

**ITEM V-D: ZONING ORDINANCE AMENDMENT - DENSITY BONUS - FILE# 2008PL-038 (OA-000016)**

**REQUEST**

The applicant requests approval of an amendment to the Density Bonus chapter of the City's Zoning Ordinance for consistency with the requirements of State Law.

Applicant: City of Roseville, Planning & Redevelopment

**SUMMARY RECOMMENDATION**

The Planning & Redevelopment Department recommends that the Planning Commission take the following actions:

- A. Adopt the Negative Declaration; and
- B. Recommend that the City Council adopt a Resolution approving the Zoning Ordinance Amendment.

**SUMMARY OF OUTSTANDING ISSUES**

There are no outstanding issues associated with the proposed Zoning Ordinance Amendment.

**BACKGROUND**

Chapter 19.28 of the Zoning Ordinance contains application and eligibility requirements for residential density bonuses. A density bonus is an increase in density over the otherwise maximum allowable residential density under the applicable general plan designation. The amount of density bonus units an applicant may request can vary. It is determined by the amount of units set aside as affordable and the applicable category used (low, very low, moderate, or senior).

The City's current Density Bonus Ordinance is modeled after State Law, which requires local jurisdictions to adopt ordinances that are consistent with the provisions of California Government Code Sections 65915-65918. In January 2005, the State of California enacted Senate Bill 1818, which called for substantial changes to the State's density bonus law. These changes resulted in the need for cities and counties statewide to amend their density bonus ordinances to bring them into conformance with the new requirements. In general, the changes to density bonus law that were instated in January 2005 relaxed the eligibility requirements for projects to receive a density bonus in an effort to encourage more affordable housing.

At this time, the City proposes to update Chapter 19.28 of the Zoning Ordinance in order to bring the chapter into compliance with current State Law.

**EVALUATION**

Given the number of changes that are required in order for the Density Bonus chapter of the Zoning Ordinance to be in compliance with State Law, the City Attorney has recommended that the amendment be handled as a repeal and reenactment. The revised Density Bonus Ordinance (Chapter 19.28 of the Zoning Ordinance) is provided as Exhibit B to this report. The California Government Code Section 65915-65918 is provided as Attachment 1 to this report for reference.

**Density Bonus Allowances:**

Consistent with State Law, for a housing project that contains at least five units, an applicant is eligible for a density bonus based on the categories listed in Table 1, subject to meeting the eligibility requirements as outlined in the amended Density Bonus Chapter (Exhibit B). No density bonus, either individual or combined for any single project, shall exceed 35 percent.

**Table 1:** Density Bonus Allowances

<u>Density Bonus Category</u>	<u>Minimum Affordability Required</u>	<u>Density Bonus Permitted</u>	<u>Increase in Density Bonus Permitted</u>	<u>Ability to Combine Density Bonus Categories</u>
<i>Lower Income</i>	At least 10 percent of the total units of a housing development are restricted for lower income households	20 to 35 percent	An additional 1.5 percent density bonus increase for each additional 1 percent increase in low income units above the initial 10 percent threshold	No
<i>Very Low Income</i>	At least 5 percent of the total units of a housing development are restricted for very low income households	20 to 35 percent	An additional 2.5 percent density bonus increase for each additional 1 percent increase in very low income units above the initial 5 percent threshold	No
<i>Moderate Income</i>	At least 10 percent of the total dwelling units in a common interest development are restricted for persons/families of moderate income	5 to 35 percent	An additional 1 percent density bonus increase for each additional 1 percent increase in moderate income units above the initial 10 percent threshold	No
<i>Senior</i>	N/A (no affordability requirement)	20 percent	N/A	No
<i>Land Donation</i>	The developable acreage & zoning of land shall be sufficient to permit construction of units affordable to very low income households in the amount not less than 10 percent of the residential units in the proposed development	15 to 35 percent	An additional 1 percent density bonus increase for each additional 1 percent increase in moderate income units above the initial 10 percent threshold	Yes
<i>Child Care</i>	Incorporation of a child care facility as part of a project that is eligible for a density bonus	1) A density bonus in the amount of square feet of residential space that is equal to or greater than the amount of square feet in the child care facility, or	N/A	Yes

		2) The applicant may request approval of an additional incentive that contributes to the economic feasibility of the construction of the child care facility		
<i>Conversion of Apartments to Condominiums</i>	At least 33 percent of the total dwelling units in a common interest development are restricted for persons/families of low or moderate income or 15 percent of the total dwelling units in a common interest development are restricted for persons/families of low income	1) A 25 percent density bonus, or  2) The applicant may request approval of an additional incentive that is equivalent to the value of the density bonus.	N/A	No

**Incentives:**

According to California Government Code Section 65915-65918, all projects that are eligible for a density bonus shall receive between one and three incentives if requested. As with the density bonus, the intent of the incentives is to further encourage the construction of affordable housing. The number of incentives increases proportionally with the amount of affordable housing provided. The breakdown is as follows:

- One incentive for projects that provide at least the minimum percentage of affordability required to receive a density bonus as described above as well as development of a project intended for senior citizens;
- Two incentives for projects that provide at least two times the minimum percentage of affordability required to receive a density bonus as described above; or
- Three incentives for projects that provide at least three times the minimum percentage of affordability required to receive a density bonus as described above.

Incentives may include but are not limited to: 1) a reduction in development standards (reduction in lot sizes, setbacks, lot coverage, building height, etc.), 2) a reduction in architectural design requirements, 3) a density bonus greater than the amount required by State Law, and/or 4) other regulatory incentives proposed by the developer that would result in identifiable, financially sufficient, and actual cost reductions.

Per State Law, in some instances a request for an incentive may be denied by a local jurisdiction. Local jurisdictions may choose to deny an incentive request if either of the following were to occur:

- 1) It is determined by the local jurisdiction that an incentive is not required to provide for affordable housing costs, or
- 2) Approval of an incentive is determined by a local jurisdiction to result in specific adverse impacts upon public health and safety or the physical environment or any property listed in the

California Register of Historical Resources for which there is no feasible method to satisfactorily mitigate or avoid the impact without rendering the project unaffordable.

Staff has determined that approval of the Zoning Ordinance Amendment is warranted based on the following:

- 1) **Consistency with State Law:** Section 65915 of the Government Code specifically states that all cities and counties shall adopt an ordinance that specifies how compliance with this section will be implemented. Therefore, approval of the Zoning Ordinance Amendment will allow the City to be in compliance with the requirements of California State Law as it relates to density bonus.
- 2) **Demand for Density Bonus Requests:** Staff does not anticipate a significant number of requests for density bonuses based on the number of previous requests that have been made. Since 1998, six requests for density bonuses have been made, of which, two were withdrawn by the applicant. The remaining four projects that were approved were for apartment and senior apartment projects that ranged in density bonus approvals from four to 30 percent.

The intent of the revisions made to Density Bonus Law that were put into effect in January 2005 was to encourage developers to construct more affordable housing. However, the number of requests that have been made since the changes were put into effect has not resulted in an increase in demand for density bonuses. To illustrate this, since 2005, only one request has been processed (three requests minus two withdrawn applications). Staff attributes this lower demand to the following:

- a) Based on previous affordable projects that have been processed, staff's experience has been that adding market rate units to an affordable project through a density bonus (density bonus units do not have to be affordable) does not typically make a project more affordable. Rather, developers have requested new units from the City and have chosen to request a rezone and/or general plan amendment to add the additional units to a property or a plan area; and
  - b) The need for density bonuses is lower due to the fact that the City provides for long term comprehensive planning through the specific plan process where the City and land owners are able to determine up front the location and density of residential units within a plan area, both affordable and market rate. This planning takes into account available infrastructure capacity and water supply to service a plan area. Additionally, as further described below, 10 percent of the residential units planned for these areas are required to be affordable which results in affordable units already being provided within the City without the need to utilize the density bonus tool.
- 3) **Affordable Housing Policies:** The proposed changes to the Zoning Ordinance support the City's goals of implementing affordable housing policies. The Housing Element in the General Plan is the City's guiding document for the long-term housing development which requires that 10 percent of all residential units constructed within the City to be affordable to households of low, very low, and moderate income. Since 1988, the City has been successful in meeting its affordable housing goals.

The Housing Element indicates that the City will meet its affordable housing goals through the implementation of policies and programs outlined in the Housing Element, one of which is the density bonus. As stated above, while it has not been widely used in the past, it is a tool that is available to the development community to encourage more affordable housing through the ability to obtain more units on a property that would otherwise not be permitted without a

general plan amendment and it provides developers with a way to reduce development costs through the ability to request incentives that would allow for reduced development standards.

- 4) **Blueprint Program:** In June 2005, the City Council adopted Blueprint Implementation Strategies. The Blueprint Project is a program sponsored by the Sacramento Area Council of Governments (SACOG) that provides “smart growth” guidelines on development to address the region’s growing population. *Compact Development* (compact building design) and *Housing Choices* (a range of housing opportunities and choices) are two of nine implementation strategies of the Blueprint Program. The implementation of density bonuses supports the practice of compact development as it increases the number of residential units on a property beyond what is anticipated by the General Plan through the use of compact building design. Because a project would not be granted a density bonus without providing affordable or senior units, a range in housing choices is created through the use of the density bonus tool.

## **CONCLUSION**

Staff has found that the update to the Density Bonus chapter of the Zoning Ordinance is appropriate, not only because it is a requirement of California State Law, but also because it has the potential to aid in providing more affordable housing options within the City as well as furthering the goals of the Blueprint Implementation Strategies adopted by the City.

## **ENVIRONMENTAL DETERMINATION**

The Planning & Redevelopment Director has determined that the above project will not have a significant effect on the environment and proposes that a Negative Declaration be adopted. This determination has been based upon an Initial Study, which has concluded that there will be no significant environmental impacts. At this meeting, the Approving Authority may adopt the proposed Negative Declaration. The Negative Declaration will circulate for a 30-day public review period from April 9, 2008 to May 8, 2008. The Initial Study/Negative Declaration is available for public review at the Roseville Permit Center and the City Clerk’s Office, 311 Vernon Street, Roseville, CA 95678 (8:00 A.M. to 5:00 P.M., Monday through Friday). To date no comments have been received.

## **RECOMMENDATION**

The Planning & Redevelopment Department recommends that the Planning Commission take the following actions:

- A. Adopt the Negative Declaration; and
- B. Recommend that the City Council adopt a Resolution approving the Zoning Ordinance Amendment, as shown in **Exhibit B**.

## **ATTACHMENT**

1. California Government Code Section 65915-6591 (See Attachment 1 to Exhibit A)

## **EXHIBITS**

- A. Negative Declaration
- B. Draft of Chapter 19.28 Density Bonus