



City of Santa Barbara California

PLANNING COMMISSION STAFF REPORT

REPORT DATE: October 28, 2021
AGENDA DATE: November 4, 2021
SUBJECT: **Proposed Zoning Ordinance Amendments for Multi-Unit Housing**
TO: Planning Commission
FROM: Planning Division, (805) 564-5470
 Daniel Gullett, Principal Planner
 Jessica Metzger, AICP, Project Planner

I. RECOMMENDATION

Staff recommends the Planning Commission:

- A. Review and comment on potential draft Zoning Ordinance amendments for multi-unit housing standards including any further discussion of regulation building sizes and:
 - a. Precise Plan Review by Planning Commission;
 - b. Community Benefit Projects and related findings;
 - c. Adaptive Reuse; and
 - d. Open Yard Standards.

II. BACKGROUND

City Council established the Average Unit-size Density Incentive (AUD) Program in 2013 to encourage construction of new rental units, consistent with the General Plan's direction to provide rental housing for the City's workforce. Before the AUD Program, the City had not seen any significant rental housing constructed in over 40 years.

In 2019, City Council directed staff to regulate new mixed-use and multi-unit housing projects by building size through Floor Area Ratio (FAR) standards, emphasizing that the FAR numbers should be high enough to create more housing than the existing AUD Program.

On June 29, 2021, City Council authorized staff to execute a contract for an Economic Feasibility Analysis with BAE Urban Economics and John Kaliski Architects to evaluate project viability with new building size standards and Inclusionary Housing requirements for both rental and ownership housing. Staff presented the results of this analysis¹ to Planning Commission on October 7, 2021.

On August 17, 2021, Council authorized Rincon Consultants, Inc. to update the City's General Plan Programmatic Environmental Impact Report (PEIR). The update will serve as the

¹ www.SantaBarbaraCA.gov/AUD

environmental review document for proposed multi-unit housing standards and analyze the environmental impacts of buildout scenarios that include FAR standards, accessory dwelling unit regulations, and new Senate Bill 9 density allowances. The PEIR work is anticipated to be completed in late 2022.

In the meantime, Staff is drafting zoning ordinance amendments for new multi-unit housing standards that would not significantly affect housing buildout assumptions and other ordinance amendments to streamline and clarify the land development process, as discussed with the Land Development Team Oversight Subcommittee. Staff will review proposed amendments with the Planning Commission in phases as they become ready for public review.

III. POTENTIAL ORDINANCE AMENDMENTS

A. Precise Plan Review by the Planning Commission

In 2019, City Council directed amendments to give Planning Commission a decision-making role in larger multi-unit housing projects, rather than providing comments to the design review bodies to consider in their review and decision on the project.² The City Charter establishes the Planning Commission as the City's primary decision-making body regarding zoning and land use matters. While the City Charter requires that either the Architectural Board of Review (ABR) or Historic Landmark Commission (HLC) take final action on projects that propose to alter or construct multi-unit housing, Planning Commission hearings are a better venue to accept and respond to initial public comments and questions on land use matters and general site plan arrangement and operations. After the Planning Commission hearing, the project would go to the ABR or HLC to review the aesthetic findings necessary for Project Design Approval.

Currently, there is no discretionary entitlement or related findings to accommodate this procedural change. Staff recommends creating a land use review process through a Precise Plan that includes Planning Commission findings for multi-unit rental housing and mixed-use projects on lots that are 10,000 square feet or larger. These findings can be concise since a conforming housing development project can no longer be denied unless there is a health and safety issue, nor can unit count be reduced due to State law. Staff recommends the Precise Plan findings for multi-unit housing projects include:

- a. The project is consistent with the General Plan and with all applicable provisions of the Zoning Ordinance;
- b. The project will not have a significant, quantifiable, direct, and unavoidable impact upon public health or safety;
- c. The project is consistent with the City of Santa Barbara Traffic Management Strategy;
- d. The project is compliant with the Bicycle Master Plan, Pedestrian Master Plan, and Vision Zero Strategy and does not conflict with the circulation system, including transit, roadway, bicycle and pedestrian facilities.

In addition to comments on the proposed findings, staff would like Planning Commission feedback on when a Precise Plan should be triggered for existing housing development that was

² Currently, AUD Program projects on lots over 15,000 square feet, located in the High Density or Priority Housing Overlay areas, are reviewed only for comments by the Planning Commission. Planning Commission's majority opinion comments are then forwarded to the ABR or HLC for review and consideration.

permitted under the City’s previous density programs (variable density, base density, or AUD Program). These sites may either be underdeveloped or they may have maximized the development potential under the old programs and want to “convert” to new multi-unit housing standards for new units or additions or alterations to the site. Some examples are listed below:

Example Conversions to Precise Plan:

- An existing two-unit property requests adding two units over a new 4-car garage.
- A property with 20 existing units permitted under the AUD Program requests to add one new unit by splitting the two-bedroom unit into two studio units.
- A property developed with a commercial building requests to convert it to residential uses and add a new third story 48 feet in height for a total of 20 units.
- An existing 1970s apartment building with 110 units proposes a new carport that results in a reduction of parking and open yard in compliance with new multi-unit standards.

Questions to the Commission:

1. Do you support the proposed land use review/entitlement process for larger multi-unit housing projects, which shifts the primary decision-making body from ABR/HLC to the Planning Commission?
2. Do the proposed findings satisfy projects that would be reviewed for a Precise Plan?
3. What should trigger the requirement for a Precise Plan when additions or alterations are proposed to existing development?

B. Community Benefit Projects

Community Benefit Housing consists of Priority Housing (employer-sponsored housing, limited-equity housing cooperatives, rental housing), housing affordable to very low, low, moderate, or middle-income households, transitional housing, and supportive housing. These projects are eligible for additional height, up to 60 feet in commercial zones if the Planning Commission can make certain findings³.

Other types of “community benefit” projects and related processes are found in many different sections of the code⁴. This creates confusion about how projects are designated as a community

³ a. Demonstrated Need. The applicant has adequately demonstrated a need for the project to exceed 45 feet in height that is related to the project’s benefit to the community, or due to site constraints, or in order to achieve desired architectural qualities;

b. Architecture and Design. The project will be exemplary in its design;

c. Livability. If the project includes residential units, the project will provide amenities to its residents which ensure the livability of the project with particular attention to good interior design features such as the amount of light and air, or ceiling plate heights; and

d. Sensitivity to Context. The project design will complement the setting and the character of the neighboring properties with sensitivity to any adjacent federal, state, and City Landmarks or any nearby designated Historic Resources, including City-designated Structures of Merit.

⁴ SBMC Exceptions to Height Limitations §30.140.100, Average Unit Size Density Incentive Program §30.150.020 and §30.150.090.C.1, Nonresidential Growth Management Program Ch. 30.170, and Planning Authorities §30.200.020.H and §30.200.030.G.

benefit and a lack of clarity on the process. Most of the standards for community benefit projects are currently in the Nonresidential Growth Management Program (SBMC Chapter 30.170), even though some of the standards apply to multi-unit residential projects. Staff is simplifying the code related to community benefit projects into one section for all types of eligible projects.

The community benefit standards allow certain projects to exceed the base building height or nonresidential floor area limitations in the code. Some community benefit projects are defined in the code and others require a discretionary designation by City Council. Staff proposes objective criteria for most categories to streamline the designation and overall project review process. Staff proposes four different categories:

- *Priority Housing* – Consists of employer-sponsored housing, limited-equity housing cooperatives, multi-unit rental housing, multi-unit housing affordable to very low, low, moderate, or middle-income households, transitional housing, and supportive housing. As part of the amendments proposed to the new section, staff will add community care facilities, residential care facilities for the elderly, and hospices to the list of qualifying projects.
- *Priority Project* – Includes nonresidential priority uses that are currently described in the Nonresidential Growth Management Program (Chapter 30.170). While the code describes these uses generally, it does not specify all the types of projects that would be eligible, creating unnecessary subjectivity in the process. Staff recommends priority projects be identified as follows: cultural institutions, daycare centers, emergency shelters, hospitals and clinics, park and recreation facilities, public facilities⁵, schools⁶, skilled nursing facilities, and social service facilities. This list is based on the existing description of what might qualify as a Priority Project, and related use classifications but eliminates the need for City Council to make the determination on a case-by-case basis.
- *New Vehicle Sales* – These projects currently qualify for additional floor area in the Nonresidential Growth Management Program subject to objective criteria. Staff is not suggesting any changes to the definition and only proposes to eliminate the need for City Council to make the determination on a case-by-case basis.
- *Other Priority Uses* – The remaining category of Community Benefit Projects would be open-ended and would be determined by City Council on a case-by-case basis as to whether a use provides an economic or cultural benefit and should be eligible for additions to the base height, base standard density, or nonresidential development limitations.

Questions to the Commission:

1. Do you agree with the proposed categories of community priority housing, priority project, new vehicle sales, and other priority uses?

⁵ Definition will be amended to include non-profit uses.

⁶ Schools Definition. Facilities for primary or secondary education giving general academic instruction equivalent to the standards prescribed by the State Board of Education; or a nonprofit institution or center of advanced study and research in the field of learning equivalent to or higher than the level of standards prescribed by the State Board of Education; including public schools, charter schools, and private and parochial schools.

C. Adaptive Reuse

Currently, Title 30 includes some development standards related to incentivizing the adaptive reuse of existing buildings; however, they are not found all in one location. General Plan policies and recent direction from Commissioners and City Council members encourage re-purposing existing buildings in the downtown from commercial to residential uses and to allow for flexibility in meeting development standards for those existing buildings. Many other jurisdictions have a consolidated adaptive reuse section of their code. Additionally, state law (AB-2263, Government Code section 18962) also requires that buildings designated as historic resources be allowed some incentives for re-use potential, both residential and non-residential. Staff recommends that a new section (Exhibit A) be added to the Zoning Ordinance to address adaptive reuse of existing buildings and describe the development standards for these use changes. The proposed definition of adaptive reuse is:

A construction or remodeling project that reconfigures existing spaces, structures, or buildings to accommodate a new use or to accommodate another purpose than what it was originally designed for.

The purpose of this section is to revitalize the downtown area, maintain historic structures, and retain elements of the existing streetscape and character by facilitating the conversion of older, economically distressed, or historic buildings to residential units, live-work units or other non-residential uses. Eligible projects will be afforded certain incentives, including exceeding the allowable residential density, but only if the project does not exceed the maximum average unit size dictated for multi-unit projects. This will prevent large luxury units from being proposed in these existing buildings and incentivize a higher unit count in the reuse projects.

City Charter section 1506 does not allow buildings higher than 60 feet. Some buildings downtown are legal nonconforming to the Charter height limitation. The proposed language grants these buildings a legal nonconforming status so all floors could be used for residential, even those above 60 feet. Additionally, existing buildings downtown are often built lot-line-to-lot-line, making it impossible to meet required open yard and parking requirements. Staff proposes that the open yard standard in the Central Business District (CBD) be waived for residential and non-residential uses. Staff also proposes parking for non-residential projects be waived in the CBD⁷. For projects outside the CBD staff proposes to reduce open yard and parking requirements for historic buildings.

Questions to the Commission:

1. Do you support the new adaptive reuse section and definition?
2. Are there any other incentives that should be considered for adaptive reuse projects?

D. Open Yard

Required open yards (SBMC §30.140.140) are intended to provide useable outdoor living space and visual open space that provides light and air to residential uses. Open yard standards apply in all zones on lots developed with residential units, including mixed-use development. Open

⁷ Parking is not required for residential projects in the CBD.

yard requirements are based on the number of units on the lot and the size of the lot (single-unit, two-unit, multi-unit, or mixed-use) and not on the zoning district.

Current Standards

Currently, multi-unit and mixed-use development must provide a minimum amount of ground-level open yard based on a percentage of the lot size, plus a private open yard for each residential unit, with different requirements for private yard if the unit is on the ground floor or upper story. Alternatively, a developer may request a common open yard accessible to all residents instead of private open yard areas if the review authority makes certain findings. Different open yard incentives apply to AUD Program projects if located in nonresidential zones.

The variety and complexity of open yard requirements result in much confusion for applicants and some inequity in the yard requirements depending on the approach used and the number of units. Staff recommends incorporating the AUD Program open yard incentives into the zoning ordinance for multi-unit and mixed-use projects and simplifying the open yard standards for all residential housing types. A comparison table of the existing open yard standards and proposed standards is attached (Exhibit B).

Proposed Standards

Multi-unit and mixed-use open yards will be restructured into a “per unit” minimum amount of 100 square feet, rather than a percentage of lot area. The total amount may be provided in various configurations (e.g., private or common open yard, or a mix of both) to allow maximum flexibility and accommodate different architectural styles and lot configurations. Each type of open yard has minimum dimensions to ensure it remains useable. To match the AUD Program open yard incentives, there is no requirement for an on-grade open yard, and there are no required findings for an alternative open yard. The developer may choose the configuration that best suits the proposed project.

For example, a project with 22 units would be required to provide 2,200 cumulative square feet of open yard area (100 square feet per unit) regardless of lot size. The developer may provide this area with any combination of on-grade courtyards and patios, or upper-story balconies, decks, and roof decks.

Questions to the Commission:

1. Is the proposed amount of open yard (100 square feet per unit) acceptable for multi-unit and mixed-use development in **all** zones?
2. If a project only has a few units, is 100 square feet per unit sufficient or should a minimum open yard be imposed (e.g., start at 300 square feet)?
3. Should the open yard area be reduced for affordable housing projects?

IV. NEXT STEPS

Following Planning Commission comments on the above-proposed ordinance amendments, staff will return with additional topics to discuss and help develop new multi-unit housing standards. These will include:

- Review new proposed landscaping standards;

- Existing and potential development standards to address the transition between multi- and single-unit zones (often referred to as “edge conditions”); and
- An overview of development incentives provided to 100% affordable projects through State Density Bonus Law.

After comments have been received on these items staff will return to Planning Commission with final proposed amendments to SBMC Title 30, which will then be presented to the City Council Ordinance Committee with the Planning Commission’s recommendation, and then to City Council for review and adoption.

Exhibits:

- A Adaptive Reuse Section
- B Open Yard Comparison Table

This is a new section to Title 30

30.185.035 Adaptive Reuse

- A. **Purpose.** The purpose of this section is to revitalize the downtown area, and maintain historic structures in and outside of the downtown, by facilitating the conversion of older, economically distressed, or historic buildings to residential units or live-work units. Eligible projects will benefit from relief of parking, setback, open yard, and residential density. This will encourage mixed commercial and residential uses in order to improve air quality and reduce vehicle trips by locating residents, jobs, and transit services near each other.
- B. **Eligibility.** The provisions of this section shall apply to any project proposing to convert or adapt the following types of existing buildings to a new use:
1. Any existing building located within the Central Business District, as such district is delineated in Figure 30.175.050.B.
 2. Any existing building designated as a historic resource, as defined in Section 30.300.080 "H".

To qualify for the reductions and exceptions allowed by this section, the existing building must have been legally constructed prior to January 1, 2000, or the original certificate of occupancy for the building was issued at least 20 years prior to the proposed change of use. An adaptive reuse project may not include the addition or expansion of floor area to existing buildings or sites as part of the project.

- C. **Development Standards.** The adaptive reuse of any eligible building may use the following development standards:
1. **Density.** The project may exceed the maximum allowable residential density for the site if all of the following are met:
 - a. Residential units shall meet the minimum residential unit size and standards in Section 30.140.150, Residential Unit;
 - b. Residential units shall not exceed a maximum average unit size of 1,200 square feet for rental units or 2,000 square feet for ownership units. This requirement may be waived by the Community Development Director on projects that include the legalization of unpermitted residential units, or when the applicant can demonstrate larger unit sizes are warranted to adapt the existing building configuration.
 - c. Fifty percent of the ground floor of a multi-level building with three stories or more containing street frontage on State Street shall be used as commercial or retail space. The amount of commercial or retail space on the ground floor may be reduced by the Community Development Director on projects that include the legalization of unpermitted residential units, or when the applicant can demonstrate that devoting the entire ground floor to commercial or retail use is impractical or unsustainable.
 2. **Height.** The height of the structure, if it exceeds the maximum height of the zoning district, may remain and shall be considered nonconforming, and any rooftop constructions shall be included within the height exemption 30.140.100, Exceptions to Height Limitations.
 3. **Live-Work.** Any residential units designated as "live-work" units shall comply with the applicable standards in Section 30.185.240, Live-Work Units, regarding any nonresidential activities.
 4. **Open Yard.** No open yard is required for an eligible adaptive reuse project; however, if there is any existing on-site open space it shall be retained for the use of the residential occupants of the units and designed to limit its use to residential purposes, where feasible.
 5. **Parking.** Parking spaces for an eligible adaptive reuse project may be reduced as follows:
 - a. *Central Business District.* For a project converting an existing building in the Central Business District from a nonresidential use to either another nonresidential use or to a residential use, no

additional parking spaces are required beyond the number of parking spaces that existed on the project site at the time the application was submitted.

- b. *Historic Resource to Residential Use.* For a project outside of the Central Business District, as delineated in Figure 30.175.050.B, converting or adapting a historic resource to a residential use, and which is located within one-half mile of a major transit stop, no additional parking spaces are required beyond the number of parking spaces that existed on the project site at the time the project application was submitted. If not located within one-half mile of a major transit stop, the project shall comply with Chapter 30.175 Parking Regulations.
 - c. *Historic Resource to Nonresidential Use.* For a project outside of the Central Business District, as delineated in Figure 30.175.050.B, converting or adapting a designated historic resource to a nonresidential use, a 25-percent reduction in the amount of required parking spaces is allowed.
5. **Setbacks.** Existing building setbacks may remain and shall be considered nonconforming, but no further encroachments shall be permitted into any nonconforming setback unless otherwise allowed pursuant to Chapter 30.165, Nonconforming Structures, Site Development, and Uses.
- D. Alternative Building Standards for Adaptive Reuse.** Eligible historic building adaptive reuse projects may be permitted to use alternative building standards including the California Historic Building Code and Sections 104.10 and 104.11 of the California Building Code which provide the Building Official and Fire Code Official with the ability to consider an alternate material, design, or method of construction where there are practical difficulties meeting specific code requirements.
- E. Preservation of Historic Resources.** A development project in which a designated historic resource is being converted or adapted that is eligible for reductions or exceptions pursuant to this section shall comply with all federal, state, and local standards necessary for the preservation, restoration, rehabilitation, safety, relocation, or continued use of the designated historical resource.

Open Yard Comparison Table

<p style="text-align: center;">Current Multi-Unit Project in Residential Zone</p>	<p style="text-align: center;">Current AUD Program in Nonresidential Zones</p>	<p style="text-align: center;">Proposed Multi-Unit Open Yard Standards</p>
<p>Option 1</p>	<p>Option 1</p>	
<p>A. On-Grade Open Yard: 15% of the lot area Minimum Dimensions: 10 feet x 10 feet</p> <p>AND</p> <p>B. Private Open Yard:</p> <p>Ground Floor: Studio unit: 100 sq.ft. 1-Bedroom unit: 120 sq.ft. 2-Bedroom unit: 140 sq.ft. 3+Bedroom unit: 160 sq.ft. Minimum Dimensions: 10 feet x 10 feet</p> <p>Upper Stories: Studio unit: 60 sq.ft. 1 Bedroom unit: 72 sq.ft. 2 Bedroom unit: 84 sq.ft. 3+Bedroom unit: 96 sq.ft. Minimum Dimensions: 6 feet x 6 feet</p>	<p>A. Common Open Yard: 1-4 Units: None 4+ Units: One ground floor or upper story deck area Minimum Dimensions: 15 feet x 15 feet</p> <p>AND</p> <p>B. Private Open Yard:</p> <p>Ground Floor: Studio unit: 100 sq.ft. 1-Bedroom unit: 120 sq.ft. 2-Bedroom unit: 140 sq.ft. 3+Bedroom unit: 160 sq.ft. Minimum Dimensions: 10 feet x 10 feet</p> <p>Upper Stories: Studio unit: 60 sq.ft. 1 Bedroom unit: 72 sq.ft. 2 Bedroom unit: 84 sq.ft. 3+Bedroom unit: 96 sq.ft. Minimum Dimensions: 6 feet x 6 feet</p>	<p>A. Total Open Yard Area: 100 sq. ft. per unit</p> <p>Choose <u>any combination</u>: Private open yards such as fenced setbacks, patios, decks, balconies, and roof decks. Common open yards include playgrounds, gardens, in-ground swimming pools, plazas, courtyards, and paseo areas</p> <p>Private Open Yard (if provided) Minimum Area: 100 sq.ft. on the ground floor and 60 sq.ft. on upper floors Minimum Dimensions (ft.): Ground Floor: 10 x 10 Upper Stories: 6 x 6</p> <p>Common Open Yard (if provided) Minimum Dimensions (ft.): Ground Floor: 20 x 20 Upper-Story Decks: 10 x 10 Roof Decks: 15 x 15</p>
<p>Option 2</p>	<p>Option 2</p>	
<p>Alternative Open Yard:</p> <ul style="list-style-type: none"> • 15% of the lot area, <i>on grade only</i> with minimum 10 feet x 10 feet dimensions • One area with minimum 20 feet x 20 feet dimensions on ground floor or upper stories 	<p>Alternative Open Yard: 15% of lot area, on ground floor or upper stories with one area minimum 20 feet x 20 feet</p>	

