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File Code No. 660.01



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 10, 2012

TO: Mayor and Councilmembers

FROM: Planning Division, Community Development Department

SUBJECT: Average Unit-Size Density (AUD) Incentive Program

RECOMMENDATION:

That Council initiate amendments to Title 28 of the Santa Barbara Municipal Code related to implementation of the Average Unit-Size Density (AUD) Incentive Program.

DISCUSSION:

On February 28, 2012, the City Council and Planning Commission held a joint work session regarding the Phase I Implementation Program for *Plan Santa Barbara*. Projects included in Phase I are necessary to successfully implement the recently adopted General Plan Update. Among these projects is the Average Unit-Size Density (AUD) Incentive Program. The AUD program allows increased residential density incentives and reduced parking requirements in order to promote smaller units and buildings. The AUD program will replace the existing Variable Density program, and will require amendments to the Zoning Ordinance.

The AUD program ordinance amendment process is estimated to take approximately 15 months to complete. Planning Staff will take the lead in implementing this program, with support from Transportation and the City Attorney. Upon adoption of the implementing ordinance and consistent with General Plan direction, the AUD program will be in effect for eight years or once 250 units have been developed in the High Density areas, whichever occurs sooner. Before the eight years expire, the Council will consider whether to extend or modify the AUD program.

AUD Program Components

The AUD incentive program is designed to encourage smaller units through the application of increased densities based on average unit sizes. The smaller the average unit size, the greater the densities allowed. Increased densities would be permitted in most multi-family and commercial zones under the following two land use designations: Medium-High Density Residential and High Density Residential.

The Medium-High Density Residential designation serves as a transition from low and medium density, all-residential density neighborhoods to commercial centers. This density tier is intended to continue to allow density incentives similar to those allowed

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under the Variable Density program, but with smaller units. The density range allowed in the Medium-High Density Residential areas is 15-27 dwelling units per acre (du/ac).

The High Density Residential designations are located in and around the Downtown, Milpas and La Cumbre Plaza/Five Points, all close to transit and within easy walking or biking distance to shopping and entertainment. The High Density Residential designation is 28-36 du/ac and also encourages smaller units and smaller buildings.

The Priority Housing Overlay is intended to encourage the production of rental, employer sponsored, and co-operative housing. Again, these increased densities serve to encourage smaller, compact development in support of additional workforce housing and reduced vehicle miles traveled. The overlay applies to the High Density areas as well as the Haley/Cota, which is designated as Medium-High. This third tier allows densities ranging from 49-63 du/ac.

The Land Use Element provides examples of average unit size ranges that will serve as the metric to encourage smaller units. For example, in the Medium-High Density areas the unit size range is 1,450 sq ft for the lowest density allowed (15 du/ac), to 805 sq ft for the highest density allowed (27 du/ac). Likewise in the High Density Residential designated areas, the range is 1,245 sq ft for the lowest density allowed (28 du/ac), to 970 sq ft for the high density (36 du/ac). The additional units built under the Priority Overlay (beyond the applicable AUD density incentive) would be restricted to 600 square feet or less.

None of the unit sizes identified under each respective tier are finalized and will need to be further analyzed and refined as the ordinance amendments are being developed.

Another component of the AUD program is the reduction of parking standards. The AUD program will permit a one parking space per unit minimum to encourage affordability and decrease building mass. A key finding from the AIA Design Charrette held in July 2011 was the role of parking in determining affordability and building size. This exercise revealed that reduced parking requirements, such as those currently allowed in the Central Business District, are necessary to achieve increased densities and reduced building heights as intended by the AUD program.

Interim Process

As discussed at the February 28th Joint Council and Planning Commission work session, residential development projects submitted prior to the adoption of the AUD program will be processed and reviewed under the City's current rules and regulations. However, projects proposing residential densities that meet the intent of the AUD program could be allowed to proceed with zoning modifications. Both Council and Planning Commission expressed support for this approach.

Also suggested was the use of a concept review at City Council and/or Planning Commission for projects requesting these types of zoning modifications. This approach

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would provide applicants early feedback regarding the proposed project and requested modifications, thereby clarifying expectations and expediting the review process. Most likely the requested zoning modifications would be for density, flexibility on open space design, setbacks and parking.

Staff requests additional discussion and direction from Council regarding the use of modifications and concept reviews as the criteria for an interim process to implement the AUD program, while Ordinance amendments are being developed and processed.

Assistance and Outreach

The AUD components, as adopted, were initially developed by staff in collaboration with the AIA and development community. The next step in the process will require formulating the actual mechanics to translate this policy into practical ordinance standards. The AIA and builders have volunteered to continue to assist Staff with development of these mechanics. Staff supports this offer, and believes their expertise and knowledge will be helpful when working out the details of the AUD program implementation.

Once the mechanics of the program have been developed, concept reviews will be conducted at the Planning Commission and design reviews boards, followed by a community workshop that will pick-up where the AIA Design Charrette left-off last July. Staff anticipates additional public input at hearings with the City Council, Ordinance Committee and Planning Commission, as the AUD program proceeds through the formal review and approval process. See Attachment 1, Draft Scope of Work.

BUDGET/FINANCIAL INFORMATION:

The Zoning Ordinance Amendments for the AUD Incentive Program do not require allocation of funds. The Program can be implemented with existing staff resources and volunteer assistance from the community.

ATTACHMENTS: 1. AUD Draft Scope of Work

2. AUD Text from Land Use Element

3. Policy LG6 Text from Land Use Element

4. AUD Summary Table5. AUD Density Tiers

6. AUD Map from Land Use Element

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SUBMITTED BY: Paul Casey, Assistant City Administrator

APPROVED BY: City Administrator's Office

Average Unit-Size Density Program DRAFT Scope of Work

I. Council Initiation (March-April 2012)

- a. Background and program components
- b. Interim criteria (concept review @ Council, use of Modifications)
- c. Assistance and outreach

II. Draft Key Program Components (April-June)

- a. Adopted parameters: densities, locations, parking standards, sunset of AUD program
- b. Ordinance mechanics to be developed: unit size application, development standards (co-op & employer, setbacks, open space, roof design), review process and findings
- c. Required amendments to existing Ordinance: variable density, zoning, parking standards, nonconforming properties, definitions, etc.

III. Outreach (April-September)

- a. Planning Commission concept review
- b. ABR and HLC concept review
- c. Community workshop

IV. Draft Ordinance (November-December)

- a. Program intent & duration (8 years or 250 units)
- b. Adopted parameters
- c. Ordinance mechanics
- d. Amendments to existing Ordinance
- e. Definitions

V. Council Ordinance Committee (January 2013)

- a. OC review draft Ordinance
- b. Staff revise draft as necessary

VI. Planning Commission Review (March-May 2013)

- a. Staff report and draft Ordinance
- b. PC recommendation to Council

VII. Council Review and Adoption (June-July 2013)

- a. Draft Ordinance and Resolution
- b. Ordinance Committee review (if needed based on PC recommendation)
- c. Council review and adoption

Average Unit Density Program Text Excerpted from the 2011 Land Use Element

AVERAGE UNIT-SIZE DENSITY INCENTIVE PROGRAM

The purpose of an Average Unit-Size Density Incentive Program is to encourage smaller, more affordable units through established unit sizes, while allowing flexibility for larger units, which help subsidize the cost of the smaller units. Under this program, there are two multi-family land use designations: Medium-High Residential and High Residential and an additional Priority Housing Overlay. When combined with other uses, such as commercial or office, these residential uses are characterized as mixed-use.

For mixed-use designations, the non-residential portion of a project is calculated independent of the residential density. The amount of non-residential square footage is regulated through the Development Plan Ordinance, and the overall scale and design of the proposed structure (both residential and non-residential) is regulated by Municipal Code and Design Review Process (height, setbacks, parking, etc.), including findings of neighborhood compatibility.

The multi-family residential and mixed-use land use designations calculate residential densities based on average unit sizes. For example, in the Medium High Density designation the range could be from 1,450 square feet project average for the lowest densities to 805 square feet for the highest densities. In the High Density designation, the range could be from 1,245 square feet project average for the lowest densities to 970 square feet for the highest densities. In addition, the Priority Housing Overlay could allow additional units above the High Density incentive program if built at 600 square feet.

For each land use designation the target unit size is approximately 1,000 square feet, sufficient to accommodate two bedrooms. In 2009, two bedroom units were the most highly demanded unit type on the market, given the City's historically low 2.35 persons per household demographic (compared to 2.72 for the county and 2.92 for the state), and the financial advantages of joint tenancy or home/office use.

The permitted densities under this incentive program are both minimums and maximums per the respective designation. Larger sized units are permitted within each "average unit size" category, although a corresponding number of smaller units are then required in order to achieve the "average size". Single family homes and multi-family projects that develop at the base density of 12 - 18 dwelling units per acre are exempted from the minimum requirement and are not subject to unit size limitations.

Therefore, the residential density for any given project under this program is calculated by the number of average size units that can fit into the building envelope (or volume of space) that is established by development review standards including design review considerations. The smaller the average size unit, the greater the density up to a maximum of either 27 du/ac under the Medium High Density designation, 36 du/ac under the High Density designation, or 63 du/ac under the Priority Housing Overlay.

Additional density incentives are also available for all affordable projects, on a project-by-project basis consistent with the City's Affordable Housing Policies and Procedures.

GENERAL URBAN

The General Urban land use designations include multi-family, commercial and industrial designations, and are located in areas within and around the Downtown and commercial corridors as shown on the General Plan Map. They include the multi-family Medium High and High Density commercial/residential, as well as those commercial, office, and industrial areas that have historically provided work, recreation, shopping, and increasingly mixed commercial/residential uses. The primary commercial areas include the City's Downtown, Upper State Street, the Milpas Corridor, Coast Village Road, the Waterfront, and a small portion of the Mesa.

The base density of the multi-family and commercial zones (where residential is allowed) has historically been and continues to be a range of 12 - 18 dwelling units per acre. However, one of the main goals of the 2011 General Plan Update is to encourage smaller rental and workforce units close to transit, and easy walking and/or biking distance to commercial services and recreational opportunities.

Land Use and Housing Element policies allow for increased densities under an Average Unit-Size Density Incentive Program; the details to be developed in an amendment to the Zoning Ordinance. The density incentives allow for a range of density for the Medium/High Density (15-27 dwelling units per acre) and the High Density (28-36 dwelling units per acre) depending on the average size of the units. The Priority Housing Overlay would allow a range of 49-63 dwelling units per acre in select areas of the City to encourage rental, employer and co-op housing.

This incentive program would replace the City's Variable Density ordinance in effect at the time of the General Plan Update. This three tier density incentive program, as outlined below, will be implemented on an 8 year "trial basis" after ordinance adoption, or until the construction of 250 units, whichever occurs first. If the Average Unit-Size Density Program is allowed to sunset, then the Zoning Ordinance would default to the City's existing Variable Density program based on number of bedrooms in effect as of December 2011

Medium-High Density Residential

The Medium-High Density Residential designation applies primarily to the periphery of the Downtown, and commercial corridors. This designation has a base density of 12-18 dwelling units per acre and principally serves as a transition from the medium density neighborhoods to the commercial centers of the city. A density range of 15-27 dwelling units per acre can be allowed under the Average Unit-Size Density Incentive Program. This designation applies to areas on the City's Eastside, Lower Riviera, Upper State Street, Westside, Laguna, Oak Park, West Beach and East Beach and reflects multi-family residential land uses. The areas around the Saint Vincent's housing project near Highway 154 also have this land use designation. The designation is consistent with the existing R-3 and R-4, Multiple-Family zoning classifications.

High Density Residential

High Density Residential applies to both multi-family and mixed use designations in the more urban centers, with an allowed base density of 12-18 dwelling units per acre. Higher densities of 28-36 dwelling units per acre are allowed as an incentive to develop the denser housing close to the urban centers. These densities are intended to work in tandem with better transit, and a closer proximity to a wide variety of commercial services, open space, recreation and jobs.

The High Density areas also can permit higher densities of 49 - 63 dwelling units per acre if developed under the Priority Housing Overlay Program and the units are restricted to rental, employer sponsored housing, or cooperative housing. This designation is applied to a portion of

the residential parcels in the Downtown area generally between Sola Street, De La Vina Street, the freeway and Haley Street.

This area has historically been developed with denser, multi-family uses, and the land use designation is consistent with the existing R-3 and R-4, Multiple-Family residential zoning classifications.

Hotel/Medium High Density Residential

This land use designation applies to the West Beach neighborhood and the area to the west of Dwight Murphy Field, and the residential base density is 12-18 dwelling units per acre with a range of 15 to 27 dwelling units per acre allowed with the Average Unit-Size Density Incentive Program. These areas are currently developed with denser multi-family uses and a scattering of hotels. The allowed uses are primarily multiple family housing, hotels, and other auxiliary uses primarily for use by hotel guests. The existing zoning classification for this area is R-4, Hotel Motel Multiple Residence Zone.

Ocean Related Commercial/Medium High Density Residential

This designation is applied to much of the hotel and limited residential areas between Cabrillo Boulevard and the freeway, with a residential base density of 12-18 dwelling units per acre with a range of 15 to 27 dwelling units per acre allowed with the Average Unit-Size Density Incentive Program. The areas bordering Cabrillo and Castillo Street do not allow residential uses and allow primarily hotels and motels as well as other auxiliary uses for hotel guests. Where residential is permitted, there must be a mix of 70 percent residential and 30 percent ocean related. These uses are consistent with the City's Local Coastal Program.

The existing zoning varies between HRC-1, HRC-2 (Hotel and Related Commerce Zones) and O-C (Ocean-Related Commercial) and includes multi-family and hotel and related uses. The area below the railroad tracks in what has become known as the "funk zone" is zoned for primarily ocean dependent and ocean oriented uses, commercial recreational uses, arts and related uses, restaurants, and small stores. The Cabrillo Plaza project Specific Plan, also in this area, could add housing and commercial space to this area.

Office/Medium Density Residential

The Office/Medium Density Residential designation is characterized by office and medical office uses primarily in the Cottage Hospital area and a few pockets on the Mesa and on Upper State Street that have a zoning classification of R-O, Restricted Office. The Medium Residential Density designation permits 12 du/ac. Due to their location near either low or medium density neighborhoods, the Medium Density designation is consistent with historical allowed densities.

Existing zoning classifications for these areas are C-O, Medical Office and R-O, Restricted Office.

Office/High Density Residential

The Office/High Density Residential designation is characterized by office and multi-family residential uses. The High Density Residential designation has an allowed base density of 12-18 dwelling units per acre. A higher density of 28 to 36 dwelling units per acre is allowed as an incentive to develop the denser housing close to the urban centers. Areas of the city with this designation are areas along the southwest side of Garden Street between Carrillo Street and Victoria Street which have a mix of office, multi-family residential, and institutional uses, and in the area of Anacapa Street and Sola Street.

The Office/High Density Residential areas also can permit higher densities of 49-63 dwelling units per acre if developed under the Priority Housing Overlay Program and the units are restricted to rental, employer sponsored housing, or cooperative housing.

Existing zoning classifications for these areas are C-2, Commercial, R-O, Restricted Office, and R-3, Multiple-Family Residence which would be appropriate for a rezone to commercial zone in the future.

Commercial/Medium High Density Residential

The Commercial/Medium-High Density land use designation generally applies to commercial neighborhood serving centers historically located within residential areas. The Medium-High Residential Density designation permits a base density of 12-18 dwelling units per acre. A range of 15 to 27 dwelling units per acre is allowed with the Average Unit-Size Density Incentive Program. Some of the areas with this land use designation include State Street (from Haley Street to just past Mission Street) and approximately 14 blocks of El Pueblo Viejo Downtown where many historic resources are located, including El Presidio de Santa Barbara State Historic Park; Salinas Street on the Eastside; the Mesa shopping areas; San Andres and Carrillo Street on the Westside; major portions of Upper State Street; and the Coast Village area. An area along Carrillo Street near the Santa Barbara High School also includes this designation.

The allowed land uses in these areas include residential, office, service shops, grocery stores, restaurants, banks, dry cleaners, childcare centers, pet shops, repair shops, and various other neighborhood/commercial serving businesses. These neighborhood and commercial service centers provide easy access to goods and services and help improve the livability and sustainability in areas with a high concentration of residential uses. As the Sustainable Neighborhood Plans develop, additional areas may be needed with this land use category and corresponding zoning.

This designation generally has an existing zoning classification of C-P, Restricted Commercial, and is more restrictive in height and setback standards than the general commercial areas, given the proximity of the surrounding residential uses. Areas of Downtown, Upper State, Coast Village Road and Carrillo Street currently have C-2, C-1 or other commercial zones.

Commercial/High Density Residential

The Commercial/High Density Residential designation serves some of the general commercial areas of the City that are located along and/or near the major transit corridors. The areas include the south side of Upper State Street (La Cumbre Plaza/Five Points area), a portion along Milpas Street, and various areas in and around the Downtown center. The High Density Residential designation permits an allowed base density of 12-18 dwelling units per acre. A higher density of 28 to 36 dwelling units per acre is allowed as an incentive to develop the denser housing close to the urban centers. An exception is the area of Downtown that includes a large number of historic resources which have a Commercial/Medium High Density Residential designation.

The Commercial High Density Residential areas also permit higher densities of 49 - 63 dwelling units per acre if developed under the Priority Housing Overlay incentive program and the units are restricted to rental, employer sponsored housing, or cooperative housing.

The City's Downtown is the most concentrated and intensively used district of the City, and because most of these areas are general commercial, the widest range of commercial uses is permitted. City policies also promote the highest residential densities to encourage affordable housing that is close to transit, employment, shopping, cultural, recreational, and governmental facilities.

Commercial Industrial/Medium High Density Residential

The Commercial Industrial designation area is bound by Ortega, Haley, Anacapa and Quarantina streets. This designation allows a wide variety of uses including manufacturing, automotive repair, office, retail, and residential. Many of the historic uses in this area provide essential services for the functioning of the city. This area currently has a zoning classification of C-M, Commercial Manufacturing Zone.

The General Plan recognizes the need for light industrial and manufacturing uses given that many of the businesses that could be displaced are local, in some cases one of a kind, and provide vital services to the community. This area has a base residential designation of 12-18 dwelling units per acre. The Medium-High Density allows also allows a range of 15 - 27 du/acre under the Average Unit-Size Density Incentive Program. To minimize the amount of market residential or displacement of light industrial and manufacturing sites with housing, the policies to allow additional densities for market rate rental housing would not apply in this area, however, higher densities could be allowed under the Priority Housing Overlay incentive program for rental, employer sponsored housing, or cooperative housing. Additional densities under the City's Affordable Housing Policies and Procedures could still be considered.

Policy LG6 Excerpted from the 2011 Land Use Element

LG6. Location of Residential Growth. Encourage new residential units in multi-family and commercial areas of the City with the highest densities to be located in the Downtown, La Cumbre Plaza/Five Points area and along Milpas Street.

Possible Implementation Actions to be Considered

- LG6.1 <u>Average Unit-Size Density Incentive Program.</u> Amend the Zoning Ordinance to incorporate an Average Unit-Size Density Incentive Program in multi-family and commercial zones based on smaller unit sizes and higher densities adjacent to transit and commercial uses and to implement Housing Element policies for higher densities for affordable and/or Community Benefit projects.
- LG6.2 <u>Average Unit Density Components.</u> The program developed under LG6.1 shall be in effect for 8 years from implementing ordinance adoption or once 250 units have been developed in the High Density areas, whichever occurs sooner. The program will include the following components:
 - a. The 250 unit limitation shall apply to projects developed in the High Density and/or Priority Housing Overlay;
 - b. All units within a project developed at either the High Density or Priority Housing Overlay will be included in the 250 unit maximum;
 - c. The minimum parking requirement for projects using the Average Unit-Size Density Incentive Program is 1 space per unit; and
 - d. A report to Council will be made to analyze the effectiveness of the program as part of the Adaptive Management Program for the General Plan, and as the trial period is approaching its end, the Council will consider whether to extend or modify the program. In absence of Council review before the trial period expires, the allowed residential density will default to the Variable Density standards allowed under SBMC 28.21.080. F as it existed in 2011.
- LG6.3 <u>Priority Housing Overlay.</u> Encourage the construction of rental and employer housing and limited equity co-operatives in select multi-family and commercial zones where residential use is allowed by providing increased density (over Average Unit-Size Density Incentive Program).

Average Unit Density-Size Incentive Program Summary Table

Density Program	Units/Acre	Unit Size Range ¹
Base Density ² : Applies in the Multi-Family and Commercial Zones (where residential is allowed).	12-18 du/ac	N/A ³
Medium High Density Residential: Serves as a transition from medium density neighborhoods to commercial centers. This density tier maintains existing variable densities with smaller unit sizes. Refer to AUD Map for precise delineation of Medium-High Density Residential designated areas.	15-27 du/ac	805sf – 1,450sf
 Medium High Residential Hotel/Medium High Residential Ocean Related Commercial/Medium High Residential Office/Medium High Residential Commercial/Medium High Residential Commercial Industrial/Medium High Residential 		
High Density Residential: Allows denser residential development close to urban centers. This density tier encourages market rate housing with smaller unit sizes. Refer to AUD Map for precise delineation of High Density Residential designated areas.	28-36 du/ac	970sf – 1,245sf
 High Density Residential Office/High Density Residential Commercial/High Density Residential 		
Priority Housing Overlay: Allows units above the High Density incentive program. Additional units above the High Density allocation are limited to 600 sf or less. This density tier is intended to encourage rental, employer, and co-op housing. Refer to AUD Map for precise delineation of Priority Housing Overlay areas.	49-63 du/ac	600sf
■ Priority Housing Overlay Areas		

¹ The permitted densities under the AUD program are both minimum and maximum per the respective designation. Larger sized units are permitted within each "average unit size" category; however a corresponding number of smaller units are then required in order to achieve the "average size".

² The base density for multi-family and commercial zones (where residential is allowed) has been and will continue to be a range of 12-18 du/ac. However the density incentives allowed by the Medium-High Residential and High Density Residential designations allow for densities above the base density.

³ Single family homes and multi-family projects that develop at the base density of 12-18 du/ac are exempted from the minimum requirement and are not subject to unit size limitations.

Average Unit-Size Density Program Density Tiers

Medium-High Density (15-27 du/ac)

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Average Unit Size	Density	FAR	
1450 sq ft	15 du/ac	.50	
1360 sq ft	16 du/ac	.50	
1280 sq ft	17 du/ac	.50	
1210 sq ft	18 du/ac	.50	
1145 sq ft	19 du/ac	.50	
1090 sq ft	20 du/ac	.50	
1040 sq ft	21 du/ac	.50	
990 sq ft	22 du/ac	.50	
950 sq ft	23 du/ac	.50	
910 sq ft	24 du/ac	.50	
870 sq ft	25 du/ac	.50	
840 sq ft	26 du/ac .50		
805 sq ft	27 du/ac .50		

High Density (28-36 du/ac)

Average Unit Size	Density	FAR	
1245 sq ft	28 du/ac	.80	
1200 sq ft	29 du/ac	.80	
1160 sq ft	30 du/ac	.80	
1125 sq ft	31 du/ac	.80	
1090 sq ft	32 du/ac	.80	
1055 sq ft	33 du/ac	.80	
1025 sq ft	34 du/ac	.80	
995 sq ft	35 du/ac	.80	
970 sq ft	36 du/ac	.80	

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Priority Housing Overlay Rental, Employer Sponsored, and Co-op Housing (49-63 du/ac)

HIGH DENSITY		OVERLAY			
Average Unit Size	Density	FAR	Overlay Units	Density (75%)	FAR
1245 sq ft	28 du/ac	.80	600 sq ft	49 du/ac	1.09
1200 sq ft	29 du/ac	.80	600 sq ft	51 du/ac	1.10
1160 sq ft	30 du/ac	.80	600 sq ft	53 du/ac	1.11
1125 sq ft	31 du/ac	.80	600 sq ft	54 du/ac	1.12
1090 sq ft	32 du/ac	.80	600 sq ft	56 du/ac	1.13
1055 sq ft	33 du/ac	.80	600 sq ft	58 du/ac	1.14
1025 sq ft	34 du/ac	.80	600 sq ft	59 du/ac	1.14
995 sq ft	35 du/ac	.80	600 sq ft	61 du/ac	1.16
970 sq ft	36 du/ac	.80	600 sq ft	63 du/ac	1.17

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