



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Planning Commission Staff Report
March 22, 2021

Topic: DENSITY BONUS AGREEMENT NO. 2020-02, FX RESIDENCES

RECOMMENDED ACTION

Adopt a resolution approving Density Bonus Agreement Application No. 2020-02 as conditioned.

EXECUTIVE SUMMARY

Daniel Battaglia with HomeAid Orange County, on behalf of the Housing Authority of the City of Santa Ana as property owner, is requesting approval of a density bonus agreement (DBA) to allow the construction of an affordable 17-unit rental residential community known as FX Residences at 801 East Santa Ana Boulevard. As proposed, the project will utilize waivers from development standards and/or development concessions through the density bonus agreement as permitted pursuant to California Government Code sections 65915 through 65918 as implemented by the Santa Ana Municipal Code (SAMC) Sections 41-1600 through 41-1607. Staff is recommending approval of the applicant's request as the project satisfies the purpose and intent of the Transit Zoning Code (TZC) to promote a pedestrian-oriented environment with a mix of land uses and will provide additional affordable housing stock to an underserved segment of the region's population.

Table 1: Project and Location Information

Item	Information
Project Address and Council Ward	801, 807, 809, 809 1/2 East Santa Ana Boulevard (Ward 6)
Nearest Intersection	Garfield Street and Santa Ana Boulevard
General Plan Designation	Urban Neighborhood (UN)
Zoning Designation	Transit Zoning Code (SD-84) with Urban Neighborhood 2 (UN-2) land use designation
Surrounding Land Uses	Single- and Multiple-Family Residential (North)
	Manufacturing (East)
	Multiple -Family Residential (South)
	Multiple -Family Residential and Community Garden(West)
Site Size	0.344-acres combined (15,000 square feet)
Existing Site Development	The site is vacant and unimproved.
Use Permissions	Multiple -family projects permitted by right by the UN-2 designation; DBA requires City Council approval
Zoning Code Sections Affected	Uses UN-2, Table 2A – Use Standards

Item	Information	
	Development Standards	UN-2, Sec. 41-2014; Sec. 41-2020; Sec. 41-2024

DISCUSSION

Project Description

The project includes the construction of a new affordable rental residential development consisting of 17 units, 1,120 square feet of group space (e.g., lobby, lounge/loft, and laundry areas), and a 389-square foot community room. The development will consist of a two-story building with flats/apartment units, trash enclosure, ten covered parking stalls, and one van accessible surface-parking stall. It will feature onsite amenities such as communal laundry facilities on the first and second floor, onsite bicycle storage, 400 square feet of on-site storage, and 608 square feet of office space. One unit will be set aside for the onsite manager while 16 units are proposed as affordable to households earning less than thirty percent (30%) of the area median income (AMI) which is currently set at \$72,100, adjusted for a one-person household size, as published by HCD. Each of the seventeen units will be one-bedroom and will contain a full kitchen, a single bedroom, a full bathroom, and open/common (living) areas.

Open space will be provided through a private interior courtyard approximately 1,877 square feet in size. The design and layout of the proposed courtyard creates a unique outdoor area within the development that functions as a passive outdoor space. The courtyard will feature an exterior art wall/mural and a robust landscape palette with a variety of hardscaping materials, trees, and shrubs. Trees and shrubs include, but are not limited to, queen palms, camphor and crape myrtle trees, Indian Hawthorne, red kangaroo paw, and blue ice yellow-wood. Landscaping and a block wall will provide buffering/screening for the adjacent single-family residences to the north. The block wall will feature a varied wall height to allow for proper egress and fire access to building on the adjacent property, which is too close the existing property line.

The project features a Mission Revival architectural style common of many multiple-family or mixed-use residential communities under construction in Santa Ana and the region. The residential structure is designed to fully screen all mechanical equipment within the structure and parapet walls. The Mission Revival style respects and complements the surrounding neighborhood, including the Triada at the Station District located on the corner of Santa Ana Boulevard and Lacy Street, which was completed in 2013. Overall, the project will include a design and solid construction materials that will ensure that the project ages well for the duration of the building's lifetime.

The project is proposed to be entirely affordable with 16 units of permanent supportive housing for individuals experiencing chronic homelessness. During the density bonus agreement's 55-year term, the units are to be rented for occupancy by extremely low-income tenants, at a rent that does not exceed thirty percent (30%) of thirty percent (30%) of the

AMI for Orange County. For example, based on current figures, if a qualifying tenant's gross annual income is \$20,000, the maximum annual rent cannot exceed \$6,000.

Density Bonus

The California Density Bonus law allows developers proposing five or more residential units to seek increases in base density for providing on-site housing units in exchange for providing affordable units on site. To help make constructing on-site affordable units feasible, the law allows developers to seek up to three incentives/concessions and an unlimited number of waivers, which are essentially variances from development standards that would help the project be built without significant burden and without detriment to public health. The first version of the Density Bonus Law was adopted in 1979 and has since been amended at various times. Recent revisions allow affordable housing developers to request incentives/concessions and/or waivers for 100-percent affordable developments, even if they do not require a numerical density bonus. Moreover, in early 2017, the law was amended to restrict the ability of local jurisdictions to require studies to "justify" the density bonus and requested incentives/waivers and places the onus on local jurisdictions to prove that the incentives/concessions or waivers are not financially warranted.

Due to the project's 100-percent affordability rate, the developer can seek up to three density bonus concessions and unlimited waivers, pursuant to Section 65915 et al. of the California Government Code (Density Bonuses and Other Incentives). In addition, California Assembly Bill No. 2345, approved September 28, 2020, revised the State Density Bonus Law originally adopted in 1979 to provide additional benefits for projects that include qualifying affordable housing. The bill requires that housing development in which 100 percent of all units (exclusive of manager units) are for lower-income households receive a maximum density bonus of eighty percent (80%). Pursuant to Section 65915 et al. of the California Government Code, the developer is requesting a 70-percent (70%) state density bonus. As outlined by Table 2 below, the maximum unit yield for the 0.344-acre site using the TZC standards and the State density bonus is 18 units and the applicant is proposing to development 17 units on the site.

Table 2: Density Bonus Calculation

Density or Bonus	Allowed for Project Under State Density Bonus Law	Proposed by Project
Base Density of the UN-2 zoning class for the property is 30 units per acre	10 units (0.344 acres x 30 units/acre base density based on Courtyard Housing type, which is the most "intense" type allowed in UN-2).	10 Units
Add on the 80-Percent State Density Bonus	8 units (10 x 0.80)	+7 Units
Total Units	18 units maximum	17 units proposed

The purpose of the State Density Bonus Law is to encourage the development and availability of affordable housing by requiring the inclusion of affordable housing units within new developments. Pursuant to California Government Code sections 65915 (d)(1) and 65915 (e)(1), a local jurisdiction is limited in its ability to deny requested concessions and waivers and is preempted from denying the Density Bonus Agreement application. Although the City has analyzed the project and has identified several areas of concern, the conditions of approval proposed for the project are intended to address any of the project's potential impacts. Table 3 outlines the incentives/concessions and waivers requested by the applicant.

Table 3: Requested Incentives/Concessions

TZC Standard	Requirement	Provided
Sec. 41-2020 – Lot Width and Depth	Lot Depth – 130'-0" – 250'-0" Lot Width – 125'-0" – 200'-0"	Lot Depth – 150'-0" Lot Width – 100'-0" – <i>Requires Concession for lot width at 25 feet less than the minimum (1 of 3), Cal. Gov't Code Sec. 65915 (d)(1)</i>
Sec. 41-2003 – Tandem Parking	Sec. 41-2003 of the TZC allows for tandem parking not to exceed 30 % of the required parking per residential unit.	10 Tandem parking spaces proposed out of 12 spaces provided (83% of parking) - <i>Requires Concession to exceed the minimum by 53% (2 of 3), Cal. Gov't Code Sec. 65915 (d)(1)</i>
Sec. 41-2024 – Open Space Standards	Common open space is required to be designed as a courtyard and be equal to 15 percent of the lot area. The required open space would be approximately 2,247 square feet.	Common open space is provided as an 1,877-square-foot interior courtyard. – <i>Requires Concession provide 12.5 percent of the lot area (3 of 3), Cal. Gov't Code Sec. 65915 (d)(1)</i>
Sec. 41-2020 – Permitted Building Type	The UN-2 land use designation does not permit the Stacked Dwelling Building Type	A Stacked Dwelling Building Type is proposed at this location which is not permitted, pursuant to the TZC – <i>Requires Waiver to allow Stacked Building Type, Cal. Gov't Code Sec. 65915 (e)(1)</i>
Sec. 41-2024 – Landscape Standards	Trees are required to be planted at the rate of one 24-inch box tree per 25 lineal feet of front yard.	No trees are proposed or can be accommodated along Garfield Street. In addition, less than one tree per 25 lineal feet can be accommodated along Santa Ana Boulevard – <i>Requires Waiver to allow no tree along the Garfield frontage and 1 tree per 37.5 lineal feet along Santa Ana Boulevard, Cal. Gov't Code Sec. 65915 (e)(1)</i>

In addition, the site is parked in compliance with California Government Code Section 65915(p)(3)(A) and provides 0.71 spaces per unit, inclusive of handicapped and guest parking. The California Density Bonus Law allows 0.5 spaces per unit for rental projects that are 100-percent affordable to lower income households, and within one-half mile of an

accessible major transit stop. The site provides 12 total parking spaces or 0.71 spaces per unit, which includes ten tandem-parking stalls and two van accessible parking stalls.

Analysis of the Issues

Pursuant to Section 41-1607 of the SAMC, an application for a density bonus agreement is required to be approved by the Planning Commission for any project containing “deviations” (incentives/concessions and/or waivers). The Planning Commission’s review of the density bonus agreement is based on the following findings:

1. The proposed development will materially assist in accomplishing the goal of providing affordable housing opportunities in economically balanced communities throughout the city.
2. The development will not be inconsistent with the purpose of the underlying zone or applicable designation in the general plan land use element.
3. The deviation is necessary to make it economically feasible for the applicant to utilize a density bonus authorized for the development pursuant to section 41-1603.

The project does not require a Site Plan Review Application pursuant to Section 41-2007 of the SAMC. Accordingly, the Planning Commission’s review and determination for this request are limited to the provisions of the Density Bonus Agreement application only.

Table 4: Analysis of the Requested Incentives/Concessions (3) and Waivers (2)

Standard	Analysis
Lot Width (Incentive/Concession)	The minimum lot width required for the Stacked Dwelling Building Type is a range between 125 and 200 feet. The overall the site is comprised of four lots that would be consolidated into one developable lot. Even after lot consolidation, the development site would have a smaller than average lot width, compared to most lots in the area. Lots in the area range in lot depth and width but are on average 250 feet by 250 feet. In comparison, the site would have a lot width and depth of 100 feet and 150 feet, with a deviation of 25 feet for the minimum required lot width. Although the site has a deviation of 25 feet in the lot width, the applicant’s stacked dwelling building design still accomplishes the intention of the TZC by providing a compatible design and balanced composition of massing on the project site, with appropriate interior floor area and individual unit sizes.
Tandem Parking (Incentive/Concession)	The TZC provides affordable housing incentives by allowing for tandem parking not to exceed 30-percent of the required parking per residential unit. Of the required twelve parking stalls, only three parking spaces are permitted as tandem parking. As designed, ten of the total twelve (83-percent) parking stalls would be tandem, which exceeds the allowable. Maintaining the required tandem-parking standard would result in a complete site redesign involving more of the site area dedicated to parking. This would result in the significant loss of bedroom units and common open space. In order to maintain the current proposed unit count, the developer would be required to construct an additional level, resulting in a different type of construction (steel-frame versus wood), further increasing development costs.

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Standard	Analysis
	<p>The density bonus agreement would restrict the units to be rented for occupancy by extremely low-income tenants. Affordable housing parking studies have concluded that vehicle availability decreases in affordable housing developments and the need for parking is typically half that of market-rate projects. Moreover, studies have found that vehicle availability decreases substantially based on overall household income. Specifically, permanent supportive housing has a substantially lower required parking ratio, usually of 0.5 spaces per unit, compared to market-rate projects. Lastly, the project is located adjacent to the under-construction fixed guideway (OC Streetcar) line, near five major bus lines, and less than half-a-mile of the Santa Ana Regional Transportation Center. In addition to public transit access, the City of Santa Ana has dedicated bike lanes along Santa Ana Boulevard as part of the City's Bicycle Master Plan. These alternative transit opportunities would help lessen the parking impacts.</p>
<p>Open Space (Incentive/Concession)</p>	<p>The total common open space required for the project site is equal to 15-percent of the lot, or approximately 2,221 square feet. Instead, the project provides a 1,877-square-foot interior courtyard (12-percent), which is a difference of 344 square feet or 3-percent. The difference in open space is as a direct result of the smaller than average lot width once the site is consolidated. Maintaining the required open space standard would also result in a site redesign involving the loss of bedroom units. In order to maintain the current proposed unit count, the developer would be required to construct an additional level, resulting in a different type of construction (steel-frame versus wood), further increasing development costs. Adjacent open spaces located within a half-mile of the project site will help alleviate the open space deficiency. These include Logan Park, Mariposa Park, and French Park Neighborhood Park.</p>
<p>Permitted Building Type (Waiver)</p>	<p>The proposed building is required to be designed as one of the building types and architectural styles permitted by the UN-2 zone. Pursuant to the TZC, the building type and architectural style are considered development standards that are eligible to be waived if they physically preclude the construction of the project. The project proposes a Stacked Dwelling Building Type, which is not permitted in the UN-2 zone. However, if the project were designed as any other permitted building type or architectural style the project would result in a significant loss of residential units and a loss of further open space and landscaping. As a result, a waiver from the allowable building type and architectural style is required.</p>
<p>Landscape Standards (Waiver)</p>	<p>Trees are required to be planted at the rate of one 24-inch box tree per 25 lineal feet of front yard. Due to site constraints, smaller than average lot width, and street tree requirements, no trees can be accommodated on the property along Garfield Street. In addition, only one can be accommodated per 37.5 lineal feet along Santa Ana Boulevard. Maintaining the required landscape standards for trees would result in the building being setback, an additional five to six feet along Garfield Street and Santa Ana Boulevard, resulting in a loss of parking area, common open space and residential units. In place of installing trees on the property along Garfield Street, the project will be installing two Camphor trees within the public sidewalk. Moreover, the existing mature trees within the public sidewalk along Santa Ana Boulevard will remain.</p>

When analyzed cumulatively, the three requested concessions could be avoided if the project were designed on a different site, using a different site plan, or constructed using a different type of construction (steel-frame/Type I versus wood/Type III). If the project were designed with a multi-level parking and/or subterranean parking structure, or if the applicant used different building materials to construct a taller project, additional area on site would become available to provide open space and parking, and would allow the project to meet the required tree requirements. However, these changes would increase development costs and result in a project that would exceed the maximum permitted building height, resulting in the affordable housing project becoming financially infeasible due to the significantly increased financial implications of an alternative construction type compared to the relatively smaller scale of the project (17 residential units).

Based on the analysis provided within this report, the proposed development will materially assist in accomplishing the goal of providing affordable housing opportunities in the city and will consistent with the purpose of the underlying zone and applicable designation in the general plan land use element. In addition, the proposed deviations are necessary to make the project economically feasible for the applicant to utilize a density bonus authorized for the development pursuant to section 41-1603.

Economic Development Benefits

The project would contribute to creation of local temporary and permanent job opportunities for construction and supportive housing services (e.g., onsite manager, support staff, etc.). Specifically, the project would require one full-time House Case Manager/Residential Services Coordinator and part time (four hours per week) general management services. The full-time and part-time job will part of the services provided by Mercy House, who provides housing and comprehensive supportive services for a variety of homeless populations. In addition, the construction of the project will require payment of permit fees to the City.

Public Notification and Community Outreach

Pursuant to SAMC Section 41-636 and California Government Code Section 65091, notice of this public hearing was given at least 10 days prior to the hearing in the following ways: (1) mailed to property owners and occupants within at least 500 feet of the project site and other interested parties, (2) published in the Orange County Reporter, and (3) physically posted at the project site.

The applicant held a Sunshine Ordinance community meeting on the evening of Tuesday, October 8, 2019, at the Santa Ana Regional Transportation Center from 5:30 to 8:30 p.m. This meeting was publicly noticed in the OC Reporter, posted on the City's website, and invitation mailers were sent to all owner and occupants within a 500-foot radius of the project site, as well as local community organizations. The meeting was designed as an "open house" forum with presentation boards and workstations where staff members from

HomeAid Orange County and Mercy House provided information and answered community questions. Approximately 15 to 20 individuals attended the meeting, and comments provided indicated one concern regarding parking within Lacy Neighborhood and a general concern regarding affordable housing opportunities in the area. Notes from the meeting are attached to this report as Exhibit 8.

Lastly, representatives of the French Park and Lacy neighborhood associations were contacted by phone and were provided public hearing notices to identify any areas of concern due to the proposed request. At the time this report was printed, no issues of concern were raised regarding the proposed development.

ENVIRONMENTAL IMPACT

In accordance with the California Quality Environmental Act (CEQA), the recommended action is exempt from CEQA per Section 15194 (Affordable Housing Exemption). This exemption applies to development projects for affordable housing that meet the threshold criteria set forth in Section 15192; are not located on a site more than five acres in area; are located within an urbanized area with a population density of at least 5,000 persons per square mile, and immediately adjacent to qualified urban uses; and that consist of the construction of 100 or fewer residential housing units that are affordable to low-income households. Therefore, no additional environmental review is required. Based on this analysis, a Notice of Exemption, Environmental Review No. 2019-108 will be filed for this project.

FISCAL IMPACT

There is no fiscal impact associated with this action.

EXHIBIT(S)

1. Resolution
2. Vicinity Zoning and Aerial Map
3. Site Photos
4. Site Plan
5. Unit Floor Plans
6. Building Elevations
7. Landscape Plans
8. Sunshine Ordinance Community Meeting Minutes
9. Density Bonus Agreement
10. Copy of Public Notices

Submitted By:
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Approved By:
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