# CITY OF ALBANY CITY COUNCIL AGENDA STAFF REPORT

Agenda Date: July 16, 2018

Reviewed by: NA

**SUBJECT:** Ordinance No. 2018-04 Second Reading to Consider Amendments

to Section 20.40.040 "Density Bonus" of the Albany Municipal

Code

**REPORT BY:** Anne Hersch, AICP, Planning Manager

Jean Eisberg, Contract Planner Craig Labadie, City Attorney

### **SUMMARY**

The Planning & Zoning Commission and City staff have prepared draft Code amendments related to Density Bonus regulations contained in Section 20.40.040 "Density Bonus" of the Albany Municipal Code.

### STAFF RECOMMENDATION

That the Council adopt Ordinance No. 2018-04 approving amendments to Section 20.40.040 "Density Bonus" - Second Reading - Pass to print.

### **BACKGROUND**

At the June 18, 2018 City Council meeting, the City Council voted 3-0 to approve the ordinance for first reading.

At the July 2, 2018 City Council meeting, the City Council voted 5-0 to continue the matter to a date certain of July 16, 2018 for Second Reading. This direction by the Council was given in response to questions raised by the public with regard to the proposed ordinance.

### **ANALYSIS**

The City's legal counsel has advised inclusion of additional redline revisions in the draft ordinance for clarification and consistency with State law.

### **DISCUSSION**

The Ordinance is before Council for Second Reading – Pass-to-Print. If approved, a summary of the Ordinance will be published, and the Ordinance will be posted at each of

the City's posting locations (City Hall, Community Center, Senior Center, and the City's website). The Ordinance will go into effect 30 days following adoption.

### **Attachments**

1. Ordinance No. 2018-04 with Amendments to Section 20.40.040 "Density Bonus" of the Albany Municipal Code

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### **ORDINANCE NO. 2018-04**

## AN ORDINANCE OF THE ALBANY CITY COUNCIL AMENDING SECTION 20.40.040 "DENSITY BONUS" OF THE ALBANY MUNICIPAL CODE

WHEREAS, California's "State Density Bonus Law" (Government Code Sections 65915 through 65918) gives housing developers the right to build additional dwelling units and obtain flexibility in local development requirements, in exchange for building affordable or senior housing; and

WHEREAS, Section 20.40.040 "Density Bonus" of the Albany Municipal Code includes provisions for density bonus requirements in the City of Albany and implements these State requirements; and

WHEREAS, the City of Albany most recently amended Section 20.40.040 "Density Bonus" in 2014; and

**WHEREAS**, in 2016 the California Legislature approved several bills to clarify State law and strengthen its encouragement of affordable and senior housing development; and

**WHEREAS**, the updated State requirements became effective on January 1, 2017; and

WHEREAS, Section 20.100 "Procedures" contains references which are out of compliance with State law and common land use law practices and require amendments for consistency; and

**WHEREAS**, the Planning & Zoning Commission adopted Resolution of Intention 2018-02 to amend Section 20.40.040 "Density Bonus" on April 11, 2018; and

WHEREAS, the Albany Planning and Zoning Commission held a public hearing to discuss revisions to the City's density bonus ordinance to bring it into conformance with State law on March 28, 2018 and May 23, 2018; and

WHEREAS, the Planning & Zoning Commission held a public hearing on May 23, 2018 considered all public comments received, the presentation by City staff, the staff report, and all other pertinent documents regarding the proposed request, and adopted a Resolution forwarding a recommendation to the City Council to amend Section 20.40.040 "Density Bonus" of the Albany Municipal Code; and

WHEREAS, a public hearing notice was published in the West County Times and posted in three public places pursuant to California Government Code Section 65090 on June 8, 2018; and

**WHEREAS**, the City Council held a public hearing on June 18, 2018 and considered all public comments received, the presentation by City staff, the staff report, and all other pertinent documents regarding the proposed request.

NOW, THEREFORE, THE ALBANY CITY COUNCIL ORDAINS AS FOLLOWS:

20.40.040 Density Bonus, Incentives or Concessions, Waivers or Reductions.

The City will facilitate provide incentives for the production of housing units for eligible households in accordance with California Government Code Sections 65915 through 65918, as described in this subsection. For purposes of this subsection, "Housing Development" shall have the meaning stated in Government Code Section 65915 (ji). The City will grant Incentives will be in the form of a density bonus, incentives or concessions,

and/or waivers or reductions of development standards and parking ratios, <del>plus other</del> incentives or concessions, as described below.

As provided by Government Code Section 65915 (g) and (k) (j), neither the granting of a the density bonus, nor the incentives or concessions shall not require or be interpreted, in and of themselves itself, to require a general plan amendment, zoning change or other discretionary approval.

### A. Qualification for Density Bonus.

- 1. To qualify for a density bonus, an applicant shall seek and agree to construct a housing development that includes a proportion of dwelling units designated for very-low-income households, low-income households, or persons and families of moderate-income, or a senior citizen housing development or mobilehome park, transitional foster youth, disabled veterans, or homeless persons, all as specified in Government Code Section 65915 (b).
- 2. California Civil Code Sections 51.3 and 51.12 provide, among other qualifications, that a senior citizen housing development contain at least thirty-five (35) dwelling units.
- 3. Any housing development for which a density bonus and related incentives or concessions is proposed shall be planned to achieve the maximum density permitted for the zoning district in which the project would be located, exclusive of the additional density that would result from the bonus.
- **B.** Determination of Designated Units. The numbers of units to be designated for eligible households shall be determined as specified in Government Code Section 65915 (b).

C.

Calculation of Density Bonus.

- 1. Unless a lesser percentage is elected by the applicant, The-the density bonus for projects with a qualifying percentage of low- or very-low-income households shall be a density increase of at least twenty (20%) percent, unless a lesser percentage is elected by the applicant, and no more than-up to thirty-five (35%) percent over the maximum gross residential density, expressed in units per acre of site area, assigned to a site by the Land Use Element of the General Plan and Zoning Ordinance as of the date of application for approval of the housing development project to the City. The amount of density bonus to which the applicant is entitled shall be calculated according to Government Code Section 65915 (f) (g)(1) through (32). See Table H-1 below.
- 2. For common interest development projects for moderate-income households, where all units in the development are offered to the public for purchase, the density bonus shall be a density increase of at least five (5%) percent, unless a lesser percentage is elected by the applicant, and up to no more than thirty-five (35%) percent over the maximum gross residential density, expressed in units per acre of site area, assigned to a site by the Land Use Element of the General Plan and Zoning Ordinance as of the date of application to the City for approval of the housing development project. The amount of density bonus to which the applicant is entitled shall be calculated according to Government Code Section 65915 (gf) (4). See Table H-1 below.
- 3. For senior housing developments, and housing for transitional foster youth, disabled veterans, or homeless persons at very-low-income levels, the density bonus shall be a density increase of up to twenty (20%) percent over the maximum gross residential density, expressed in units per acre of site area, assigned to a site

by the Land Use Element of the General Plan and Zoning Ordinance as of the date of application to the City. The amount of density bonus to which the applicant is entitled shall be calculated according to Government Code Section 65915 (f)(3). See Table H-1 below.

- 34. When an applicant for a residential development approval, including a tentative subdivision map or a parcel map, agrees to donate land to the City under terms specified in Government Code Section 65915 (gh)(1) and (2), the density bonus shall be a density increase of at least fifteen (15%) percent, unless a lesser percentage is elected by the applicant, and up to no more than thirty-five (35%) percent over the maximum gross residential density, expressed in units per acre of site area, assigned to a site by the Land Use Element of the General Plan and Zoning Ordinance as of the date of application to the City for approval of the housing development project. A density bonus for land may be in addition to a density bonus calculated in paragraphs 1. or 2., or 3. above, but in no case shall the combined density increase exceed thirty-five (35%) percent. See Table H-1 below.
- 45. When an applicant proposes to construct a housing development project that qualifies for a density bonus under paragraph A. of this subsection, and includes a child care facility that will be located on the premises of, as part of, or adjacent to the development project, the City will grant either an additional density bonus or an additional concession or incentive, subject to the terms and to-conditions stated in Government Code Section 65915 (i-h). See Table H-1 and H-2 below.
- 56. The applicant for a density bonus shall elect whether the bonus shall be awarded on the basis of which of subparagraph (A), (B), (C), or (D), or (E) of Government Code Section 95915-65915 (b)(1).

Any density bonus shall be granted only for dedication provision of the minimum required proportion of units for the particular class of bonus, e.g., five

(5%) percent of units for very-low-income, ten (10%) percent of units for lower-income. Fractional proportions of units shall not qualify for a density bonus. All density calculations resulting in fractional units shall be rounded up to the next whole number.

Table II 1	Calculation	of Donaity	Donne
I able H-I	Calculation	of Density	Bonus.

Housing Target Minimum % of unit		<b>Density Bonus</b>	Increase in Density Bonus	
Group or Development	dedicated to target group	(basic)	Additional Dedicated units	Additional bonus
Lower-income (up to 80% median income)	10% of pre-bonus total	20% above maximum allowed units per acre	Each 1% increase	1.5%, up to 35% maximum bonus
Very-low-income (up to 50% median income)	5% of pre-bonus total	20% above maximum allowed units per acre	Each 1% increase	2.5%, up to 35% maximum bonus
Senior Citizen Housing Development	All units in a development having at least 35 units	20% above maximum allowed units per acre	Not applicable	
Moderate-income (80% to 120% median income)	10% of pre-bonus total (condominium or planned unit development)	5% above maximum allowed units per acre	Each 1% increase	1.0%, up to 35% maximum bonus
Land donation for units for very low Income households	Land area of at least one acre or sufficient to permit development of at least 40 units, and sufficient to support 10% of pre-bonus unit total	15% above maximum allowed units per acre	Each 1% increase in area of land donation	1.0%, up to 35% maximum bonus including any othe bonus
Child care facility	Based on area of facility	One square foot additional floor area for each one square foot of child care	Not applicable	
Transitional foster youth, disabled veterans, or homeless persons for very-low- income households	10% of pre-bonus total	20% above maximum allowed units per acre	Not applicable	

<del>All density calculations resulting in tractional units shall be rounded up to the next whole number</del>

**D.** Incentives or Concessions. In addition to granting a density bonus to an applicant who qualifies under the terms of paragraph A. above, the City will also provide

1	as many as three (3) incentives or concessions, as defined by Government Code Section
2	65915 (d <i>l</i> ) & (k).
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4	1. Types of Incentives or Concessions:
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6	a. A reduction in site development standards or a modification of
7	zoning code requirements that would otherwise be required Concessions that
8	result in identifiable, financially sufficient, and actual cost reductions to
9	provide for affordable housing costs, as defined in Section 50052.5 of the
10	Health and Safety Code, or for rents for the targeted units to be set as
11	specified in Government Code Section 65915 (c).
12	
13	1) Reduction in site development standards, i.e., site or
14	construction conditions that apply to a residential development
15	pursuant to any ordinance, general plan element, specific plan,
16	charter amendment or other City condition, law, policy, resolution or
17	regulation.
18	-
19	2) Modification of zoning code requirements set forth in
20	Section 20.24, Development Standards. The City hereby establishes
21	two (2) classes of potential modifications:
22	-
23	- a) The City recognizes that modification to the
24	following requirements (not listed in any order of priority)
25	could result in financially sufficient, and actual cost reductions:
26	-
27	— (1) Setback from a street or non-residential
28	<del>property line.</del>
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1	— (2) Off-street parking requirement for commercial
2	space in a mixed-use development.
3	-
4	— (3) Maximum lot coverage.
5	-
6	— (4) Setback from a residential property line, except
7	where a daylight plane is required.
8	-
9	b) Where an applicant desires to seek modifications of
10	the following requirements as concessions, the applicant shall
11	be responsible for presenting detailed financial information to
12	demonstrate that such concession would result in necessary,
13	identifiable, financially sufficient, and actual cost reductions
14	that could not be achieved without the concession:
15	
16	— (1) Floor-area ratio for commercial space in a
17	mixed-use development.
18	-
19	— (2) Floor-area ratio for residential space.
20	-
21	— (3) Combined floor-area ratio of a mixed-use
22	<del>development.</del>
23	-
24	— (4) Height limit within a commercial district,
25	except within fifteen (15) feet of a street right-of-way
26	<del>line.</del>
27	-
28	— (5) Height limit within a commercial district,
29	abutting a street right of way line.

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2	— (6) Setback requirement or height limit where a
3	daylight plane is required.
4	<u>-</u>
5	— (7) Minimum usable open space.
6	<u>-</u>
7	— (8) Height limit in a residential district.
8	-
9	— (9) Reduction of off-street parking ratios below
10	those that may be approved pursuant to Government Code
11	Section 65915 (p).
12	-
13	— 3) Modification of architectural design
14	requirements that exceed the minimum building standards
15	approved by the California Building Standards
16	Commission as provided in Part 2.5 (commencing with
17	Section 18901) of Division 13 of the California Health
18	and Safety Code.
19	-
20	b. Approval of mixed-use zoning in conjunction with the housing
21	project if commercial, office, industrial, or other land uses will reduce the
22	cost of the housing development and if the commercial, office, industrial or
23	other land uses are compatible with the housing project and with the existing
24	or planned development in the area where the proposed housing project will
25	be located.
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28	applicant or the City that result in identifiable, financially sufficient and
29	actual cost reductions-to provide for affordable housing costs, as defined in

Section 50052.5 of the Health and Safety Code, or for rents for the targeted units to be set as specified in Government Code Section 65915(c).

d. At the City's sole discretion, direct financial incentives including the provision of publicly owned land, or the waiver of fees or dedication requirements. Any such incentives would require that the project comply with legal requirements regarding prevailing wage.

2. **Number of Incentives or Concessions to be Provided**: The number of incentives or concessions will depend upon the proportion of units proposed to be dedicated and how those units are allocated among qualifying groups, according to the formulas stated in Government Code Section 65915 (d)(2), and shall not exceed a total of three (3) concessions or incentives for any development project. See Table H-2 below.

Table H-2 Calculation of Incentives and Concessions		
Housing Target Group	Number of Incentives or Concessions, with basic density bonus	Additional incentives or concessions with increase in % of dedication of pre-bonus units
Lower-income (up to 80% median income)	1 with dedication of 10% of units	1 additional with 20% 2 additional with 30%
Very-low-income (up to 50% median income)	1 with dedication of 5% of units	1 additional with 10% 2 additional with 15%
Senior (over age 55)	Not applicable	
Moderate-income (80% to 120% median income) in a common interest development	1 with dedication of 10% of units	1 additional with 20% 2 additional with 30%

Land donation for units for very low income	Not applicable
Child care facility	1 incentive or concession may be granted in lieu of square foot bonus, if it contributes to economic feasibility of construction of child care facility

- 3. **Findings for Denial of Incentives or Concessions:** The City shall provide incentives or concessions as requested unless the City makes a written finding, based upon substantial evidence, of either any of the following:
  - a. The concession or incentive does not result in identifiable and actual cost reductions is not required in order to provide for affordable housing costs, as defined in California Health and Safety Code Section 50052.5, or the rents for the targeted units to be set as specified in Government Code Section 65915 (c).
  - b. The concession or incentive would have a specific adverse impact, as defined in Government Code Section 65589.5 (d)(2) upon public health and safety or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low- and moderate-income households.
  - c. The concession or incentive would be contrary to state or federal law.
- 4. **Project-Specific Action.** City approval of any incentive or concession in conjunction with a density bonus shall be applicable only to the project or development for which an application is submitted, and shall not have the effect of amending the General Plan, the zoning ordinance, any development standard or

other regulation or policy, as such may apply generally in the City or to other developments that exist or may exist in the future.

### E. Other Waivers or Reductions.

- 1. An applicant may submit to the City a proposal for waiver or reduction of any development standard that will have the effect of physically precluding the construction of a housing development project that qualifies, under paragraph A. of this subsection, for a density bonus at the permitted density and with the granted concessions(s) or incentives(s). A development standard shall be defined as in paragraph D.1.a.1) above.
- 2. The applicant shall submit evidence, including relevant financial data, to demonstrate that the waiver or reduction is necessary to make the development of affordable housing units economically feasible.
- 32. The City may approve such waiver or reduction, without requirement of a variance, upon the finding that, without such waiver or reduction, the development standard will have the effect of physically precluding the construction of the affordable housing units that would qualify the development project for a density bonus.
- 4.-3. The City is not required to approve such a proposal if the City finds that the waiver or reduction would have a specific, adverse impact, as defined in Government Code Section 65589.5 (4j) (21), upon health, safety, or the physical environment or on any real property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily

mitigate or avoid the specific adverse impact, or that the waiver or reduction is contrary to state or federal law.

### F. Off-Street Parking.

- 1. Parking Ratios. Notwithstanding the provisions of Section 20.28 of this Chapter, the City will permit, if specifically requested by an applicant for approval of a housing development project that qualifies for a density bonus under paragraph A. of this subsection, an off-street parking ratio, inclusive of handicapped and guest parking, to be limited, without requirement of a variance, to the ratios mandated by Government Code Section 65915 (p), as follows:
  - a. Zero (0) to one (1) bedroom: one (1) on-site parking space
  - b. Two (2) to three (3) bedrooms: two (2) on-site parking spaces
    - c. Four (4) and more bedrooms: two and one-half (2-1/2) on-site parking spaces
- 2. **Configuration.** Off-street parking spaces provided pursuant to this paragraph may be arranged in tandem and may be uncovered.
- 3. **Proximity to Transit.** Notwithstanding the provision of subsection 1. above, if a development includes the maximum percentage of low-income or very low income units provided for in Government Code Section 65915 (f) (1) and (2), and is located within one-half mile of a major transit stop, as defined in of Section 21155(b) of the Public Resources Code, and there is unobstructed access to the major transit stop from the development, then, upon the request of the developer, the City shall not impose parking ratios that exceed the following:
  - a. All projects meeting this subsection requirements: 0.5 spaces per bedroom.

- 4. **Affordable Rental Units**. Notwithstanding the provision of subsection 1. above, if a development consists solely of rental units, exclusive of a manager's unit or units, with an affordable housing cost to lower income families, as provided in Section 50052.5 of the Health and Safety Code, then, upon the request of the developer, the city shall not impose a vehicular parking ratio, inclusive of handicapped and guest parking, that exceeds the following ratios:
  - a b. Developments consisting solely of rental units 0.5 spaces per unit.
  - b. e. Rental housing for individuals who are 62 years of age or older that complies with Sections 51.2 and 51.3 of the Civil Code: 0.5 spaces per unit. The development shall have either paratransit service or unobstructed access, within one-half mile, to fixed bus route service that operates at least eight times per day.
  - c. d. Special needs housing development, as defined in Section 51312 of the Health and Safety Code: 0.3 spaces per unit. The development shall have either paratransit service or unobstructed access, within one-half mile, to fixed bus route service that operates at least eight times per day.
- 3 5. This subdivision shall apply to a development that meets the requirements of California Government Code 65915 subdivision (b) but only at the request of the applicant. A request pursuant to this subdivision shall neither reduce nor increase the number of incentives or concessions to which the applicant is entitled An applicant may request parking incentives or concessions beyond those provided in this subdivision pursuant to subdivision (d) of California Government Code Section 65915. (Ord. No. 2014-11 § 6)

G. Affordable Housing Agreement - Density Bonus: Applicants for density bonuses shall enter into an Affordable Housing Agreement with the City, for the purpose of assuring continuing compliance with applicable provisions of Government Code Section 65915 and all applicable regulations and conditions of the City. Such Agreement shall be subject to approval by the City Council, upon recommendation of the Planning and Zoning Commission. Where project approval includes a subdivision of land, execution of an Affordable Housing Agreement shall be made a condition of approval of a tentative map. The contents of the Agreement shall be as specified in subsection 20.40.030.D.1 above, except that the requirements of paragraphs f., j., and k. thereof shall be replaced by the requirements of paragraphs 1. and 2. below:

An applicant who seeks a density bonus for rental units targeted for 1. lower-income and very low-income households shall agree to continued affordability under the terms specified in Government Code Section 65915(c)(1).

2. An applicant who seeks a density bonus for moderate-income units in a common interest development project shall agree that:

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The initial occupants of the moderate-income units that are directly related to the receipt of the density bonus are persons and families of moderate-income, as defined in Section 50093 of the Health and Safety Code, and that the units are offered at an affordable housing cost, as that cost is defined in Section 50052.5 of the Health and Safety Code.

b. An equity-sharing agreement, to be enforced by the City, shall apply to resale of the units, which shall be subject to the terms specified in Government Code Section 65915(c)(2)(A) through (C).

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H. **Application Procedures for Density Bonus.** 

### 1. General.

- a. The granting of a density bonus is exempted, by Government Code Section 65915, from discretionary approvals. However, elements of housing development proposals may be subject to discretionary approvals or other procedures set forth in Section 20.100.
- b. All incentives or concessions that may be proposed pursuant to the requirements of Government Code Section 65915 shall be subject to final action by the City Council.
- 2. **Preapplication Review.** Prior to filing an application for a density bonus and concessions pursuant to Government Code Section 65915 and this subsection, an applicant shall participate with City staff in a preliminary review of project plans and the justifications for any concessions requested. The Community Development Director may determine that such review be held with the Planning and Zoning Commission, in a publicly noticed meeting.
- 3. **Application Requirements.** An applicant for a density bonus pursuant to Government Code Section 65915 and this subsection shall submit an application for any discretionary approval required by this Chapter for the proposed development project. If no discretionary action is required, the applicant shall submit a Zoning Clearance application for City review of the proposed density bonus. At a minimum, All applications for development projects that propose a density bonus shall include the following items, in addition to other materials that may be required by the City:
  - a. The desired density increase;

- b. Additional incentive(s) or concession(s) requested;
- c. Any waivers or reductions in development standards that are requested in addition to proposed incentives or concessions;
  - d. Off-street parking ratios requested;
- de. The number, type, location, size and construction scheduling of all units;
- ef. A project financial report to allow the City to evaluate the financial need for the specific incentive(s) or concession(s) requested, and Documentation to demonstrate that any requested concession or incentive results in identifiable and actual cost reductions, to provide for affordable housing costs. waiver or reduction of zoning, development or building standards is necessary to make the development of affordable housing units economically feasible.
  - f. Any other relevant information that the Community Development Director may determine to be necessary in the evaluation of the proposal.
- 4. **Review of Application**. An application for a development project that includes a density bonus and incentives shall be reviewed and acted upon according to procedures described in Section 20.100, except that, following the rendering of a recommendation by the Planning and Zoning Commission, the City Council shall be the decision-making body on all applications involving a density bonus. The City Council shall have the final authority to deny requested incentives or concessions with the findings required by Government Code Section 65915. The

City shall notify the applicant for a density bonus whether the application is complete in a manner consistent with Government Code 65943.

Project Approval: If the applicant can demonstrate, based on verifiable financial information, that any development standard that is applied as a condition of a City approval of action on a housing development project that qualifies for a density bonus would physically preclude construction of the development project by making the housing units economically infeasible, the applicant may request that the City Council waive or reduce such condition. City actions that might contain conditions include: approvals of a use permit, a tentative subdivision map or design review. The City Council shall either grant such a request or make a finding pursuant to paragraph E.3 4. above.

### 20.40.050 Development Criteria.

The following criteria shall apply to housing development projects that contain affordable dwelling units created pursuant to Subsections 20.40.030 and/or 20.40.040 above.

- A. Affordable dwelling units shall be constructed concurrently with or prior to non-restricted units, unless the City and the project sponsor agree, within the required Affordable Housing Agreement, to an alternative schedule for development.
  - B. Affordable dwelling units shall be dispersed throughout the project site.
- C. Affordable dwelling units shall have, to the extent feasible, the same bedroom mix as the market-rate units in the same development, except that the project sponsor may include a higher number of bedrooms in the affordable dwelling units.