

Date: April 25, 2024

To: Ryan Bane

Senior Planner

City of Santa Cruz

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Santa Cruz, CA 95060

Direct: 831-420-5141

RE: 1130 Mission – Changes to base density diagram, unit count, addition of storage spaces for later ADU conversion

Hello Ryan,

Below is a description and justification for Applicant's proposed changes to the 1130 Mission project that has been appealed to City Council. When a project is appealed, the Applicant has an opportunity to make changes to the project in response to the concerns raised by the Appellant. In addition, the Applicant should review all aspects of the project and take the opportunity to make improvements that are beneficial to the project owner. Applicant and the property owner are proposing to make the following changes.

Base Density Diagram

The appeal by Laurel St / Cleveland Neighborhood challenged the base density calculation for the project. The appeal contended that the base density diagram (Sheet GP0.05 of the plans submitted for Planning Commission review) exceeded the maximum FAR of 1.75. To address this concern, Applicant has revised Sheet GP0.05 with calculations of FAR showing that the base density calculation results in an FAR of 1.72, thus not exceeding the maximum 1.75 FAR of the base zoning.

In addition, Appellant pointed out that an overlay district required a wider building setback. We revised the base density diagram to include the wider setback. To accommodate the setback, we reduced the number of base density units from 40 (in the Planning Commission plan set) to 33 (for this City Council Appeal plan set), which allows for a larger average unit area in the proposed project.

Finally, we noted that our base density calculations should have shown the average unit area, because the average unit area of the proposed project cannot exceed the average unit area in the base density calculation, so we have added two additional sheets (GP0.09 and GP0.10) that detail the calculation of the average unit size for both net and gross square footage.

We believe these changes fully address Appellant's concerns about the base density diagram. The base density diagram results in 33 units of base density.

Bonus Density

The plan set submitted for Planning Commission showed 40 base units and 20 density bonus units in accordance with Govt Code § 65915(b)(1)(B). The revised plan set shows 33 base units plus 17 density bonus units, and the project will provide 6 VLI units at entitlement (exceeding the 5 required for the density bonus), qualifying for a 50.00% density bonus of 17 units. With the passage of

AB1287, the project *could* qualify for a “second” density bonus of up to an additional 17 units, but Applicant has elected not to apply for a “second” density bonus.

Density Bonus Calculations

	Base Units	Affordable Units	% Affordable	% Bonus	Bonus Units
Density Bonus 1	33 Units	5 VLI Units	16% VLI Units	50.00%	17 Units
Density Bonus 2	33 Units	DB 2 Not Used	DB 2 Not Used	DB 2 Not Used	DB 2 Not Used
Total Density Bonus		5 Units	16%	50.00%	17 Units

Base + Bonus Density

In summary, the maximum base density is 33 units, calculated as shown in the base density diagram, in accordance with Govt Code § 65915(o)(6). The total number of units allowed for the Project is 33 base units, plus 17 bonus units, for a total of 50 base + bonus units. The Project now proposes a total of 48 units base + bonus units.

Storage Spaces to be Converted to ADUs

Govt Code § 65852.2(e)(1)(C) allows conversion of “... portions of existing multifamily dwelling structures that are not used as livable space, including, but not limited to, storage rooms ...” into ADUs of any size. The number of such ADUs is limited to 25% of the existing units. SCMC 24.16.140.1.b. allows a resulting fraction to be rounded up to the next whole unit. Therefore, the project may convert non-livable space into 11 ADUs of any size. The revised plans show 11 storage rooms (replacing 11 SRO units shown on the Planning Commission plans) on the west side of the building (Sheets AP1.02 to AP1.05).

Note that the storage spaces are larger than the SRO units they replace, which reduces the rear yard setback. However, a waiver in accordance with State Density Bonus Law has been used for the yard setbacks.

For entitlement purposes, the new unit count is 48 units, but at time of building permit submittal Applicant will propose conversion of the 11 storage spaces into ADUs, creating a total of 59 units in the development, matching the total number of units proposed at Planning Commission. There are three reasons for this change:

1. The revised base density diagram resulted in only 33 units of base density. The first density bonus allows 17 bonus units, for a total of 50 base + bonus units. To reach the originally-proposed 59 units, the project would either have to use the second density bonus created by AB1287, or use Govt Code § 65852.2(e)(1)(C) to create conversion ADUs.
2. SCMC 24.12.1010 limits the net area of a an SRO unit to 400 sq ft, and the average unit size to no more than 345 sq ft. The conversions ADUs are unlimited in size, allowing for the one-bedroom ADU units and a better mix of units.
3. ADUs are exempt from impact fees, reducing the cost of the project, which helps the project provide the proposed VLI units.

Inclusionary Housing

The City of Santa Cruz requires inclusionary housing at 20% of the 33 base density units. For SRO units, these inclusionary units must be reserved for VLI or lower income. In addition, SCMC 24.16.020.8. requires that 20% of ADU units (excluding the first 4 units, and

rounding down fractions of 0.7 units or less) be reserved for lower income households. The total inclusionary housing requirements are 6 VLI units at entitlement, plus 1 LI unit at the time the storage spaces are converted to ADUs. The City disagrees that the first four ADUs are excluded, so by the City's calculation the project at construction would be required to provide 6 VLI units and 2 LI units. The project proposes 8 VLI units, exceeding both Applicant's and City's calculation of required inclusionary units.

Summary of Unit Counts

To summarize, Applicant proposes the following.

Units at Entitlement

The maximum base density is 33 units. The total number of units allowed for the Project is 33 base units, plus 17 bonus units, for a total of 50 base + bonus units. **The Project now proposes a total of 48 units, at entitlement.** The Project will provide 6 VLI Units, which meets the inclusionary housing requirement and exceeds the requirement for the density bonus, at entitlement.

Units at Construction

At construction permit application, the project will convert storage space shown in the revised plans into **11 ADUs**. The project will exceed the inclusionary housing requirements in the ADUs by providing 2 VLI ADUs.

Number of Units at Entitlement

	Number of Units
Market Rate	41 Units
Manager's Unit(s) - Market Rate	1 Units
Extremely Low Income	0 Units
Very Low Income	6 Units
Low Income	0 Units
Moderate Income	0 Units
Total No. of Units	48 Units
Total No. of Affordable Units	6 Units
Total No. of Density Bonus Units	17 Units

Number of Units at Construction

Including conversion ADUs

	Number of Units
Market Rate	51 Units
Manager's Unit(s) - Market Rate	1 Units
Extremely Low Income	0 Units
Very Low Income	8 Units
Low Income	0 Units

Moderate Income	0 Units
Total No. of Units	59 Units
Total No. of Affordable Units	8 Units
Total No. of Density Bonus Units	17 Units
Conversion ADUs	11 Units
Lot-Based ADUs	0 Units

Concessions, Waivers, and Parking

The Project qualifies for 4 concessions or incentives in accordance with Govt Code § 65915(d)(2), by providing 6 units restricted to VLI or Lower income, which is 18.75% of base density, rounded up to 19%. The Project also qualifies for unlimited waivers in accordance with Govt Code § 65915(e). The Project is located within 1/2 mile of a major transit stop as defined in Section 21155 of the Public Resources Code, and in accordance with Govt Code § 65863.2 the municipality shall not impose or enforce any minimum automobile parking requirement.

Waivers are Requested for:

1. Building Height
2. Setbacks
3. Floor Area Ratio (FAR)

These waivers were requested previously.

Concessions are Requested for:

Impact fees to be paid at final CofO – Applicant requests that City of Santa Cruz shall not require the payment of any impact fee until the time of issuance of a final certificate of occupancy for the development. This concession/incentive is requested pursuant to Govt. Code §§ 65915(d) and 65915(k)(3). Collection of impact fees at time of building permit issuance increases costs to the project because of interest payments on those funds during the course of construction. This concession/incentive will result in identifiable and actual cost reductions to provide for affordable housing costs.

Remove Requirements for Construction of Building Features for Potential Future Uses not Proposed in the Application – Applicant requests that City of Santa Cruz shall not require the construction of building features (or that such features be included in submittal for planning permits or building permits) for potential future uses that are not proposed by the Applicant. Specifically, Applicant requests this draft Condition of Approval be removed:

Future Food Service Use. All commercial spaces shall each be constructed to support a future food service use. Plans must include ducting and venting plans for all commercial spaces. All ducting and venting should be designed to be hidden or incorporated into the building design. Plans shall also show the locations of grease traps, grease lines, and grease storage facilities, which shall be located outside of the public right of way.

This concession/incentive is requested pursuant to Govt. Code §§ 65915(d) and 65915(k)(3). Requiring construction of building features that are not necessary for the proposed uses unnecessarily increases costs to the project. This concession/incentive will result in identifiable and actual cost reductions to provide for affordable housing costs.

These concessions are new requests with this City Council Appeal.

Roof Garden Amenity Space

Appellants have raised issues with the roof terrace at the southwest corner of the building. We are not proposing to remove this roof terrace at this time. However, if during the hearing this amenity continues to be an issue, we can remove this amenity and add another SRO Unit Type B to that location. Note that the base + bonus density is 50 and we are only proposing 48 units, so we have the density to add a unit in place of the roof terrace.

Closing

The above describes and provides justification for the changes proposed in the revised plans. Please don't hesitate to request any additional information or documentation that will assist in preparing your staff report.

Sincerely,



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