

RESOLUTION NO. NS-30-324

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ  
ACKNOWLEDGING THE ENVIRONMENTAL DETERMINATION AND FINDING THE  
DELAWARE ADDITION ANNUAL COMPLIANCE REPORT IS IN GOOD FAITH  
COMPLIANCE WITH THE MATERIAL TERMS OF THE DEVELOPMENT AGREEMENT  
AND CONDITIONS OF APPROVAL WHEN COUPLED WITH THE MOTION TO DIRECT  
STAFF TO PROCESS AN OPERATING MEMORANDUM TO CLARIFY THE CONDITIONS  
OF APPROVAL AND ALLOW THE AFFORDABLE HOUSING UNITS CONSOLIDATION.  
RESOLUTION FURTHER DIRECTS STAFF TO ADMINISTRATIVELY APPROVE THE  
AMENDMENTS TO THE CC&RS SO THE OWNER CAN MOVE FORWARD WITH THE  
LEASE OF THE UNITS TO THE UNIVERSITY, ALLOW FOR CONSOLIDATION OF THE  
AFFORDABLE HOUSING UNITS ON LOT 21 OF THE PROJECT (400 INGALLS ALLEY)  
IN LIEU OF DISPERSING THEM OVER LOTS 20 AND 21 (100 AND 400 INGALLS  
ALLEY), AND RECORD AN AMENDED AFFORDABLE HOUSING DEVELOPMENT  
AGREEMENT (APPLICATION NO. CP23-0189)

WHEREAS, the RedTree Properties (RTP)/Delaware Avenue, LLC, applicant and owner of property located at Delaware Addition Planned Development has submitted an annual compliance report to the City of Santa Cruz that proposes to amend CC&R's and allow for the Residential Flats to be leased by UCSC for the purpose of student and faculty housing; and

WHEREAS, the project site and its development is governed by the standards and guidelines contained in Municipal Code Titles 23 and 24, the Subdivision Ordinance, the Zoning Ordinance, the Development Agreement and Project Design Guidelines; and

WHEREAS, the City Council Resolution No. NS-27,901 was approved July 19, 2008, for the Delaware Addition project with major modifications approved in 2014 and 2016 (Resolution No. NS-28,820 and Resolution No. NS-29,183); and

WHEREAS, the City Council approved Ordinance No. 2008-15 on July 29, 2008 which vests the development of the project through a Development Agreement entered into between the City of Santa Cruz and RTP – Delaware Avenue, LLC; and

WHEREAS, as noted in the amended annual compliance report submitted by the owner on April 1, 2024, the owner is proposing to amend the Covenants, Conditions and Restrictions (CC&R's) to lease the residential and commercial buildings on Lots 20 and 21 (100 and 400 Ingalls Alley) in Phase II of the Delaware Addition Planned Development to the University of California Santa Cruz (UCSC) and to consolidate the seven, low-income, inclusionary rental units required by the Planned Development Permit to be located on 100 and 400 Ingalls Alley to 400 Ingalls Alley, a building that will house only UCSC faculty and staff; and

WHEREAS, City staff provided the applicant with written comments related to two areas of potential concern regarding whether leasing the buildings to UCSC is considered an "educational facility," which is listed as a prohibited use in the Design Guidelines, and if the

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proposed use requires a clarification to a condition of approval regarding promoting and encouraging the sale or rental of residences to on-site employees; and

WHEREAS, the applicant provided additional information or evidence to address staff's concern and after discussions between staff and the applicant, staff delivered a staff report to City Council with regards to the areas of potential concern and for City Council to determine whether the owner is in good faith substantial compliance with the terms of the Development Agreement; and

WHEREAS, the City Council conducted a duly noticed public hearing on April 30, 2024 to consider the review of the annual compliance report and determine whether the owner is in good faith substantial compliance with the terms of the Development Agreement; and

WHEREAS, the City Council determined that leasing the buildings to UCSC would not make the buildings an educational facility, thus they would be an allowable use as proposed; and

WHEREAS, the City Council determined that the condition of approval regarding promoting and encouraging the sale or rental of residences to on-site employees must be clarified by way of an operating memorandum under Section 3.13 of the Development Agreement to clarify the allowance of the owner to not provide early notice to on-site employees first; and

WHEREAS, the consolidation of the affordable housing units onto 400 Ingalls Alley and the voluntary offer from University of California Santa Cruz to provide additional 12 affordable housing units available to moderate-income households shall be clarified in an operating memorandum and recorded in an amended affordable housing development agreement; and

WHEREAS, the clarifications made through the operating memorandum would not result in material changes to the project and would have no foreseeable impact on the environment and would not be considered a project under CEQA Guidelines Section 15378; and

WHEREAS, the original and subsequent project approvals completed environmental review in compliance with the California Environmental Quality Act (CEQA), and the actions herein do not alter the findings contained therein, thus if the actions were considered a project, the prior environmental clearance, including the adopted Environmental Impact Report and subsequent clearances, can be used to provide CEQA clearances for this action; and

WHEREAS, if the actions were considered a project, the actions also qualify for CEQA clearances under the "common sense" exemption in Section 15061(b)(3) of the CEQA Guidelines, as further described in the associated staff report; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz that it hereby acknowledges the motion to direct staff to process an administratively-approved operating memorandum to clarify the conditions of approval and allow affordable housing units consolidation, and to administratively approve the amendments to the CC&Rs so the owner can move forward with the lease of the units to the University, the consolidation of the affordable housing units on Lot 21 (400 Ingalls Alley) in lieu of dispersing them over Lots 20 and 21 (100

and 400 Ingalls Alley), and the recordation of an amended Affordable Housing Development Agreement, including therein the consolidation of the required inclusionary units and memorialization of the University's offer to provide 12 additional units affordable to households of moderate-income within the staff and faculty building.

PASSED AND ADOPTED this 30<sup>th</sup> day of April 2024, by the following vote:

AYES: Councilmembers Newsome, Brunner, Kalantari-Johnson; Vice Mayor Golder; Mayor Keeley.

NOES: Councilmembers Brown, Watkins.

ABSENT: None.

DISQUALIFIED: None.

APPROVED:   
Fred Keeley, Mayor

ATTEST:   
Bonnie Bush, City Clerk Administrator