



AGENCY: City Council
MEETING DATE: Nov 12, 2024
DEPARTMENT: Community Development
PRESENTED BY: Marie Jones Consulting
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AGENDA ITEM SUMMARY

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 Fort Bragg Apartments Project at 1151 South Main Street

ISSUE:

In September of 2024 the City received an application for a 53-unit market rate housing project proposed for 1151 South Main Street. The City has been working with the applicant to address and resolve a variety of items on the project and the Planning and Public Works review of the application is nearly complete. At this time, the remaining outstanding issue for the project is stormwater management.

Until recently, MJC understood that the City's Inclusionary Housing Ordinance did not apply to rental projects due to the 2009 Palmer appeals court decision. As noted in the Inclusionary Housing in Lieu Fee staff report, presented to the City Council on October 28, 2024, subsequent state law and court cases re-established inclusionary housing as a planning tool in 2017. The applicant was notified as soon as this error was discovered, and the applicant was asked to submit a request for incentives for City Council's consideration. The applicant subsequently submitted the attached request for incentives (Attachment 1).

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:

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.

The ordinance does not provide any details about the number or type of planning incentives which the City Council can pre-approve. This is entirely up to the City Council's discretion. The applicant has requested the following two incentives (Attachment 1):

"We would like to request the following two incentives from the City Council for implementing 10 affordable units into the project.

1. *First request is to allow an increase on maximum building height from 28ft to 38ft. This would allow the owner to increase the density of the project from 53 units to 68 units (2 ADUS, 10 affordable, and 56 market rate) by designing the buildings as 3 stories instead of 2. Also, by designing the buildings as 3 stories there would be additional site area to add more parking spaces, outdoor open space, and the reduction of the building footprints helps to increase the pervious surface area to reduce stormwater.*
2. *Second we would like to request the City to be responsible for the upsizing and cleaning of the storm drain system along Ocean View Drive. According to the 2004 Storm Drainage Master Plan, four existing culverts need to be upsized to accommodate sizes between 24" and 30". We are requesting that the City implement these culvert improvements, including the upsizing and cleaning of the drainage ditch areas."*

Both requests are discussed in more detail below.

1) Analysis of Height Limit Increase. The currently proposed 53-unit project (without inclusionary housing and no incentives) provides 19.4 units per acre, although 24 units per acre is permissible in the zoning district. The applicant would like to build more units, however, due to the zoning ordinance's height limits, parking requirements, open space requirements, and storm water management requirements, only 19 units per acre will fit, unless the applicant is allowed to build three-story structures. The requested increase in the height would allow the applicant to construct fewer buildings, which would increase stormwater infiltration and open space on the site. Additionally, the images below provide a mockup of how a two-story and a three-story project might look from highway 1. The site parcel is between 5 and 10 feet lower in elevation than the highway, which has the effect of

reducing the perceived height of the proposed buildings. Image 1 illustrates how the project might look from the highway as a two-story project. Image 2 illustrates a possible configuration of the project as a three-story project.

Image 1: Schematic Elevations of 53 unit 28-foot-high Market Rate Housing



Image 2: Schematic Elevations of 65 unit 38-foot-high Market Rate Housing



The applicant has requested 68 units (2 ADUs, 10 affordable, and 56 market rate units). The parcel is 2.6 acres which at 24 units per acre would allow 62 units. Accessory Dwelling Unit law requires cities to approve an extra two ADUs for any new multifamily project and stipulates that those additional two units not be counted as part of the density limits for the zoning district. The applicant can construct 64 units total without a density bonus. The applicant is eligible for a 5 percent density bonus per state law (Government Code 65915f4) for providing at least 10 percent of units affordable to moderate income households, which results in an extra 3 units for a total unit count of 67 units.

2) Analysis of Ocean Drive Stormwater Maintenance Project Request. The City's 2004 Stormdrain Master Plan includes a project to replace culverts on Ocean Drive (Attachment 3), as follows:

5.5.8.1 Culvert Replacement: Ocean View Drive Project

A project is proposed to replace existing culverts and regrade drainage ditches on Ocean View Drive. Three undersized culverts were identified for replacement. It is recommended that the 12" HDPE culvert crossing Monterey Avenue be replaced with a 24" HDPE culvert (see Node H-1.6 on Figure 5-17). It is also recommended that the 18" CMP culvert at Pacific Drive and the 12" CMP culvert at Neptune Avenue be replaced with 30" HDPE culverts (see Nodes H-1.4 and H-1.2 on Figure 5-17). However, it should be noted that these two culverts are outside

of the Fort Bragg City limits, and therefore fall within the jurisdiction of the County of Mendocino. It is also recommended that the drainage ditches on both sides of Ocean View Drive be cleaned and regraded to 2' x 2' x 3'. This project is designated as a medium priority because the existing culverts are undersized for the current levels of development and drainage ditches are in need of maintenance. Because of the growth potential in the Todd Point area this project is considered development driven. Our opinion of the probable cost for the project is \$118,300.

As a second concession, the applicant has requested that the City address the undersized culverts and engage in maintenance activities. In 2024 dollars the project would cost an estimated \$201,404. Alternatively, the City could require the applicant to pay its proportional share of this cost. As the proposed housing project must be designed to infiltrate the stormwater from the 85th percentile storm on site (per the zoning ordinance), the project would only discharge stormwater into this system in severe storm events. As there is a pre-existing deficiency, the City cannot require the applicant to cover the entire cost of repairs and maintenance. Instead, the City would have to determine the applicant's proportional share of the cost, given all the stormwater that flows into the system from all property owners. Additionally, this stormwater system is located both within the County and the City's jurisdiction, making coordination between the two jurisdictions an important part of the project, and the applicant would like the City to manage the permitting and environmental review for this project.

Stormwater Design & Engineering. The Public Works Department has requested that the applicant be responsible for designing and engineering the Ocean View Drive Stormwater project, as staff has many other projects right now and is concerned about completing the design and engineering quickly enough to meet the construction timeline for the apartment project, if it is approved. The applicant has agreed to pay for and complete the design & engineering of the project to ensure that it is completed in a timely manner.

Construction. Public Works staff would also like the applicant to construct the stormwater project to improve timeliness and reduce costs. The applicant has expressed a willingness to construct the off-site stormwater improvements if the cost of doing so is offset with a corresponding reduction in the project's overall capacity fees (drainage, sewer and water) as part of the requested inclusionary housing incentive. The cost of completing the stormwater improvements would be around \$150,000 if the applicant completes the work. So the applicant would be seeking about \$60,000 in drainage fee concessions and about \$90,000 in sewer/water fee concessions, in exchange for completing the storm drain project and as part of their inclusionary housing incentive.

Alternatively, City Council can direct the City to construct the stormwater project. However, funds will need to be committed to the project, as there is no enterprise fund for drainage projects. Perhaps ARPA housing funds could be used to fund this project.

In-Lieu Fee Alternative. The applicant has expressed a willingness to pay the inclusionary housing in-lieu fee if the City Council prefers not to approve the requested concessions.

RECOMMENDED ACTION(S):

The City Council must approve at least one concession, per the code, for the project's inclusionary housing. MJC recommends the City Council approve both requested concessions as detailed in the attached resolution.

ALTERNATIVE ACTION(S):

Provide other direction.

FISCAL IMPACT:

Approval of the height increase would have a minor negative fiscal impact because it would increase the residential population in the City, and at the local level residents use more services than they pay for through local taxes. This would be offset to the degree that the additional housing results in business expansion and an increase in business taxes.

The fiscal impact of completing the culvert replacement project is likely to be a small fraction of the cost of construction, because if the applicant was required to pay a proportional share for the stormwater improvements as a condition of approval for the project that share would be a fraction of the total cost.

GREENHOUSE GAS EMISSIONS IMPACT:

The addition of market rate apartments in Fort Bragg will reduce overall emissions as the City is small and compact and locating residences within the City will result in fewer vehicle miles traveled than new development within the county.

CONSISTENCY:

The granting of a planning incentive for inclusionary 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.

IMPLEMENTATION/TIMEFRAMES:

The applicant will redesign their project depending on the approved incentives, and CDD will review their application and bring it to the Planning Commission and City Council for consideration within in a timely manner.

ATTACHMENTS:

1. Letter Request for Incentives
2. Resolution of the Fort Bragg City Council Providing Preliminary Preapproval of Inclusionary Housing Incentives for Proposed Fort Bragg Apartments Project at 1151 South Main Street
3. Public Hearing Notice

NOTIFICATION:

'Notify Me' Housing List
Applicant – Akashdeep "Kosh" Grewal