



# Agenda Report

**MEETING DATE:** Tuesday, October 26, 2021

**TO:** City Council

**FROM:** COMMUNITY DEVELOPMENT DIRECTOR MERRIAM  
JUSTIN MEEK, AICP, PRINCIPAL PLANNER

**SUBJECT:** PUBLIC HEARING TO CONSIDER APPROVAL OF AN AMENDMENT  
TO (1) THE DENSITY BONUS AND (2) DESIGN REVIEW PERMIT  
(PP2021-2502) FOR A PROPOSED 53-UNIT AFFORDABLE  
HOUSING PROJECT ON A 1.8± ACRE PARCEL AT 1482 FREEDOM  
BOULEVARD (APN 019-22-226-41)

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## STATEMENT OF ISSUES

The Applicant 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 apartment 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. The Council approved a density bonus and design review permit on February 23, 2021 (Resolution Nos. 62-21 and 63-21). The applicant is in the process of preparing construction plans for building the project. The bids for building the outdoor storage closets as part of the wall along the side of the project site bordering the Wendy's fast-food restaurant and mini-storage facility (Attachment 2, sheets A2 01, 10 & 12) were cost-prohibitively high. Therefore, the applicant has informed the City of their request to (a) amend the Density Bonus approval by requesting a third concession to not adhere to the yard storage standard for multi-family rental projects and (b) modify the Design Review approval by removing the outdoor storage closets from the approved project plans (Attachment 3, sheets A2 01, 10 & 12).

## RECOMMENDED ACTION

Staff recommends that the City Council adopt Resolutions approving an Amended Density Bonus Request and a Modified Design Review Permit (PP2021-2502) 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).

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## BASIC PROJECT DATA

**Application:** PP2021-2502

**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 (entitled for affordable housing)  
**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:** Max Heninger, Eden Housing, 22645 Grand Street, Hayward, CA 94541  
**Owner:** Eden Freedom Investors LP, 22645 Grand Street, Hayward, CA 94541

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## BACKGROUND

On February 23, 2021, the City Council adopted Resolution No. 62-21 (CM), approving a Design Review Permit for App No. 921, filed by Andy Madeira with Eden Housing, Inc, a corporation, (Eden Housing) applicant, on behalf of Eden Freedom Investors LP, a limited partnership (Eden Freedom) property owner, to construct a 53-unit affordable housing project on a 1.8± acre site located at 1482 Freedom Boulevard, Watsonville, California (APN 019-226-41).

Also on February 23, 2021, the City Council adopted Resolution No. 63-21 (CM), granting a Density Bonus for App No. 921, filed by Eden Housing, applicant, on behalf of Eden Freedom, to construct a 53-unit affordable housing apartment project on a 1.8± acre site located at 1482 Freedom Boulevard, Watsonville, California (APN 019-226-41).

On October 6, 2021, Eden Housing, applicant, on behalf of Eden Freedom, applied for an amended Density Bonus Request and Modified Design Review Permit (PP2021-2502) to allow construction of 53 affordable housing units on the subject site with only two 210± cubic yard storage units (instead of 53 yard storage units).

Eden Housing is a non-profit corporation that develops, owns and manages affordable housing. In the 50-plus years since its founding, Eden has worked 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.<sup>1</sup> This project will be owned by Eden Freedom and developed and managed by Eden Housing

## **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, 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 [California Govt. Code Section 65915](#).

The City adopted a Density Bonus Ordinance in 2006 to implement Section 65915. This ordinance<sup>2</sup> 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.<sup>3</sup> An incentive or concession is defined as (a) reduction in site development standards or a modification of zoning code or architectural design requirements, such as a reduction in setback or minimum square footage requirements; (b) approval of mixed-use zoning; and/or (c) other regulatory incentives or concessions which actually result in identifiable and actual cost reductions. 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 under section [14-12.400 of the Municipal Code](#). 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 evaluates the impact of the project on, among other things, its compatibility with surrounding properties and neighborhoods to ensure the appropriateness of the development and must make the seven specific findings set forth in [WMC Section 14-12.403](#). This is to provide an overall harmonious design and minimize adverse effects of the proposed development on adjacent properties.

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<sup>1</sup> Eden Housing website, <https://edenhousing.org/about-us/mission-history/> (visited on December 23, 2020).

<sup>2</sup> Ordinance 1193-06 (CM) codified in Chapter 14-47 of the Watsonville Municipal Code.

<sup>3</sup> 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](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB1763)).

However, recent state legislation preempts local control and removes a city or county's discretion in considering the design of a project and sets forth a streamlined, ministerial approval process for projects with at least 50 percent affordable units. SB 35 (Wiener, 2017).

### Modification

The proposed changes to the project design here are not minor as they involve removing outside storage closets and therefore are considered major revisions.<sup>4</sup> In accordance with [WMC Section 14-12.1000](#), where the holder of an approved application for a development permit wishes to make a major revision to the approval, an application including all required materials and fees shall be submitted to the Community Development Department and forwarded for approval of the final decision-maker in accordance with the procedures established for the original approval. As the original affordable housing project was approved by the City Council, the proposed revisions are being brought to the City Council for their review and consideration.

## **DISCUSSION**

### Existing Site

The 1.8± acre project site is in an urbanized area located at the southeast corner of Freedom Boulevard and Atkinson Lane. The project is entirely on one vacant parcel (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. This was used by the retail nursery which occupied the parcel in the past.

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 Freedom Boulevard and Atkinson Lane from the site are a mix of commercial and residential uses.

### Approved Project and Proposed Modification

The approved project involves the construction of new affordable housing within two, three-story apartment buildings. The project would provide 13 one-bedroom, 26 two-bedroom and 14 three-bedroom units, for a total of 53 units. The proposed modification would not change the number of units or overall site development, including the installation of new onsite circulation and parking lots, bus pullout and shelter, landscaping, open space areas and amenities, fencing, lighting, stormwater facilities, and trash enclosures.

The approved project included outdoor storage closets built into a 9-foot wall along the side of the project site bordering the Wendy's fast-food restaurant and mini-storage facility (Attachment 2, sheets A2 01, 10 & 12). However, construction bids determined that the cost for building the

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<sup>4</sup> Minor revisions that may be authorized are those that appear necessary in light of technical considerations requested by the applicant or Zoning Administrator and are limited to the following: (1) requests that involve less than 25 percent of the building area or project site area where the application involves new construction; (2) requests that involve minor changes in color, material, signage, design, landscape material or parking or driveway orientation; or (3) requests that involve minor design changes which represent improvements to previous engineering, site design or building practices provided the request does not change the character of the project or result in negative impacts to adjoining properties, drainage facilities, or rights-of-way.

outdoor storage closets was cost-prohibitively high. Therefore, the Eden Housing requests the City (a) amend the Density Bonus approval by requesting a third concession to not adhere to the yard storage standard for multi-family rental projects and (b) modify the Design Review approval by removing the outdoor storage closets from the approved project plans and replacing them with landscaping (Attachment 3).

### 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. 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 starting on page 7 the [February 23, 2021 staff report](#) to City Council under the heading “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 ([report](#)).

The approved project includes outside storage units built to satisfy the City of Watsonville’s Residential Development Standard to provide a minimum yard storage of 200 cubic yards per unit. In accordance with State Density Bonus law, the applicant requests the following third concession because of the cost for building the outdoor storage closets would be prohibitively high:

- Two 5' x 6' x 7' (210 cubic yards) garden storage units in lieu of the 200 cubic yards per dwelling unit requirement.

Attachments 4 and 5 provide the original and amended Density Bonus request with a total of three of the four concession the applicant is eligible to request. Attachment 6 provides a detailed cost estimate for how much it would have cost to construct 53 outside storage closets and thereby identify actual cost reductions that would result from not constructing all 53 outside storage closets.

## **CONCLUSION**

The proposed amended Density Bonus and modified Design Review (PP2021-2502) would allow the construction of a 53-unit affordable housing apartment 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 third requested concession 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 Resolutions approving the amended project entitlements, based on the recommended findings and subject to the recommended conditions.

## **STRATEGIC PLAN**

The purpose of the City of Watsonville’s 2021-2023 Strategic Plan is to help the City prioritize its efforts, allocating both fiscal and human resources to achieve a shared vision and goals. The 2021-23 Strategic Plan identifies six goals, concerning housing, fiscal health, infrastructure and

environment, economic development, community engagement and well-being, public safety, and efficient and well-performing government.

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 amendment to the Density Bonus and Design Review Permit application, if the Council provides substantial evidence contrary to making required findings. Denying the third requested concession, 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.

### **ATTACHMENTS**

1. Site and Vicinity Map
2. Original Plan Set
3. Modified Landscape Plan
4. Letter from Eden Housing with Density Bonus Information and SB 35 Eligibility
5. Letter from Eden Housing with 3rd concession request per Density Bonus Law
6. Letter from Bogard Construction with detailed cost estimate