



CITY COUNCIL STAFF REPORT

TO: City Council **DATE:** February 24, 2025

DEPARTMENT: Community Development Department

PREPARED BY: Marie Jones, Marie Jones Consulting

PRESENTER: Marie Jones, Marie Jones Consulting

AGENDA TITLE: Hold a Hearing Receive Report and Consider Adopting a Resolution of the Fort Bragg City Council Providing Preliminary Preapproval of Inclusionary Housing Incentives for Proposed Affordable Senior Apartment Project at 860 Hazelwood.

RECOMMENDATION

Adopt a Resolution of the Fort Bragg City Council Providing Preliminary Preapproval of Inclusionary Housing Incentives for Affordable Senior Apartment Project Proposed for 860 Hazelwood.

BACKGROUND

On January 3, 2025 the City received an application for a 49-unit affordable senior housing project proposed for 860 Hazelwood for which the applicant has requested two incentives and a small density bonus in compliance with state law.

DISCUSSION AND ANALYSIS

The inclusionary housing ordinance implements the Housing Element of the General Plan, by offering incentives for the development of housing that is affordable to low- and moderate-income households. Per the Coastal Land Use and Development Code (CLUDC), section 17.32.040 developments of greater than 7 units "must construct 15 percent of all new dwelling units in a residential development as affordable units."

Additionally, in recognition that the inclusionary housing requirement reduces the profitability and therefore the feasibility of a project the ordinance includes a mechanism by which the City Council can "pre-approve" planning incentives prior to submittal of the final permit application and consideration of the project by the Planning Commission and City Council, see CLUDC section 17.32.070 below:

AGENDA ITEM NO. _____

17.32.070 - Inclusionary Housing Incentives

A. Process for describing incentives. A residential development that complies with the inclusionary housing requirements in Subsection 17.32.040.A. (Number of units required), through the actual construction of inclusionary units, shall be entitled to the following procedures and incentives.

1. Voluntary conceptual preliminary approval of incentives.
 - a. Before the submittal of any formal application for a General Plan amendment, rezoning, Coastal Development Permit, Use Permit, Tentative Map, or other permit or entitlement describing and specifying the location, number, size, and type of the housing development, the developer may submit a letter of request for incentives identifying any requests for density bonus, incentives, modifications, or waivers of development or zoning standards necessary to make construction feasible for the proposed development, including the inclusionary units. The Council shall review the preliminary development proposal and the letter of request for incentives within 90 days of submittal at a public hearing and indicate conceptual preliminary approval or disapproval of the proposed development and request for incentives, modifications, or waivers of development or zoning standards.
 - b. Preliminary approval or disapproval shall not bind the Council, but rather shall be subject to the discretion of the Council to modify its preliminary recommendations based upon a full review of all pertinent project information, including any CEQA analysis, presented at the public hearing on the subject application.
 - c. The provisions of this Section do not replace, supersede or modify the independent requirement for a CDP approved pursuant to the otherwise applicable policies and standards of the certified LCP.

State law requires the City to grant at least three incentives per Government Code section 659159(d)(2)(c) as the project is proposed at 100% affordable to low-income seniors.

(C) Three incentives or concessions for projects that include at least 24 percent of the total units for lower income households, at least 15 percent for very low income households, or at least 30 percent for persons and families of moderate income in a development in which the units are for sale.

The applicant has requested the following two incentives (Attachment 1):

1. *"Height: Pursuant to Table 2-5 in the Code, the Project may have a maximum height of 35 feet, which it currently exceeds by 7'8". The entire 3rd story of the development would need to be removed in order for the Project to abide by this development standard, therefore making its removal necessary for the Project's financial feasibility.*
2. *Parking: Pursuant to Table 3-7 in the Code, the Project must provide 2 parking stalls per unit plus guest parking at a rate of 1 stall per 3 units. This would place the mandatory minimum parking count at 114 stalls. As designed, the Project can only accommodate 75 parking spaces. This is above the minimum parking count as outlined in California Government Code (p)(l)(A) and (p)(l)(B)."*

Additionally, according to State Law, the applicant may request a density bonus of 80% based on the level of affordability (100%) of the project. However, the applicant has requested a 9% density bonus to construct the project at 16.39 units/acre instead of the 15 units/acre required in the zoning district.

FISCAL IMPACT

This approval will not have a significant fiscal impact.

ENVIRONMENTAL ANALYSIS

The addition of affordable apartments in Fort Bragg will reduce overall emissions as the City is small and compact and locating residence within the City will result in fewer vehicle miles traveled than new development within the county. Moreover, the consideration and approval of preliminary incentives has been reviewed with respect to the applicability of the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*) ("CEQA"). City staff has determined that the proposed approval of preliminary incentives amendments does not have the potential for creating a significant effect on the environment and is therefore exempt from further review under CEQA pursuant to State CEQA Guidelines Section 15060(c)(3) because it is not a project as defined by the CEQA Guidelines Section 15378. Adoption of the Resolution does not bind the Council which under the Inclusionary housing ordinance, retains the authority to modify the pre-approval when upon a full review of the pertinent information. These incentives will be subject to review under CEQA and the specific impacts of such projects will be analyzed under CEQA at time of project review and approval of the development project before the Planning Commission and when the Planning Commission recommendation is presented to the Council.

STRATEGIC PLAN/COUNCIL PRIORITIES/GENERAL PLAN CONSISTENCY

The granting of planning incentives and a density bonus for affordable housing is consistent with state law, Program H-2.4.1 of the City's Housing Element and Chapter 17.32 of the Coastal Land Use and Development Code. If approved the project would help implement the City's Strategic Plan housing goal of 200 new housing units by 2026.

COMMUNITY OUTREACH

This project has not been the subject of community outreach. Community outreach is not feasible prior to a fully noticed public hearing for current planning projects.

COMMITTEE REVIEW AND RECOMMENDATIONS

The Planning Commission will hold a Public Hearing on this project in March and forward a recommendation for the project permits to the City Council soon thereafter.

ALTERNATIVES

The City, under the State's density bonus law, can only deny the requested incentives if the City can prove with substantial evidence that the incentives are not required for a financially and physically feasible project. The following facts of the project don't seem to allow for this flexibility.

- This site requires a large stormwater infiltration basin, and it is not feasible to both accommodate the infiltration basin and the minimum density of the site with existing height limits.
- The applicant must at least achieve minimum density at the site to be eligible for Tax

Credit financing. Without the requested height change the project is not financially feasible as it would not achieve minimum densities and would not be eligible for tax credit financing.

- Likewise, the site is not large enough to accommodate all the required parking, the units and the stormwater infiltration basin, nor is the required parking consistent with parking usage for senior apartments.
- Finally, as noted in the applicant's letter, the small addition in height is required to accommodate the elevator shaft which is required by law for senior ADA access.

IMPLEMENTATION/TIMEFRAMES

The applicant has submitted final project designs, and their application will be brought forward to the Planning Commission and City Council for consideration in March 2025.

ATTACHMENTS

1. Letter Request for Incentives
2. Resolution of the Fort Bragg City Council Providing Preliminary Preapproval of Affordable Housing Incentives and Density Bonus for a Proposed Senior Apartments Project at 860 Hazelwood.
3. Public Hearing Notice

NOTIFICATION

'Notify Me' Housing List
Applicant- AMG & Associates, LLC
Agent- Jacob Soroudi
Property Owner- Angelina F. Moura