

Memorandum

January 30, 2014

TO: Sausalito Housing Element Subcommittee

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SUBJECT: **Vertical Mixed Use and Horizontal Mixed Use Regulations**
Sausalito 2009-2014 Housing Element Programs #8a and 8b

BACKGROUND

Sausalito's adopted 2009-2014 Housing Element includes Program #8 "*Mixed Use Zoning in Commercial Districts.*" Findings in the Housing Element update determined the greatest potential for residential development within the City occur as infill sites within commercial districts. The program follows direction set by the following Housing Element policies:

- Policy 2.1 Variety of Housing Choices;
- Policy 2.3 Adaptive Reuse;
- Policy 4.2 Flexible Development;
- Policy 5.3 Family Housing; and
- Policy 6.5 Jobs/Housing Balance

Program #8 is divided into Vertical Mixed Use (#8a) and Horizontal Mixed Use (#8b) sections. Provisions within each section aim to encourage and incentivize the development of residential uses adjacent to commercial uses within specified zoning districts. Incentives, standards, mandates, and modifications to the existing Zoning Ordinance are outlined within the provisions of this program and reflected in the following regulations.

PURPOSE

Vertical and Horizontal Mixed Use (VMU and HMU) Regulations have been developed with standards to encourage the inclusion of affordable residential units within commercial districts within the City. Though the existing Zoning Ordinance allows residential uses within these districts, these regulations deliver modifications to the existing standards within the applicable zoning districts to facilitate the

addition of residential units in these areas. These regulations lay out standards, procedures, design and parking, requirements, and applicability of residential units within vertical and horizontal mixed-use developments. The provisions of these regulations can provide additional affordable and market rate units within infill sites.

The attachments include the draft regulations in Attachment 1 and a table outlining the existing and proposed additional development standards per zoning district in Attachment 2.

RECOMMENDATION

Provide staff and the consultants with comments on the attached draft VMU and HMU Regulations for consideration by the Planning Commission in their review of the regulations.

Attachments

- 1 Draft VMU and HMU Regulations
- 2 Comparison Matrix: Zoning Standards for VMU/HMU projects
- 3 Definitions to be moved to 10.88.040

1 **Chapter 10.40 General Development Regulations**

2 **(New Section 10.40.140)**

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4 **Vertical and Horizontal Mixed Use Regulations**

5 *Draft: 01.30.14*

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7 **A. Purpose.**

8 Vertical Mixed-Uses (VMU) and Horizontal Mixed-Uses (HMU) provide valuable opportunities for
9 affordable housing while locating residential land uses adjacent to active commercial areas. The
10 proximity of residential uses to commercial uses is mutually beneficial to business owners and residents
11 by supporting a dynamic environment all hours of the day. This efficient land use pattern increases
12 accessibility to daily needs for residents and promotes pedestrian and bicycle modes of travel.

13 The City encourages a mix of residential and commercial uses in the CN-1, CR, and CC Zoning Districts.
14 These regulations establish standards applicable to developing dwelling units in VMU and HMU
15 developments and implements incentives and requirements established in the Housing Element.

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17 **Vertical Mixed Use (VMU)**

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19 **B. Applicability.** The provisions of this Section shall apply to all properties within the Central
20 Commercial (CC), Commercial Residential (CR), and Neighborhood Commercial (CN-1) Zoning
21 Districts. These regulations shall apply to new additional stories above existing single story buildings
22 which shall be limited to residential use. Density incentives granted through the provisions of these
23 regulations may be combined with those of the State Density Bonus Law (Section 10.40.130).

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26 **C. Permit Applications for Residential Units in VMU.**

- 27 1. Number of Dwelling Units per Parcel. Up to six (6) dwelling units are permitted in VMU locations
28 without requiring a Conditional Use Permit (CUP). Projects of seven (7) or more dwelling units
29 shall require a Conditional Use Permit.
- 30
31 2. Location. Residential units only shall be located on the new, additional stories above the ground
32 level of buildings within the permitted zoning districts (CC, CR, CN-1).
- 33
34 3. Development Standards. Development standards shall be consistent with those of the base
35 zoning district, including FAR, lot coverage, setbacks and building height. See Table 10.24-2 of
36 Section 10.24.050 of the Sausalito Municipal Code for density standards applicable for VMU
37 projects in CC, CR, and CN-1 zoning districts.
- 38
39 4. Public Services. All applicable sewer connection fees shall be paid to the Sausalito-Marín City
40 Sanitary District and all water connection fees shall be paid to the Marin Municipal Water
41 District.
- 42
43 5. Requirements. Each of the following conditions shall be met as a condition of these regulations:

- 1 a. A minimum of one (1) unit within the VMU development must be provided at an affordable
2 rent or ownership housing cost. Developments with six (6) or more units shall require 20%
3 of the units as affordable.
- 4 b. Affordable units made available as rentals shall be provided to low income (80% AMI)
5 households at an affordable rent.
- 6 c. Affordable units made available as ownership units shall be sold to moderate income (120%
7 AMI) households at an affordable ownership cost. Purchasers of affordable units must
8 remain as owner-occupants, and may not rent out the unit.
- 9 d. Affordable units shall be constructed to include a minimum of two (2) bedrooms in order to
10 accommodate families.
- 11 e. Affordable units must be deed-restricted for a period of not less than forty years.
- 12 f. The conversion of existing upper story residential units to commercial uses is prohibited.

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14 6. Incentives. The following incentives and conditions shall be granted to developers of proposed
15 VMU projects under these regulations:

- 16 a. Proposed VMU projects may include up to six (6) dwelling units without requiring a
17 conditional use permit.
- 18 b. Development may permit commercial and residential tenants to share parking, and for
19 tandem and off-site parking leases with a Minor Use Permit.
- 20 c. Affordable units may be permitted to be smaller in aggregate size and have different interior
21 finishes and features within reason from market-rate units. The number of bedrooms must
22 at a minimum be the same as those in the market-rate units.
- 23 d. Development and application fees shall be reduced to a rate of 50% of the development fee
24 schedule. Deviations between market rate and affordable units shall be described in writing
25 by the applicant and shall require approval by the Community Development Director.

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27 7. Exceptions to VMU Requirements. The following exceptions to VMU requirements may be
28 approved by the City Council:

- 29 a. To allow the expansion of an existing business;
- 30 b. If the property owner can demonstrate a financial hardship; and,
- 31 c. If project applications for non-residential uses were deemed complete prior to March 31,
32 2014.

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34 8. Access and Facilities. Residential units of both market rate and affordable varieties shall maintain
35 separate entrances from commercial and/or office uses. An Minor Use Permit may be filed to the
36 Zoning Administrator should the addition of a private entrance be proven infeasible in a physical or
37 financial manner. All residential units shall contain a separate kitchen and bathroom facility.
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1 **Chapter 10.28 – Overlay Districts**

2 **(New Section 10.28.080)**

3 **Horizontal Mixed Use (HMU)**

4 **D. Applicability.** The provisions of these regulations shall apply sites situated only within the
5 Neighborhood Commercial 1 (CN-1) zoning district.

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7 **E. Permit Applications for Residential Units in HMU.**

8 1. Number of Dwelling Units per Parcel. A maximum number of permitted dwelling units shall not
9 be pre-established and shall be determined by the density standards set in Table 2 of these
10 regulations.

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12 2. Location. Residential dwelling units within HMU developments may be permitted on the ground
13 floor of existing and new buildings.

14
15 3. Development Standards. Development standards shall be consistent with those of the base
16 zoning district including FAR, lot coverage, setbacks and building height. See Table 10.24-2 of
17 Section 10.24.050 of the Sausalito Municipal Code for density standards applicable for HMU
18 projects in the CN-1 zoning district.

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20 4. Public Services. All applicable sewer connection fees shall be paid to the Sausalito-Marín City
21 Sanitary District and all water connections fees shall be paid to the Marin Municipal Water District.

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23 5. Requirements. HMU projects shall comply with each of the following provisions:

24 a. 30% of residential units within HMU developments shall provide a minimum of three (3)
25 bedrooms in order to accommodate larger families.

26 b. A minimum of 25% of the units in an HMU development must be provided at an affordable
27 rent or sales price to very low income (50% AMI) households, and an additional 25% must
28 be provided as affordable to low income (80% AMI) households.

29 c. Affordable units must be deed-restricted for a period of not less than forty years.

30 d. All existing development standards set in the Zoning Ordinance and existing findings for
31 Design Review must be met.

32 6. Incentives. The following incentives shall be granted to HMU developments compliant with
33 development standards and requirements stated in these regulations.

34 a. HMU developments may be eligible for up to a maximum density bonus of 35%, subject to
35 the provisions of State density bonus law.

36 b. Affordable units may be permitted to be smaller in aggregate size and have different interior
37 finishes and features within reason from market-rate units. The number of bedrooms must
38 at a minimum be the same as those in the market-rate units.

39 c. Development and application fees shall be reduced to a rate of 50% of the adopted
40 development fee schedule. Deviations between market rate and affordable units shall be
41 described in writing by the applicant and shall require approval by the Community
42 Development Director.

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7. Exceptions to HMU Requirements. The following exceptions to HMU requirements may be approved by the City Council:

- a. To allow the expansion of an existing business;
- b. If the property owner can demonstrate a financial hardship; and,
- c. If project applications for non-residential uses are deemed complete prior to [TBD].

8. Access and Facilities. Residential units of both market rate and affordable varieties shall maintain separate entrances from commercial and/or office uses. An appeal for a Minor Use Permit may be filed to the Zoning Administrator should the addition of a private entrance be proven infeasible in a physical or financial manner. All residential units shall contain a separate kitchen and bathroom facility.

Attachment 2. Comparison Matrix: Zoning Standards for VMU/HMU projects

The following table outlines the VMU and HMU regulations as they apply to the designated commercial districts. The density bonus only applies to projects with a minimum of 5 units. To achieve the maximum 35% density bonus, ownership projects would be required to provide 40% moderate income units and rental projects would be required to provide 20% low or 11% very low income units. Per the Housing Element sites inventory only four sites with commercial zoning have the site capacity for five or more units, and two of these sites have been designated with the HMU overlay.

Combined Residential Units with provisions from Density Bonus and VMU.

Current and Proposed Site Development Standards - VMU (<i>proposed updated standards in italics</i>)			
Development Requirement	Central Commercial (CC)	Commercial Residential (CR)	Neighborhood Commercial (CN-1)
Min. Parcel Size	5,000 SF	5,000 SF	5,000 SF
Min. Lot Width	50 feet	50 feet	50 feet
Max. Density - 1 du per	1,500 SF	1,500 SF	1,500 SF
Max. FAR	1.3	1	0.5
Max. Building Coverage	100%	70%	70%
Min. Setbacks			
Front	N/A	N/A	N/A
Side (When adjacent to residential district)	10 feet	10 feet	10 feet
Rear (When adjacent to residential district)	15 feet	15 feet	15 feet
Max. Building Height	32 feet	32 feet	32 feet
Current Allowable Residential Uses			
Ground Floor Residential	CUP	CUP	CUP
Home Occupations	P	P	P
Residential Accessory Uses	P	P	P
Senior Housing Projects	CUP	CUP	CUP*
Upper Floor Residential			
One to Three DUs/ <i>One to Six DUs</i>	P	P or CUP	P*
Four or more DUs/ <i>Seven or more DUs</i>	CUP	CUP	CUP*
Density Bonus (35%)			
<i>Max. Density - 1 du per</i>	<i>1500</i>	<i>1500</i>	<i>1500</i>
<i>Revised Max. Density with Density Bonus (SF)</i>	<i>975</i>	<i>975</i>	<i>975</i>

*Residential uses are permitted above the ground floor in the CN zoning districts located in the Second and Main Street area and the Bridgeway and Spring Street area. Residential uses are not permitted in the CN zoning district located along Bridgeway between Coloma Street and Ebbtide Avenue.

1 **Attachment 3 – Definitions** (to be moved to 10.88.040)

2 **Vertical Mixed Use (VMU).** Buildings with residential uses located over commercial uses. An example of
3 a VMU development is a three-story building with commercial uses occupying the ground floor and
4 residential uses on the upper floors.

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6 **Horizontal Mixed Use (HMU).** A development with commercial and residential land uses occupying the
7 ground floor space, or exclusively a residential development located within a commercial zone. HMU
8 developments typically feature residential uses adjacent to commercial uses on the ground floor rather
9 than arranged in one building on separate floors.

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11 **Affordable Ownership Housing Cost.** The Total Housing Costs paid by a qualifying household, which
12 shall not exceed a specified fraction of their gross income as specified in California Health and Safety
13 Code Section 50052.5.

14
15 **Affordable Rent.** The Total Housing Costs, including a reasonable utility allowance, paid by a qualifying
16 household, which shall not exceed a specified fraction of their gross income as specified in California
17 Health and Safety Code Section 50053.

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19 **Household Income Levels: Very Low, Low and Moderate.** Households whose gross incomes do not
20 exceed the qualifying very low, low and moderate income limits established in Section 6932 of the
21 California Code of Regulations, and amended periodically based on the U.S. Department of Housing and
22 Urban Development (HUD) estimate of median income in Marin County, and as adjusted by the State
23 Department of Housing and Community Development (HCD). Pursuant to Code Sections 6926, 6928 and
24 6930, these income limits are equivalent to the following:

- 25 • Very low income household: 50 percent of area median income, adjusted for household size
26 appropriate for the unit and other factors determined by HUD
- 27 • Low income household: 80 percent of area median income, adjusted for household size
28 appropriate for the unit and other factors determined by HUD
- 29 • Moderate income households: 120 percent of area median income adjusted for household
30 size appropriate for the unit and other factors determined by HUD

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