



Agenda Report

MEETING DATE: Tuesday, February 23, 2021

TO: City Council

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
PRINCIPAL PLANNER MEEK, AICP

SUBJECT: PUBLIC HEARING TO CONSIDER APPROVAL OF A DENSITY
BONUS AND DESIGN REVIEW PERMIT APPLICATION (APP #921)
TO ALLOW THE CONSTRUCTION OF A 53-UNIT AFFORDABLE
HOUSING PROJECT ON A 1.8± ACRE SITE LOCATED AT 1482
FREEDOM BOULEVARD (APN 019-226-41)

STATEMENT OF ISSUES

The project proposes to construct new affordable housing within two, three-story buildings. The project would provide 11 one-bedroom, 26 two-bedroom and 14 three-bedroom units, for a total of 53 units and a residential density of 30 units per acre. Overall development includes installing new onsite circulation and parking lots, bus pullout and shelter, landscaping, open space areas and amenities, fencing, lighting, stormwater facilities, and trash enclosures. Project approvals consist of a Density Bonus and Design Review Permit. In accordance with the "ministerial" approval process per SB 35 (2018), the project is not subject to environmental review under CEQA.

RECOMMENDED ACTION

Staff recommends that the City Council adopt a Resolution approving a Density Bonus and Design Review Permit (App #921) to allow the construction of a 53-unit affordable housing project on a 1.8± acre site located at 1482 Freedom Boulevard (APN 019-226-41).

BASIC PROJECT DATA

Application: App #921
Location: 1482 Freedom Boulevard (APN: 019-226-41)
Lot Size: 1.8± acre

General Plan: General Commercial
Zoning: Thoroughfare Commercial (CT)

Surrounding: General Commercial in the CT Zoning District (south & west) and Residential High Density in the Multiple Residential High Density (RM-3) Zoning District (north & east)

Existing Use: Vacant

Proposed: Affordable housing

Surrounding: Commercial (e.g., fast-food restaurant) and residential (i.e., single family and multifamily housing)

Flood Zone: The project site is not within a 100-year floodplain

CEQA Review: The project is eligible for a streamlined, ministerial approval process per Senate Bill 35. Ministerial projects are not subject to environmental review.

Applicant: Andy Madeira, Eden Housing, 22645 Grand St, Hayward, CA 94541

Owner: Eden Freedom Investors LP, 22645 Grand Street, Hayward, CA 94541

BACKGROUND

On July 17, 2020, Max Heninger with Eden Housing submitted a pre-application (App #254) for the construction of an affordable housing project at 1482 Freedom Boulevard.

On August 4, 2020, Jane Barr with Eden Housing sent a letter informing the City of their request to process an affordable housing project in accordance with Senate Bill 35 ([SB 35](#)), which in 2018 established a streamlined, ministerial review and approval process for multi-family housing developments with at least 50 percent of the units dedicated as affordable units.

On August 14, 2020, City staff provided Jane Barr with Eden Housing a pre-application letter (App #254) regarding the construction of an affordable housing project at 1482 Freedom Boulevard.

On October 14, 2020, Max Heninger and others with Eden Housing conducted a virtual community meeting for members of the neighborhood to learn about the proposed project.¹

On October 27, 2020, City staff mailed a consultation request to local tribes identified by the California Native American Heritage Commission, in accordance with Assembly Bill 168 ([AB 168](#)).² Following the close of the 30-day window to accept an invitation for a scoping consultation, the project was then eligible to apply for SB 35 ministerial approval.

On December 2, 2020, Andy Madeira with Eden Housing, applicant, on behalf of Eden Freedom Investors LP, property owner, applied for a Density Bonus and Design Review Permit Review

¹ Eden Housing, 1482 Freedom Virtual Community Meeting, <https://edenhousing.org/properties/1482-freedom/>

² Pursuant to AB 168—passed in September 2020—SB 35 project applicants are required to issue a Notice of Intent inviting eligible California Native American Tribes with ties to a project's geographic area to participate in a scoping consultation process regarding the potential effects a proposed development could have on a potential tribal cultural resource.

(App #921) to allow construction of 53 affordable housing units on the subject site. Application fees were subsequently paid on December 14, 2020.

Eden Housing is a non-profit that develops, owns and manages affordable housing. In the 50-plus years since its founding, Eden has worked in partnership with cities and local community partners to develop or acquire more than 10,600 homes in communities throughout California to serve approximately 22,000 low-income residents from diverse cultures and backgrounds.³

PROCESS

Density Bonus

State law allows a housing development with a certain percentage of affordable units to be eligible for a “density bonus.” Pursuant to Section 65915 of the California Government Code (GOV), a city must adopt an ordinance that specifies how compliance with State Density Bonus law will be implemented. Failure to adopt an ordinance does not relieve a city from complying with [GOV Section 65915](#).

The City adopted a Density Bonus Ordinance in 2006 to implement GOV Section 65915. This ordinance grants applicants density bonuses or other incentives or concessions, if the applicant agrees to construct a residential development which contains certain housing for very low, lower, and moderate income households.

Residential developments that provide 100 percent of the units for “lower income households” are eligible for an 80 percent density bonus along with four development incentives or concessions.⁴ In addition, an applicant may request waivers or reductions of development standards that would have the effect of physically precluding the construction of a development.

Design Review

All new construction, exterior remodeling, additions, or changes in use requiring additional parking, which involve structures used for multi-family residential, commercial, industrial or public purpose are subject to Design Review. [WMC § 14-12.400](#). No Building Permit shall be issued for a development subject to Design Review until a Design Review Permit has been approved in accordance with WMC Chapter 14-12 and conditions of approval have been met.

When considering applications for Design Review, the decision-making body typically evaluates the impact of the Design Review on and its compatibility with surrounding properties and neighborhoods to ensure the appropriateness of the development and make the findings set forth in [WMC Section 14-12.403](#). The intent is to ensure an overall harmonious design and minimize adverse effects of the proposed development on adjacent properties. However, as further explained below, recent state legislation removes a city or county’s discretion in considering the design of a project and sets forth a streamlined, ministerial approval process.

³ Eden Housing website, <https://edenhousing.org/about-us/mission-history/> (visited on December 23, 2020)

⁴ Per AB 1763 (2019) which amended GOV Section 65915 increasing the maximum density bonus to 80% for residential development in which 100% of the total units are for lower income households (California Legislative Information, https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB1763).

Streamlined Ministerial Approval Process per Senate Bill 35

The City of Watsonville is one of 213 jurisdictions that have not made sufficient progress toward their Regional Housing Needs Assessment (RHNA) allocation for lower income households and, therefore, is subject to the streamlined ministerial approval process for projects with at least 50 percent affordable units per SB 35.⁵

One of the key criteria for determining whether a project is eligible for the streamlined, ministerial approval process pertains to a site's general plan land use designation and zoning. To qualify, the site's zoning or general plan designation must permit residential or a mix of residential and non-residential uses by right or conditionally (i.e., with issuance of a Special Use Permit). While the site is zoned for commercial development, multifamily development is allowed conditionally and therefore the project is eligible for a streamlined ministerial approval process, provided that all other criteria in [HCD's Guidelines](#) are satisfied. The application submittal includes information demonstrating that the project meets SB 35 eligibility requirements (Attachment 4). The applicant also provided a signed certificate confirming that Eden Housing will comply with applicable affordable housing dedication, prevailing wage, and skilled workforce requirements, pursuant to GOV Sections 65913.4(a)(4), 65913.4(a)(8)(A), and 65913.4(a)(8)(B), respectively (Attachment 5).

Regarding the ministerial processing of this development application, the City may not require issuance of a Special Use Permit. The ministerial "design review or public oversight" of the application may be conducted by the City's Planning Commission or City Council, as appropriate. Since the project involves a Density Bonus request to allow concessions from and waivers of certain development standards, final review and approval of this development application shall go to Council. The City has a statutory timeframe limit of 90 days to complete this streamlined, ministerial review and approval process and acknowledges that the City may not in any way "inhibit, chill, or preclude the ministerial approval" allowed by SB 35. GOV § 65913.4(c)(1). Therefore, the staff report only includes a discussion of objective standards and omits any discussion of General Plan policies or design guidelines, which would require exercising judgment not allowed under SB 35.

DISCUSSION

Existing Site

The 1.8± acre project site is in an urbanized area located at the southeast corner Freedom Boulevard and Atkinson Lane. A single, vacant parcel comprises the project site (APN 019-226-41). While mostly undeveloped with ruderal vegetation and a few trees, a former 5,650± square-foot building foundation and 6,050± square feet of paving exist near the corner of the site.

The site is bordered by existing residential and commercial development. A Wendy's fast-food restaurant and mini-storage facility abut the southern property line at 1480 and 1478 Freedom Boulevard, respectively. A single family residence shares the eastern property line at 34 Atkinson Lane. Across the streets of Freedom Boulevard and Atkinson Lane from the site are a mix of commercial and residential uses.

⁵ HCD, SB 35 Statewide Determination Summary, Cities and Counties Subject to SB 35 Streamlining Provisions https://www.hcd.ca.gov/community-development/housing-element/docs/SB35_StatewideDeterminationSummary.pdf

Proposed Project

The proposed project involves the construction of new affordable housing within two, three-story buildings. The project would provide 11 one-bedroom, 26 two-bedroom and 14 three-bedroom units, for a total of 53 units and a residential density⁶ of 30 units per acre.⁷ The units would range in size from 541± square feet for a typical one-bedroom unit to 1,047± square feet for a three-bedroom unit (Attachment 2, Typical Unit Plans, sheet A2 13). The building closest to the corner of Freedom Boulevard and Atkinson Lane ("Building A") would have a roof height of 35'-6" and tower elements that reach 39'-6" from the ground surface (Attachment 2, BLDG A Elevations, sheet A2 21). The second building ("Building B") is situated toward the middle of the site, has an "L" shape, and has a roof height of 33'-6" and tower elements that reach 38'-6" (Attachment 2, BLDG B Elevations, sheet A2 22). The ground floor of Building A includes a multi-purpose community room along with office space, a classroom, and a maintenance shop. Both buildings also have laundry and janitorial rooms.

Overall development would include installing new onsite circulation and parking lots, bus pullout and shelter, landscaping, open space areas and amenities, fencing, lighting, stormwater facilities, and trash enclosures. Vehicle access would be from two new driveways off Atkinson Lane. A total of 100 parking spaces would be provided in two separate lots (Attachment 2, Parking, sheet A2 03). The rear lot also includes two solar arrays, which would provide covered parking for 50 of the spaces. Because of space constraints, 38 of the assigned parking spaces are in tandem. Bicycle parking is proposed within Building B and outside in two secure bike lockers, totaling 30 spaces (Attachment 2, Storage & Bike Parking, sheet A2 12). The project would also provide outdoor storage closets built into a 9-foot CMU wall along the side of the project site bordering the Wendy's fast-food restaurant and mini-storage facility (Attachment 2, sheets A2 11 & 12). A wood fence would separate the project site from the adjoining residential property at 34 Atkinson Lane.

Pedestrian access is presently provided by an existing sidewalk adjoining the project site. The street frontage along Freedom Boulevard would also be modified to provide a new bus pullout and bus shelter to encourage transit ridership (Attachment 2, Civil Site Plan, sheet C-2). A condition of approval requires the applicant to install street improvements to City standards, including sidewalks where absent or in need of repair.

New landscaping would cover approximately 21 percent of the site. Both passive and active outdoor amenities are proposed within this area, including a 40' x 90' play area, sitting courtyard, 4-square court, tiny tots play area, and family gathering area with grills and picnic tables. The raised planters have also been designed to serve as stormwater "bioretention" facilities (Attachment 2, Landscaping & Area Counts, sheet A2 10).

⁶ Density represents the number of dwelling units per net acre of land. Dwelling units include all residential units having sleeping, eating, cooking, and bathroom facilities, including single-family homes, mobile homes, townhouses, condominiums, duplexes (and other "plexes"), and apartment units. Net land area is calculated by taking gross acreage and subtracting undevelopable lands (e.g., wetlands) and the area in rights-of-way for streets and roads.

⁷ Calculation: 53 units ÷ 1.767 acres = 29.9 units/acre

The project would provide lighting on the buildings, along pathways, and in the parking lot. Proposed lighting consists of 17 shielded wall sconces, 34 recessed can lights, five shielded bollards, 15 canopy downlights, and two shielded light poles (Attachment 2, Lighting, sheet A2 11). These lighting fixtures should provide adequate light to illuminate the site, consistent with light levels in a residential neighborhood. Proposed landscaping and fencing would help obscure onsite lighting from view and little to no light is anticipated to spill over onto adjoining properties or the public right-of-way. A condition of approval requires that a photometric analysis demonstrate the anticipated light intensities would not spill over onto adjacent property or public right-of-way to avoid creating a visual or glare nuisance.

Other key project components are as follows:

- **Grading and Drainage.** The project site would be graded with a gentle slope predominantly in a northerly direction towards Atkinson Lane (Attachment 2, Preliminary Grading Plan, sheet C-4). Approximately 58 percent of the site would be impervious. Drainage off buildings and other impervious surfaces would be directed through landscaped planters with storm drain lines that connect to the City's storm drain system. Pervious paving in the parking lots would reduce runoff during rainfall events (Attachment 2, Preliminary Stormwater Control Plan, sheet C-2). A condition of approval requires the project to comply with the City's post-construction stormwater management requirements.
- **Utilities and Infrastructure.** The proposed project would connect to existing water, wastewater, storm drainage, electricity, and telecommunication infrastructure. Water service, wastewater treatment, stormwater management, and solid waste collection are provided by the City. Electricity and natural gas are provided by PG&E. Existing overhead utilities along Freedom Boulevard would be relocated because of the new bus pullout along Freedom Boulevard (Attachment 2, Preliminary Utility Plan, sheet C-5).
- **Removal of Existing Structures.** As part of the project, the existing building foundation would be demolished and an existing 36-inch abandoned storm drain line would be removed (Attachment 2, Existing Conditions, sheet C-1).

General Plan/Zoning

The project site is designated General Commercial on the General Plan Land Use Diagram and is within the CT Zoning District. Residential development is conditionally permitted within the CT Zoning District. As discussed previously under the "Streamlined Ministerial Approval Process per Senate Bill 35" heading, the proposed affordable housing project is not required to obtain a Special Use Permit and is eligible for a ministerial "design review or public oversight" process based on "objective" standards. [GOV § 65913.4\(a\)\(5\)](#). As discussed further below under "Conformity with Zoning District Regulations and Residential Development Standards," the project meets City's standards with concessions from and waivers of the certain standards permitted under State Density Bonus law.

Residential development in the CT Zoning District is allowed at densities corresponding to nearby residential zones, in this case the Multiple Residential High Density (RM-3) District. State

Density Bonus law stipulates that the maximum density may be based on the standard set forth in the City's General Plan or Zoning ordinance.⁸ The General Plan's "high density" standard allows multi-story apartment and condominium-type housing at densities ranging between 14 and 36.99 units per acre, whereas the Zoning ordinance limits density through minimum net land area requirements. As such, by invoking Density Bonus law, the project is eligible to rely only on the General Plan density limits to allow a residential density of 36.99 units/acre without requesting an additional density bonus of up to 80 percent to accommodate the project. The proposed project density of 30 units/acre would not exceed the maximum density allowed by the General Plan for high density housing developments.

Conformity with Zoning District Regulations and Residential Development Standards

To help facilitate the review of the project for conformance with objective standards, the cover page to the project plans provides a summary of City standards and whether the project meets these requirements (Attachment 2, Cover Sheet, Planning Code Summary). As shown on this sheet, the proposed project is consistent with most development regulations for the RM-3 Zoning District and City of Watsonville Residential Development Standards for multi-family rental projects, including the following:

- Maximum building height of 40 feet;
- Minimum lot size of 7,000 square feet;
- Minimum frontage of 70 feet;
- Minimum exterior side yard setback of 10 feet (for the building);
- Minimum interior side yard setback of 5 feet (for the building & solar panels over parking);
- Minimum open space of 200 square feet per unit;
- Minimum yard storage of 200 cubic yards per unit;
- Minimum parking spaces (per Density Bonus Law);
- Minimum ADA parking spaces (per Building Code);
- Maximum compact spaces of up to 30 percent;
- Minimum bicycle parking of 5 percent of vehicle parking spaces;
- Principal driveway width of 24 feet (with parking);
- Principal driveway width of 20 feet (without parking); and
- Trash enclosure (required for project of five or more dwelling units).

The applicant requests, in accordance with State Density Bonus law, the following concessions from and waivers of the following development standards:

1. A front yard setback of 13-feet in lieu of the minimum 15-foot front yard setback requirement;
2. A side yard setback of 0-feet for attaching the yard storage units to proposed fencing along the property line in lieu of the minimum 5-foot side yard setback requirement;
3. A lot coverage of 63 percent in lieu of the maximum 55 percent requirement;

⁸ According to State Density Bonus law, a "density bonus" means a floor area ratio bonus over the otherwise maximum allowable density permitted under the applicable zoning ordinance and land use elements of the general plan of a city, including a charter city, city and county. [GOV § 65917.5\(a\)\(2\)](#)

4. No private open space in lieu of the 96-square-foot per unit requirement;
5. A walking distance of up to 200-feet between units and parking spaces in lieu of the maximum 150-foot requirement;
6. Parking spaces within the side yard setback area in lieu of the minimum 5-foot setback requirement;
7. Parking stall dimensions of 9' x 18' in lieu of the standard dimensions of 9' x 19'.

Items 5 and 6 are requested as two of the four concessions the applicant is eligible to request. The remaining items are requested waivers from development standards for the reason that the strict adherence to these standards would have the effect of physically precluding the construction of the proposed project. A discussion of the requested waivers and concessions is included as Attachment 4 to this staff report.

CONCLUSION

The proposed Density Bonus and Design Review (App #921) would allow the construction of a 53-unit affordable housing project on a 1.8± acre site located at 1482 Freedom Boulevard (APN 019-226-41). The project is consistent with objective development standards with approval of the requested concessions and waivers per State Density Bonus law. The project would also help accomplish the community's affordable housing goals in the Housing Element. Therefore, staff recommends that the City Council adopt a Resolution approving the project entitlements, subject to findings and conditions.

STRATEGIC PLAN

The purpose of the City of Watsonville's 2018-2020 Strategic Plan is to help the City prioritize its efforts, allocating both fiscal and human resources to achieve a shared vision and goals. The 2018-20 Strategic Plan identifies six goals, concerning housing, fiscal health, infrastructure and environment, economic development, community engagement and well-being, and public safety.

This action is consistent with Goal 1 of the Strategic Plan to expand quality housing opportunities, in that the project would provide affordable housing for lower income households and is designed in conformance with the City's objective standards concerning housing developments.

FINANCIAL IMPACT

The project applicant would be required to pay development impact fees at either the time of issuance of building permits or certificate of occupancy. These one-time fees paid to the City by developers are used, for instance, to offset the additional cost of extending public services to a site along with partially funding road improvement projects.

ALTERNATIVE ACTION

The City Council may deny the requested Density Bonus and Design Review Permit, provided that the Council provides substantial evidence contrary to making required findings. Denying the requested concessions, for instance, requires finding that it would have a specific adverse impact upon public health or safety or the physical environment in which there is no feasible

method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to lower, very low and moderate income households. Similarly, denying the requested waivers requires making a finding, based upon substantial evidence, that the waiver or reduction of development standards would have a specific adverse impact upon health, safety, or the physical environment, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to lower, very low, and moderate income households.

ATTACHMENTS

1. Site and Vicinity Map
2. Plan Set
3. Material Sample Card
4. Letter from Eden Housing with Density Bonus Information and SB 35 Eligibility
5. Streamlined Housing Development Certificate for Compliance with Eligibility Requirements
6. Letter from Eden Housing regarding Design Review Standards and Design Intent
7. Determination of No Hazard to Air Navigation

An electronic copy of the above attachments for the project is available on the City's website at: <https://www.cityofwatsonville.org/DocumentCenter/Index/157>