impact, as defined in paragraph (2) of subdivision (d) of Section 65589.5, upon public health and safety or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse

impact without rendering the development unaffordable to low-income and moderate-income households.

(C) The concession or incentive would be contrary to state or federal law.

And that:

“[4] The city, county, or city and county shall bear the burden of proof for the denial of a requested concession or incentive.” (Gov. Code, § 65915, (d)(4).

pply any development standard that will have the effect of physically precluding the construction of a development [with affordable housing] at the densities or with the concessions or incentives permitted by” SDBL. (Gov. Code, § 65915, (e)(1).) “[4] the city, county, or city and county shall bear the burden of proof for the denial of a requested concession or incentive.” apply any development standard that will have the effect of physically precluding the construction of a development [with affordable housing] at the densities or with the concessions or incentives permitted by” SDBL. (Gov. Code, § 65915, (e)(1).)

Case precedent has confirmed that the developer is not required to show information demonstrating that requested incentives and concessions would actually result in cost reductions. The Density Bonus Law places the burden of proof for denying a request for incentives and concessions on the local government. Specifically, the law allows, but not does not require, local governments to deny requested incentives “upon making a written finding, based on substantial evidence, that “the concession or incentive does not result in identifiable cost reductions.” The Density Bonus Law is intended to be interpreted liberally in favor of producing the maximum number of housing units. The California Courts of Appeal and the legislature’s continuing efforts to strengthen the DBL and extend its reach reflect a broad commitment to enforce state housing law.

We look forward to continuing to work with the City of Santa Rosa to bring more housing and affordable housing to the community. Please feel free to reach out to us with any questions or comments.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ingrid Anderson', with a stylized, flowing script.

Ingrid Anderson
(agent for Auxon Lago Fresco)