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#### Memorandum

May 7, 2012

TO: Sausalito Housing Element Task Force

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**SUBJECT:** Proposed Policy and Text Revisions to the Housing Element

At the last Housing Element Task Force meeting on April 30, 2012, Consultants brought the Task Force up to speed with the review of the Housing Element by the State Department of Housing and Community Development (HCD), and presented an overall strategy to the Task Force regarding the changes that were required in order to attain certification of the Housing Element.

This memo contains more detailed summaries of the critical amendments proposed by the consultants for the Draft Housing Element. This memo also includes attachments showing specific text amendments to the Draft Housing Element document. Attachment 3 shows the adjustments made to the potential housing unit chart in Chapter IV.

# **Topics addressed in this document:**

- 1) Multi-Family Development and Housing in Mixed-Use Zones
- 2) Standards for Design Review Process
- 3) Accessory Dwelling Units
- 4) Liveaboards

#### Attachments:

- Attachment 1: Edits to Chapter II on ADUs and Liveaboards
- Attachment 2: Edits to Chapter IV on ADUs and Liveaboards
- Attachment 3: RHNA Adjustments

# **Topic: Multi-Family Development and Housing in Mixed-Use Zones**

## **Summary of Requested Changes from HCD:**

Add programs that:

- Increase capacity in multifamily zones in current planning period,
- · Address housing needs of large families, and
- Identify additional acreage allowing higher density housing.

Describe proposed regulatory incentives and standards to facilitate housing in mixeduse zones and non-vacant sites.

#### Response Summary proposed by staff and consultants:

- Additional Standards for Multi-Family Development to encourage the development of sites at the maximum density level of each Zoning District.
- Proposed "Mixed Use Opportunity" Incentives to encourage multi-family development in Mixed-Use Zoning Districts.

# Standards For Multi-Family Development<sup>1</sup>

Purpose: To encourage the provision of housing at the prescribed density levels in each Zoning District.

Amend the Zoning Ordinance to include measures to encourage multi-family development in multi-family districts, and development at or near the maximum densities in respective Zoning Districts.

- Evaluate the following incentives for addition to the Zoning Ordinance, for projects that propose the maximum number of units allowed on parcels or propose multiple units, including:
  - o Exemption from Heightened Design Review,
  - Adoption of new parking standards specifically for projects with multiple units,
  - o Tandem parking opportunities, and
  - Processing priority and expedited plan checks for projects that propose multiple units.
- Amend the Design Review regulations to add requirements for the submittal of schematic site design, to demonstrate the feasibility of constructing the

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<sup>&</sup>lt;sup>1</sup> **C**urrently under review by Planning Commission subcommittee

maximum number of units allowed under zoning, or reserving site capacity for the future addition of an Accessory Dwelling Unit on subject parcel.

#### **Mixed Use Opportunity Incentives**

Purpose: To encourage multi-family development in selected Commercial Zoning Districts.

The City is considering "Mixed Use Opportunity" incentives, which are voluntary incentives that allow property owners in certain mixed-use commercial districts (i.e., Commercial-Residential District and Neighborhood Commercial (CN-1) District) to:

- Utilize the ground floor level of buildings for residential uses, rather than the commercial uses otherwise required; and
- Reduced parking requirement of one parking space per unit, instead of the 1.5 spaces otherwise required per one-bedroom or studio unit.

In exchange for using these incentives, the property owner would be required to:

- Ensure that a minimum of 30% of the proposed units have three or more bedrooms, to accommodate larger families.
- Ensure that 25% of the units are affordable to very low income households (up to 50% Area Median Income, e.g., \$48,400 for a four-person household in 2012), and 25% of the units are affordable to low income households (up to 80% Area Median Income, e.g., \$77,440 for a four-person household in 2012).
- Ensure that the affordable units are deed-restricted for a period of not less than fifty-five years (typical funding requirement), or for a period determined by the City Council, to facilitate affordable resale and rents.

Consistent with the requirements of the Fair Traffic Initiative, the Floor Area Ratio (FAR) prescribed by the Zoning Ordinance for these sites (the FAR is 0.5) would not change. All potential development projects would be required to go though the standard Design Review process.

Currently, the consultants are not proposing any other changes to the height, setbacks, lot coverage ratio, floor area ratio, and other development standards for these sites. These units would be restricted for affordability for 55 years to benefit from the federal Low Income Housing Tax Credit program.

The Housing Element consultants recommend four sites that are deemed suitable for the Mixed Use Opportunity incentives, as described below.

Location / APN	Lot Size	General Description
2015 Bridgeway	12,000 sf combined	Three-story office building
Cross Street Olive	lot size	that appears to be a former
(APN 064-135-24, 064-135-28)		apartment building.
1901 Bridgeway	12,000 sf combined	Neighborhood businesses
Cross Street Easterby	lot size	including 7-11 convenience
(APN 064-141-05, 064-141-06)		store, coin laundry.
217 Second St	9,526 sf lot size	Two-story building next to
Cross Streets Richardson and		the Golden Gate Market.
Main		Site has a U-shaped
(APN 065-238-41)		driveway.
107 Second St	9,900 sf lot size	Next to building with
Cross Streets Main and Valley		Sausalito Waterworks and
(APN 065-267-37)		Aurora Pizzeria.

<sup>\*</sup> Visual examples and support for possible unit sizes and configurations on these sites will be presented at the Task Force Meeting on May 7, 2012.

# **Topic: Standards for Design Review Process**

#### **Summary of Requested Changes from HCD:**

Describe and analyze design review findings, process and impact on housing costs and approval certainty. Include actions to refine qualitative standards to provide greater approval certainty.

## Response Summary proposed by staff and consultants:

Include measures to add to the Design Review process, for greater approval certainty. Add a measure to facilitate the development of Accessory Dwelling Units in Single-Family Zoning Districts.

# Additional Design Review Findings and Guidelines<sup>2</sup>

Purpose: To refine qualitative standards and provide greater approval certainty.

Amend Program 4 (Residential Design Review) to include the following actions:

- Amend the Design Review regulations to provide guidance on preferred sizes for various unit types.
- Amend the Design Review regulations by strengthening the findings that determine the feasibility of constructing the maximum number of units allowed on the project site.

Additional evaluation will be added to the Appendix B – Housing Constraints, on the following items:

- More detailed descriptions of the existing development standards in the Zoning Ordinance,
- Explanation on how standards such as height and FAR impact the cost and supply of housing, and the ability to achieve maximum densities.

<sup>&</sup>lt;sup>2</sup> Currently under review by Planning Commission subcommittee

# **Topic: Accessory Dwelling Units (ADUs)**

## **Summary of Requested Changes from HCD:**

- Adjust ADU goals downward for current planning period to account for timeframe for development/adoption of ordinance and amnesty program, actual second unit development, and implementation of amnesty program.
- Demonstrate how proposed amnesty program and standards for new ADUs will encourage and facilitate production.

# Response Summary proposed by staff and consultants:

- Reduce goals for new ADUs to 12 new units and goals for amnesty ADUs to 12, with anticipation of receiving majority of ADU RHNA credit in next Housing Element cycle.
- Present amnesty program, ADU development standards and incentives currently under evaluation by ADU Working Group. Identify rehabilitation funding available to lower income households to address building code violations.
  Provide staff assistance to homeowners in providing the appropriate documentation to verify whether an existing ADU was previously counted in the census.
- Present timeframe of ADU Working Group in developing draft regulations, and timing for subsequent public hearings and adoption.

See <u>Attachment 1</u> and <u>Attachment 2</u> for draft redline changes to Housing Element text regarding ADUs.

# **Topic: Liveaboards**

## **Summary of Requested Changes from HCD:**

- <u>Uncounted Existing Berths:</u> Demonstrate that liveaboard berths not counted in census were not subsequently included in housing stock
- <u>Projected Future Berths:</u> Demonstrate that projected new berths for liveaboards will be permitted and available within the planning period.
- Affordability of Liveaboards: Support the affordability assumptions of crediting new liveaboards as addressing low income needs.

## Response Summary proposed by staff and consultants:

- Uncounted Existing Berths: Compare city records of new housing units built against Dept of Finance records for 2000-2010 to confirm liveaboards not counted post-census.
- <u>Projected Future Berths</u>: Evaluate additional City permitting required for each BCDC permitted marina, and whether such permitting serves as a constraint to achieving legal City status within calendar year 2012. Coordinate with Sausalito Yacht Harbor to ensure all BCDC and City permitting required for increasing liveaboard capacity to 10% is completed in 2012. Report BCDC and City permitted liveaboards to the State Department of Finance at the next reporting period in 2013.
- <u>Affordability of Liveaboards:</u> Modify affordability methodology to assume a portion of new liveaboards affordable at the moderate income level.

See <u>Attachment 1</u> and <u>Attachment 2</u> for draft redline changes to Housing Element text regarding Liveaboards.

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