



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 11, 2013

TO: Council Ordinance Committee

FROM: Planning Division, Community Development Department

SUBJECT: Municipal Code Amendments For Implementation Of The Average Unit-Size Density Incentive Program

RECOMMENDATION:

That the Ordinance Committee consider proposed amendments to the Municipal Code for implementation of the Average Unit-Size Density Program and recommend to Council that the ordinance be introduced and subsequently adopted.

EXECUTIVE SUMMARY:

The Ordinance Committee will review the background and key issues raised by the public at the May 14, 2013 Ordinance Committee meeting, including unit sizes, inclusionary housing, and incentives. The Ordinance Committee will also review the draft Ordinance (Attachment 1); and after discussion and direction consider its recommendation to Council for introduction and subsequent adoption.

DISCUSSION:

Background

On May 14, 2013, the Ordinance Committee met to consider the Average Unit-Size Density (AUD) program. Following the staff presentation, there were a number of speakers during public comment, including three members of the Planning Commission speaking as individuals rather than representing the majority opinion of the Commission. The Committee asked questions of the public and the staff. There was insufficient time for Committee discussion and deliberation, so the matter was continued to allow for discussion as well as review of the proposed ordinance.

While all of the speakers supported the program, a number of specific issues were raised during public comment including: setback standards for AUD projects; the location of and amount of open space to be provided in AUD projects; the super majority vote requirement for Planning Commission approval of building heights exceeding 45 feet on Community Benefit projects, and whether such actions would be

appealable to the Council; the average size of units within the Medium-High designated areas; and the application of the inclusionary housing ordinance.

Of the issues raised, staff is concerned primarily with increasing unit sizes and suspending the inclusionary ordinance. Either of these two suggestions would likely significantly diminish the intent of the AUD program, which is to produce and encourage more workforce housing as discussed during the *Plan Santa Barbara* process and envisioned by the General Plan.

Medium-High Density Unit Sizes

Ordinance Intent: The existing Variable Density incentive program based on bedrooms is suspended during the eight year AUD trial period. Under the AUD program, base densities of 12-18 dwelling units per acre (du/ac) are retained where Medium High and High Density are proposed and, for any base density project, the unit size standards do not apply. The proposed Medium-High density designation would maintain the 15-27 du/ac densities now available through the Variable Density program. However, the AUD program allows greater flexibility in the design of the units based on size, rather than bedrooms, and incentives for location of open space and reduced parking.

For example, under Variable Density in order to have a project with 27 du/ac all the units must be studios; if the project is all two bedrooms at present that equates to a density of 19 du/ac. Under the proposed AUD, a project with 27 du/ac could have a range of units likely to include one and two bedroom units, yet the overall size of the project would be smaller and more compatible with the surrounding neighborhood.

The primary intent of the AUD program is twofold: 1) encourage smaller units targeted to priority types of workforce housing in the downtown/commercial areas and surrounding multifamily neighborhoods, and 2) reduce overall building height and mass. The AUD program was not intended to maximize the number of large, market-rate condominiums in the multi-family neighborhoods and other areas (such as Upper State Street) within the Medium-High density of 15-27du/ac.

Ordinance Mechanics: Following Council initiation, staff worked closely with the technical committee (including Commissioner Campanella, Lisa Plowman and Detty Peikert) to review the mechanics of the density/unit size components, as reflected in the associated table, to ensure the intent and efficacy of the ordinance is met. Two key issues were resolved during this process: the “gap” between High Density and the Priority Housing overlay, and how to best effectuate “dual” densities when the single Priority Overlay of 600 square feet is combined with the underlying density range.

The “gap” was resolved by expanding the range of the Priority Overlay, and the combined density with a single density ranging from 970 square feet to 811 square feet. Commissioner Campanella expressed his opinion that changes to the Medium High portion of the density/unit size table were necessary to support market development and

bring down the costs of construction, and with that the sale prices of the units could be reduced.

Larger Units: At the April 11, 2013 Planning Commission meeting, Planning Commissioners Campanella and Bartlett suggested increasing unit sizes for the Medium-High designation in order to encourage more two bedroom, market rate condominiums. After some discussion, these suggested changes were not adopted in the Planning Commission recommendations to the City Council. These same suggestions were again raised at the May 14, 2013 Ordinance Committee meeting by the two individual Planning Commissioners.

Within the Medium High Density designations the average unit sizes, between 805 and 1,450 square feet, would regulate the amount of habitable floor area, according to the density chosen with the range of 15-27 du/ac. The more units proposed, the smaller the average unit size, the less units proposed, the larger the average unit size. In any case, the overall size of the habitable portion of the building “envelop” would remain constant, around 21,750 square feet or a .50 Floor Area Ratio (FAR), plus the additional area to accommodate any inclusionary units.

Floor Area Ratios: Comparing this .50 FAR with the Neighborhood Preservation Ordinance (NPO) standard of .85 FAR for single family homes is interesting but the nature of these two very different types of development should be considered. On a typical 6,000 square foot lot in the Marine Terrace subdivision with a 3 bedroom, 900 square foot home, the FAR is .15. At an NPO standard for .85 FAR on the same 6,000 square foot lot, a 5,000+ square foot home would be permitted.

In addition, the NPO FAR includes parking while the AUD only calculates habitable space of individual units, does not include common space such as a community room, and does not include any parking areas such as a covered podium.

If average unit sizes were to be increased by 200 square feet, the range would be 1,005 to 1,650 square feet, which begins to approximate the size of the condominiums that were produced under the Variable Density program. With many opportunity sites in the multifamily neighborhoods, these larger unit, market rate condominiums could become the focus of the AUD program rather than in the High Density areas targeted for the priority rental, employer sponsored, and co-ops housing.

Inclusionary Housing Program

The AUD program, as proposed, would require the application of the current inclusionary housing program for all market-rate condominium projects, to ensure a measure of affordability. The only exception would be for employer sponsored projects, the below-market affordability of which would be ensured through a written instrument such as a development agreement.

The parameters of the inclusionary program are not proposed to be modified, the key components of which include: a 15% requirement based on the number of units, an in lieu fee for projects with less than 10 units, and the application of the 15% requirement “on top” of the permitted market-rate density.

In other words, if the density permits 20 units and three are required as affordable inclusionary units, then a total of 23 units would be allowed. The average unit size for the project, based on the density for the 20 units, would be used for the inclusionary units and the total project floor area would be increased accordingly to accommodate the inclusionary units. Staff understood that this point was not made clear in the draft ordinance presented to the Planning Commission and requested that the City Attorney draft additional language and that is now included in the attached proposed ordinance.

The suggestion made at the May 14th Ordinance Committee hearing that the inclusionary ordinance not apply to the AUD program is a concern to staff as it was not adopted as General Plan policy with that direction. Staff believes this would detract from the intended purpose to allow greater density with the expectation that more affordable housing could result. The costs of inclusionary units are borne by a project to varying degrees depending on project specifics. In some cases, the cost of construction is covered by the sale of the inclusionary unit. Staff believes the proposed AUD ordinance is responsive to what we continue to hear that with greater density and more flexible design standards, overall costs are reduced.

Other Incentives

All Residential Projects: As part of the Planning Commission deliberations, consideration was given to how all-residential AUD projects could be incentivized in the commercial zones. The Planning Commission recommends applying the proposed AUD mixed-use setback standards to these types of projects rather than the R3/R4 standards as proposed. Staff concurs with this recommendation, and notes that this incentive would also serve to simplify implementation of the ordinance.

Underground Parking: Staff has considered how the AUD program could incentivize underground parking, which will add considerable cost to a proposed project. Given these higher costs, in all likelihood a project with underground parking will result in higher end market condominiums, contrary to the intent of the AUD program. Clearly, there is a trade-off between underground parking and the cost of encouraging more higher-end market rate condominiums. Staff believes there is no need to incentivize underground parking, as the market will produce these types of projects and we suggest keeping the incentives focused on the priority housing types.

ATTACHMENT: Ordinance Committee Draft Proposed AUD Ordinance

PREPARED BY: John Ledbetter, Principal Planner

SUBMITTED BY: Paul Casey, Assistant City Administrator/Community
Development Director

APPROVED BY: City Administrator's Office