

To: The City of Santa Cruz, C/O Ryan Bane, Senior Planner

Re: The 1130 Mission Project Appeal

Date: 5.10.2024

Dear Mr. Bane,

Please find below a recap of the 1130 Mission project changes since the project was approved by the Planning Commission on January 18th, 2024. The changes are captured in a combination of New Conditions of Approval and updated project drawings. All of the changes are in response to the appeals and additional requests from the neighbors.

1. **Recap of accepted COAs from Planning Hearing**

We agreed to the underlined additions/modifications to the Conditions of Approval at the Planning Commission hearing to address some of the neighbor concerns.

- Plans submitted for building permit issuance shall show all exterior site lighting locations and fixture details. All exterior building lighting shall be shielded and contained in a downward direction. No exterior lighting shall produce off-site glare. No exterior lighting shall produce off-site glare. A photometric site plan shall be provided to verify this, and planning department staff shall observe the final lighting at night before Certificate of Occupancy is granted.
- All new mechanical equipment and appurtenances, including, but not limited to, rooftop and ground-mounted equipment, including gas and water meters, electrical boxes, roof vents, air conditioners, antennas, etc. visible from the public way and from adjacent properties, shall be screened with material compatible with the materials of the building and shall be subject to the approval of the Zoning Administrator. Sound control shall be considered when designing this screening.
- The developer shall work with the Metro to implement existing bus pass programs for the project tenants.

2. Overview of newly requested Concessions and New Conditions of Approval to the Project after the Appeal:

- a. Additional Concessions: In response to the updated proposed Conditions of Approval, the applicant requested two concessions that were not in the PC approved project:
 - To pay the impact fees at Certificate of Occupancy, instead of at building permit issuance.
 - That the City remove a draft condition of approval related to construction of building features to allow for a restaurant use in the future. The Owner is not intending to operate a restaurant and doesn't want to invest unnecessary dollars on something that is not needed.

- b. New Conditions of Approval (changes and additions are underlined): The below new and accepted Conditions of Approval are in response to the appeal and neighborhood requests. Underlined text is amended or new.
 - Final colors shall be approved by the Director of Planning and Community Development prior to application for building permits, provided there are no substantial deviations from the final colors as shown on the approved plans. ~~as proposed in the Project submittal and application materials.~~
 - Management Plan: Applicant shall submit a finalized management plan that provides the criteria specified in Zoning Code Section 24.12.1040, which shall be subject to approval by the Planning Director prior to building permit issuance. The management plan shall include the following:
 - a. The name and contact information for the property manager and that they will be available to respond to resident and community concerns at all times.
 - b. That the building shall comply with the city noise ordinance (9.56), which restricts offensive noise between the hours of 10:00 PM and 8:00 AM. Further, the plan shall specify that noise from the rooftop terraces between these hours shall not be audible off-site.
 - c. The owner's intent to prioritize tenancy to households that do not own a car.
 - d. Details regarding trash bin placement and removal from driveway.

- The amenity/laundry rooms shall include motion-sensor lighting in compliance with the 2002 Energy Code. The windows facing the creek shall be equipped with blinds, shades or other window coverings and there shall be signage installed in the amenity/laundry rooms stating that such coverings shall be used during all hours of darkness to limit light trespass to the creek.
- On the western roof terrace, plans submitted for building permit issuance shall include the use of vegetation, seat walls, or other design elements on the western edge to provide privacy buffering.
- The curbside loading space within the Laurel Street right-of-way (north end of the driveway) shall be maintained and used for residential and commercial delivery trucks, and rideshare. The owner shall work with delivery services to the greatest extent possible to request loading on Mission for large semi-trucks.
- As volunteered by the property owner, the property owner shall pay the remaining balance on the cost of the solar panels of the adjacent property at 1212 Laurel St, not to exceed \$10,000. The property owner shall provide evidence of the payment to the City prior to final or temporary occupancy.
- Future building colors shall be consistent with the Mission Street Urban Design Plan, with the exception of the mural.
- Plans submitted for building permit issuance shall include the mural as shown on the approved plans, Sheet GP0.07. Significant changes in mural design shall be subject to the following artist selection process:
 - a. Prior to building permit issuance, the applicant shall work with the City to select a mural artist and design concept for the mural on the Laurel Street elevation as shown on the plans. A panel consisting of one member of the Arts Commission and the Economic Development Director shall work in coordination with the applicant to select the artist and design. Prior to building permit issuance, the applicant shall provide evidence that a contract has been entered into with the selected artist for the approved design.
- Mural shall be complete prior to occupancy, including temporary occupancy.

- As volunteered by the property owner, plans submitted for building permit issuance shall include an electronic sign and system to display available parking spaces within the garage, if it is technically feasible. Sign shall not be illuminated past close of business.
- As volunteered by the property owner, the property owner shall post a cash bond in the amount of \$7,500 with the City or Metro, which the City or Metro may use for future bus stop improvements anywhere within the City of Santa Cruz. Any remaining amount of the cash bond not used by City or Metro for bus stop improvements, after 5 years from the date of posting of the bond, shall be returned to Property Owner.

3. Overview of Modifications to the Drawings:

Between January 29, 2024 and April 23, 2024 the City received 2 appeals, a bullet point list of neighborhood requests and a PDF titled “Appeal Justification”. These documents have resulted in the City requesting updates and clarifications to the project drawings. The City, Workbench and the project Owner have worked together closely on these modifications and clarifications. As a point of reference the State Laws around housing policy change every year. As these changes are made, local jurisdictions, developers, architects and HCD are constantly adjusting how to implement them and fine tuning the legal interpretation and application of the laws.

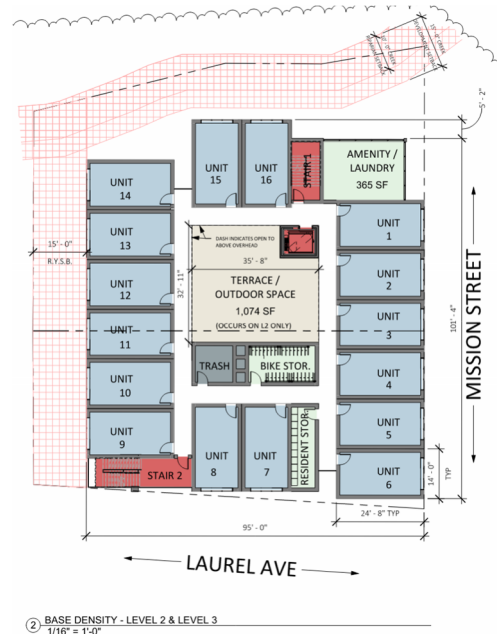
- a. **Drawings titled “PlanningPackage-Rev-03” dated 3.11.2024:** In the appeal and subsequent conversations with the City, the neighbors challenged the base density diagram, the unit sizes and the FAR. In reviewing these claims we made 3 updates:
 - i. **Base Density Diagram and ADUs:** In response to this we revised our base density diagram from 40 units to 32 units and proposed using 12 conversion ADUs to make up for the base density reduction. A project is allowed 25% conversion ADUs and the resulting ADUs don’t have to adhere to the SRO code. We have proposed them as 1 bedroom units instead of studios. These changes were done to help the financial viability of the project, by creating some larger units and reducing the project’s impact fees. The change from SRO units to conversion ADUs also modified the project’s affordable housing requirement from 8 very low income (VLI) units to 6 VLI SROs and 2 low income (LI) one-bedroom ADU conversions. The Owner has agreed to provide the 2 one-bedroom ADUs at VLI. Assuming a 5% cap rate, the deeper

affordability in the one-bedroom units reduces the project value at stabilization by \$148,320.

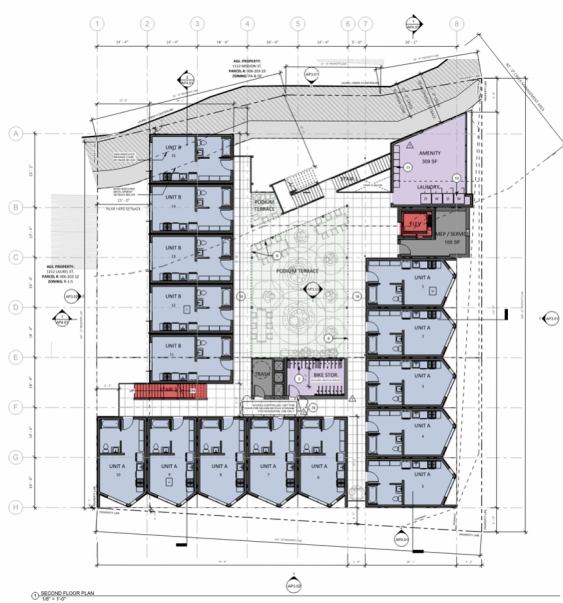
- ii. **Unit Size:** When we began the project we were calculating the unit size as the gross residential square footage in the base project compared to the gross residential square footage in the proposed project. We have since clarified that interpretation of the law and have provided unit size comparisons based on individual units rather than gross residential square footage.
- iii. **FAR:** The original FAR was in compliance, just not shown on the drawings. The updated drawings show the FAR calculations.



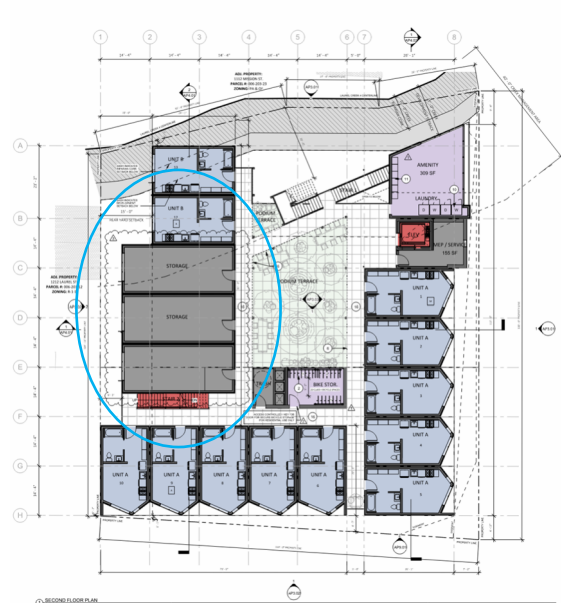
Planning Commission Approved project - Base density diagram (NTS)



Planning Package Rev3 - Base density diagram w/ revised unit sizes (NTS)

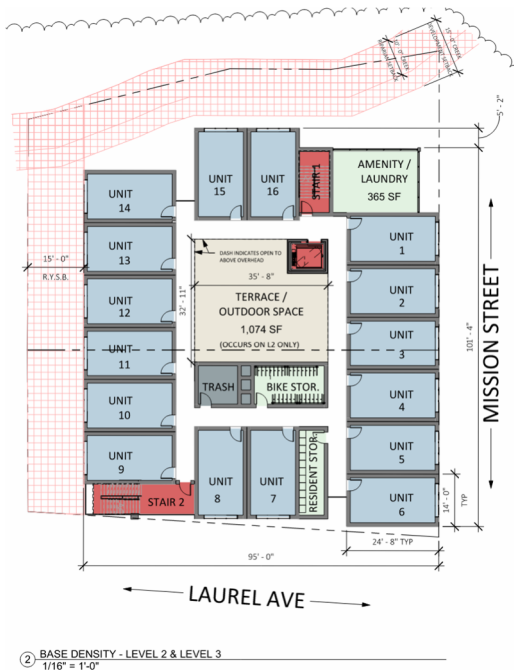


Planning Commission Approved project - Typical Floor Plan (NTS)



Planning Package Rev 3 - Typical Floor Plan with conversion ADUs (NTS)

- b. **Drawings titled “PlanningPackage-Rev4” dated 4.19.2024** – The appellants challenged the reduction from 40 to 32 base density units as not complying with SB330’s limitation to “less than 20% change” in number of units. The resulting % change is 20.7%. We agree, this is incorrect and to address it we:
- i. Changed the base density diagram to 33 units which is “less than” a 20% change from 40 base density units. We also reduced our “conversion” ADUs to 11 for planning purposes.
 - ii. Updated the base density area, average unit areas and FARs to correspond with the 33 unit change.
 - iii. The neighbors also noted that if our base + bonus units were 47, that would be a 12 unit reduction from 59 total units, which is 20.3%, but the 20% change rule applies to “... number of residential units or square footage of construction ... exclusive of any increase resulting from the receipt of a density bonus ...” so only the change from 40 units base density to 33 units base density is subject to the 20% limit.

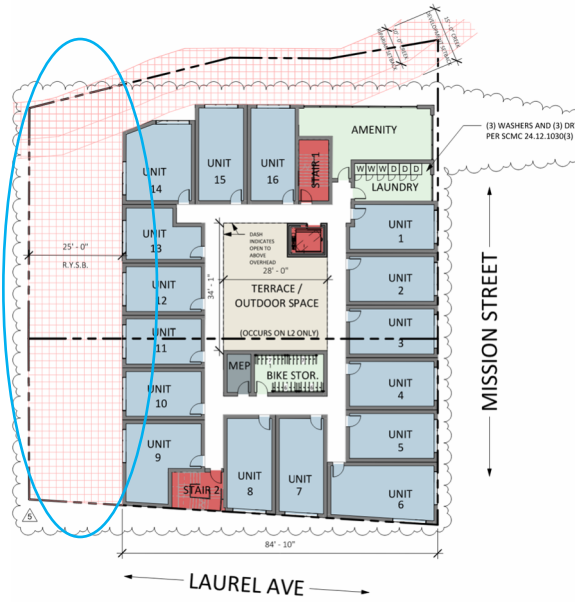


Planning Package Rev 3 - Base density diagram (32 units) (NTS)



Planning Package Rev 4 - Base density diagram 3rd Floor Change which adds 1 unit and gives the project a total of 33 Units (NTS)

- c. **Drawings titled “PlanningPackage-Rev5” dated 4.24.2024** – The City, Workbench and the Owner received the Appellant’s document titled “1130 Mission Street Appeal – Justifications 4-23-2024” on 4.23.2024 at 2:28pm. The document challenged the base density diagram on the basis that the project site is in the Mission Street Overlay District, which requires a greater rear yard setback than the underlying CC zone. The document also continued the argument that the 20% change, FAR and unit sizes were not correctly calculated. We met with City staff to review the Appeal Justification and produced the below work at their request:
- i. **Setback:** Our interpretation of Density Bonus law at time of original submittal is that because there was a discrepancy in the required setback/stepback between the base CC zoning and Mission Street Overlay, we should use the less restrictive standard that results in the greatest number of units. When this was challenged by the neighbors we did a new density diagram showing the larger Mission Street Overlay setback/stepbacks. The larger setback made no difference to the end result of 33 units of base density, and rather than get into a long and potentially unfruitful conversation about Density Bonus law interpretation, we updated the plans.
 - ii. **FAR:** The Appellant’s FAR calculations incorrectly calculate FAR by including parking dedicated to the commercial use and open space.
 - iii. **4.15.24 Submittal 20% Change:** We did miscalculate the number of conversion ADUs that we should have utilized when we redid the base density diagram in Rev #3. We should have used 11 ADU conversion units instead of 12. ($12/59 = 20.3\%$ therefore we were over the 20% change limitation required by SB330). To fix this we changed one of the storage spaces back into a unit. The end result is still 59 units.
 - iv. **Base Unit Size:** Addressed in Rev 3.
 - v. **Informational:** Updated information provided to show compliance of the revised base density diagram with all Planning requirements (FAR allowed, FAR proposed, Average unit area, etc)
 - vi. **Informational:** New sheets showing GP.09 and GP. 10 were added showing more detailed calculations and information for both Gross and Net square footage.



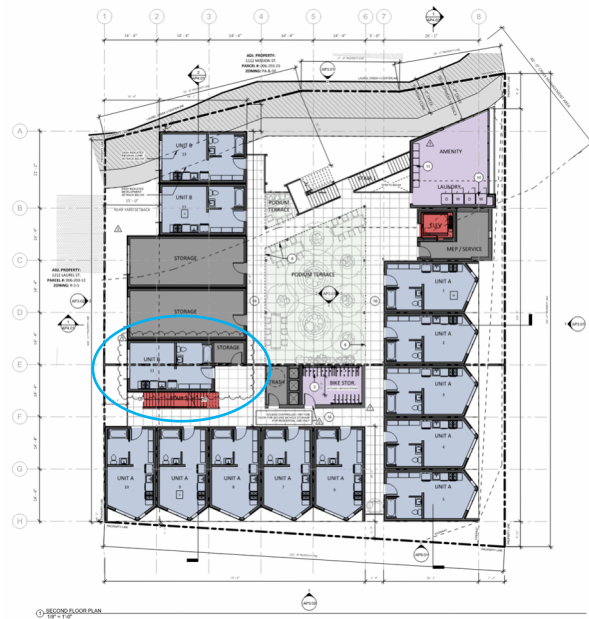
Planning Package Rev 5 – Updated base density diagram increasing RYSB from 15' to 25' (NTS)



Planning Package Rev 5 – Updated base density diagram increasing RYSB from 15' to 35' at upper floors (NTS)



Planning Package Rev 3 – Typical Floor Plan (NTS)



Planning Package Rev 4 – 2nd Floor Plan reducing ADUs by 1 unit

- d. **Drawings titled “PlanningPackage-Rev6” dated 5.8.2024** – The City and Workbench met on 5.7.2024 to review additional feedback from neighbors and the City Council. As a result, Workbench added dimensions where we could on the density diagrams. Some of the geometries are rather complex and both adding dimensions, and calculating square footages from them would be complicated. The way to calculate square footages in this kind of document is to utilize the drawing scale provided and a PDF tool like Bluebeam.

We also modified the net area plans to be consistent between the base and bonus project. Lastly, we have adjusted one gross area plan for residential area that was off by 30 square feet.

These are all immaterial changes and provided for clarification/consistency purposes only.

4. **Immaterial Modifications**

Base density diagram changes, FAR calc updates etc. are all immaterial modifications to the project and have resulted in no overall changes to the unit count or size. Many versions a base density diagram are possible that will still result in an end project of 59 units.

To illustrate, if it were not for the SB330 limitation of a 20% reduction of base units, we could have further reduced our **base density to as low as 23 base units**, and still do 59 unit project:

- 23 base units
- 12 bonus units from first density bonus ($23 * 50\% = 11.5$ rounded up to 12)
- 12 bonus units from second density bonus ($23 * 50\% = 11.5$ rounded up to 12)
- 47 base + bonus units
- 12 conversion ADUs ($47 \text{ base} + \text{bonus} * 25\%$ rounded up)
- 59 total units

5. **Current Code**

In California, projects are allowed to utilize new State laws that come into effect during their review process. Current State law allows a **second** density bonus of 50%. If desired, the Owner could go back through the planning process and create a building that is 86 units.

- Base density = 33 units

- First density bonus = 17 units
- Second density bonus = 17 units
- Base + Bonus density = 67 units
- ADU conversions = 25% of 67 units = 17 units
- Lot-based ADUs allowed = 2 units
- Allowable units under current law: **86 units**
- **Height is unlimited** with a waiver under State Density Bonus Law.

Current City Zoning:

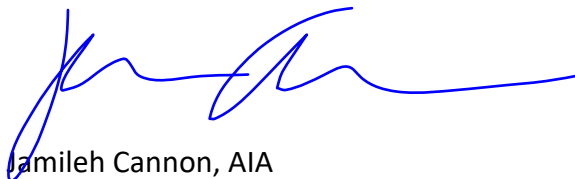
Since our SB330 preapplication, The City has rezoned the site from CC to MU-M. If a new project were to be submitted on this site the allowable base density would still be limited by the 1.75 FAR and result in around the same 33 unit count. However, the base allowable height is 4 stories instead of 3.

6. Estimated Cost to the Project of new Conditions of Approval and Appeal Process:

Item	Est. Cost
Window coverings in spaces facing the creek	\$12,500
Neighbor's solar buyout	\$10,000
Electronic parking sign	\$21,000
Bus stop improvement bond	\$7,500
(2) ADUs at VLI rate instead of LI income rate	\$148,320
Costs for drawing updates and hearing process	\$42,000
Total Estimated Cost	\$241,320

Thank you for your continued work and support on the project.

Sincerely,



Jamileh Cannon, AIA
 Founding Partner, Workbench
 Project Applicant and Architect