



CITY OF SANTA BARBARA

ORDINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: June 30, 2020

TO: Ordinance Committee

FROM: Planning Division, Community Development Department

SUBJECT: Amendments To Santa Barbara Municipal Code Chapter 30.150 For Average Unit-Size Density Incentive Program Amendments Focused On The Central Business District

RECOMMENDATION:

That Ordinance Committee review and recommend to City Council proposed amendments to Santa Barbara Municipal Code Chapter 30.150, Average Unit-Size Density Incentive Program, in order to facilitate construction of more housing within the Central Business District and aid in Downtown economic recovery.

EXECUTIVE SUMMARY:

This matter was presented at the June 23, 2020, Ordinance Committee meeting and was continued to this meeting. The adopted June 4, 2020, minutes ratified by the Planning Commission on June 18, 2020, have been included as Attachment 4 of this agenda report to replace the draft minutes. On April 28, 2020, City Council directed staff to expedite certain Average Unit-Size Density Incentive (AUD) Program amendments that specifically facilitate housing development in the Central Business District (CBD) and assist in economic recovery from COVID-19. The amendments to SBMC Title 30, Chapter 30.150 (Attachment 1 – Proposed Draft Amendments to SBMC Chapter 30.150) represent a hybrid package of development standards from the original December 2019 City Council direction, June 4, 2020 Planning Commission recommendations, and legal counsel.

The proposed ordinance amendments include development standards and density changes to incentivize additional housing downtown. Specifically, they include adding High Density with Priority Housing Overlay densities in the majority of the CBD and increasing the baseline building height limit in the CBD, on properties in the Priority Housing Overlay and the C-G and M-C Zones, from 45 feet to 48 feet. Both of these recommendations were included in the original City Council direction. Staff had proposed that unbundled residential parking be a requirement in the CBD instead of an option for developers, but the Planning Commission recommended it be maintained as an allowance. The Planning

Commission also determined that to further incentivize housing, and not require additional fees, the parking in-lieu fee should be replaced with a parking maximum of one on-site space per unit. In addition, the Commission slightly expanded the area within which AUD Program projects would be exempt from Open Yard requirements. The Planning Commission also recommended that all references to the initial AUD Program trial period be eliminated from the ordinance. Finally, although not a part of the Chapter 30.150 amendments, Planning Commission recommended striking Section 1. Findings and Determinations from the beginning of the ordinance.

DISCUSSION:

Background

The AUD Program was adopted by City Council in July 2013 to incentivize residential apartment development. The stated goal of the AUD Program was to facilitate development of smaller, more affordable residential units near transit and within easy walking and biking distance of commercial services and parks. Allowable AUD Program densities range from 15 to 63 units per acre. The former maximum density was 27 units per acre under the Variable Density Program. The other AUD Program development incentives include reductions in parking, setbacks, and open space requirements.

The AUD Program was adopted for an initial period, not to exceed eight years (i.e., until August 31, 2021) or once 250 units had been developed in the High Density or Priority Housing Overlay areas, whichever occurred sooner. The intent of this initial period was to monitor and assess the housing produced by the program against the goals and policies in the General Plan. City Council formed a Housing Task Force in December 2016 to evaluate certain aspects of the AUD Program, to consider potential ordinance amendments, and to provide recommendations to City Council. After several minor ordinance amendments and substantial discussion with significant public input, including a November 2019 joint work session with the Planning Commission, City Council provided direction for a package of Zoning Ordinance amendments, which would ultimately replace the AUD Program (Attachment 2 – Full 2019 AUD Amendment Package).

On April 28, 2020, due to the immediate and anticipated ongoing economic impacts of the COVID-19 pandemic, City Council directed staff to expedite certain AUD Program amendments that specifically facilitate housing development in the CBD and assist in economic recovery, including recommendations to:

- Add High Density with Priority Housing Overlay in the CBD, except within the Brinkerhoff Avenue Historic District;
- Remove the Priority Housing Overlay from the potential Historic Districts on lower De La Vina and Castillo Streets;
- Increase the baseline height limit, in the CBD, in the Priority Housing Overlay and, in the C-G and M-C Zones, from 45 to 48 feet;
- Exempt properties in the CBD, located between Chapala Street and Anacapa Street, from the Open Yard standards;

- Allow developers to pay a fee in lieu of providing on-site vehicle parking;
- Allow on-site parking to be leased separately from housing units in the CBD; and
- Extend the AUD Program duration to August 31, 2021.

Following the April 28, 2020, direction from Council, staff closely reviewed the California Government Code and consulted with staff from the State Housing and Community Development Department (HCD). With this consultation, it became apparent that any residential density reduction would require an amendment to the City's Housing Element, even if balanced with an equal or greater increase in residential density. Because of the significant time that a Housing Element Amendment would add to this work effort, and City Council's clear direction for expeditious action to facilitate housing production downtown, staff has deferred the density reductions within the historic districts to the subsequent package of AUD Program amendments, expected to be complete in early 2021. All other aspects of the City Council's direction to staff was presented to the Planning Commission for review and recommendation to City Council.

Planning Commission Recommendation

On June 4, 2020, the Planning Commission considered the proposed amendments responsive to City Council's direction on April 28, 2020, (Attachment 3 – Planning Commission Staff Report and Attachment 4 – Planning Commission Minutes) and recommended the following:

- Add High Density with Priority Housing Overlay in the majority of the CBD (7/0);
- Increase the baseline height limit in the CBD, on properties in the Priority Housing Overlay and the C-G and M-C Zones, from 45 to 48 feet (7/0);
- Exempt properties in the CBD between Chapala Street and Anacapa Street, including adjacent properties on both sides of the street, from the Open Yard standards (6/1);
- Allow parking to be leased separately from rental housing units in the CBD (6/1);
- Require a maximum of one on-site parking space per unit in the CBD rather than an in-lieu fee (6/1);
- Eliminate the AUD Program Trial Period (7/0); and
- Strike "Section 1. Findings and Determinations" from the ordinance (6/1).

The Planning Commission's recommended amendments were intended to provide additional incentives for housing development and re-use of existing buildings in the CBD. The Planning Commission recommends extending the area exempted from Open Yard requirements to include the area in between, as well as both sides of, Chapala and Anacapa Streets. City Council's direction was to include only the area between the centerlines of Chapala and Anacapa Streets.

The Planning Commission also recommended a parking maximum of one space per unit rather than paying an in-lieu fee to provide less than one space per unit on site. The parking maximum allows a developer to provide no on-site residential parking if desired, with no fee. The Planning Commission also recommends that unbundled residential

parking (leasing on-site parking spaces separately from the housing unit) be an option for property owners/managers rather than a requirement, as proposed by staff.

Because City Council provided direction to staff in December 2019 on the remaining AUD Program amendments, the Planning Commission recommended that any reference to the initial trial period of the AUD Program be removed from the ordinance. Understanding that the final amendments are prioritized appropriately by staff and already underway, the Planning Commission was concerned that the trial period language is having a chilling effect on development, which is counter to the intent of this amendment package to speed recovery and facilitate housing development in the CBD. These above changes to the open yard requirements, parking, and trial period have been incorporated into the ordinance for review by the Ordinance Committee (Attachment 1 – Proposed Draft Amendments to SBMC Chapter 30.150).

Additionally, the Planning Commission recommended that City Council strike Section 1, Findings and Determinations, from the uncodified portion of the ordinance. The Commission gave this direction because a majority believed that discussing other potential future actions of City Council was outside of the scope of the current downtown-focused amendment package. It should be noted that Section 1 was drafted by, and included in the ordinance at the recommendation of the City Attorney's Office, in order to address the recently passed Housing Crisis Act (Government Code § 66300), which provides that whenever a local government proposes to decrease the "intensity of use" of an area or parcel below what was in place January 1, 2018, it must show that it is "concurrently" changing the development standards and policies applicable to other parcels within the jurisdiction so that there is "no net loss" in residential housing capacity.

Because City Council's recent direction to expedite certain downtown-focused amendments to the AUD Program and increase density would be acted on separately from potential future actions to downzone the Milpas Street corridor and the potential historic districts, the City Attorney's Office was concerned that HCD would not see the subsequent decrease in intensity of use as "concurrent," as required under Government Code § 66300. In order to account for the current increase in density, the City Attorney added language in the Findings to illustrate that the City Council intends to reduce density in the near future and is reserving credit for the increase of density in the CBD for a later date. Additionally, the Findings express that after both the expedited downtown-focused AUD amendments and the subsequent amendments reducing density are adopted, not only will there be "no net loss" of potential residential units, there will be a net increase in potential units. The City Attorney's Office provided these findings to HCD to verify that they could support this approach. HCD staff informally confirmed that, in light of the proposed Findings and the short period of time in which the future decrease in density will occur, they would most likely determine that the actions could be seen as "concurrent." The City Attorney's Office has not removed Section 1, Findings and Determinations, from the version of the ordinance recommended for Ordinance Committee review as it is legally necessary to protect Council's specific direction to downzone other areas at a later date, i.e. Milpas Street Corridor, Brinkerhoff, and other

potential historic districts. (Attachment 1 – Proposed Draft Amendments to SBMC Chapter 30.150.) The City Attorney’s Office strongly recommends that Section 1, as drafted, be retained in the ordinance for adoption by Council.

General Plan Consistency

The AUD Program is a key component identified in the Land Use Element to increase the development of multi-unit housing, specifically focusing the highest densities on main transit corridors and downtown. The proposed amendments are consistent with the General Plan policies included as Attachment 5 – Applicable General Plan Policies and Implementation Actions.

ENVIRONMENTAL REVIEW:

In 2010, the City certified a Program Environmental Impact Report (PEIR) for the General Plan. In 2011, the City Council approved an addendum to the PEIR to reflect amendments made to the General Plan for the AUD Program. The General Plan includes policies that created the AUD Program to encourage multi-unit housing development in the City’s urban core. Policies in the General Plan require regular re-evaluation of the AUD Program’s effectiveness with adjustments being made over time, as needed.

The current project amends the AUD Program to provide higher density housing in the CBD, among other changes. The project is within the scope of the Additional Housing Alternative evaluated in the PEIR. The analysis in the PEIR found that the environmental impacts associated with the Additional Housing Alternative are somewhat different from other alternatives, but have the same overall class or level of significance and require the same mitigation measures as those adopted for the 2011 General Plan (called the Hybrid Alternative in the PEIR).

An Addendum to the General Plan PEIR (SCH 2009011031) has been prepared consistent with State CEQA Guidelines Sections 15162 and 15164. The Addendum shows that no Subsequent Negative Declaration or Environmental Impact Report is required for the project because the project setting, description, impacts, and mitigations do not involve new significant impacts or a substantial increase in the severity of impacts previously identified in the final General Plan PEIR.

The CEQA Guidelines provide that an EIR addendum need not be circulated for public review, but is attached to the EIR. City Council will consider the addendum alongside the certified PEIR in making a decision on the project.

SUSTAINABILITY IMPACT:

Allowing higher density in the City’s CBD aligns with the General Plan’s Vision of a Sustainable Santa Barbara, as it aims to reduce private car dependency and vehicular

emissions and makes public transport more economically viable, resulting in a more sustainable community. Furthermore, incentivizing housing production improves the jobs/housing imbalance that existing in our community and reduces the number of out-of-town commuters and associated vehicular emissions. Encouraging adaptive reuse of existing structures not only ensures the maximum potential of material lifespans but also reduces waste associated with building tear down. Additionally, development standards that encourage adaptive re-use can reduce the large carbon footprint associated with new construction.

ATTACHMENTS:

1. Proposed Draft Amendments to SBMC Chapter 30.150
2. Full 2019 AUD Amendment Package
3. Planning Commission Staff Report
4. Planning Commission Minutes
5. Applicable General Plan Policies and Implementation Actions

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