



PLANNING COMMISSION  
AGENDA REPORT

DATE: January 12, 2024

AGENDA OF: January 18, 2024

ITEM NO: CP23-0103

1130/1132 Mission Street

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RECOMMENDATION: **That the Planning Commission acknowledge the environmental determination and approve the Nonresidential Demolition Authorization Permit, Boundary Adjustment, Density Bonus request to exceed height, setbacks, and FAR, and Design, Special Use, Watercourse Development, and Heritage Tree Removal Permits based on the Findings listed below and the attached Conditions of Approval in Attachment 1.**

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**PROJECT DATA:**

Property Owner: Douglas Wallace APN: 006-203-24, -25  
Representatives: Workbench

Application Type: Nonresidential Demolition Authorization Permit to demolish two commercial buildings, Boundary Adjustment to combine two parcels, and a Design Permit, Special Use Permit, Watercourse Development Permit and Heritage Tree Removal Permit to construct a five-story mixed-use building consisting of 2,627 square feet of ground floor commercial space and 59 single room occupancy (SRO) residential units above. The project also includes a request for density bonus including waivers to exceed building height, setbacks, and FAR, as well as proposes to utilize AB2097 to reduce on-site parking. The parcels are both located in the CC (Community Commercial)/MU-M (Mixed-Use Medium Density) zone district and the Mission Street Overlay Zone.

Zoning: CC (Community Commercial)/MU-M (Mixed-Use Medium Density)

Project Consistency: Consistent with approval of permits and pursuant to State Density Bonus Law and Senate Bill 330 (SB330)

General Plan: Mixed-Use Medium Density (MXMD)

Project Consistency: Consistent with the General Plan designation and Mission Street Urban Design Plan with approval of permits and pursuant to State Density Bonus Law

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Land Use - existing: Retail market (*Food Bin*)  
- proposed: Mixed-use building with ground floor commercial space and 59 Single-Room Occupancy (SRO) units.  
- in area: Commercial retail, Restaurants, Office, Single- and Multi-family residential

Lot Area: .287 acres (12,502 square feet, combined)

Coastal Review: No Coastal Permit Required

Environmental Determination: Categorical Exemption, 15332, In-Fill Development Projects

Planning Staff: Ryan Bane, Senior Planner

**PROJECT DESCRIPTION/BACKGROUND**

This project involves a proposal to construct a five-story, mixed-use project consisting of ground level parking and commercial space, and 59 Single-Room Occupancy (SRO) units. The subject parcels total 12,502 square feet and are currently zoned MU-M (Mixed-Use Medium Density). However, the previous CC (Community Commercial) zoning applies to this project as that was the zoning at the time preapplication pursuant to Senate Bill 330 for the project was deemed complete in January of 2023 (discussed further below). The purpose of the CC (Community Commercial) zone district is to provide locations throughout the community for a variety of commercial and service uses for residents of the city and the region which promote the policies of the General Plan; to encourage a harmonious mixture of a wide variety of commercial and residential activities including limited industrial uses, if they are compatible and nuisance free. SRO developments of sixteen or more units and mixed residential and commercial developments with ten or more multiple dwellings above commercial are permitted with the approval of a Special Use Permit and Design Permit. The project also requires approval of a Nonresidential Demolition Permit to demolish the existing commercial structures on the site, a Boundary Adjustment to combine the two subject parcels, and a Watercourse Development Permit for development within the creek setbacks.

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***Preapplication Pursuant to Senate Bill 330 (SB330).*** A Preapplication for the proposed project was submitted on January 11, 2023, and was deemed complete. As a result, the proposed project became subject to those ordinances and policies in effect at the time of Preapplication completeness, and the formal application which is the subject of review of this Planning Commission public hearing is not subject to either rezoning (i.e., MU-M development standards) or conformance to recently adopted City Objective Standards effectuated per Ordinance 2022-18 adopted by the City Council on January 12, 2023.

**ANALYSIS**

***Project Site and Surroundings.*** The .287 acres (12,502 square feet) project site consists of two parcels located on the northwest corner of Mission and Laurel Street. Commercial uses surround the site, with the exception of residential uses directly to the west and across the creek to the north.

The flat site is mostly paved with commercial buildings constructed in 1966 that are proposed for demolition. The site was originally developed as a service station, but that use was short lived and has operated mainly as a grocery store for many years. There are seven trees located on the site, two of which qualify as heritage due to their size.

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***Archaeological Report.*** The property is located within a sensitive archaeological area. A cultural resource evaluation was conducted in February of 2023 by *Albion Environmental, Inc.* which included a review of a previous cultural resources report from 2017, and updated records search, and an analysis of the soils and geology in the project area. The revised search of records conducted at the NWIC indicated one new study conducted within a 100-foot radius of the Project Area and one new resource within 1/4-mile of the project area. No cultural resources are recorded within the project area, and the geology of the project area indicates a low potential for buried cultural resources. This, in concert with the negative findings from the 2017 survey and test pit excavations indicate a low potential for surface or subsurface archaeological deposits. Albion recommends no further action regarding cultural resources for the proposed project, and a condition of approval that if precolonial or historic deposits or features are discovered at any time during construction, activities in the area should cease and a qualified archaeologist should inspect the discovery and prepare a recommendation for a further course of action.

***Geotechnical Reports.*** A geotechnical investigation (Attachment 3) was prepared by *Rock Solid Engineering Inc.* in October of 2022 to evaluate the subsurface soil and geologic conditions on the site and to provide recommendations pertaining to the geotechnical aspects of the project design and construction. The report concludes that from a geotechnical engineering standpoint the property will be suitable for the proposed development as proposed provided the recommendations provided in the report are included in the design and construction. A condition of approval has been included that requires the geotechnical report be submitted as part of the building permit application, and that the geotechnical recommendations are incorporated into the building design.

***Consistency with General Plan, Mission Street Urban Design Plan, and Zoning.*** The subject parcel has a Mixed-Use Medium Density (MXMD) General Plan designation. This designation applies to sites along the Ocean Street and the Mission Street corridor between Swift and Laurel Street. Typical commercial uses are similar to those in the Community Commercial (CM) designation, and pedestrian-oriented commercial uses are encouraged on the ground floor. For reference, the CM designation calls for “businesses that serve the general needs of the community, including retail, service, and office establishments. Typical uses in these areas include restaurants, grocery stores, furniture stores, general merchandise, medical and legal offices, and auto parts stores, as well as mixed-use projects that include these commercial uses on the ground floor.”

The Mixed-Use Medium Density (MXMD) designation allows a Floor Area Ratio (FAR) range from .75 to 1.75. FAR is the total gross floor area of the development divided by the net area of the site. The total floor area for the proposed mixed-use project is 43,237 square feet and the net lot size (with deduction of riparian setback area) is 11,182 square feet, resulting in a FAR of 3.86 for the proposed development. With the proposed FAR exceeding the allowed FAR, a waiver to FAR is included as part of the Density Bonus request.

The proposed mixed-use project is consistent with the policies of the General Plan, including the following:

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- **Land Use Development Policy LU3.3.1** - *Discourage strip commercial development in favor of clustered commercial and mixed-use development along transit corridors.*
- **Land Use Development Policy LU3.7** - *Encourage higher-intensity residential uses and maximum densities in accordance with the General Plan Land Use designations.*
- **Land Use Development Policy LU3.7.1** - *Allow and encourage development that meets the high end of the General Plan Land Use designation density unless constraints associated with site characteristics and zoning development standards require a lower density.*
- **Land Use Development Policy LU3.8** - *Allow the following residential uses to exceed the maximum densities in this chapter: Density bonus units.*
- **Community Design CD3.3** – *Encourage the assembly of small parcels along transit corridors to achieve pedestrian-oriented development compatible with neighborhoods.*
- **Community Design CD4.1.1** – *Support compact mixed-use development Downtown, along primary transportation corridors, and in employment centers.*
- **Community Design CD4.1.1** – *Where possible, site buildings at the street frontage and place parking areas away from street corners and to the rear of buildings.*
- **Community Design CD4.1.3** – *On major corridors, encourage mixed-use development, especially projects with priority for commercial uses that can provide services to the adjacent community.*
- **Mobility Development Policy M1.1** - *Reduce automobile dependence by encouraging appropriate neighborhood and activity center development.*
- **Mobility Development Policy M1.3** - *Create pedestrian-friendly frontage and streetscapes and attractive pedestrian-oriented areas.*
- **Mobility Development Policy M3.2.11** - *Improve traffic flow and safety and reduce impacts on arterial streets by limiting driveways, mid-block access points, and intersections; removing on-street parking; clustering facilities around interconnected parking areas; providing access from side streets; and other similar measures.*
- **Economic Development Policy 1.1.3** - *Encourage the development of year-round businesses and visitor activities, resources, and destinations that can also attract and engage local residents.*
- **Economic Development Policy 5.2** - *Provide for residents’ daily shopping needs in local-serving neighborhood commercial centers.*
- **Economic Development Policy 5.2.1** - *Encourage neighborhood shopping in nodes of commercial development that serve residential areas and have adequate transit, pedestrian, and bicycle access.*
- **Economic Development Policy 5.2.2** - *Support the development of neighborhood gathering places in conjunction with local-serving neighborhood commercial.*

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***Mission Street Urban Design Plan.*** The project site is located within the Mission Street Urban Design Plan (MSUDP) which encourages developments such as this. The community’s vision is to re-establish Mission Street as a vibrant commercial corridor that recognizes and carefully balances its functions as both a State Highway and local-serving commercial street. As noted in the MSUDP, the corridor should maintain a predominantly commercial mixed-use character. Residential uses should be restricted to multi-family residential units, and to residential above ground floor retail or office. The remaining single-family residential uses should be allowed to eventually phase out. The intent is to create a corridor that is safe, attractive, economically and socially vibrant, which in turn will improve the quality of life for Westside residents.

The project site is within the “Westside Zone” area of the *Mission Street Urban Design Plan*. The Westside Zone, which extends from Laural Street to Swift Street, includes predominantly retail and service type uses with scattered residential, office and institutional uses. The project meets the objectives of the Westside Zone by establishment of a development that provides retail and services for both residents and visitors and employing streetscape improvements such as street trees, lighting, and street furnishings to visually unify this section of the corridor and enhance the pedestrian environment. The project also meets the following areawide land use and redevelopment strategy plan policies:

- **Policy 4a** – Encourage a mix of higher density residential and office uses along Mission Street that will complement and support the retail base and contribute to the creation of a neighborhood with around-the-clock vitality.
- **Policy 4b** – Establish the Mission Street corridor as an attractive pedestrian-oriented, mixed-use district.
- **Policy 4c** – Encourage “mixed-use” development and “local-serving” commercial uses as a means of reducing automobile use within the planning area. Development of complementary uses (retail and office, retail and housing, office and housing) in proximity to each other allows residents, employees, and visitors to walk and/or bicycle when undertaking many of the typical daily trips, whether it is going to lunch, running errands, or going out for the evening.
- **Policy 5c** – Encourage redevelopment and infill development along Mission Street that will improve the corridor’s economic vitality, enhance the definition and character of the corridor, and create better pedestrian scale and orientation.

Pursuant to the MSUDP, the primary façade of the building is oriented to Mission Street with the primary entrance visible and directly accessible from Mission Street, the second story maintains the same build-to line as the ground floor, and a minimum of 60% of the Mission Street frontage is occupied by the building at the build-to line. The placement of the building will enhance pedestrian use with 10-foot to 12-foot sidewalks along Mission Street and 9-foot to 11-foot sidewalks along Laurel Street, including street trees and landscaping. The entrance to the commercial space and residential lobby are visible and directly accessible from Mission Street, further supporting a pedestrian-oriented design. The parking garage is located on the ground floor and accessed from Laurel Street, behind the commercial space and screened from Mission Street. Mission Street is a major corridor connecting the west side to downtown Santa Cruz which is approximately .75 miles from the project site. Transit bus stops are located

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approximately 130 feet from the project site along Mission Street to provide transit service for the project. A drug store, restaurants, and medical facility are located within walking distance from the project site.

### **Nonresidential Demolition Authorization Permit**

The commercial buildings on the site are proposed for demolition. Pursuant to the Nonresidential Demolition Authorization Permit ordinance, the purpose of this permit is to evaluate requests for demolition of nonresidential structures fifty years of age or older, and of undetermined age, to ensure that those which may have historic value are not demolished. A historic report (Attachment 4) was prepared by historian Joseph Van Den Berg of *Garavaglia Architecture* which evaluates the existing buildings and the history of the site. Based on records, the existing buildings were constructed in 1966, with subsequent additions and modifications occurring in 1974 and 1975. The report finds that the subject property does not display a level of historical significance or integrity that would qualify it for listing as a historic resource on the National Register of Historic Places, the California Register of Historical Places, or the City of Santa Cruz Historic Building Survey. The site is not associated with any important historic events or patterns of history, is not associated with any historic people, the architecture is not notable and contains almost no character-defining features. Thus, the structure is not eligible for listing on the City Historic Building Survey.

### **Boundary Adjustment**

A Boundary Line Adjustment is proposed to merge the two existing parcels. The merger includes combining a 5,314 square foot parcel (APN 006-203-24), and a 7,187 square foot parcel (APN 006-203-25). The resulting parcel will be approximately .287-acres, well over the minimum 8,000 square feet required in the CC zone district for mixed-use projects.

### **Design Permit**

***Site Layout.*** The site is generally flat with approximately 130 feet of frontage along Mission Street, and 110 feet along Laurel Street. The parcel abuts Laurel Creek which is a Category B watercourse that is channelized with a mixture of natural and concrete elements. The proposed mixed-use project consists of four stories of residential units above ground level retail and parking with a footprint that covers the majority of the site area. Vehicular access to the garage is provided via a driveway accessed off of Laurel Street. The first floor consists of 2,627 square feet of retail space at the corner of Mission Street and Laurel Street. Additionally, a residential lobby with a mail room is accessed from Mission Street. Trash enclosure access and utility rooms front Laurel Street. The trash room layout and interface with the street has been reviewed and approved by the Public Works Department.

Residential uses will be located on levels 2 through 5, with the second floor also including a podium terrace open space with seating and landscaping as well as an interior amenity room with laundry facilities and storage lockers. The proposed 59 Single-Room Occupancy (SRO) units are broken down into thirty 288 square foot studios and twenty-nine 287 square foot studio units.

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**CC (Community Commercial) Zone District Regulations.** The purpose of the Community Commercial district is to “provide locations throughout the community for a variety of commercial and service uses for residents of the city and the region which promote the policies of the General Plan; to encourage a harmonious mixture of a wide variety of commercial and residential activities including limited industrial uses, if they are compatible and nuisance free”. Pursuant to 24.10.730.2(q), “Mixed residential and commercial/office developments with ten or more multiple dwellings or condominiums, either above commercial uses or units on the same lot”, and 24.10.730.2(w), “Single-room occupancy (SRO) housing sixteen units or more” are allowed subject to approval of a Special Use Permit and Design Permit, both of which are included as part of this application.

The maximum allowed height of buildings in the CC zoning district is three stories and 40 feet. However, California State Density Bonus Law and the City’s corresponding Density Bonus Ordinance provide tools to incentivize affordable housing and/or deeper levels of affordability. One incentive is that applicants can utilize a waiver or modification to development standards if those standards would “physically preclude” construction of the density bonus project. For the subject project, the applicants are proposing a waiver to the district height standard to allow for two additional stories, with the highest point of the building proposed at approximately 61 feet. There are roof structures that extend above the 61-foot height, including stairway and elevator housing, however these types of features are permitted to exceed height standards under Section 24.12.150 of the Zoning Ordinance.

With the exception of height, the CC zone district requirements are all being met. The table below summarizes the project’s compliance with the CC district requirements in addition to the Mission Street Urban Design Overlay District standards:

<b>CC/MSUDO DISTRICT DEVELOPMENT STANDARDS SUMMARY</b>				
<b>Provision</b>	<b>CC Required</b>	<b>MSUOD Required</b>	<b>Proposed</b>	<b>Complies?</b>
Building Height	3 stories and 40 feet	3 stories and 40 feet	5 stories and 61 feet (Allowed per Density Bonus Law)	Yes
Front Setback (Mission Street)	0'	0'	6'-3" to 9'-2"	Yes
Exterior Side Setback (Laurel Street)	0'	0'	3'-6" to 7'	Yes
Interior Side Setback (Creek)	15'	15'	1 <sup>st</sup> floor – 15' 2 <sup>nd</sup> to 5 <sup>th</sup> floors - 3'-6" Measurements from Laurel Creek Centerline (Allowed per Density Bonus Law)	Yes
Rear Setback (West Property Line)	5'	25' – 1 <sup>st</sup> & 2 <sup>nd</sup> floors 35' – 3 <sup>rd</sup> floor	1 <sup>st</sup> floor - 5'-5" 2 <sup>nd</sup> to 4 <sup>th</sup> floors – 2" 5 <sup>th</sup> floor – 1'-10" (Allowed per Density Bonus Law)	Yes



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Rooftop equipment is incorporated into the roof design and screened from adjacent properties. Utility installations such as trash enclosures, storage units, and parking are designed into the building, making them accessible but screened from view.

**Materials.** The proposed building has a contemporary design, incorporating a variety of exterior finish materials including textured concrete (board formed/textured), metal panels, fiber cement panel or stucco, patterned metal fence/gates/screens/sunshades, and a glazed aluminum windows. To ensure that the final building design is well-articulated with the proposed material palette, a condition of approval requires the plans submitted for building permits shall have the same level of articulation, detailing, and dimensionality as shown in the approved plans.



**Single-Room Occupancy Requirements.** Part 11 of Zoning Code Chapter 12 regulates Single-Room Occupancy Housing projects. The proposed table demonstrates how the development meets these standards:

SINGLE-ROOM OCCUPANCY REQUIREMENTS SUMMARY			
Provision	Required	Proposed	Complies?
SRO Unit Range	150 to 400 square feet	287 to 288 square feet	Yes
SRO Average Unit Size	No greater than 345 square feet	288 square feet	Yes
SROs greater than 220 square feet required to have:	Kitchen and Full Bathroom	All SROs have a Kitchen and Full Bathroom	Yes
	Closet	All SROs have a	Yes

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SINGLE-ROOM OCCUPANCY REQUIREMENTS SUMMARY			
Provision	Required	Proposed	Complies?
		closet	
Common Facilities:	10 square feet of common usable open space per unit (Min. 200 square feet of common outdoor open space and 200 square feet of common indoor open space) 59 x 10 = <b>590 sq. ft.</b>	<b>1,692 square feet</b> of common usable outdoor open space  <b>991 square feet</b> of common usable indoor open space	Yes
	Laundry facilities 1 washer/dryer for every 20 units Minimum of 2 washer/dryers required <b>2 washers/dryers required</b>	<b>6 washers/dryers provided</b> (floors 2-4 amenity rooms)	Yes
	1 storage space per unit 59 storage units	60 storage spaces	Yes
Management Plan	Must contain management policies/maintenance plans/rental procedures/tenant rules/security procedures	Draft Management Plan submitted (Attachment 5)  Submittal of Final Management Plan required as a condition of approval	Yes
Manager's Unit	Provide 24 -hour on-site management, including designated dwelling unit for manager	One manager unit provided	Yes

**Parking and Access.** Vehicular ingress and egress to the site will be provided via Laurel Street. Pedestrian access to the commercial space is at the intersection, with access to the above residences available from the parking area and the public right-of-way along Mission Street. Long-term resident bicycle storage is located on each residential floor (floor 2-5). Short-term bicycle parking would be accommodated in areas along Laurel Street near the retail space as well as an area along Mission Street near the entrance to the residential lobby. Public Works, Police, and Fire Department staff have reviewed the application and have expressed no significant concerns about ingress, egress, or circulation associated with the proposed project design.

State Assembly Bill (AB 2097), effective on January 1, 2023, prohibits local jurisdictions from imposing minimum automobile parking requirements on most development projects located within a half-mile radius of a major transit stop, as applicable to the subject site. Although AB2097 would exempt the project from provision of any vehicular parking, the applicant has elected to supply twelve auto parking spaces at ground level.

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As noted above, the application is also locked in under SB330 and is not subject to the recently adopted bike/auto parking ordinance revisions.

<b>Standard</b>	<b>Required</b>	<b>Proposed</b>
<b>Vehicle Parking</b>		
Number of spaces	0 (Required as per AB2097)	12
Number of accessible parking spaces	2 (Required as per AB2097)	2
EV charging stations	1	6
<b>Residential Bicycle Parking</b>		
Bicycle parking: Class 1	1 space per unit (59 total)	80
Bicycle parking: Class 2	1 space per 4 units (15 total)	29
<b>Commercial Bicycle Parking</b>		
Bicycle parking: Class 1	1 Space	2
Bicycle parking: Class 2	3 Spaces	3

**Trip Generation Analysis.** A trip generation memorandum (Attachment 6), prepared by Hexagon Transportation Consultants, Inc. and dated August 26, 2023, provides information regarding the expected number of vehicular trips generated by the proposed project. The memo reports that, after accounting for the trips generated by the existing uses, the development is estimated to generate a net increase of 19 vehicle trips during the AM peak hour and 29 vehicle trips during the PM peak hour. Based on the data provided, the number of net new peak-hour trips falls below the threshold prompting the requirement for preparation of a Transportation Impact Study (TIS) as required by the City of Santa Cruz Transportation Study Requirements for Development.

A Traffic Impact Fee (TIF) will be applied during the Building Permit phase associated with increased vehicular travel volumes projected to be induced by the project, consistent with the provisions of the California Environmental Quality Act (CEQA), under which local agencies are not precluded from applying traffic impact fee mitigation programs.

**Off-Site Improvements.** Review of the proposed project by City staff has determined the requirement for completion of various off-site improvements in conjunction with the proposed project. Improvements to the public right-of-way adjacent to the project site include:

- Sidewalk expansion including construction of a new 10-foot to 12-foot wide sidewalk along the entire frontage of Mission Street and a 9-foot to 11-foot sidewalk along the entire frontage of Laurel Street, with a substantial bulb out at the corner to accommodate two ADA compliant ramps;
- All new utilities will be undergrounded;
- Installation of three new decorative light standards featuring Light-Emitting Diode (LED) luminaires, two on Mission Street and one on Laurel Street; and
- Installation of nine street trees including irrigation, with six along Mission Street and three along Laurel Street.

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***Trees/Landscaping.*** An arborist report (Attachment 7) was prepared by Davey Resource Group in August of 2023 and revised in October of 2023. Seven trees located on or near the site were assessed, with two qualifying as heritage trees requiring a permit for removal. One of the heritage trees, a Black Walnut located adjacent to the site in the riparian area, is proposed to be retained with tree protection measures provided and included as conditions of approval. All other trees on site, including one heritage Evergreen Ash, are proposed to be removed due to the extent of the proposed construction.

With the majority of the site to be covered by the proposed structure, landscaping is limited to the sidewalk areas, the area along the creek, and the open spaces on the second-floor terrace, fifth floor, and rooftop butterfly garden. The project’s proposed tree and planting plan includes a total of 6 new trees:

- Nine 24-inch box Armstrong Gold Maple (street trees)
- Seven 10-15 gallon Dogwoods (2<sup>nd</sup> level open space terrace)
- Five 10-gallon Variergated Box Elder Maples (5<sup>th</sup> level open space)

Other new landscape plants proposed throughout the project would include shrubs, grasses and perennials. Other outdoor amenities include standing height work desks with charging ports, dining tables, lounge chairs, and outdoor seating, and a rooftop garden.

### **Special Use Permit**

SRO developments of sixteen or more units and mixed residential and commercial developments with ten or more multiple dwellings above commercial are permitted with the approval of a Special Use Permit and Design Permit in the CC zone district. The purpose of consideration of the Special Use Permit is to ensure the proper integration of essential or desirable uses in certain locations or zoning districts. The project is consistent with the *2030 General Plan* and *Mission Street Urban Design Plan* in that it will provide important affordable rental housing and maximizes the development potential of an underutilized infill site. With the purpose of the Community Commercial district being “provide locations throughout the community for a variety of commercial and service uses for residents of the city and the region which promote the policies of the General Plan; to encourage a harmonious mixture of a wide variety of commercial and residential activities including limited industrial uses, if they are compatible and nuisance free”, the proposed mixed-use project provides much needed housing, as well as neighborhood commercial, and therefore meets the purpose of the district.

Rooftop equipment is incorporated into the roof design and screened from adjacent properties. Utility installations such as trash enclosures, storage units, and parking are designed into the building, making them accessible but screened from view. Taking all of these into consideration, the proposed uses incorporated into the project will not constitute a nuisance or be detrimental to the public welfare of the community. Additional conditions have been added to the approval in order to ensure the development does not constitute a nuisance or would be detrimental to the public welfare of the community.

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### **Watercourse Development Permit**

The property abuts a section of Laurel Creek Reach 4, a perennial watercourse. Pursuant to the City-wide Creeks and Wetlands Management Plan, Laurel Creek Reach 4 is a Category B watercourse, with a 10-foot riparian corridor, a 15-foot development setback, and a 40-foot management area. A portion of the proposed mixed-use development (a cantilevered section above the first floor) would be located within these setback areas and therefore requires a Watercourse Development Permit.

Category “B” includes watercourses and/or watercourse reaches that are located in urban areas and that function primarily as a drainage system. This category includes watercourses with limited riparian habitat that is generally confined by adjacent land uses with limited area to expand. Issues of water quality and flow conveyance are the focus for this category. The goals of this category include improving habitat by removal of invasive, non-native plant species and improving water quality and flow with implementation of proper erosion control and best management practices, and planting of appropriate species.

A biotic review (Attachment 8) was prepared by Biotic Resources Group in August of 2023 with the focus of the assessment being to identify watercourse setbacks and sensitive biotic resources with the project area and evaluate the proposed project relative to the resources. The report was tasked to:

- Characterize the watercourse and plant community;
- Identify sensitive biotic resources, including plant and wildlife species of concern, within the area proposed for development; and
- Evaluate the potential effects of the proposed project on sensitive biotic resources and recommend measures to avoid or reduce such impacts.

The stretch of Laurel Creek adjacent to the site is an open channel, with a mixture of natural and concrete-lined side slopes and is comprised of non-native landscaping and non-native forbs and vines. The value of the riparian corridor to native wildlife is moderated due to its small size and the lack of native riparian vegetation that would provide cover and forage for native wildlife. However, it provides value due to the year-round presence of surface water and the structure of the woody vegetation likely provides perching, roosting, and nesting sites for several bird species. Common wildlife species adapted to urban land uses are expected to inhabit the creek and the adjacent landscaping. Approximately 68 square feet of the building will overhang the riparian corridor (16 feet above grade); however, this feature will not impact any existing riparian woodland vegetation. No special status plant species have been recorded for this property, and no special status species were observed and the potential presence of is considered very low due to the lack of suitable substrates/habitats and developed condition of the site. The majority of the proposed development will occur within areas supporting existing structures, parking areas, and non-native landscaping. The removal of this vegetation is not considered a significant impact to local or regional botanical resources. Recommended measures to protect the creek have been included as conditions of approval, which include:

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- Implement riparian restoration /enhancement actions within the riparian corridor. Within this zone, remove invasive, non-native plant species. Implement maintenance of the corridor, including continued removal of invasive, non-native plant species and maintenance of installed plantings for a minimum of 5 years, providing yearly progress reports to the City.
- Utilize locally native plant species within the riparian corridor. Obtain plants from a local native plant nursery. Do not use invasive, non-native plant species for landscaping.
- Prohibit lighting within riparian corridor and limit lighting in development setback area to low-level walkway, motion detection security, or entry lighting. Direct lighting to be hooded and directed downward, away from the watercourse.
- Prohibit mowing or removal of riparian vegetation.
- Schedule vegetation removal to occur between September 1 and March 1 of any given year(s) to avoid the bird nesting season.
- Implement standard erosion control BMP's and riparian habitat protection measures during the project construction period to minimize impacts to the creek.
- Within the 15-foot wide development setback area, revise the plantings in the bioremediation area of the proposed Landscape Plan to exclude plant species that are not locally native and/or inappropriate for the region.

With the structure cantilevering into the 10-foot riparian corridor setback and the 15-foot development setback areas, the City-Wide Creeks and Wetlands Management Plan would require the issuance of a Watercourse Variance. However, with the project including a Density Bonus, a waiver to the creek setback is being requested in place of the Watercourse Variance. Similar to the requirements of a Watercourse Variance, the biotic report evaluated the potential impacts of the project on the creek. Appropriate conditions of approval are included to improve the habitat of the creek by removing invasive, non-native plant species, improving water quality and flow with implementation of proper erosion control and best management practices, and planting of appropriate species.

### **Density Bonus**

To address California's need for affordable housing, the State enacted the density bonus law (Government Code §§ 65915 – 65918) in 1979 to encourage the provision of affordable housing units by offering a combination of benefits to developers. For projects that include the requisite number of affordable housing units, and upon the request of an applicant, cities are required to (i) allow more market rate units to be built than otherwise allowed by the applicable zoning designation); (ii) provide "incentives or concessions," such as reduced development standards, that result in actual and identifiable cost savings for the project; (iii) provide "waivers or modifications" of development standards that would physically preclude the project from being constructed; and (iv) allow reduced parking requirements.

Cities have very limited discretion when reviewing density bonus applications. Cities are generally obligated to grant a density bonus and incentives, concessions, waivers, or reductions in development standards to the developer so long as the proposed development complies with the applicable affordability requirements and the waivers or incentives/concessions meet certain

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standards. Projects that include a specified amount of affordable housing are entitled to a density bonus, even if the density bonus would allow a project to exceed the maximum density under the City's general plan and zoning code.

The amount of the density bonus is based on the number of affordable units at each income level that are included in a project. To determine whether a project qualifies for a density bonus, the percentage of affordable units is based on the maximum number of units that would be permitted under the City's zoning code (i.e., the "base density"). In areas where there is no density range, or in the case with a project that proposes SROs, Section 24.16.255(6) of the Zoning Ordinance requires an applicant to submit base plans, or plans showing a project that fully conforms to objective standards, in order to determine the number of units that could be constructed on the site, thus establishing the base density. The applicant has provided plans for a base project that meets all of the CC zone district development standards, including height, setbacks, open space, etc., and the determined base density is 40 units.

Market-rate projects providing certain percentages of affordable units or units at deeper levels of affordability are entitled to an increase in density up to 50% of the total number of units that are allowed under the City's Zoning Ordinance, depending on specified percentages and levels of affordability. The additional units help offset the increased costs associated with the increased number of or more deeply affordable units. The density bonus units themselves are not required to be affordable and, pursuant to Section 24.16.250(2) of the Zoning Code (as well as the State Density Bonus and California case law), "density bonus units shall not be included in the "total units" when determining the number of affordable units required to qualify a housing development for a density bonus." Thus, by law, the percentages of affordable units that qualify a project for the density bonus are based on the base project only and not the base project plus the density bonus units. According to Government Code Section 65915(f)(2), if 15% of the total conforming base density is designated very low-income, development projects then qualify for a 50% density bonus, or for this particular project, up to 60 total units.

Pursuant to Zoning Code Section 24.16.020(5)(b), "SRO Developments. In a rental residential development comprised of SRO units, twenty percent of the single-room occupancy units shall be made available for rent to very low-income households at an affordable rent." With a base density of 40 units, 8 (20%) of the residential units will be required to be provided as affordable housing units at the very-low income level (50% AMI).

In addition to allowing more market rate units to offset the cost of providing affordable units, the law also provides a variety of tools that applicants can utilize to make projects physically or more economically feasible, including incentives/concessions that allow for modification of development standards if those standards would result in "actual and identifiable cost reductions" to the project, and waivers that allow for modifications of development standards if the standards "physically preclude" construction of the density bonus project. The project applicant is entitled to four concessions, while the applicant can request as many waivers from development standards as needed if the development standard would preclude the density bonus project from being built at the allowed density. The applicant has requested three waivers of development standards, all of which are required to be waived if they preclude project development. The city must grant these waivers unless they violate state or federal law, create a specific adverse impact

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on health and safety or the physical environment that cannot be mitigated, or adversely impact real property listed on the California Register of Historical Resources. There is no evidence that the following waivers requested should not be granted as required by state law:

***Waiver 1 - Height:** The project proposes to exceed the maximum height of three stories and 40 feet as required in the CC zone district, proposing a five-story building at approximately 61 feet in height. Complying with the 40-foot standard would require the building to reduce the number of floors and eliminate 29 residential units. This would physically preclude the construction of the project that would include the number of residential units allowed under the State Density Bonus Law.*

***Waiver 2 - FAR:** The project proposes to exceed Floor Area Ratio. The Community Commercial designation allows a Floor Area Ratio (FAR) range from .25 to 1.75 FAR. The total floor area for the proposed mixed-use project is 43,237 square feet and the net lot size is 12,502 square feet with a FAR for the proposed development of 3.46. Complying with the FAR required in the CC designation would reduce the volume of the building and result in a loss of units and amenities. This would physically preclude the construction of the project that would include the number of residential units allowed under the State Density Bonus Law.*

***Waiver 3 – Setbacks:** The project proposes a reduction to setback requirements to the west (rear setback) and the north (creek setback). Complying with the setbacks required in the CC zone district and Mission Street Urban Design Plan would require the building to be increasingly stepped back as the height increases. These increased building setbacks would reduce the volume of the building and eliminate a substantial number of residential units. This would physically preclude the construction of the project that would include the number of residential units allowed under the State Density Bonus Law.*

Pursuant to State Density Bonus Law and the City’s zoning ordinance, the applicant is required to provide justification for any requested waivers, and the City must approve the requests unless it can make findings of “specific, adverse impact” to public health or safety or similar detrimental effect to the physical environment based on “substantial evidence”, as promulgated in California Government Code Section 65915(e)). No evidence of such public health or safety impact appears evident based on information available to staff.

With regard to the proposed project, failure to grant the waivers requested would physically preclude construction of the project accommodating the number of residential units allowed under Density Bonus Law. As presented, the project would not induce any specific, adverse impact upon public health or safety and includes no characteristics constituting grounds for reduction in residential density or project denial pursuant to the provisions of SB330. No evidence has been revealed which would suggest that the requested waivers should not be granted as required by State law, and, therefore, staff recommend that the Planning Commission grant all requested waivers.

### **Affordable Housing**

The City’s Municipal Code, Section 24.16.020, requires that residential developments creating five or more new residential dwelling units provide 20% of the base dwelling units as inclusionary (affordable) units, which shall be made available for lease to low-income



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households at an affordable rent. Pursuant to Zoning Code Section 24.16.020(5)(b), “SRO Developments. In a rental residential development comprised of SRO units, twenty percent of the single-room occupancy units shall be made available for rent to very-low income households at an affordable rent.” With a base density of 40 units, 8 (20%) of the residential units will be required to be provided as affordable housing units at the very-low income level of 50% of Area Median Income (AMI) in perpetuity. The plans provide 20% of the number of base density units as affordable units, fulfilling the affordable housing requirement per Density Bonus State Law, as described above.

### **Housing Accountability Act**

The Housing Accountability Act (HAA) is a California state law designed to promote infill development, and it limits the ability of local governments to restrict the development of new housing. The Act applies to housing applications submitted to local agencies that meet the following criteria.

- Meets a city's "objective general plan and zoning standards"
- The development would not cause a "significant, adverse impact" to public health and safety; and
- The development meets the standards of the California Environmental Quality Act and the California Coastal Act.

If an application meets these criteria, the City must approve the application and provide necessary permits within 60 days from the determination by the lead agency that the project qualifies for a CEQA exemption. If the city denies an application that meets the City’s objective standards, it must make a written finding that the project creates a “significant, adverse impact” to public health and safety and provide substantial evidence to support said finding. The HAA also, among other things, eliminates the ability of jurisdictions from proposing modifications to a project that would reduce the number of units to be developed or passing new rules that would retroactively make the project non-compliant.

The mixed-use SRO development is consistent with all zoning and development standards and the project will not result in significant, adverse impacts to public health and safety.

### **Regarding the Potential for ADUs**

Like all multi-family property in the state, this project is entitled to create ADUs in addition to the units proposed, as a ministerial action. Up to 25% of the total number of units (for this project, a total of fourteen) can potentially be created by converting non-livable space, and up to two New Construction ADUs can also potentially be built – either attached to or detached from the proposed structure. ADUs are not counted towards density on a project.

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### **Health in all Policies (HiAP)**

HiAP is a collaborative approach to improving the health of all people by incorporating health considerations into decision-making across sectors and policy areas. HiAP is based on 3 pillars: equity, public health, and sustainability. The goal of HiAP is to ensure that all decision-makers are informed about the health, equity, and sustainability impacts of various policy options during the policy development process. The mixed-use project supports the pillar of equity by providing affordable rental units on a site in an area that is improved with sidewalks, street trees, and that is in close proximity to public transportation, commercial goods and services, and recreational areas. The development of residences in this central location encourages a sustainable and healthy lifestyle by promoting alternative forms of transportation. Therefore, the project is considered to be consistent with the three pillars of the HiAP and is recommended as an efficient use of the land.

### **COMMUNITY OUTREACH**

Consistent with the City's Community Outreach Policy for Planning Projects, the applicants held an online webinar for the community to learn about the project, ask questions, and give input. The community outreach webinar was held on April 18, 2023, and was noticed with signage on the property, notices mailed to property owners and tenants within 1,000 feet of the project site and advertised on the City's website. Email notifications were also sent to those who had signed up for such alerts. Approximately 100 members of the public attended the meeting, with questions and discussion items involving height, parking, traffic, shading, trash pick-up, and pedestrian friendly improvements. While the previously mentioned issues were part of the discussion, there were comments supporting the project, specifically in regard to the addition of high-density housing along the Mission Street corridor, and the provision of affordable income units. In addition to the webinar, a project webpage was created and posted to the City of Santa Cruz website that provided a link to the recorded webinar and allowed members of the public to submit comments to the project planner.

### **ENVIRONMENTAL REVIEW**

The project is categorically exempt from environmental review under Article 19 of the California Environmental Quality Act (CEQA) Guidelines, Section 15332, related to infill development. The Class 32 categorical exemption applies to a proposed project fulfilling the following criteria:

- (a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations;
- (b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses;
- (c) The project site has no value as habitat for endangered, rare, or threatened species;
- (d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and
- (e) The site can be adequately served by all required utilities and public services.

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The proposed project complies with all of the foregoing criteria and demonstrates eligibility for implementation of a Class 32 Categorical Exemption as afforded by CEQA. The application exhibits consistency with General Plan and zoning designations, policies, and regulations, with a project site comprising 12,502 square feet (.287 acres) in size, below the maximum threshold of five (5) acres, located within city limits and surrounded by existing residential and commercial urban uses. As a previously-developed urban infill site, the subject lot holds no value as habitat for endangered, rare, or threatened species, with none known to exist on the site; development of the project would not result in any significant impact relating to traffic, noise, air quality or water quality as supported by the submitted information; and the site can be adequately served by all required utilities and public services. Therefore, the proposal qualifies for the Categorical Exemption found in CEQA Guidelines Section 15332, infill exemption.

None of the exceptions to the exemptions under Section 15300.2 apply to the project in that the project site is not located in a mapped environmentally sensitive area, the project is not part of a larger project that could result in a cumulative impact, there are no unusual circumstances associated with the project or subject parcel, the project will not result in damage to resources associated with an officially designated scenic highway, the project site is not included on any lists compiled pursuant to Section 65962.5 of the Government Code related to Hazardous Waste Sites, and the project will not result in substantial adverse changes in the significance of a historical resource site in that there are no known historic resources on the property.

### **SUMMARY**

This project involves a proposal to construct a five-story, mixed-use project consisting of ground level parking and commercial space, and 59 Single-Room Occupancy (SRO) units. The development will implement the City's vision for the "Westside Zone" area as expressed by the *General Plan* and the *Mission Street Urban Design Plan* by providing 8 much needed affordable units and 51 market rate residential units. Additionally, with a request for a Density Bonus, the project will maximize density while providing 20% of the units at the very low-income level, which will be a significant addition to the city's affordable housing stock. As conditioned, the proposed project meets the requirements of the Zoning Ordinance and provides a development that is consistent with the vision for the Mission Street corridor.

Therefore, staff recommends that the Planning Commission acknowledge the environmental determination and approve the Nonresidential Demolition Authorization Permit, Boundary Adjustment, Design Permit, Special Use Permit, Watercourse Development Permit, Heritage Tree Removal Permit, and Density Bonus Request to exceed height, setbacks, and FAR for the proposed project based on the Findings below and the Conditions of Approval in Attachment 1.

**FINDINGS**

**Nonresidential Demolition Authorization Permit, Section 24.08.1230**

- 1. The cultural resources evaluation is accepted as accurate and complete; and the cultural resources evaluation concludes that the building or structure is not eligible for listing on the city historic building survey.**

A historic report (DPR 523 Form) was prepared by historian Joseph Van Den Berg of *Garavaglia Architecture* which evaluates the existing buildings and the history of the site. Based on records, the existing buildings were constructed in 1966, with subsequent additions and modifications occurring in 1974 and 1975. The report finds that the subject property does not display a level of historical significance or integrity that would qualify it for listing as a historic resource on the National Register of Historic Places, the California Register of Historical Places, or the City of Santa Cruz Historic Building Survey. The site is not associated with any important historic events or patterns of history, is not associated with any historic people, the architecture is not notable and contains almost not character-defining features. Thus, the structure is not eligible for listing on the City Historic Building Survey.

- 2. The project which will replace the demolished building or structure has been, or is concurrently being, approved by the city, and an appropriate building permit has been, or is concurrently being, issued; unless some other practical hardship can be documented rendering this requirement inappropriate.**

The proposed mixed-use project is being approved concurrently with the approval to demolish the subject structure.

- 3. The property owner has been advised of the benefits of listing the property on the city historic building survey and incorporating the preservation of the historic resource into the proposed project.**

Not applicable as the property has been determined to not be eligible for listing.

- 4. The cultural resources evaluation determines that the resource is eligible for listing on the city historic building survey, appropriate environmental review has been completed in accordance with the California Environmental Quality Act, and the zoning administrator can make a finding of overriding consideration that the replacement project will have public benefits which will outweigh the impact of loss of the historic resource.**

It has been determined that the property does not qualify as a historic resource. Therefore, this finding does not apply.

**Boundary Line Adjustment Section, 23.12.030.1(b)**

- 5. The parcels resulting from the lot line adjustment will conform to the general plan, any applicable specific plan, any applicable coastal plan, zoning and building ordinances.**

The proposal to merge parcels 006-203-24 and -25 into one 12,502 square foot parcel is consistent with the General Plan and Community Commercial zone district standards which require a minimum 8,000 square foot parcel size for mixed-use projects.

- 6. A greater number of parcels than originally existed are not created by the lot line adjustment.**

The proposed Boundary Adjustment will not result in the creation of any additional parcels or building sites, but rather the two parcels will be combined to result in one parcel.

**Design Permit, Section 24.08.430**

- 7. The site plan and building design are consistent with design and development policies of the General Plan, any element of the General Plan, and any area plan, specific plan, or other city policy for physical development. If located in the Coastal Zone, the site plan and building design are also consistent with policies of the Local Coastal Program.**

The subject parcel has a Mixed-Use Medium Density (MXMD) General Plan designation. This designation applies to sites along the Ocean Street and the Mission Street corridor between Swift and Laurel Street. Typical commercial uses are similar to those in the Community Commercial (CM) designation, and pedestrian-oriented commercial uses are encouraged on the ground floor. For reference, the CM designation calls for “businesses that serve the general needs of the community, including retail, service, and office establishments. Typical uses in these areas include restaurants, grocery stores, furniture stores, general merchandise, medical and legal offices, and auto parts stores, as well as mixed-use projects that include these commercial uses on the ground floor.”

The Mixed-Use Medium Density (MXMD) designation allows a Floor Area Ratio (FAR) range from .75 to 1.75. FAR is the total gross floor area of the development divided by the net area of the site. The total floor area for the proposed mixed-use project is 43,237 square feet and the net lot size (with deduction of riparian setback area) is 11,182 square feet, resulting in a FAR of 3.86 for the proposed development. With the proposed FAR exceeding the allowed FAR, a waiver to FAR is included as part of the Density Bonus request.

The proposed mixed-use project is consistent with the policies of the General Plan, including the following:

- **Land Use Development Policy LU3.3.1 - Discourage strip commercial development in favor of clustered commercial and mixed-use development along transit corridors.**

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- **Land Use Development Policy LU3.7** - *Encourage higher-intensity residential uses and maximum densities in accordance with the General Plan Land Use designations.*
- **Land Use Development Policy LU3.7.1** - *Allow and encourage development that meets the high end of the General Plan Land Use designation density unless constraints associated with site characteristics and zoning development standards require a lower density.*
- **Land Use Development Policy LU3.8** - *Allow the following residential uses to exceed the maximum densities in this chapter: Density bonus units.*
- **Community Design CD3.3** – *Encourage the assembly of small parcels along transit corridors to achieve pedestrian-oriented development compatible with neighborhoods.*
- **Community Design CD4.1.1** – *Support compact mixed-use development Downtown, along primary transportation corridors, and in employment centers.*
- **Community Design CD4.1.1** – *Where possible, site buildings at the street frontage and place parking areas away from street corners and to the rear of buildings.*
- **Community Design CD4.1.3** – *On major corridors, encourage mixed-use development, especially projects with priority for commercial uses that can provide services to the adjacent community.*
- **Mobility Development Policy M1.1** - *Reduce automobile dependence by encouraging appropriate neighborhood and activity center development.*
- **Mobility Development Policy M1.3** - *Create pedestrian-friendly frontage and streetscapes and attractive pedestrian-oriented areas.*
- **Mobility Development Policy M3.2.11** - *Improve traffic flow and safety and reduce impacts on arterial streets by limiting driveways, mid-block access points, and intersections; removing on-street parking; clustering facilities around interconnected parking areas; providing access from side streets; and other similar measures.*
- **Economic Development Policy 1.1.3** - *Encourage the development of year-round businesses and visitor activities, resources, and destinations that can also attract and engage local residents.*
- **Economic Development Policy 5.2** - *Provide for residents' daily shopping needs in local-serving neighborhood commercial centers.*
- **Economic Development Policy 5.2.1** - *Encourage neighborhood shopping in nodes of commercial development that serve residential areas and have adequate transit, pedestrian, and bicycle access.*
- **Economic Development Policy 5.2.2** - *Support the development of neighborhood gathering places in conjunction with local-serving neighborhood commercial.*

The project site is located within the Mission Street Urban Design Plan (MSUDP) which encourages developments such as this. The community's vision is to re-establish Mission Street as a vibrant commercial corridor that recognizes and carefully balances its functions as both a State Highway and local-serving commercial street. As noted in the MSUDP, the

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corridor should maintain a predominantly commercial mixed-use character. Residential uses should be restricted to multi-family residential units, and to residential above ground floor retail or office. The remaining single-family residential uses should be allowed to eventually phase out. The intent is to create a corridor that is safe, attractive, economically and socially vibrant, which in turn will improve the quality of life for Westside residents.

The project site is within the “Westside Zone” area of the *Mission Street Urban Design Plan*. The Westside Zone, which extends from Laural Street to Swift Street includes predominantly retail and service type uses with scattered residential, office and institutional uses. The project meets the objectives of the Westside Zone by establishment of a development that provides retail and services for both residents and visitors and employing streetscape improvements such as street trees, lighting, and street furnishings to visually unify this section of the corridor and enhance the pedestrian environment. The project also meets the following areawide land use and redevelopment strategy plan policies:

- **Policy 4a** – Encourage a mix of higher density residential and office uses along Mission Street that will complement and support the retail base and contribute to the creation of a neighborhood with around-the-clock vitality.
  - **Policy 4b** – Establish the Mission Street corridor as an attractive pedestrian-oriented, mixed-use district.
  - **Policy 4c** – Encourage “mixed-use” development and “local-serving” commercial uses as a means of reducing automobile use within the planning area. Development of complementary uses (retail and office, retail and housing, office and housing) in proximity to each other allows residents, employees, and visitors to walk and/or bicycle when undertaking many of the typical daily trips, whether it is going to lunch, running errands, or going out for the evening.
  - **Policy 5c** – Encourage redevelopment and infill development along Mission Street that will improve the corridor’s economic vitality, enhance the definition and character of the corridor, and create better pedestrian scale and orientation.
- 8. For nonresidential projects, the project’s location, size, height, operations, and other significant features and characteristics are compatible with and do not adversely affect or further degrade adjacent properties, the surrounding neighborhood, or the public health, safety, and welfare. For residential projects, the project complies with the objective standards and requirements of the zoning district in which it is located, as well as any objective standards of any area plan or other regulatory document that applies to the area in which the project is located.**

The project contains both nonresidential and residential components. Commercial uses surround the site, with the exception of residential uses to the west and across the creek to the north. The commercial retail use will abut Mission Street maintaining a substantial distance from the neighboring residences and will not adversely affect or further degrade adjacent properties. For the residential portions of the development the project complies with the objective standards and requirements of the zoning district as well as the Mission Street Urban Design Overlay District, taking into consideration the waivers requested as part of the

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Density Bonus request.

- 9. For nonresidential projects, the project provides for an arrangement of uses, buildings, structures, open spaces, and other improvements that are compatible with the scale and character of the adjacent properties and surrounding neighborhood.**

Commercial uses surround the site, with the exception of residential uses to the west and across the creek to the north. The commercial retail use will abut Mission Street maintaining a substantial distance from the neighboring residences, and fronting Mission Street will be compatible as well as add to the Mission Street commercial streetscape.

- 10. The exterior design and appearance of buildings and structures and the design of the site plan shall be compatible with design and appearance of other existing buildings and structures in neighborhoods which have established architectural character worthy of preservation.**

The proposed building has a contemporary design, incorporating a variety of exterior finish materials including textured concrete (board formed/textured), metal panels, fiber cement panel or stucco, patterned metal fence/gates/screens/sunshades, and a glazed aluminum windows. This stretch of Mission Street has a wide variety of building types and appearances, none of which have established architectural character worthy of preservation.

- 11. Design of the site plan respects design principles in terms of maintaining a balance of scale, form and proportion, using design components which are harmonious, and materials and colors which blend with elements of the site plan and surrounding areas. Location of structures takes into account maintenance of public views; rooftop mechanical equipment is incorporated into roof design or screened from public rights-of-way to the extent possible. Utility installations such as trash enclosures, storage units, traffic-control devices, transformer vaults and electrical meters are accessible and screened.**

The Mixed-Use Medium Density (MXMD) designation allows a Floor Area Ratio (FAR) range from .75 to 1.75. FAR is the total gross floor area of the development divided by the net area of the site. The total floor area for the proposed mixed-use project 43,237 square feet and the net lot size (with deduction of riparian setback area) is 11,182 square feet, resulting in a FAR of 3.86 for the proposed development. A waiver to exceed FAR is included as part of the Density Bonus request, as complying with the designated FAR would reduce the volume of the building and would physically preclude the construction of the project that would include the number of residential units allowed under the State Density Bonus Law.

With the exception of height and setbacks, the siting and design standards are consistent with the zone district standards. The proposed building has been designed in a contemporary style with rooftop equipment incorporated into the roof design and screened from adjacent properties. Utility installations such as trash enclosures, storage units, and parking are designed into the building, making them accessible but screened from view.



- 12. Where a site plan abuts, or is in close proximity to, uses other than that proposed, the plan shall take into account its effect on other land uses. Where a nonresidential use abuts or is in close proximity to a residential use, the effect of the site plan should maintain the residential quality of adjacent or nearby areas.**

Commercial uses surround the site, with the exception of residential uses to the west and across the creek to the north. The commercial retail use will abut Mission Street maintaining a substantial distance from the neighboring residences.

- 13. To the extent feasible, the orientation and location of buildings, structures, open spaces and other features of the site plan maintain natural resources including significant trees and shrubs, minimize impacts to solar access of adjacent properties, and minimize alteration of natural land forms; building profiles, location, and orientation must relate to natural land forms.**

The flat site is mostly paved with two commercial buildings constructed in the 1960s that are proposed for demolition. There are seven trees located on the site, two of which qualify as heritage due to their size. No special status plant species have been recorded for this property, and no special status species were observed and the potential presence of is considered very low due to the lack of suitable substrates/habitats and developed condition of the site. The majority of the proposed development will occur within areas supporting existing structures, parking areas, and non-native landscaping. The removal of this vegetation is not considered a significant impact to local or regional botanical resources. Recommended measures to protect the creek have been included as conditions of approval, including removal of invasive species, using locally native plant species for the new landscaping, and scheduling of vegetation removal to avoid the bird nesting season. The site will remain flat, with minimal alteration to the existing land forms.

- 14. The site plan ensures that the scale, bulk, and setbacks of new development preserves important public views along the ocean and of designated scenic coastal areas. Where appropriate and feasible, the project shall restore and enhance visual quality of visually degraded areas.**

The project site is not located adjacent to the coastline or within any scenic view area.

- 15. The site plan shall reasonably protect against external and internal noise, vibration and other factors, which may tend to make the environment less desirable. The site plan should respect the need for privacy of adjacent residents.**

The applicant will be required to obtain a building permit for the new building. The structure will be required to meet all applicable regulations of the California Building Code pertaining to noise, vibration, and other factors affecting indoor and exterior environmental quality. Conditions of approval require that the applicant submit a project-level noise assessment for review and approval prior to building permit issuance and require compliance with the reports' recommendations to ensure compliance with the noise policies in the General Plan.

- 16. Building and structures shall be so designed and oriented to make use of natural elements such as solar radiation, wind, and landscaping for heating, cooling, ventilation, and lighting.**

The proposed building will be designed to meet the City’s Green Building Program requirements. New planted trees and landscaping will reduce the heat island effect.

**Special Use Permit, Section 24.08.050**

- 17. The proposed structure or use conforms to the requirements and the intent of this title, and of the General Plan, relevant area plans, and the Coastal Land Use Plan, where appropriate;**

The subject parcel has a Mixed-Use Medium Density (MXMD) General Plan designation. This designation applies to sites along the Ocean Street and the Mission Street corridor between Swift and Laurel Street. Typical commercial uses are similar to those in the Community Commercial (CM) designation, and pedestrian-oriented commercial uses are encouraged on the ground floor. For reference, the CM designation calls for “businesses that serve the general needs of the community, including retail, service, and office establishments. Typical uses in these areas include restaurants, grocery stores, furniture stores, general merchandise, medical and legal offices, and auto parts stores, as well as mixed-use projects that include these commercial uses on the ground floor.”

The Mixed-Use Medium Density (MXMD) designation allows a Floor Area Ratio (FAR) range from .75 to 1.75. FAR is the total gross floor area of the development divided by the net area of the site. The total floor area for the proposed mixed-use project is 43,237 square feet and the net lot size (with deduction of riparian setback area) is 11,182 square feet, resulting in a FAR of 3.86 for the proposed development. With the proposed FAR exceeding the allowed FAR, a waiver to FAR is included as part of the Density Bonus request.

The proposed mixed-use project is consistent with the policies of the General Plan, including the following:

- **Land Use Development Policy LU3.3.1** - *Discourage strip commercial development in favor of clustered commercial and mixed-use development along transit corridors.*
- **Land Use Development Policy LU3.7** - *Encourage higher-intensity residential uses and maximum densities in accordance with the General Plan Land Use designations.*
- **Land Use Development Policy LU3.7.1** - *Allow and encourage development that meets the high end of the General Plan Land Use designation density unless constraints associated with site characteristics and zoning development standards require a lower density.*

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- **Land Use Development Policy LU3.8** - *Allow the following residential uses to exceed the maximum densities in this chapter: Density bonus units.*
- **Community Design CD3.3** – *Encourage the assembly of small parcels along transit corridors to achieve pedestrian-oriented development compatible with neighborhoods.*
- **Community Design CD4.1.1** – *Support compact mixed-use development Downtown, along primary transportation corridors, and in employment centers.*
- **Community Design CD4.1.1** – *Where possible, site buildings at the street frontage and place parking areas away from street corners and to the rear of buildings.*
- **Community Design CD4.1.3** – *On major corridors, encourage mixed-use development, especially projects with priority for commercial uses that can provide services to the adjacent community.*
- **Mobility Development Policy M1.1** - *Reduce automobile dependence by encouraging appropriate neighborhood and activity center development.*
- **Mobility Development Policy M1.3** - *Create pedestrian-friendly frontage and streetscapes and attractive pedestrian-oriented areas.*
- **Mobility Development Policy M3.2.11** - *Improve traffic flow and safety and reduce impacts on arterial streets by limiting driveways, mid-block access points, and intersections; removing on-street parking; clustering facilities around interconnected parking areas; providing access from side streets; and other similar measures.*
- **Economic Development Policy 1.1.3** - *Encourage the development of year-round businesses and visitor activities, resources, and destinations that can also attract and engage local residents.*
- **Economic Development Policy 5.2** - *Provide for residents’ daily shopping needs in local-serving neighborhood commercial centers.*
- **Economic Development Policy 5.2.1** - *Encourage neighborhood shopping in nodes of commercial development that serve residential areas and have adequate transit, pedestrian, and bicycle access.*
- **Economic Development Policy 5.2.2** - *Support the development of neighborhood gathering places in conjunction with local-serving neighborhood commercial.*

The project site is located within the Mission Street Urban Design Plan (MSUDP) which encourages developments such as this. The community’s vision is to re-establish Mission Street as a vibrant commercial corridor that recognizes and carefully balances its functions as both a State Highway and local-serving commercial street. As noted in the MSUDP, the corridor should maintain a predominantly commercial mixed-use character. Residential uses should be restricted to multi-family residential units, and to residential above ground floor retail or office. The remaining single-family residential uses should be allowed to eventually phase out. The intent is to create a corridor that is safe, attractive, economically and socially vibrant, which in turn will improve the quality of life for Westside residents.

The project site is within the “Westside Zone” area of the *Mission Street Urban Design Plan*. The Westside Zone, which extends from Laural Street to Swift Street includes predominantly

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retail and service type uses with scattered residential, office and institutional uses. The project meets the objectives of the Westside Zone by establishment of a development that provides retail and services for both residents and visitors and employing streetscape improvements such as street trees, lighting, and street furnishings to visually unify this section of the corridor and enhance the pedestrian environment. The project also meets the following areawide land use and redevelopment strategy plan policies:

- **Policy 4a** – Encourage a mix of higher density residential and office uses along Mission Street that will complement and support the retail base and contribute to the creation of a neighborhood with around-the-clock vitality.
- **Policy 4b** – Establish the Mission Street corridor as an attractive pedestrian-oriented, mixed-use district.
- **Policy 4c** – Encourage “mixed-use” development and “local-serving” commercial uses as a means of reducing automobile use within the planning area. Development of complementary uses (retail and office, retail and housing, office and housing) in proximity to each other allows residents, employees, and visitors to walk and/or bicycle when undertaking many of the typical daily trips, whether it is going to lunch, running errands, or going out for the evening.
- **Policy 5c** – Encourage redevelopment and infill development along Mission Street that will improve the corridor’s economic vitality, enhance the definition and character of the corridor, and create better pedestrian scale and orientation.

The property is not located within the Coastal Zone Overlay.

**18. That any additional conditions stipulated as necessary in the public interest have been imposed;**

Additional conditions have been added to the approval in order to ensure the commercial and residential activities do not negatively impact surrounding uses.

**19. That such use or structure will not constitute a nuisance or be detrimental to the public welfare of the community; and**

The project meets all district development standards, and the overall building mass is broken up by architectural treatment. Rooftop equipment is incorporated into the roof design and screened from adjacent properties. Utility installations such as trash enclosures, storage units, and parking are designed into the building, making them accessible but screened from view. Taking all of these into consideration, the proposed uses incorporated into the project will not constitute a nuisance or be detrimental to the public welfare of the community. Additional conditions have been added to the approval in order to ensure the development does not constitute a nuisance or would be detrimental to the public welfare of the community.

**20. That all thrift store uses shall include a management plan that identifies collection facilities for donated items, operating hours for donation facilities which discourage**

**unsupervised dropoffs, adequate storage areas for sorting the materials, and provides a plan to properly dispose of unusable items in a timely, secure, and orderly fashion and maintains premises in a clean and attractive condition.**

Not applicable.

**Watercourse Development Permit, Section 24.08.2190**

**21. The development and the project as a whole is consistent with the City-Wide Creeks and Wetlands Management Plan.**

The project as a whole is consistent with the City-Wide Creeks and Wetlands Management Plan with the approval of the Density Bonus waiver to the required creeks setbacks and incorporation of the recommendations in the biotic report as conditions of approval. The stretch of Laurel Creek adjacent to the site is an open channel, with a mixture of natural and concrete-lined side slopes and is comprised of non-native landscaping and non-native forbs and vines. The value of the riparian corridor to native wildlife is moderated due to its small size and the lack of native riparian vegetation that would provide cover and forage for native wildlife. However, it provides value due to the year-round presence of surface water and the structure of the woody vegetation likely provides perching, roosting, and nesting sites for several bird species. Common wildlife species adapted to urban land uses are expected to inhabit the creek and the adjacent landscaping. Approximately 68 square feet of the building will overhang the riparian corridor (16 feet above grade); however, this feature will not impact any existing riparian woodland vegetation. No special status plant species have been recorded for this property, and no special status species were observed and the potential presence of is considered very low due to the lack of suitable substrates/habitats and developed condition of the site. The majority of the proposed development will occur within areas supporting existing structures, parking areas, and non-native landscaping. The removal of this vegetation is not considered a significant impact to local or regional botanical resources.

**22. That the development is permitted per Section 24.08.2150 or that the zoning administrator has determined that the project is in substantial conformance with the listed permitted uses.**

With the structure cantilevering into the 10-foot riparian corridor setback and the 15-foot development setback areas, the City-Wide Creeks and Wetlands Management Plan would require the issuance of a Watercourse Variance. However, with the project including a Density Bonus, a waiver to the creek setback is being requested in place of the Watercourse Variance. Similar to the requirements of a Watercourse Variance, the biotic report evaluated the potential impacts of the project on the creek. Appropriate conditions of approval are included to improve the habitat of the creek by removing invasive, non-native plant species, improving water quality and flow with implementation of proper erosion control and best management practices, and planting of appropriate species. Therefore, the development is permitted with the issuance of a Watercourse Development Permit and Density Bonus waiver to the creek setbacks.

**23. That the development complies with the applicable watercourse development standards stated in Section 24.08.2180.**

A biotic review was prepared by Biotic Resources Group in August of 2023 with the focus of the assessment being to identify watercourse setbacks and sensitive biotic resources within the project area and evaluate the proposed project relative to the resources. The report recommends measures consistent with the applicable watercourse development standards stated in Section 24.08.2180 which have been included as conditions of approval.

**24. That the project has met the requirements of all other reviewing agencies including but not limited to state and federal government requirements.**

The limit of the development is outside of state and federal government jurisdiction and therefore is not required to meet state and federal requirements.

**Density Bonus, Section 24.16.270**

**25. The housing development is eligible for a density bonus and any concessions, incentives, waivers, modifications, or modified parking standards requested; conforms to all standards for affordability included in this section; and includes a financing mechanism for all implementation and monitoring costs.**

Pursuant to Zoning Code Section 24.16.020(5)(b), “SRO Developments. In a rental residential development comprised of SRO units, twenty percent of the single-room occupancy units shall be made available for rent to very low-income households at an affordable rent.” With a base density of 40 units, 8 (20%) of the residential units will be required to be provided as affordable housing units at the very-low income level (50% AMI). According to AB 2345 Government Code Section 65915(f)(2), if 15% of the total conforming base density is designated very low-income, development projects then qualify for a 50% density bonus. Therefore, the housing development is eligible for a density bonus and the requested waivers. All financing mechanisms for implementation and monitoring costs will be provided by the applicants.

**26. Any requested incentive or concession will result in identifiable and actual cost reductions to provide for affordable rents or affordable ownership costs based upon appropriate financial analysis and documentation if required by Section.**

Not applicable. The project does not include any requests for incentives/concessions.

**27. If the density bonus is based all or in part on dedication of land, the approval body has made the findings included in Section 24.16.230.**

Not applicable. The project does not include any requests for dedication of land.

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- 28. If the density bonus, incentive, or concession is based all or in part on the inclusion of a child care center, the development conforms to the standards included in Section 24.16.235.**

Not applicable. The project does not include a proposal for a child care center.

- 29. If the density bonus incentive or concession is approved for a condominium conversion, the development conforms to the standards included in Section 24.16.240.**

Not applicable. The project does not include a proposal for a condominium conversion.

- 30. If the incentive or concession includes mixed-use buildings or developments, the nonresidential land uses will reduce the cost of the housing development and the proposed nonresidential uses are compatible with the housing development and with existing or planned development in the area where the proposed housing development will be located.**

Not applicable. The project does not include any requests for incentives/concessions.

- 31. If a waiver or modification is requested, the applicant has shown that the development standards for which the waiver or modification is requested will have the effect of physically precluding the construction of the housing development at the densities or with the incentives or concessions permitted by this Part 3.**

The applicant has requested three waivers of development standards, all of which are required to be waived if they preclude project development. The applicant is requesting waivers to height, setbacks, and FAR. The city must grant these waivers unless they violate state or federal law, create a specific adverse impact on health and safety or the physical environment that cannot be mitigated, or adversely impact real property listed on the California Register of Historical Resources. With regard to the proposed project, failure to grant the waivers requested would physically preclude construction of the project accommodating the number of residential units allowed under Density Bonus Law. As presented, the project would not induce any specific, adverse impact upon public health or safety and includes no characteristics constituting grounds for reduction in residential density or project denial pursuant to the provisions of SB330. No evidence has been revealed which would suggest that the requested waivers should not be granted as required by State law.

- 32. If a commercial development bonus is requested, the project complies with the requirements of Section 24.16.258, the city has approved the partnered housing agreement, and the bonus has been mutually agreed upon by the city and the commercial developer.**

Not applicable. The project does not include a proposal for a commercial development bonus.

- 33. If the housing development or the commercial development is in the coastal zone, any requested density bonus, incentive, concession, waiver, modification, modified parking standard, or commercial development bonus is consistent with all applicable**

**requirements of the certified Santa Cruz local coastal program, with the exception of density.**

Not applicable as the site is not located in the coastal zone.

**With Respect to the California Environmental Quality Act**

**34.** The project is categorically exempt from environmental review under Article 19 of the California Environmental Quality Act (CEQA) Guidelines, Section 15332, related to infill development. The Class 32 categorical exemption applies to a proposed project fulfilling the following criteria:

- (a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations;
- (b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses;
- (c) The project site has no value as habitat for endangered, rare, or threatened species;
- (d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and
- (e) The site can be adequately served by all required utilities and public services.

The proposed project complies with all of the foregoing criteria and demonstrates eligibility for implementation of a Class 32 Categorical Exemption as afforded by CEQA. The application exhibits consistency with General Plan and zoning designations, policies, and regulations, with a project site comprising 12,502 square feet (.287 acres) in size, below the maximum threshold of five (5) acres, located within city limits and surrounded by existing residential and commercial urban uses. As a previously-developed urban infill site, the subject lot holds no value as habitat for endangered, rare, or threatened species, with none known to exist on the site; development of the project would not result in any significant impact relating to traffic, noise, air quality or water quality as supported by the submitted information; and the site can be adequately served by all required utilities and public services. Therefore, the proposal qualifies for the Categorical Exemption found in CEQA Guidelines Section 15332, infill exemption.

None of the exceptions to the exemptions under Section 15300.2 apply to the project in that the project site is not located in a mapped environmentally sensitive area, the project is not part of a larger project that could result in a cumulative impact, there are no unusual circumstances associated with the project or subject parcel, the project will not result in damage to resources associated with an officially designated scenic highway, the project site is not included on any lists compiled pursuant to Section 65962.5 of the Government Code related to Hazardous Waste Sites, and the project will not result in substantial adverse changes in the significance of a historical resource site in that there are no known historic resources on the property.



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Submitted by:

Approved by:

Ryan Bane  
Senior Planner

Samantha Haschert  
Principal Planner

**Attachments:**

1. Conditions of Approval
2. Project Plans
3. Geotechnical Report dated October 18, 2022, prepared by *Rock Solid Engineering Inc.*
4. Historic Report (DPR 523 Form) dated July 25, 2023, prepared by Joesph Van Den Berg of *Garavaglia Architecture*
5. Draft SRO Management Plan dated October 31, 2023
6. Trip Generation Study dated August 26, 2023, prepared by *Hexagon Transportation Consultants, Inc.*
7. Arborist Report and Tree Protection Plan dated October 2023, prepared by *Davey Resource Group*
8. Biotic Report dated August 17, 2023, prepared by *Biotic Resources Group*
9. Public Correspondence
10. Public Hearing Notice Radius Map