

# **831 Water Street Mixed Use Project**

## **Affordable Housing Requirements and Proposed Affordable Units**

The project known as 831 Water Street is proposing to utilize SB35 and a Density Bonus for the mixed-use housing development. SB35 and Density Bonus are processes that are allowed under California State law that require a city to streamline the permitting process and that allow for a developer to construct market rate residential units above the maximum density of a site in exchange for providing a certain percentage of affordable housing in a project. The Density Bonus state law also allows for a developer to utilize incentives/concessions and waivers to vary from objective standards that result in identifiable and actual cost reductions to the project or that would physically preclude the construction of the project with the affordable units. The subject parcel is zoned Community Commercial (C-C) and is designated as MXHD (Mixed Use High Density) in the General Plan. The MXHD General Plan designation allows for an Floor Area Ratio (FAR) range of 1.0 – 2.75 and a density range of 10-55 dwelling units; however, General Plan policy LU3.8 allows for small studio and one-bedroom units to exceed the densities in the General Plan. The 831 Water Street project includes 145 units consisting of 127 one-bedroom and studio units and 18 two- and three-bedroom units. As a result, there is no maximum density for the 831 Water Street project with the exception of the units that are larger than studios or one-bedrooms. The project density is limited only by the objective development standards which include such requirements as FAR, setbacks, height, open space, and parking. Given that the majority of the units at the site are exempt from density and the application includes a proposal for a Density Bonus, Section 24.16.255(6) of the Zoning Ordinance requires a developer to submit Base Plans to determine the maximum density upon which to apply a Density Bonus. The Base Plans are drawings that reflect a project that fully conforms to all objective standards with the intent being that a project defines the residential density for itself based on meeting the applicable development standards. Once the base density is established, that density is used to determine the number of required inclusionary units and the number of affordable units required to be eligible for a Density Bonus. The City has not received a set of conforming Base Plans for 831 Water Street; therefore, the inclusionary and density bonus requirements can't yet be determined, however, we are still able to provide the requirements for affordable housing as a percentage of the base units and the breakdown of affordable housing as proposed by the applicant.

## **REQUIRED PERCENTAGE OF AFFORDABLE UNITS:**

**[AMI = Area Median Income]**

Inclusionary Requirement: 20% of the base units @ 80% AMI in perpetuity

Density Bonus: Rental units qualifying the project for a density bonus must have a 55-year term.

- Includes 3 incentives/concessions and unlimited waiver requests
- Allows for an increase in the number of market rate units up to 50% of the number of base units depending on the percentage of affordable base units and affordability.
- 24% low income or 15% very low income required for a 50% bonus.
- Density bonus calculations resulting in fractional units shall be rounded up to the next whole number.

SB35: 50% of total base units restrict to households making at or below 80% AMI for a 55 year term

- Affordability calculations resulting in fractional units shall be rounded up to the next whole number.
- Affordable units shall be distributed throughout the development, unless otherwise necessary for state or local funding programs.
- Units used to satisfy the affordability requirements per SB-35 may be used to satisfy the requirements of other local or state requirements for affordable housing, including local ordinances or the Density Bonus Law, provided the development complies with the applicable requirements in the other state or local laws.

## **Proposed Affordability Breakdown**

**\*The City is unable to confirm if the proposed breakdown meets all state and local requirements because a conforming set of base plans has not been received.**

At this time, the applicant has submitted plans for 145 combined market-rate and affordable rental units. The applicant also recently submitted a State affordable housing tax credit application with the following affordability levels for 70 of the proposed units in the project:

- 70 units will be restricted with the range of 30% - 60% AMI:
  - 14 units @ 30% of AMI
  - 24 units @ 40% of AMI
  - 18 units @ 50% of AMI
  - 14 units @ 60% of AMI