

**SILVERADO TERRACE
1408, 1410 and 1505 Grant Street
APNs: 011-101-001 and - 009**

**INCLUSIONARY HOUSING PROPOSAL AND
REQUEST FOR DENSITY BONUS CONCESSIONS (REVISED)**

DeNova Homes, Inc. (DHI) is proposing the development 50 rental apartment units with the ability to be converted to condominiums at a later date at this 1.95-acre property on Grant Street. The vesting tentative map is currently designed to allow for a final map to be filed at a later date allowing for all units to be sold as condominium (air-space units) at a later date should the applicant elect to record a condo plan to sell individual units. Ten (10) of these units are designed as “live-work” units and front on Grant Street. Forty of these proposed units are designed as “stacked flats” and are located in four buildings interior to the property.

As rental units, eight (8) of the proposed “stacked-flat” units – 16% of the total - would be rented at prices affordable to low-income households. This is the same number of affordable units proposed with the previously-approved project. Should the project be converted to condominiums at a later date, DHI or future owner will revisit the affordable housing program.

Fulfillment of the City of Calistoga Inclusionary Housing Requirement

Calistoga Municipal Code Section 17.08.020 C.2. states that ownership projects with 20 or more dwelling units and proposed rental projects of five or more units have 2 options for providing inclusionary housing:

1. At least 20 percent [10 units] of the total dwelling are to be sold or rented at prices affordable to moderate income households; or
2. At least 10 percent [5] of the project’s total proposed units shall be sold or rented at prices affordable to low-income households.

Although DHI is proposing a vesting tentative map for condominium purposes, given the current market uncertainties, DHI is proposing a rental apartment community. DHI is proposing that eight (8) units – 16% - of the total number of new homes be set-aside for rent to low-income households. These units will be distributed equally through the four buildings of the stacked flat units – Building type B. DHI is proposing to enter into an Affordable Housing Agreement with the City to restrict the *rental* price of these units per the City’s Municipal Code 55-year term of affordability.

Description of the BMR home: The Plan 2 is a 2 bedroom, 2-bath unit, 751 square feet with an attached 1-car garage and a deck. It is located on the second level of the proposed 3-story Building B.

BMR Rental Price: The projected rental price is based upon the current Area Median Income (AMI) as published in any given year, and the rent is adjusted for household size. Rents adjusted for lower-income households may not exceed 80% of the AMI. For example, current rents for low-income households in Calistoga are listed on the City’s website as \$1391 for a 1-person household and \$1988 for a 4-person household, respectively, based upon the AMI for those household sizes of \$55,650 and \$79,500. Since the AMI changes from year-to-year, the rental prices will change from year to year, but may not exceed the maximum rental amount allowed by the 80% AMI limit.

Construction Schedule: It is the intent of DHI to construct all of the buildings as simultaneously as possible, since this is a smaller site which does not lend itself well to staggered building occupancies. Every unit in a building will be available for occupancy at the same time. Therefore, the affordable units which are located throughout the four Building Bs would be available at the same time as other units.

The construction phasing schedule assumes approximately 18 months from breaking ground and beginning site work to the completion of the buildings. For example, if grading were to begin in September 2021, units would be ready for rental in March of 2023.

Density Bonus Request

Government Code Section 65915 allows for an increase in the total number of units for a proposed project – a density bonus – based upon the percentage of the “base density” units offered at an affordable-income level. The Calistoga General Plan designates this site as Community Commercial, which allows development of multi-family housing at densities up to 20 units per acre. This 1.95-acre site would yield a maximum of 39 units.

Offering eight rental units affordable to low-income households represents 21% of the of the base density of 39 units allowed under the General Plan. This allows for a maximum density bonus of 14 additional units, or 53 units. DHI is proposing only 11 additional units for a total of 50 units, which is equal to an overall total density of 25.6 du / acre.

The City’s General Plan Policy A2.1-1 encourages the approval of “... density bonuses and other incentives for projects that reserve units for extremely low-, low – and moderate-income households consistent with State law.”

Density Bonus Concessions

Government Code Sections 65915 (d) and (k) ***entitles*** the proponent of a new community which qualifies for a density bonus up to two “concessions” or “incentives”. The “concessions” may be relief from certain Municipal Code standards or other policies which would make the proposed new community with its affordable units and density bonus more difficult to pursue.

By State code, the requested concessions must be granted unless the City can make specified written findings, based upon substantial evidence, that the concessions would not result in identifiable and actual cost reduction, or that the concession would cause adverse effects upon the public welfare or physical environment that cannot be mitigated.

1. Building Height

Calistoga Municipal Code Section 17.22.060 limits the height of primary buildings to 30 feet and the C-C zoning district allows buildings up to three stories. DHI is requesting a concession in the maximum building height of 30 feet to allow for full three-story buildings. In order to achieve the 8 low-income affordable housing units, at least another 42 units must be constructed and rented at market prices. To achieve the total number of units necessary for the new community to be financially feasible, 3-story buildings are needed to house all of the units. A 30-foot height limit cannot accommodate three-stories. Without a concession for true three-story buildings at the height limit requested, the development could not yield the total number of units to be economically feasible.

The proposed buildings have been designed to a height of 33’-7”, as height is measured under the City’s Municipal Code. However, DeNova Homes is requesting a 4’-6” height concession (an additional 11 inches

to 34'-6") to accommodate any as-yet-unknown building code issues which may arise as construction drawings are developed.

2. Requirement for the Underground of Existing Overhead Power Lines

Calistoga Municipal Code 16.16.090 A requires that proponents of new developments install underground all existing and proposed utilities. DHI will be placing all on-site utilities underground, since these will be new facilities. However, there are two poles and a number of overhead utilities along the Grant Street frontage of this property. These poles are located near proposed near Building 2 (please refer to Sheet C-2, Existing Conditions). The overhead lines along the Grant Street frontage include fiber-optic cables for television and communication; the fiber-optic lines are very expensive to re-locate underground. The existing overhead lines and poles also contain lines serving properties down Grant Street to the east and across Grant Street, increasing the complexity and cost of undergrounding these utilities since the utility "drops" to these properties may need to be substantially re-fashioned.

The City's code forbids erecting new poles *outside* of the subdivision in order to comply with the undergrounding rule (16.16.090 B): Therefore, only *one* of the two power poles along the frontage would be removed. To underground all of the overhead lines across the entire property frontage, the existing most easterly pole would be relocated only 45 feet or so to the easterly property boundary. If this second pole is left in place, the amount of overhead lines to underground would be just over 200 feet.

The cost estimate for the undergrounding the current existing overhead lines is \$755,750. This estimate includes the cost of construction and the utility contract costs to allow for the undergrounding of the lines. It does not include the unknowns of reconfiguring services and "drops" to other properties serviced from the existing power poles. Nonetheless, the underground work is cost-prohibitive and would make the project infeasible, even if all 50 units were sold at market rate.

Calistoga's Municipal Code allows the City Council to waive the underground requirement with certain exceptions (16.16.090 C.):

1. The length of the required undergrounding... is less than 200 feet.

The entire frontage of the Silverado Terrace property is 256 feet, but the likely amount of undergrounding would be about 210 feet.

2. It is unlikely that additional undergrounding will occur on adjacent properties within 10 years...; and

The property is bound on the east and west by single-family detached homes. The property to the west contains 3 single-family detached homes and it is zoned for single-family residential. It is unlikely that this property will develop in the near future. The property to the east has the same zoning designation of Community Commercial but is unlikely to develop anytime soon due to its current use and the small size of the parcel; several parcels would need to be combined to make a viable development.

City Staff has confirmed the City has no capital improvement program line item to underground existing utilities on Grant Street. And since most of the properties on this northern side of Grant are improved with single-family homes and likely to remain as such – with overhead power lines - this property would be the only one with utilities re-installed underground and would be an island of undergrounded utilities and not benefitting any street corridor.

3. The visual burden of leaving the utilities above the ground will be insignificant.

The property will be improved with 3-story buildings reaching a height of nearly 38 feet. The buildings – one hopes - will divert attention from the power lines. The location of the 2 existing power poles will not block entrances to doorways. and the overhead lines are not at a height which will be dangerous to vehicles or persons. Nonetheless, just be being overhead, the lines will be visible as they always have been with all other overhead lines in its vicinity planned to stay up for the foreseeable future.

DHI is requesting as a density-bonus concession the waiver of the requirement to re-install underground the existing overhead utilities along Grant Street.