



AGENCY: City Council
MEETING DATE: December 11, 2017
DEPARTMENT: CDD
PRESENTED BY: M. Jones
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AGENDA ITEM SUMMARY

TITLE:

RECEIVE REPORT, CONDUCT PUBLIC HEARING AND CONSIDER PROVIDING PRELIMINARY CONCEPTUAL APPROVAL OF THE PROPOSED DEVELOPMENT AND AFFORDABLE HOUSING INCENTIVES FOR A PROPOSED MIXED-INCOME SENIOR AND MULTIFAMILY HOUSING PROJECT LOCATED AT 441 SOUTH STREET (APN 018-340-04)

ISSUE:

Danco Communities ("Danco"), a vertically-integrated developer, contractor and manager of affordable workforce and senior housing in northern California and the western United States, proposes to construct a mixed-income project consisting of 30 affordable senior units and 14 market-rate family units at 441 South Street.

The proposed project consists of:

- 1) Thirty single-story affordable senior residential cottages ranging from 616 to 830 square feet (8 two-bedroom units and 22 one-bedroom units), a 1,200 square foot commons building, a 440 square foot common utility building, walkways and a 38-space parking area and associated driveway; and
- 2) Seven market rate two-story, residential duplex units with the 14 units ranging from 1,000 to 1,200 square feet (2 and 3 Bedrooms), landscaping and a 28-space covered parking area and associated driveway.

The project is proposed for a 7.8 acre vacant parcel located immediately south of the hospital. The project site is within the Coastal Zone.

Danco has developed numerous commercial and residential projects in Arcata, Eureka and Ukiah. In 2014, Danco developed the Cottages at Cypress in Fort Bragg, a affordable senior project that includes 24 one- and two-bedroom cottages in a parklike setting. The project is limited to seniors with incomes at or below 50 percent of the area median income, and the project has a long waiting list of seniors who want to live in the affordable and well-designed community. Since completion of the Cottages at Cypress in 2014, Danco has sought to develop additional affordable housing in Fort Bragg and settled on the South Street parcel as an opportunity site in the summer of 2017.

The proposed project would be financed primarily with a competitive award of Tax Credit Financing, which will require matching funds from other sources, potentially including the City's RDA Successor Housing Fund and a State Department of Housing & Community Development (HCD) Infill Infrastructure Grant.

- 1) On September 11, 2017, the City Council conceptually approved a soft loan of \$250,000, for the affordable senior component of the project, from the City's RDA Successor Housing Fund for a 55 year term at 3% interest rate, with required repayment if the property is sold.
- 2) Danco will seek grant funding through HCD's Infill Infrastructure Grant program. This program supports infrastructure improvements that facilitate new higher-density affordable and mixed-income housing in locations designated as infill. Funds will be allocated through

a competitive process, based on the merits of the individual infill projects, including housing density, project readiness, access to transit, proximity to amenities, and housing affordability. The grant application is due in the middle of January 2017. In order to be competitive for the grant application, Danco is seeking conceptual preliminary approval of the proposed development and selected affordable housing incentives to achieve project readiness points.

A location map and site map are located in Attachments 1 & 2, and the typical floor plans and exterior elevations are located in Attachments 3 & 4.

The project qualifies for two planning incentives per Section 17.32.070 of the Coastal Land Use and Development Code, because 30 units of the project would be affordable rental housing for persons 55 years or older with a household income of 50 percent or less of area median. Danco has requested that the City Council provide “voluntary conceptual preliminary approval” of a reduction of the front yard setbacks and a reduction of required off-street parking for the project.

ANALYSIS:

The Coastal Land Use & Development Code (CLUDC) establishes a process whereby a developer can request preliminary conceptual approval of a proposed development and affordable housing incentives before the submittal of an application seeking formal project approvals (CLUDC Section 17.32.070(1)(a)).

Upon receiving a request for preliminary conceptual approval and incentives, the Council may indicate its preliminary conceptual approval or disapproval of the proposed project and incentives. However, preliminary approval or disapproval does not bind the Council to a future action. The Council retains full discretionary authority to modify (or completely change) its preliminary recommendations. Therefore, a developer who seeks preliminary conceptual approval and incentives obtains no project approvals, nor any vested rights in the project.

Preliminary Conceptual Review of the Proposed “South Street Cottages” Project

One of the key goals in the City’s Housing Element is to provide additional affordable housing, particularly for senior citizens. The following Coastal General Plan policies support the development of infill, senior, and affordable housing projects:

- ⇒ Policy H-2.7 Infill Housing: Encourage housing development on existing infill sites in order to efficiently utilize existing infrastructure.
- ⇒ Policy H-3.2 Encourage Senior Housing: Allow senior housing projects to be developed with density bonuses and flexible parking standards, where found to be consistent with maintaining the character of the surrounding neighborhood consistent with the requirements of Policy H-3.5.
- ⇒ Policy H-3.4 Increase Affordable Housing Development: Encourage the construction of housing units which are affordable to households with very-low to moderate incomes consistent with Chapters 18.31 and 18.32 of the Coastal Land Use and Development Code.

The applicant proposes to construct 30 single-story affordable senior residential cottages and seven residential duplex units with 14 units. The senior cottages would be arranged around the perimeter of the site with the open-space area in the center. The main Commons building is located on the western edge of the site overlooking the vacant remainder of the parcel; a secondary commons building is located on the southwest edge of one of the central open spaces. Parking is proposed along the west and northern edge of the senior component of the project. The multifamily component of the project fronts Kempe Way and the duplex units would have a traditional single-family residential look. These units are parked from behind.

The individual cottages and duplexes would have an architectural style typical to coastal Northern California and Fort Bragg, consisting of gable roofs, covered porches, and a combination of board

and batten siding and horizontal siding. Windows are proposed to be dual glazed with vinyl frames in a taupe or sand color. Roof shingles will be dark asphalt composite. The proposed subdued color palette will be both varied and cheerful. There are two variations to the external siding and two sizes of cottages, so the structures will have a variety of sizes, finishes and colors, which will add to the visual appeal of the development. Along South Street and the extension of the alley onto the parcel, the cottages are oriented to the sidewalk and connected to the sidewalk with pathways. The proposed multifamily duplexes that front Kempe Way will include a variety of finishes and colors and would also include sidewalk connections to the street.

Landscaping would consist of drought-tolerant native plants, trees and shrubs with some parklike grassy areas. Parking is appropriately located internal to and at the rear of the site in a manner that will avoid parked automobiles being a dominant part of the project's appearance.

An environmental determination under the California Environmental Quality Act will be made in conjunction with the processing of permits for the project. Necessary permits include a Coastal Development Permit, Use Permit and Design Review Permit along with the Council's formal approval of the requested affordable housing incentives. Because Council approval of the affordable housing incentives is required, all of the permits will be considered concurrently by the Council.

Preliminary Conceptual Approval of Requested Affordable Housing Incentives

State housing law (Government Code Section 65915) requires jurisdictions to approve from one to three "planning incentives" (i.e., reductions in requirements of the zoning code) for affordable housing projects to improve financial feasibility and production of affordable units. The number of incentives that must be provided depends on the proposed income qualification for the units and the percent of units that are affordable in the project. Additionally, unit affordability thresholds and the total number of affordable units must be guaranteed for at least 30 years. The proposed South Street Project affordability for the senior units would be ensured through a recorded regulatory agreement establishing affordability restrictions for 55 years.

The CLUDC regulates the type of incentives that can be approved by the City for affordable housing projects. As shown below, CLUDC 17.31.040 (D)(1)(a) provides the authority to reduce setback requirements and CLUDC 17.31.040 (D)(1)(c) sets the minimum parking for affordable projects.

CLUDC 17.31.040 (D) Other incentives.

1. **Available concessions or incentives.** A qualifying project shall be entitled to at least one of the following concessions or incentives identified by State law (Government Code Section 65915[b]), in addition to the density bonus allowed by State Law and Subsection B, above:

- a. **A reduction in the site development standards** of this Development Code [e.g. site coverage, landscaping, height restriction waivers, reduced parcel dimensions (i.e., minimum length and width, including lot area), and/or **setback requirements**];
- c. **A reduction in the vehicular parking standards**, inclusive of handicapped and guest parking, not to exceed the following ratios:
 - i. Zero to one bedrooms: one on-site parking space.
 - ii. Two to three bedrooms: two on-site parking spaces.
 - iii. Four and more bedrooms: two and one-half parking spaces.

If the total number of parking spaces required for a development is other than a whole number, the number shall be rounded up to the next whole number. For purposes of this subdivision, a development may provide "on-site parking" per the Land Use and Development Code, but not through on-street parking;

- d. Other regulatory incentives or concessions proposed by the developer or the City that will result in identifiable and actual cost reductions.

Danco has requested a front yard setback reduction from the required 25 feet to 10 feet and a parking reduction from the required 103 spaces to 66 spaces. The following table explains the request.

Incentive	CLUDC Zoning Requirement	Affordable Housing Requirement	Incentive Request
Cottages			
Reduction of Front Setback	25 feet		10 feet
Number of Parking Spaces	2 spaces for each unit, plus guest parking at a ratio of 1 uncovered space for each 3 units for a total of 70 spaces.	1 space per one-bedroom 2 spaces / 2-3 bedroom 38 spaces required	38 spaces for 30 units
Duplexes			
Reduction of Front Setback	25 feet		20 feet
Number of Parking Spaces	2 spaces for each unit, plus guest parking at a ratio of 1 uncovered space for each 3 units for a total of 33 spaces.	2 spaces / 2-3 bedroom 28 spaces	28 covered spaces for 14 units (2 spaces/unit).

Staff notes that the requested setback reduction would result in a functional site plan with more internal open space and a neighborhood atmosphere with more “eyes on the street” than would otherwise be possible. Additionally as the neighborhood has many large-scale multifamily projects and very large institutional uses, the proposed project would add a smaller-in-scale traditional design residential project to the neighborhood. The small scale buildings would improve the overall streetscape and feel of the neighborhood and thus the reduction in setback would not have a negative visual impact on the neighborhood. The reduction in the front street setback on Kempe Way is necessary to accommodate tandem parking behind the duplex units.

The 30 unit senior project consists of 22 one-bedroom units which, with the incentive, would require 22 parking spaces, and the remaining two-bedroom units would require 16 additional parking spaces for a total of 38 parking spaces. Currently the applicant is proposing to provide 38 spaces for the senior project but would like to park the project with 35 spaces. In general senior households tend to own fewer automobiles and do not require as many parking spaces as other uses; therefore the applicant can request a further parking reduction through the Use Permit process and based on the lower vehicular utilization at comparable senior housing projects.

Additionally, the multifamily units must have at least two parking spaces for each unit of two to three bedrooms. With the incentives, the multifamily project is not required to provide guest spaces. The multifamily project would require 28 spaces in total, which the applicant has proposed as tandem spaces, as allowed by the CLUDC for duplex units (Section 17.36.090.I.).

Further, the proposed project is not located in an area with parking issues. The proposed project includes construction of a new street which would provide significant opportunities for new on-

street parking. Thus the project would be “consistent with maintaining and improving the character of the surrounding neighborhood” (as required by Policy H-3.2 above).

Staff recommends preliminary conceptual approval of the reduction in the front setback to ten feet and the reduction in parking requirements from the a total of 103 spaces to 66 spaces (38 for the senior project and 28 for the multifamily project) as permitted by the CLUDC for planning incentives for affordable housing projects. Staff also recommends preliminary conceptual approval of the proposed development as designed and illustrated in the site plan, the floor plans and the project elevations.

PROPOSED ACTION:

1. Provide preliminary conceptual approval of the proposed development and affordable housing incentives for the proposed affordable senior and market-rate multifamily project located at 441 South Street (APN 018-340-04).

ALTERNATIVE ACTION(S):

1. Provide other direction to staff.

FISCAL IMPACT:

The preliminary conceptual approval of incentives will have no fiscal impact on the City of Fort Bragg.

IMPLEMENTATION/TIMEFRAMES:

If the City Council provides preliminary conceptual approval of the project and the requested affordable housing incentives, the applicant and City staff will proceed with processing of the Coastal Development, Use Permit and Design Review Permits for the project.

ATTACHMENTS:

1. Project Site Location Map
2. Project Site Plan
3. Project Kempe Way Elevations
4. Project South Street Elevations & Floor Plans
5. Public Hearing Notice

NOTIFICATION:

Housing - Notify Me Subscribers

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