



City of Sausalito
420 Litho Street
Sausalito, CA 94965

In This Fact Sheet>>>

What is the State Density Bonus? (pg. 2)

What are the HMU regulations? (pg. 3)

How are the HMU and State Density Bonus related? (pg. 3)

Next steps and how to get involved (pg. 4)

Frequently Asked Questions (pg. 4)

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Horizontal Mixed-Use and Density Bonus Facts

Background >>>

The City worked closely with the community from 2009-2012 on a new Housing Element to plan for housing in Sausalito. The goal was to comply with State Law that requires every city in California to have an adopted and certified Housing Element that plans for a certain number of units ranging in affordability and provides a variety of housing types. The City adopted a Housing Element in October of 2012 which complies with State law. The City is currently working towards implementing a number of policies contained within the Housing Element.

Like all other California jurisdictions, Sausalito is required to have a Housing Element to plan for its fair share of housing. A Housing Element establishes policies to guide future development but does not propose any specific projects. The California Department of Housing and Community Development (HCD) reviews and certifies the Housing Element. Sausalito worked extensively with members of the community in drafting its current Housing Element (covering 2009 – 2014) that includes a range of 33 programs, some of which the City must implement in order for HCD to certify our Housing Element for the next cycle (2015-2023). The community has recently been concerned about two of those 33 programs – the Horizontal Mixed Use overlay and the update to Sausalito’s existing Density Bonus provisions. Those two programs, including how they interact with each other, are described in this Fact Sheet.

There has been some concern in the community about why the HMU and Density Bonus programs are being implemented, what they are, and how they interact with each other. This fact sheet was prepared to provide additional information and encourage further dialogue on these important issues.

Quick Facts>>>

State Density Bonus

- Is a **State Law**; cities are required to adhere to it
- Applies to all new developments in Sausalito with 5+ units
- A property owner may voluntarily agree to provide some residential units as affordable
- In exchange— City must allow for additional residential units (a “density bonus”)
- Property owner can ask for incentives/concessions from the City in order to make the project financially feasible (i.e., exceptions to setbacks, height, parking, etc.)

HMU Regulations

- Is a program to address need for large-family households in Sausalito
- Applies to two mixed commercial/residentially zoned sites in Sausalito
- Allows ground-floor residential use instead of normally-required commercial use
- In exchange— property owner must make some units 3+ bedrooms and restrict as affordable
- There are no other changes (i.e., all existing regulations regarding maximum number of units, height, parking, views, etc. remain in place)

State Density Bonus Law >>>

California State Law requires that all cities in California adopt provisions which would allow for density bonuses.

The Density Bonus law applies to new development in Sausalito which can provide at least five (5) units. For projects that provide a certain number of affordable units at certain affordability levels the Law allows for a density bonus of from 5% to up to 35% of the total units. Sausalito must update its **current** Density Bonus ordinance to be in compliance with State law in order to gain certification of the Housing Element by HCD. Sausalito is considering a tailored local Density Bonus ordinance with the overall goal being to reduce neighborhood impacts while promoting affordability.

Affordability. A property owner gets a higher density bonus by providing either more affordable units or units that are affordable to households at lower incomes or both. For example, a 10-unit project that proposes 10% of the total units (1 unit) as affordable to:

- **moderate income** households may receive 5% of the units as a density bonus (one additional unit) for a total project of 11 units.
- **low income** households may receive 20% of the units as a density bonus (2 additional units) for a total project of 12 units.
- **very low income** households may receive 32.5% of the units as a density bonus (4 additional units) for a total project of 14 units.

What is “Affordable?”

Units within a residential development which will be reserved for sale or rent to, and made available at an affordable rent or affordable ownership cost to very low, low or moderate income households.

- Moderate Income are those who earn between 80-120% of the AMI*
- Low Income households are those who earn less than 80% of the AMI
- Very Low Income households are those who earn less than less than 50% of the AMI

*AMI is the Area Median Income. For reference, the Area Median Income is currently \$103,000 in Marin County for a family of four (4).

Parking. As a part of a Density Bonus request, a qualifying property owner/ applicant could receive parking reductions. However, in comparing the State mandated parking reductions to the City’s **existing** parking requirements, there are little differences (see **Table 1**). Additional parking reductions could be requested as an incentive or concession, see “Incentives or Concessions”).

Incentives or Concessions. In some cases, a qualifying property owner may only be able to develop the affordable units if certain exceptions to development standards are considered. In such cases, a qualifying property owner must first demonstrate that they need the exceptions from the City (i.e., “incentives or concessions”) in order to make the project financially feasible (in terms of providing the affordable units). Then they may request 1 to 3 incentives depending on whether they demonstrate need and depending on how much and what type of affordable housing they provide as a part of a Density Bonus request. Sausalito is considering a local Density Bonus ordinance where every applicant requesting a Density Bonus must submit a pro forma demonstrating financial need. Additionally, the concessions and incentives for consideration are prioritized in two tiers from most to least preferred. Tier One are the City’s preferred concessions including development standards like reduced setbacks and increased building coverage and floor area. Tier Two are the City’s least preferred concessions including increases to allowed building heights and impacts to private primary views.

Table 1: Comparing Parking Requirements

Multi-family Requirement	Required Spaces per Unit	
	Sausalito’s	State Density Bonus
Studio or 1 bedroom	1.5 spaces	1 space
2 bedrooms+	2 spaces	2- 2.5 spaces

Pursuant to Density Bonus law, the city shall grant the concession or incentive requested by the applicant unless the city makes a written finding, based upon substantial evidence, of any of the following:

- The concession or incentive is not required in order to provide for affordable housing costs, or for rents for the targeted units.
- The concession or incentive would have a specific adverse impact for 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.
- The concession or incentive would be contrary to state or federal law.

An incentive or concession means any of the following:

- A reduction in site development standards or a modification of zoning code requirements or architectural design requirements that exceed the minimum building standards approved by the California Building Standards Commission, including but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required that **results in identifiable, financially sufficient, and actual cost reductions.**
- Approval of Mixed-use zoning in conjunction with the housing project (does not apply as mixed-use zoning is already in place).
- Other regulatory incentives or concessions proposed by the developer that **result in identifiable, financially sufficient, and actual cost reductions.**

Source: Government Code Title 7, Division 1, Chapter 4.3. Density Bonuses and Other Incentives (65915-65918).

HMU Regulations >>>

In 2012, HCD found that, while Sausalito had adequately planned for many types of smaller housing types such as accessory dwelling units (ADUs) and liveboards, the City needed to provide more housing opportunities for large families; i.e.; five (5) or more people.

In response, the City developed the HMU regulations to provide an overlay for certain commercial districts to encourage family-sized housing at affordable levels. Currently, residential uses are not allowed on the ground floor in commercial districts. The HMU program is a voluntary program where in exchange for being able to utilize the ground floor for residential use, the

In addition to requiring a Housing Element to plan for a certain number of units at certain affordability levels, State Law also requires a Housing Element to plan for a variety of housing types.

property owner would be required to:

- Ensure a minimum of 30% three (3) or more bedroom units to accommodate larger families;
- Ensure 25% of the total units are very low income and 25% of the total are low income households;
- Deed restrict the affordable units for a period of not less than 40 years;
- Meet development standards in the Zoning Ordinance and findings for design review.

The HMU allows residential uses on both the ground and upper floors,

reducing the likelihood that, if a project is proposed, it would need to build as high to accommodate housing. Sausalito identified two commercial sites for the HMU in the CN-1 Zoning District (1) 2015 Bridgeway and (2) 1901 Bridgeway/510 Easterby. See **Table 3** below for more information on the two sites. The current Zoning regulations **and** the HMU limit residential development to a maximum of eight (8) units at each site. This is calculated by taking the size of each site (12,000 s.f.) and the current zoning limit for the sites (one unit per 1,500 s.f. of land area).

HMU Regulations & State Density Bonus Law >>>

There have been many questions from the community regarding what the potential would be for the HMU sites if a property owner/applicant sought density bonuses on the HMU sites. Therefore, this section was prepared to address those questions.

A property owner/applicant may currently apply for a density bonus for a qualifying project on any parcel in Sausalito that allows residential use.

Table 2: Comparing Requirements of the HMU and State Density Bonus Law

	Affordability (% of units)	Unit Sizes	Density Bonuses	Incentives
Today's standards	No requirement	No requirement	See State Density Bonus	None
HMU standards	25% Very Low + 25% Low = 50% total	30% required to be 3 bedrooms	No provisions in HMU	Allow ground floor for residential use
State Density Bonus standards	<u>Varies:</u> 5% - 11% Very Low 10% - 20% Low 10% - 40% Moderate	No requirement	Up to 35% of total units depending on affordability of units	See Incentives & Concessions section of this Fact Sheet

Table 3: Development Standards Summary Table-HMU Sites

HMU Site Address / Site Size	Description	Maximum Unit Potential			
		Current Regulations—Commercial only on Ground Floor, Residential allowed on Upper Floors		HMU Regulations—Option to have Residential on Ground Floor in addition to Upper Floors	
		Per Zoning	With density bonus	Per Zoning	With density bonus
2015 Bridgeway cross street Olive 12,000 s.f.	"L" shaped three-story office building	8 units	9-11 units	8 units	9-11 units
1901 Bridgeway and 510 Easterby 12,000 s.f.	Single story 7-Eleven commercial center	8 units	9-11 units	8 units	9-11 units

The HMU regulations are not linked to the State Density Bonus law. That is, the HMU regulations do not require that a property owner/applicant apply for a density bonus and conversely, the Density Bonus law could be applied to the HMU sites regardless of the property owner taking advantage of the HMU regulations or not. For the HMU sites, applying the Density Bonus law could potentially result in a total range of nine (9) to eleven (11) units (or an additional one (1) to three (3) units). See **Table 2** above for comparisons between the HMU regulations and the Density Bonus standards. See **Table 3** to the left for a comparison in development standards for HMU sites under current zoning, HMU regulations and Density Bonus law.

Next Steps >>>

Housing Element Update Website:
www.ci.sausalito.ca.us/index.aspx?page=703

Track 1 are Zoning Ordinance amendments to implement programs in the City's adopted Housing Element. Among other amendments, the City is working on making changes to the Zoning Ordinance in order to implement the Horizontal Mixed-Use regulations and the updated Density Bonus ordinance. The first step is Planning Commission review of the Ordinance amendments in May at public hearings. The second step is City Council review and consideration of the Ordinance amendments in June at public hearings. The Ordinance amendments could be adopted at that time.

Track 2 is the Housing Element Update. The City will update the Housing Element in the Spring and review the updated Housing Element with the Planning Commission and City Council at public hearings in the Fall. The Council could adopt the updated 2015-2023 Housing Element in September.

The best way to get involved in this process is to attend the public hearings. To stay involved please get on the email notification list for the Housing Element by emailing Lilly Schinsing, Analyst-Project Manager, at LSchinsing@ci.sausalito.ca.us with the subject line: "Housing Element Notification."

Frequently Asked Questions>>>

Q: Why does the City need Horizontal Mixed-Use (HMU) regulations? What is the goal?

A: HCD found that the draft Housing Element they reviewed in early 2012 relied mainly on small sites that did not provide adequate opportunities for large families (like Accessory Dwelling Units and liveaboards). HCD also stated a minimum capacity of at least 20 units for any site in this category. The City was able to point to a number of smaller affordable housing projects within the community. As a result, HCD accepted eight units as the minimum capacity for sites selected to provide capacity for family size multi-family housing opportunities.

Q: Why were these two sites selected for the HMU regulations?

A: Site selection was based on unit capacity, access to transit and services as well as age and condition of existing structures that could reasonably be expected to be redeveloped in the near future. Within the sites inventory there are a very limited number of sites (3 total) that had a capacity of eight (8) or more units and met the required density to qualify as an appropriate site.

Q: Will views still be protected?

A: The HMU regulations allows use of the ground floor for housing which reduces the need to go as high as compared to building housing over existing commercial uses as is currently allowed on the two HMU sites. The City has a Design Review Permit process to minimize the obstruction of primary views. The City would work closely with applicants to minimize obstruction of primary views. However, obstruction of views could be requested as a concession by an applicant under the separate Density Bonus law (which is a law independent of the HMU regulations). In such a case, the City would require the applicant to provide a financial pro-forma demonstrating that the view obstruction concession was necessary to make the project economically feasible, and would require approval by the City Council.

Q: What was done to gain community input on these policies?

A: The City has conducted a significant amount of public outreach throughout the Housing Element process including numerous public meetings (50+), community workshops, city-wide public notice mailings, flyers mailed to neighbors near each of the HMU sites, all materials posted on the City website, email alerts and a walking tour.

Q: How will these two sites affect property values if they are developed with affordable housing?

A: Local examples of small affordable housing projects have not resulted in any known decrease in surrounding property values. Current research on the topic suggest that the type of affordable housing matters less than the quality of the properties' design, management and maintenance— which would be reviewed during permitting.

Q: What about the Density Bonus Law? How does that come into play?

A: Applicants can currently request a Density Bonus and from one to three incentives or concessions to make affordable units financially feasible on any site in Sausalito that can support five or more units. The two sites affected by the HMU policy would be no different.

Q: How often is the Density Bonus law used?

A: A total of seven density bonus projects have been approved in Marin County over the last 10 years (none in Sausalito).