

City Council
Mayor Sarah Glade Gurney
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John Eder
Robert Jacob
Patrick Slayter



Planning Director
Kenyon Webster
Assistant Planner
Dana Morrison
Administrative Assistant
Rebecca Mansour

City of Sebastopol Planning Commission Staff Report

Meeting Date: October 25, 2016
Agenda Item: 9A
To: Planning Commission
From: Kenyon Webster, Planning Director
Dana Morrison, Assistant Planner
Subject: Preliminary Review: Huntley Square Small-Lot Residential Subdivision
Recommendation: Provide Comments
Applicant/Owner: Dante Love, Pendant Homes/Sheldon Gerstein
File Number: 2016-83
Address: 7950 Bodega Ave
CEQA Status: To Be Determined
General Plan: High Density Residential
Zoning: RM-H: High Density Residential

Introduction:

This is a Preliminary Review application, requesting Planning Commission comments on a proposed 10 unit small-lot residential subdivision at 7950 Bodega Avenue in Sebastopol. 7950 is currently a vacant lot.

A Use Permit will not be required for the development because the proposed development is a 'permitted use -- multi-family dwellings and dwelling groups' in the RM-H district (17.44.020). However, since the developer has proposed to subdivide the existing 0.35 acre lot such that each of the 10 units includes a parcel of land, the applicant will need to apply for a Tentative Major Subdivision which will need to be reviewed and approved by the City Council and the Planning Commission. A 10- lot project also requires submittal of a Preliminary Map, per Municipal Code Chapter 16.20.

Project Description:

According to the applicant, the goal of the proposed project is to deliver 10 financially accessible homes, which are affordable by design. The project involves the development of 10 studios, which will consist of two (2) buildings each containing 5 units, ranging from one (1) to two (2) stories with a height of 22.8 feet at its highest elevation. There will be 3 different floor plans available ranging from 516 square feet to 599 square feet. The developer is also seeking to subdivide the existing lot such that each unit includes a parcel of land as a private backyard, in addition to the communal spaces of the parking lot and courtyard/central pedestrian walkway.

The applicant designed the units to be oriented toward the communal area, as opposed to the parking area. Front porches will be included with each unit facing the communal green space

and central pedestrian walking path. The walking path will lead from the parking lot through to common courtyard and down a stairwell connecting it to Bodega Avenue.

The project also involves the provision of 10 parking spaces which is consistent with the Schedule of Off-Street Parking Space Requirements (17.220.030 2a.): "Not less than one (1) parking space for each 'studio' unit". The parking lot will be located on the northern boundary of the property, which will be accessed through a deeded easement from Golden Ridge Avenue to the east.

Currently, the sidewalk ends just past Golden Ridge Avenue, along Bodega Avenue, and pedestrians have the choice of either climbing a steep dirt trail or walking on the road along Bodega Avenue to continue towards Pleasant Hill Avenue. To help rectify this situation, the design of the development includes a 181 square foot sidewalk to be constructed to connect the existing sidewalks on either side of the property, along Bodega Avenue.

The project could make a substantial improvement to a currently vacant lot, and facilitate the construction of a long needed sidewalk along a section of Bodega Avenue.

The applicant is proposing the use of a Development Agreement to authorize various exceptions from standard code requirements.

In addition to asking for relief from the Inclusionary Housing requirement the applicant also asks for relief from the physical underground requirement for utilities and presumably from the alternative in-lieu fee for underground requirements. Conforming to this requirement is a standard feature of development approvals.

General Plan Consistency:

The general Plan Land Use Designation for this site is High Density Multiple Family Residential, which includes multiple-family dwellings and dwelling groups.

Zoning Ordinance Consistency:

The site is located in the RM-H: High Density Multiple Family Residential District. The RM-H District has a maximum building height limit of 30 feet, not to exceed two (2) stories pursuant to Section 17.64.060 of the Zoning Ordinance. The required setbacks for this district are 15 feet for the front yard, 20 feet or 20% of the lot depth (whichever is greater but not to exceed 25 feet) for the rear yard, and 10% of the lot width (but not less than 5 feet nor greater than nine feet for two-story buildings up to 30 feet in height) for the side yards. Density allowance is one unit for every 2,000 square feet of lot area. The property is 15,246 square feet thereby allowing for 7.6 units. In the case of studios, 17.96.55 states that a "studio apartment shall count as one-half of a dwelling unit for the purposes of calculating allowable densities". The developer is proposing a 10-unit small-lot subdivision comprised exclusively of studios (ranging from 516 to 599 square feet) organized around a central pedestrian walkway and green-space. Per the studio allowance, the project thus equates to a five-unit development, complying with density limits.

Chapter 17.220: 'Off-Street Parking Regulations establishes' parking standards for all properties within Sebastopol City-limits. The project requires 10 spaces based on information provided by the applicant, and 10 parking spaces are proposed.

Maximum lot coverage in the RM-H district is 40% (17.44.070). The project proposes 65%.

Current City inclusionary housing provision would require the applicant to deliver two (2) deed restricted affordable units at 80% AMI or below, thus causing, according to the applicant, a financial burden that would trigger an escalation in pricing for the remaining eight (8) units. As an alternative to the Inclusionary Housing Ordinance the applicant proposes building 10 moderately priced studios, which they considers “affordable workforce housing by design.”

The proposed project includes a “small lot subdivision” of the existing 0.35 acre (15,246 square foot lot). There is a special section of the Zoning Ordinance relating to small lot subdivisions. Small lot subdivisions are permitted on parcels 15,000 square feet or larger (17.245.020). For subdivisions that range from 15,000 square feet to three (3) acres in size, lot configuration may be of one or a variety a variety of types. The required minimum yard setbacks for a small lot subdivision are as follows: the front yard setback shall be varied but not less than 16 feet, the rear yard setback is 10 feet, and the minimum combined side yard setback for a single parcel shall be eight (8) feet. Any main building on two (2) separate lots shall be separated by at least eight (8) feet except for structures sharing common walls.

The 15,246 square foot lot meets the required parcel size to allow for a small lot subdivision. The developer has proposed a range of lot sizes from 831 square feet up to 3,608 square feet meeting with the required lot configuration standards for small lot subdivisions. The proposed project meets with the minimum yard setbacks with an eight (8) foot side yard setback, a 10 foot 2 inch rear yard setback, and a front yard setback of at least 45 feet. The two (2) buildings, each housing five (5) units with common walls, are separated by at least 16 feet from each other and by a minimum of eight (8) feet from any neighboring structures on adjacent parcels.

To avoid the potential inconsistency with the Inclusionary Housing Ordinance, which requires 20% of proposed units to enter into a deed restriction creating affordable units at 80% AMI or below, the applicant has proposed to apply for a Development Agreement. The Zoning Ordinance provides for such agreements, which can differ from Zoning Ordinance requirements, but must conform to the General Plan. A qualified applicant, a person who has legal or equitable interest in a property may, apply for a development agreement, can enter such an agreement with the City. The development agreement shall specify the duration of the agreement, the permitted uses of the property, the density or intensity of use, the maximum height and size of proposed buildings, and provision for reservation or dedication of land for public purposes. The development agreement may include conditions, terms, restrictions, and requirements for subsequent discretionary actions. Both Commission and Council review is required.

Neighborhood Compatibility:

The City’s Fire Department is located five (5) blocks to the east of the proposed small-lot residential subdivision. Willard Libby Park is located several blocks north and Sebastopol Memorial Lawn Cemetery is directly south, across Bodega from the proposed development. Residential properties are located directly to the north, east and west. The proposed residential development appears generally compatible with the neighborhood, due to the fact the property is already located in high-density residential zone.

Tree Removal

A 20” redwood at the Northeast property line will be preserved. The preservation of the three (3) oak trees located in the Southeast corner of the lot will be determined by the infrastructure

improvements of the retaining wall and new sidewalk along Bodega Avenues. It appears likely that one or more of these trees will require removal. One 20" oak tree and two (2) apple trees located near the middle of the site are to be removed. The developer proposes the addition of two (2) street trees to be placed near the stairwell leading to Bodega Avenue, as well as the addition of four (4) more trees at the lot corners of the property.

Project Issues:

This is a unique project proposal which would close a key sidewalk gap and provide small-scale housing likely to be more affordable than larger units/lots. The application does raise several policy issues.

Aspects and issues that the Commission may wish to address include:

- Suitability of the overall development plan in the neighborhood context.
- The road along Bodega Hwy on the street frontage of the property does not have a sidewalk. This is a key sidewalk gap and a sidewalk should be provided. The scope of improvement is substantial for a small project, so Council consideration of potential assistance for this aspect should be considered. The development includes the construction of a 181 square foot in the proposed development plans.
- The applicant is asking to be exempted from undergrounding of overhead utilities, and presumably the alternative in-lieu fee which is imposed when the City Engineer determines that physical undergrounding is not feasible or appropriate for a particular project. In-lieu payments are used for City undergrounding projects. Both physical undergrounding and in-lieu payments involve substantial cost. Either undergrounding or an in-lieu fee payment are standard requirements for all new substantial development. The requirement is intended to improve safety and aesthetics. Complete exemption would not be in accord with how this requirement has been applied in the past.
- The maximum lot coverage for the RM-H zoning district would be exceeded, however the proposal appears consistent with lot coverage allowed in the small lot subdivision standards, which allow for a maximum lot coverage of 65%.
- Small lot subdivisions require a minimum of 400 square feet of usable private open space as described in SMC 17.44.090). This requirement does not appear to be met by the current site plan, however the project does propose to provide some private open space.
- Whether a development agreement is an appropriate mechanism for project approval, and how potential exceptions to standard requirements may act as a precedent for other projects.
- Inclusionary Housing Ordinance options. The project does not conform. Options include:
 - Require the developer to adhere to the current Inclusionary Housing Ordinance and provide 2 units which meet with the required standards.
 - Rather than making an exception for this particular application, change City policy. For example, recommend that the applicant apply for a code amendment such that units smaller than 600 square feet are excluded from the Inclusionary Housing Ordinance, given that smaller units tend to be more affordable; or make other changes to the inclusionary requirements that may be worthy of consideration.
 - Support a one-time, unique development agreement which would permit the applicant to create the 10 proposed "affordable work force housing by design." The applicant has identified some options under this concept which could be considered.

- Applicant proposes to guarantee sale prices- “This guarantee would be tied to the state of the housing market for mutual protection. Thus the City can be assured that the Developer will not hike the process. This would involve adding a deed restriction to the units to create a ‘shared profit agreement’ with the City on a re-sale.
- Applicant proposes “to deed restrict units to ‘owner occupied’ to discourage spec investment and ‘flips’”
- Applicant Proposes “to deed restrict such that renting the unit at market rate requires payment of a flat fee of a per unit annual fee into the City’s affordable housing fund, typically \$1,500 per house per year.

Public Comment:

To date, no public comments on the proposed development have been received. The Planning Department posted and mailed notices to neighbors of the subject property at a 600 foot radius on October 13, 2016. There will be future opportunities for public comment as the project requires a subdivision approval and a Design Review.

City Departmental Comment:

The Planning Department circulated the application to the following City departments: Building and Safety, the City Arborist, Engineering, Fire, Police Services, and Public Works.

The City Engineer had the following recommendations on several aspects of the project design:

- The developer will dedicate sufficient right of way and public utility easement to complete the curb, gutter and sidewalk along Bodega Ave, to match the improvements east and west of the property
- The retaining wall along Bodega Ave shall be located completely outside the public right of way.
- The final site plan shall include LID improvements to reduce runoff from the site.

There have been no comments from other departments regarding this project as of yet.

Required Findings:

Any formal application for subdivision, development agreement, or Subdivision Proposal and Zoning Amendment would be subject to standard findings for those types of applications.

Recommendation:

The applicant is presenting the project for Preliminary Review at this time. This gives the applicant an opportunity to identify design and policy options under consideration so that the Commission can provide feedback. This also gives the Commission the opportunity to make comments on the application and seek clarification on any project components that may be unclear.

The project would provide needed housing, and close a key sidewalk gap. It also requests

deviation from the long-standing City inclusionary housing program, an exception from standard undergrounding requirements, some exceptions from other development standards, and possible financial assistance (any financial assistance would be determined by the City Council).

The Commission does not take any votes under Preliminary Review. However, it would be helpful if the Commission articulated a general consensus or majority perspective on the project, to the extent feasible. This would allow the applicant to gain a general understanding, regarding the design of the project and any recommended revisions that should be considered.

Staff recommends that the Commission receive a presentation from the applicant, hear from any interested members of the public, and provide comments on the project.

Attachments:

- Master Planning Application Form
- Preliminary Review Submittal



City of Sebastopol

Planning Department
7120 Bodega Avenue
Sebastopol, CA 95472
(707) 823-6167 (Phone) or (707) 823-1135 (Fax)
www.ci.sebastopol.ca.us

MASTER PLANNING APPLICATION FORM

PROJECT INFORMATION:

FOR CITY USE ONLY

ADDRESS: 7950 Bodega Ave. Sebastopol, CA 95472	PLANNING FILE #: _____ / _____
PARCEL #: 004-350-024	DATE FILED: _____
PARCEL AREA: 15,246 sf	TOTAL FEES PAID: _____
	RECEIVED BY: _____
	DATE APPLICATION DEEMED COMPLETE: _____

APPLICANT OR AGENT:

Name: Dante Love; Pendant Homes
 Email Address: dante@pendanthomes.com
 Mailing Address: 100 E ST. #317
 City/State/Zip: Santa Rosa, CA 95404
 Phone: (707) 396-8719
 Fax: N/A
 Business License #: C3691445
 Signature:
 Date: Oct. 10, 2016

OWNER OF PROPERTY

IF OTHER THAN APPLICANT:

Name: Sheldon Gerstein for Abraham Gerstein and Dorothy M. Gerstein Trust dated September 12, 1991
 Email Address: shelly.gerstein@gmail.com
 Mailing Address: PO Box 8
 City/State/Zip: Readfield, ME 04355
 Phone: (207) 685-9646
 Fax: N/A
 Business License #: _____
 Signature:
 I certify that this application is being made with my consent.
 Date: 10/11/16

OTHER PERSONS TO BE NOTIFIED: (Include Agents, Architects, Engineers, etc.).

Name: Beth Farley; Healthy Buildings
 Email Address: beth@hbusa.net
 Mailing Address: 3432 Valle Verde Dr.
 City/State/Zip: Napa, CA 94558
 Phone: (707) 676-8999 ext. 204
 Fax: N/A

Name: James Ellison; Healthy Buildings
 Email Address: james@hbusa.net
 Mailing Address: 3432 Valle Verde Dr.
 City/State/Zip: Napa, CA 94558
 Phone: (707) 676-8999 ext. 209
 Fax: N/A

PROJECT DESCRIPTION:

DESCRIBE IN DETAIL, the proposed project and permit request. (Attach additional pages, if needed):

See attached project description.

This application includes the checklist for the type of application requested: Yes No

Please indicate the type(s) of application that is being requested (example: Use Permit, Design Review, Variance, Planned Community Rezone, etc.):

Preliminary Review - Planning Commission.

Please describe existing uses (businesses, residences, etc.) and other structures on the property:

Vacant Multi-Family Lot.

DEVELOPMENT DATA:

SQUARE FEET BUILDING EXISTING:		<input checked="" type="checkbox"/> N/A
SQUARE FEET BUILDING DEMOLISHED:		<input checked="" type="checkbox"/> N/A
SQUARE FEET BUILDING NEW:	5,650	<input type="checkbox"/> N/A
NET CHANGE IN BUILDING SQUARE FEET:	5,650	<input type="checkbox"/> N/A
NUMBER OF DWELLING UNITS EXISTING:	<input type="checkbox"/> 0 Bedrooms	<input type="checkbox"/> 1 Bedrooms
	<input type="checkbox"/> 2 Bedrooms	<input type="checkbox"/> 3 Bedrooms
	<input type="checkbox"/> 4+ Bedrooms	<input checked="" type="checkbox"/> N/A
NUMBER OF DWELLING UNITS PROPOSED:	<input type="checkbox"/> 0 Bedrooms	<input type="checkbox"/> 1 Bedrooms
	<input type="checkbox"/> 2 Bedrooms	<input type="checkbox"/> 3 Bedrooms
	<input checked="" type="checkbox"/> 4+ Bedrooms	<input type="checkbox"/> N/A
NET CHANGE IN DWELLING UNITS:	10	<input type="checkbox"/> N/A
SETBACKS:	<u>Existing:</u>	<u>Proposed:</u>
	<input type="checkbox"/> Front Yard _____	<input type="checkbox"/> Front Yard <u>8'</u>
	<input type="checkbox"/> Side Yard _____	<input type="checkbox"/> Side Yard <u>10'</u> & zero lot line
	<input type="checkbox"/> Rear Yard _____	<input type="checkbox"/> Rear Yard <u>8'</u>
	<input checked="" type="checkbox"/> N/A	<input type="checkbox"/> N/A

EXISTING LOT DIMENSIONS:	Front: <u>185' 5"</u> Left: <u>60'+120.34'</u>	Rear: <u>101.35'+74.61'</u> Right: <u>175'</u>	<input type="checkbox"/> N/A
PROPOSED LOT DIMENSIONS:	Front: <u>68'8" - 16'</u> Left: <u>131' 4" - 52' 9"</u>	Rear: <u>68'10" - 16'</u> Right: <u>53' 7' - 52'9"</u>	<input type="checkbox"/> N/A
EXISTING LOT AREA:	<u>15,246</u> Square Feet		<input type="checkbox"/> N/A
PROPOSED LOT AREA:	<u>838 - 3478</u> Square Feet		<input type="checkbox"/> N/A
BUILDING HEIGHT:	Existing: <u>0</u>	Proposed: <u>22' 8"</u>	<input type="checkbox"/> N/A
NUMBER OF STORIES:	Existing: <u>0</u>	Proposed: <u>2</u>	<input type="checkbox"/> N/A
PARKING SPACE (S):	Existing: <u>0</u>	Proposed: <u>10</u>	<input type="checkbox"/> N/A
ZONING	Existing: <u>RM-H</u>	Proposed: <u>RM-H</u>	<input type="checkbox"/> N/A

Will the project involve a new curb cut or driveway? Yes No

Are there existing easements on the property? Yes No

Will Trees be removed? Yes No

If yes, please describe (Example: Type, Size, Location on property, etc.)

Exact number of trees to be removed, has yet to be determined. Please see attached Tree Inventory.

Will Existing Landscaping be revised? Yes No

If yes, what is square footage of new or revised landscaping?

Final Landscape Plan, has yet to be determined. Please see attached Landscape Concept.

Will Signs be Changed or Added? Yes No

Business: Hours of Operation? Open: _____ Close: _____

Is alcohol service proposed? Yes No

If yes, what type of State alcohol license is proposed? _____

If yes, have you applied to the State Alcoholic Beverage Control for a license? Yes No

If this is a restaurant, café or other food service, bar, or nightclub, please indicate total number of seats: _____

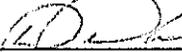
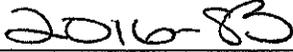
Is any live entertainment proposed? Yes No

If yes, please describe: _____

INDEMNIFICATION AGREEMENT

As part of this application, applicant agrees to defend, indemnify, release and hold harmless the City, its agents, officers, attorneys, employees, boards and commissions from any claim, action or proceeding brought against any of the foregoing individuals or entities, the purpose of which is to attack, set aside, void or annul the approval of this application or the adoption of the environmental document which accompanies it or otherwise arises out of or in connection with the City's action on this application. This indemnification shall include, but not be limited to, damages, costs, expenses, attorney fees or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the City's action on this application, whether or not there is concurrent passive or active negligence on the part of the City.

If, for any reason any portion of this indemnification agreement is held to be void or unenforceable by a court of competent jurisdiction, the remainder of the agreement shall remain in full force and effect.

 Applicant's Signature	Oct. 10, 2016 Date Signed	 Planning File Number
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NOTE: The purpose of the indemnification agreement is to allow the City to be held harmless in terms of potential legal costs and liabilities in conjunction with permit processing and approval.

NOTICE OF MAILING

Email addresses or facsimiles will be used for sending out staff reports and agendas to applicants, their representatives, property owners, and others to be notified.

Please sign and acknowledge you have been notified of the Notice of Mailing for applications and have provided an email address or fax number.

 Signature	<u>DANTE LOUIS</u> Printed Name
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NOTE: It is the responsibility of the applicant and their representative to be aware of and abide by City laws and policies. City staff, Boards, Commissions, and the City Council will review applications as required by law; however the applicant has responsibility for determining and following applicable regulations.

NEIGHBOR NOTIFICATION

In the interest of being a good neighbor, it is highly recommended that you contact those homes or businesses directly adjacent to, or within the area of your project. Please inform them of the proposed project, including construction activity and possible impacts such as noise, traffic interruptions, dust, larger structures, tree removals, etc.

Many projects in Sebastopol are remodel projects which when initiated bring concern to neighboring property owners, resident and businesses. Construction activities can be disruptive, and additions or new buildings can affect privacy, sunlight or landscaping. Some of these concerns can be alleviated by neighbor-to-neighbor contacts early in the design and construction process.

It is a "good neighbor policy" to inform your neighbors so that they understand your project. This will enable you to begin your construction with the understanding of your neighbors and will help promote good neighborhood relationships.

Many times development projects can have an adverse effect on the tranquility of neighborhoods and tarnish relationships along the way. If you should have questions about who to contact or need property owner information in your immediate vicinity, please contact the Building and Safety Department for information at (707) 823-8597, or the Planning Department at (707) 823-6167.

I have informed site neighbors of my proposed project: Yes No

If yes, or if you will inform neighbors in the future, please describe outreach efforts:

Project mailer; in-person conversations.

WEBSITE REQUIRED FOR MAJOR PROJECTS

Applicants for major development projects (which involves proposed development of 25,000 square feet of new floor area or greater, or 25 or more dwelling units), are required to create a project website in conjunction with submittal of an application for Planning approval (including but not limited to Subdivisions, Use Permits, Rezoning's, and Design Review). Required information may be provided on an existing applicant web site.

The website address shall be provided as part of the application. The website shall be maintained and updated, as needed until final discretionary approvals are obtained for the project.

Such website shall include, at a minimum, the following information:

- ✓ Project description
- ✓ Contact information for the applicant, including address, phone number, and email address
- ✓ Map showing project location
- ✓ Photographs of project site
- ✓ Project plans and drawings

Landscape Concept:

Drought tolerant plants will be used at the central courtyard and along the central walkway. The retaining wall along Bodega Ave will be planted with drought tolerant hanging vines to soften the improvements. Backyards will be left for the new homeowners to landscape, as they desire. Bio-swale plants will be located in the parking area and where bio-swales might otherwise be located/required.

Tree Inventory:

The 20" redwood at the Northeast property line will be preserved. The preservation of the three (3) oak trees located in the Southeast corner of the lot will – where the lot flags out to the east – will be determined by the infrastructure improvements of the retaining wall and new sidewalk along Bodega Ave. A 20" oak tree and two apple trees located near the middle of the site are to be removed. We will be adding two street trees at the Bodega Ave site stair as well as four additional trees at the lot corners.

Huntley Square Small-Lot Residential Subdivision

Vision Statement

Imagine, if you will, a brisk Sebastopol morning. A slight fog. Fresh dew. Maybe you're out for a jog, a bike ride, or to walk your dog. You're looking for a new path so you stroll up Bodega Ave. You make your way through downtown, past the fire station, past the west county hospital, and up Pleasant Hill. The cemetery just peeks into view as you realize... the sidewalk ends. But, not only is it unpaved, it's steep, unpaved, and still slippery from that morning dew. Now imagine that, despite your commitment to regular exercise, recent issues with your knee and back have you thinking better of the climb. What do you do? You could just walk ON Bodega, but no sooner do you have that thought than a car whizzes by you at 40 MPH. The dog barks in its direction. You're stuck. So maybe you turn around, and maybe you avoid this path from now on - but what if you didn't have to? Let's fast forward a year. What if, instead of an intractable eyesore, this was the location of a housing development nationally recognized for its high-quality materials, energy-efficiency, and innovative design. That design includes a beautiful 181 ft of sidewalk that now grants you - and hundreds like you - easy access to the Bus Stop, Pleasant Hill, and nearby Willard Libby Park *every day*. You wave to one of your new neighbors - Sara - a single teacher at Sebastopol Charter School who used to have to drive an hour each way to get to work, but now can afford to own a home in the community she serves and loves. You exchange a brief hellos with John, a police officer with two young children, as he shuffles down the stairs and jogs by you in the opposite direction. You notice the flowers are beginning to blossom amid the foliage on the "living" retaining wall. You don't avoid this path anymore. In fact, now you come this way almost every day.

Project Description

In most cases multiple problems require multiple solutions, but in this case we're proposing to solve two problems at once: Problem 1) The Lack of Entry-Level Housing in Sebastopol, and Problem 2) The Treacherous Path alongside Bodega Ave.

Huntley Square is a 10-studio, small-lot, residential subdivision co-developed by Thriving Communities LLC. and Pendant Homes, Inc. The design/build firm will be The Healthy Buildings Companies, a company with an extensive track record in building beyond green and healthy homes in the North Bay Area. In addition to the larger community benefit of the site improvements, the community has been engineered to be Zero Net Energy - meaning clean, renewable solar energy will completely offset the development's electrical load. We also intend to guarantee sales prices for the units *under* \$400,000 - this at a time when the Sonoma County Development Board projects the average home price in Sebastopol at over \$740,000. In short, we are proposing small, well-made, attached homes on individual parcels of land at a guaranteed-price within reach of the city's singles, workforce, and recent retirees.

There will be three different floor plans within Huntley Square, ranging from 512sf to 599sf, of which there will be four (4) one story homes and six (6) two story loft homes. Every square inch of these units will be functional - providing places for additional storage and closet space without compromising the open floor plans which will make spaces feel and live much larger. Each home will have a front porch and entry off a common courtyard which connects



the surface parking lot to the north to the new sidewalk improvements down on Bodega Ave to the South. All 10 homes will also have a private yards along with an exterior accessed attached storage closet off the back decks.

Since our proposed community falls outside the parameters of the current zoning ordinance, we would like to pursue a Development Agreement as a means to approval. What follows are:

- Development Agreement Outline
- Alternate Equivalent Study Session
- Design and Material Examples
- Site Plan
- Floor Plans
- Elevations

We welcome your feedback and look forward to working alongside the City of Sebastopol to deliver this much needed alternative housing option.

Sincerely,



Health Buildings Companies, Inc.
Bob Massaro - CEO



Health Buildings Companies, Inc.
James Ellison - Development Director



Pandant Homes, Inc.
Donle Love - CEO



7950 BODEGA AVE SEBASTOPOL, CA
ALTERNATIVE EQUIVALENT STUDY SESSION

INTRODUCTION

Healthy Buildings, Inc. in partnership with Pendant Homes, Inc. is requesting an alternative equivalent to the City of Sebastopol's Inclusionary Housing Ordinance as described herein. In order for us to accomplish the goal of delivering 10 financially accessible homes, which we call "affordable by design," we need to collaborate with the City of Sebastopol. Such collaboration will allow for all 10 homes to be sold at a price point that is attainable for Sebastopol's workforce. Under current regulations, we would be required to deliver 2 deed restricted affordable units at 80% AMI or below, thus causing a financial burden that would trigger a drastic escalation in pricing for the remaining 8 units.

We couldn't be more excited about this project and hope you will consider the merits of our position below.

As an alternative equivalent to the Inclusionary Housing Ordinance we propose building 10 moderately priced studios, which we consider "affordable workforce housing by design."

OUR APPROACH

1) Smaller Footprint = Less Costs

By building studios, we're able to create more ownership opportunities for more people. We're also able to spread costs further thereby minimizing their impact on the individual homeowners.

2) Off-site Construction = Faster, More Efficient Delivery

Healthy Buildings' proprietary building technology – which panelizes all the walls, roofs, and floors off-site with a light gauge steel framing system – leaves the buildings more durable, better insulated, and much more energy efficient than traditional on-site construction. Panelizing off-site allows us to reduce waste, noise, and construction traffic. It also allows us to prep the site and frame the homes simultaneously. Building faster means less neighborhood disturbance, less money spent on insurance and construction loan interest, and more opportunities to pass savings on to homeowners.

3) Reduced Utility Expenses = More Affordable

Net-zero energy means our homeowners' solar panels are anticipated to completely off-set their energy load. While it isn't directly reflected in the sale price, it represents significant savings to the homeowners over time.

ADDRESSING THE PROBLEM

According to the Sonoma County Economic Development Board's *2016 Sebastopol: Local Economic Profile*, Sebastopol median home price is \$742,854. The median income for Sonoma County over the same period was \$61,807, which equals an average gross monthly income of

\$5,150. Assuming a 5% down payment, 4% interest on a 30 year fixed mortgage, a 1.25% property tax rate, a 0.5% Private Mortgage Insurance rate, and a \$1,000 homeowners insurance annual premium; the resulting monthly housing cost is **\$4,520.36** before utilities, maintenance, and any applicable HOA fees are factored in.

That's 87% of the county's median gross income.

Were we to recalculate using Sebastopol's median income as opposed to the County's - the cost of housing relative to gross median income jumps to 94%.

When you consider the additional costs of state and federal taxes, healthcare, groceries, and minimal car maintenance; it's easy to see that the average home in Sebastopol is well out of reach of the average wage earner in Sonoma County in 2016. Generally speaking, housing that works out to 30-50% of monthly gross income is considered affordable. In other words, current median prices are more than double the affordable threshold.

OUR SOLUTION

By comparison, at our proposed price points - \$375,000 and \$395,000, respectively - that payment drops to \$2,323.19 and \$2,442.65. On a percentage-of-median-income basis, those payments work out to 45% and 47% of gross monthly median income. That seems to be a more reasonable payment for a Teacher at the Sebastopol Charter School (annual salary: \$56,872), a Police Dispatcher (annual salary: \$60,528.88) or an Assistant City Planner (annual salary: \$63,984).

Conversely, constraining 2 homes to the max sales price for 80% of AMI for a studio (~\$160,000) creates a \$480,000 shortfall which drives up the price of the 8 remaining units by \$60,000. In our view, that could be the difference between the single schoolteacher being able to live in the city where she works and not. Unfortunately, while she can afford one of the homes designated for 80% of AMI, since her income exceeds that threshold (she makes 92% of AMI) she doesn't qualify to live there. What options does that leave?

ALTERNATIVE EQUIVALENT PROPOSAL

Preferred Option:

- 1) Guarantee Sale Prices - This guarantee would be tied to the state of the housing market for mutual protection. Thus the City can be assured that the Developer will not hike the prices.
- 2) Deed restrict the units to "shared profit agreement*" with city on a re-sale.

**For example, if the initial buyer pays \$395k and then wants to sell in two years at \$550k - the restriction will allow the owner to collect 25% (\$98,750) but has to pay into the city's affordable housing fund dollar for dollar after the 25%. In this case, a \$550k purchase would net \$28,125 for the city's affordable housing fund.*

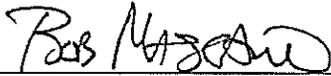
Alternative Options:

- 3) Deed restrict the units to "owner occupied" to discourage spec investment and "flips."
- 4) Deed restrict such that renting the unit at market rate requires payment of a flat fee of a per unit annual fee into the city's affordable housing fund, typically \$1,500/house/year.

CONCLUSION

We harbor a deep-seated respect for the Sebastopol as a rich, culturally diverse, environmentally progressive city. Our hope is that the above presents a framework whereby we can better serve the workforce of this wonderful city together. We understand that our proposal does not constitute a small request, and we pledge in-kind to deliver the type of high-quality, healthy, energy-efficient, and beautiful housing that this city deserves. We feel confident that our preferred option as an alternative equivalent to the city's Inclusionary Housing Code bridges the gap between our ability to move forward with the project and the city's desire to provide housing for all income levels. We are grateful to the City of Sebastopol for your continued consideration and look forward to working with you to bring this small community to life.

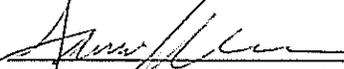
Sincerely,



Health Buildings Companies, Inc.
Bob Massaro - CEO

08/19/16

Date:



Health Buildings Companies, Inc.
James Ellison - Development Director

8/19/16

Date:



Pendant Homes, Inc.
Dante Love - CEO

8/19/16

Date:

Huntley Square Small-Lot Residential Subdivision

Development Agreement

This document is offered to the City of Sebastopol, a Municipal Corporation organized and existing under the laws of the State of California (the "City") as a preliminary, evaluative mechanism of a development proposed at 7950 Bodega Avenue, Sebastopol, CA 95472 (the "Property") by Thriving Communities, LLC and Pendant Homes, Inc., two California companies (jointly the "Developer"). This document is intended to serve as a foundational construct atop which a formal Development Agreement by and between the City and the Developer may be conceptualized, agreed upon, and executed. It is necessitated by 1) the unique set of circumstances presented by the Property, and 2) the Developer's strategic mission to supply new, high-quality, energy-efficient homes at prices within reach of the city's workforce.

Regulations Governing the Scope of Project Development

A. Zoning

The Property is currently zoned RM-H (Residential Multi-Family High Density).

B. Permitted Uses

Both Multiple Family Dwellings and Dwelling Groups are permitted uses under the RM-H. (17.44.020)

C. Density

RM-H allows for 1 unit per every 2,000 sf of lot area per MC17.44.080. The Property is approximately 15,246 sf or +/- 0.35 ac thereby allowing for 7.6 units. In the case of studio, 17.96.55 prescribes that "studio apartments shall count as one-half of a dwelling unit for the purposes of calculating allowable densities." Thus, if organized exclusively with studios, the Property allows for up to 15 units before any density bonuses are applied.

Developer is proposing a 10-unit small-lot subdivision comprised exclusively of studios (ranging from 512 to 599 sf) organized around a central pedestrian walkway and green-space.

D. Maximum Building Height

The maximum height for buildings will not exceed 2 stories (30 feet). (MC17.44.050)

E. Lot Area

In an effort to create the most long-term homeowner value, Developer is seeking to subdivide lot such that every unit also includes a parcel of land. The proposed subdivision is as follows:

Per MC17.245.110, Developer believes

LOT #	LOT AREA	UNIT TYPE	UNIT AREA
1	3,539 SF	STUDIO W/ LOFT	599 SF
2	3,608 SF	STUDIO W/ LOFT	599 SF
3	851 SF	STUDIO	516 SF
4	831 SF	STUDIO	516 SF
5	846 SF	STUDIO W/ LOFT	595 SF
6	813 SF	STUDIO W/ LOFT	595 SF
7	882 SF	STUDIO	516 SF
8	836 SF	STUDIO	516 SF
9	3,229 SF	STUDIO W/ LOFT	599 SF
10	1,465 SF	STUDIO W/ LOFT	599 SF

project warrants subdivision approval because:

- The subject property is physically suitable for the type of development proposed;
- The proposed development would be compatible with existing and permissible land uses within the district and the general area in which the proposed use is located;
- Approval of the proposed development will not be detrimental to the public health, safety, convenience or general welfare;
- Approval of the proposed development is consistent with the General Plan.

The current draft of the General Plan (dated May 2016) supports the consistency of our development with stated goals:

Goal LU 6-2: Promote compact urban form that provides residential opportunities in close proximity to jobs, services, and transit.

Goal LU 6-3 Encourage and support the construction and occupation of tiny houses and micro-apartments.

F. Setbacks

Please refer to site plan for setbacks.

G. Maximum Lot Coverage

Maximum Lot coverage will not exceed 65%. (MC17.245.080)

H. Parking

Developer's proposal includes 10 parking spaces which is consistent with the Schedule of Off-Street Parking Space Requirements (17.220.030.2a): "Not less than one (1) parking space for each 'studio' unit."

I. Undergrounding Utilities

As is provided for in the code (16.40.100c), Developer is requesting that the City Engineer waive the undergrounding of the utilities on the basis that this project satisfies all three of the prescribed waiver conditions:

- The length of the required undergrounding is less than two hundred feet (181 feet).
- It is unlikely that additional undergrounding will occur on adjacent properties within ten (10) years because of the development currently existing on adjacent properties.
- The visual burden of leaving the utilities above ground will be insignificant.

J. Retaining Wall, Sidewalk, and Public Right of Way

Developer would like to gauge City's interest in a public-private partnership to facilitate the completion of the sidewalk on Bodega Ave. This partnership could take the form of

shared cost, city engineering services, or the like.

K. Inclusionary Housing Ordinance

Developer is offering introductory guaranteed entry level sales prices and deed restrictions on all 10 of the homes aimed at curtailing speculative abuse be accepted as alternate equivalent to Inclusionary Housing Ordinance (17.240) as previously discussed in the attached "Alternate Equivalent Study Session."

Per the Alternative Equivalent Study Session document, Developer's Preferred Option is as follows;

1) Guarantee Sale Prices - Tentatively set at \$375,000 and \$399,000 respectively, this guarantee would be tied to the state of the housing market for mutual protection. Thus the City can be assured that the Developer will not hike the prices.

2) Deed restrict the units to "shared profit agreement*" with city on a re-sale.

**For example, if the initial buyer pays \$395k and then wants to sell in two years at \$550k - the restriction will allow the owner to collect the first 25% in equity (in this case \$38,750) unrestricted but has to pay into the city's affordable housing fund dollar for dollar after the 25%. In this case, a \$550k purchase would net \$58,125 for the city's affordable housing fund.*

L. Solar

Project projected to exceed Sebastopol's Mandatory Solar Photovoltaic Performance Standard (15.72) by as much as 30%.

M. Energy Conservation

Developer has gone to great lengths to incorporate energy efficiency (16.40.080) into the development. By combining solar with exceptional, code-exceeding wall and roof insulation, the development is projected to achieve a 'Net Zero Energy' designation.

HUNTLEY SQUARE - MINI HOME VILLAGE



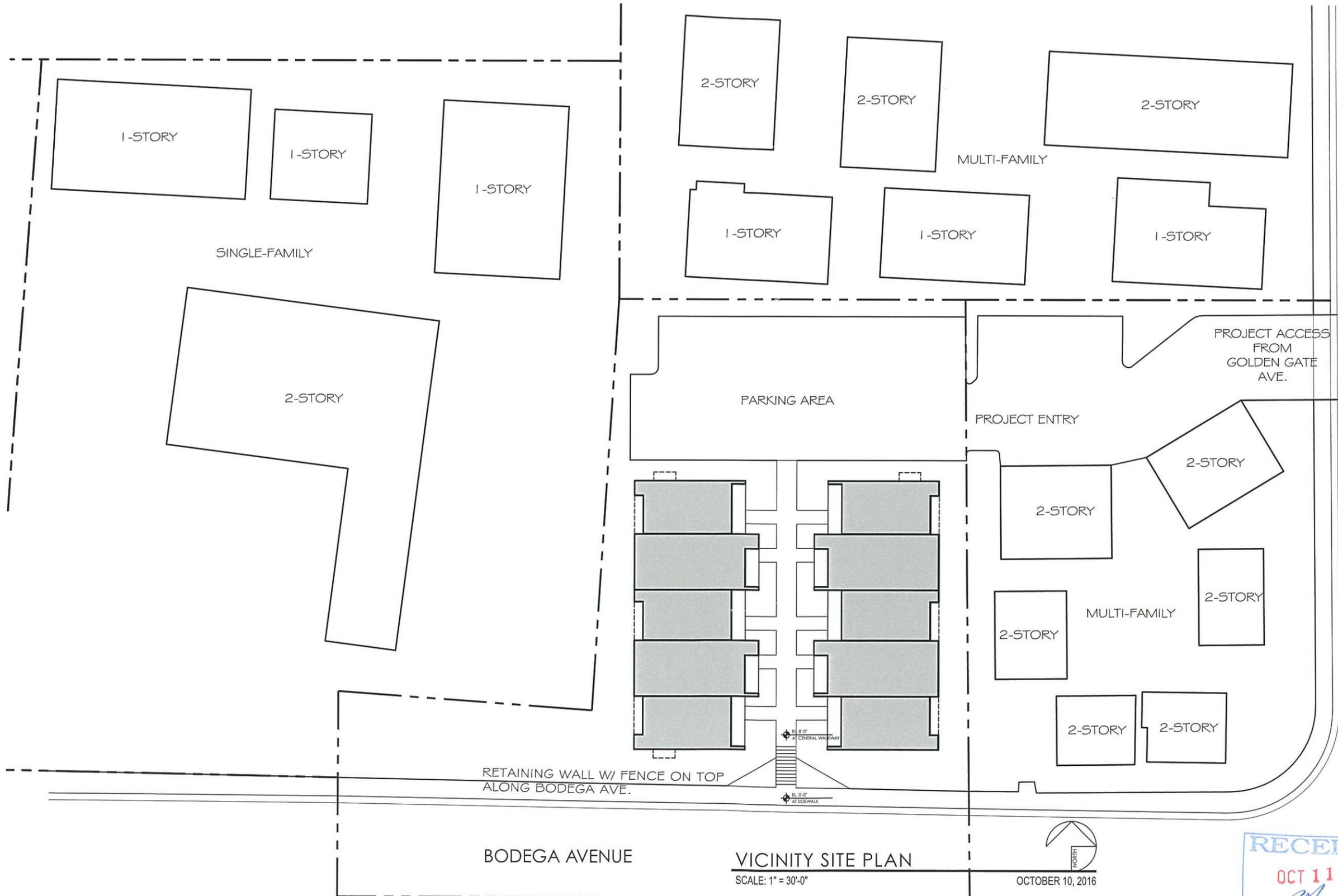
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HUNTLEY SQUARE
 MINI HOME VILLAGE
 7950 BODEGA AVE,
 SEBASTOPOL, CA 95472

VICINITY
SITE PLAN

DATE: 10-10-2016
 SCALE: 1/30" = 1'-0"
 DRAWING:

A1.0



RETAINING WALL W/ FENCE ON TOP
 ALONG BODEGA AVE.

BODEGA AVENUE

VICINITY SITE PLAN

SCALE: 1" = 30'-0"



OCTOBER 10, 2016



GOLDEN GATE AVENUE

PROJECT ACCESS
 FROM
 GOLDEN GATE
 AVE.

PROJECT ENTRY

PARKING AREA

SINGLE-FAMILY

MULTI-FAMILY

MULTI-FAMILY

1-STORY

1-STORY

1-STORY

2-STORY

2-STORY

2-STORY

2-STORY

1-STORY

1-STORY

1-STORY

2-STORY

2-STORY

2-STORY

2-STORY

2-STORY

2-STORY

LOT SIZE : +/- 0.35 ACRES = 15,245 S.F.

ZONING : RM-H = RESIDENTIAL MULTI-FAMILY HIGH DENSITY

ALLOWABLE DENSITY :
 6.1 - 22 UNITS / ACRE
 0.35 ACRES X 6.1 UNITS/ACRE = 2 UNITS (MIN.)
 0.35 ACRES X 22 UNITS/ACRE = 7.6 UNITS (MAX.)

STUDIO APARTMENT DENSITY ALLOWABLE COUNTS AS 1/2 A DWELLING UNIT

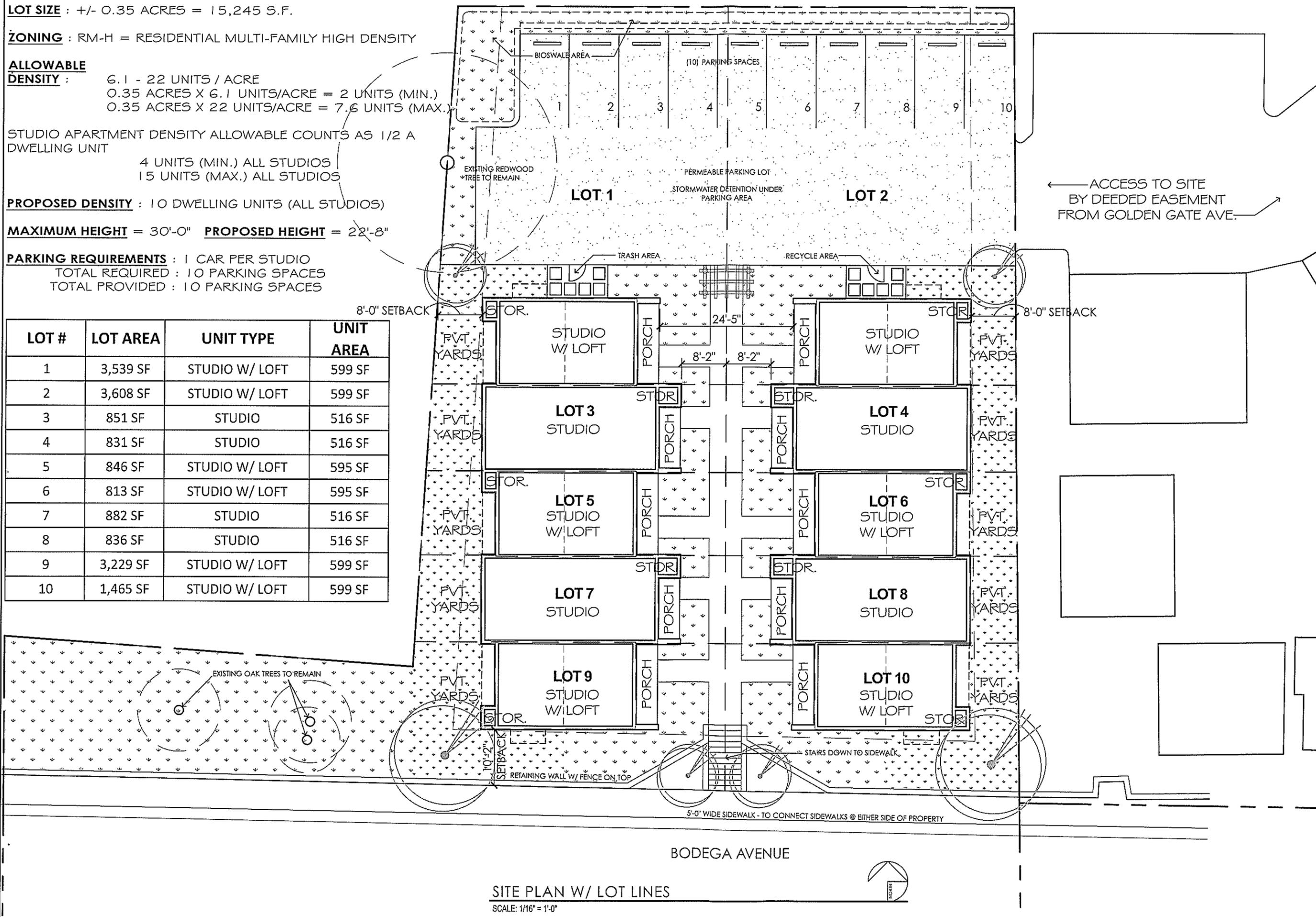
4 UNITS (MIN.) ALL STUDIOS
 15 UNITS (MAX.) ALL STUDIOS

PROPOSED DENSITY : 10 DWELLING UNITS (ALL STUDIOS)

MAXIMUM HEIGHT = 30'-0" PROPOSED HEIGHT = 22'-8"

PARKING REQUIREMENTS : 1 CAR PER STUDIO
 TOTAL REQUIRED : 10 PARKING SPACES
 TOTAL PROVIDED : 10 PARKING SPACES

LOT #	LOT AREA	UNIT TYPE	UNIT AREA
1	3,539 SF	STUDIO W/ LOFT	599 SF
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10	1,465 SF	STUDIO W/ LOFT	599 SF



← ACCESS TO SITE BY DEEDED EASEMENT FROM GOLDEN GATE AVE.



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SITE PLAN W/ LOT LINES

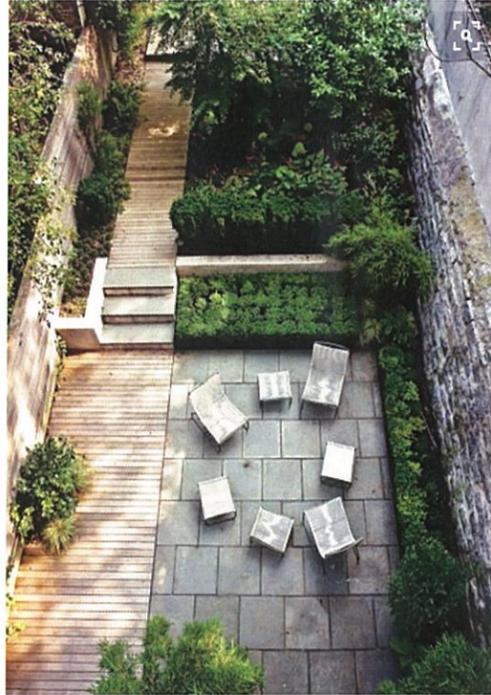
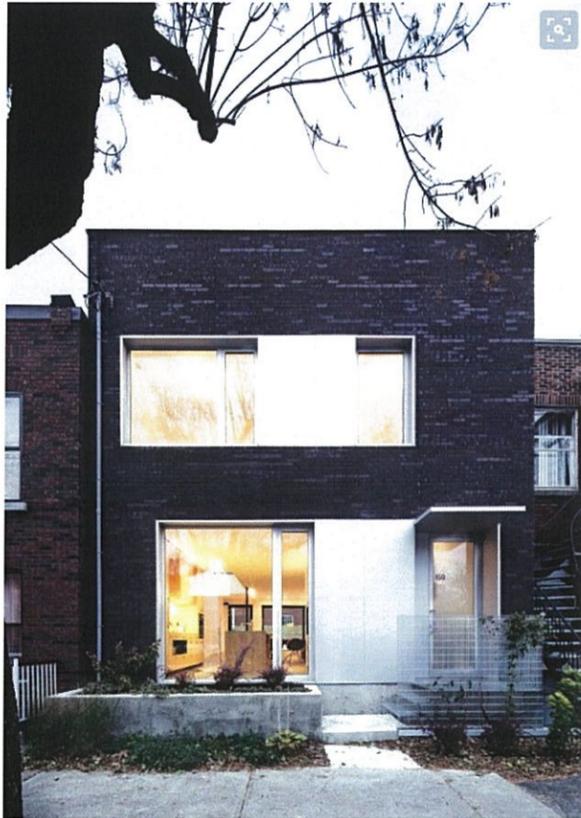
DATE: 10-10-2016
 SCALE: 1/16" = 1'-0"
 DRAWING:

A1.1

SITE PLAN W/ LOT LINES
 SCALE: 1/16" = 1'-0"



Huntley Square - Mini Home Village - Inspirational Images



Exterior Elements: Creative placement of solar panels, exploring awnings, roofs and carports. A harmonious exterior application of natural elements. Use of large sliding doors for indoor/outdoor flexible spaces. Long horizontal windows for natural light and ventilation. One and two story small lot urban infill.

Common Courtyard / Pathways: The units front entry will be connected by a beautifully landscaped pathway. Nooks for patios and seating areas outside front doors will be inviting and encourage connectivity.

Loft Living: Six of the ten units will feature an open double height living space and a flexible loft area with such a small footprint space is at a premium.



Tiny/ Small House Functionality: The images above are intended to demonstrate how multi-purpose, flexible and customizable small spaces can be still very livable and functional for the homeowner.

Retaining Wall: A living wall concept along the sidewalk.



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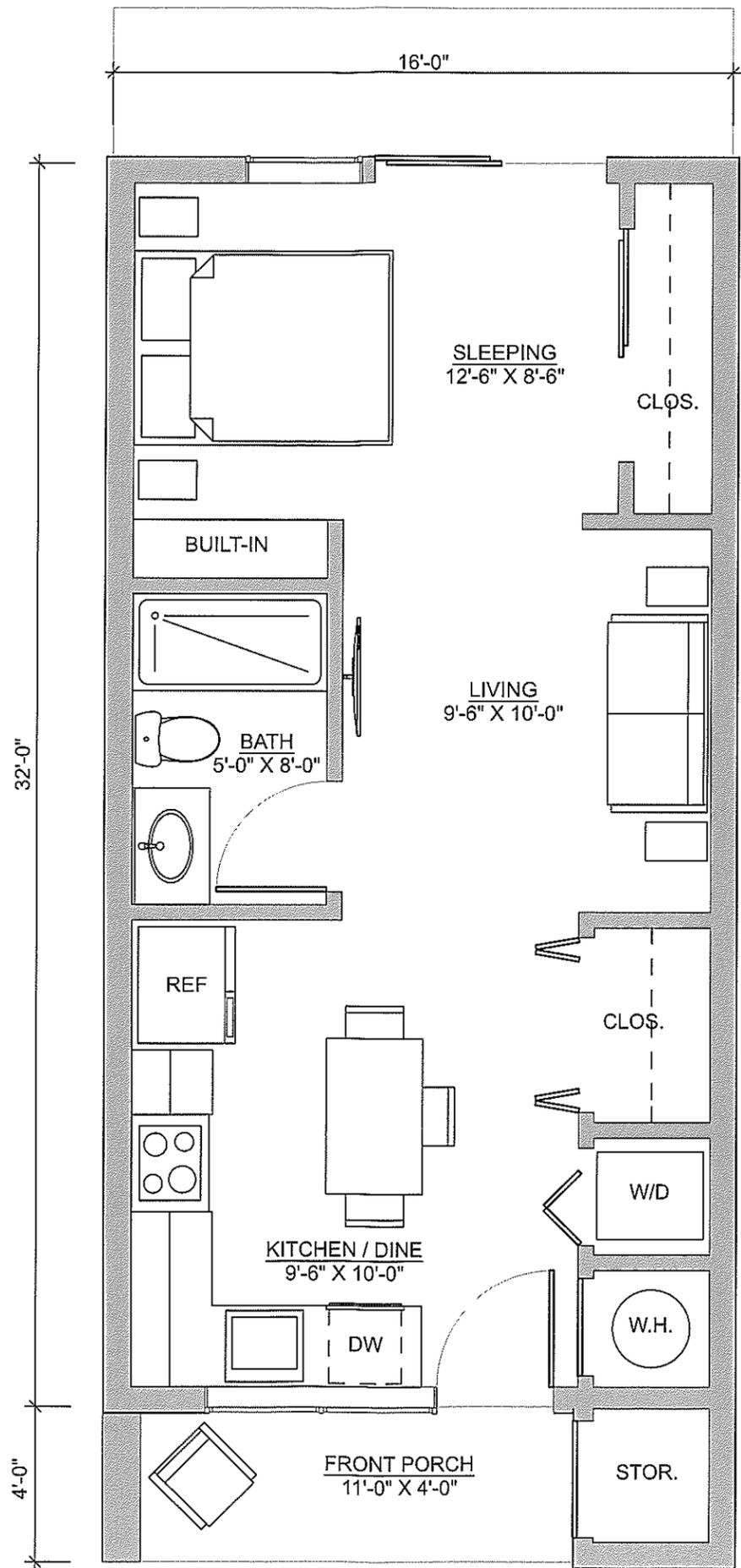
INSPIRATIONAL IMAGES

DATE: 10-10-2016

SCALE: N/A

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STUDIO UNIT
512 SQFT

1 1st Floor
SCALE: 1/4" = 1'-0" 512 SQFT



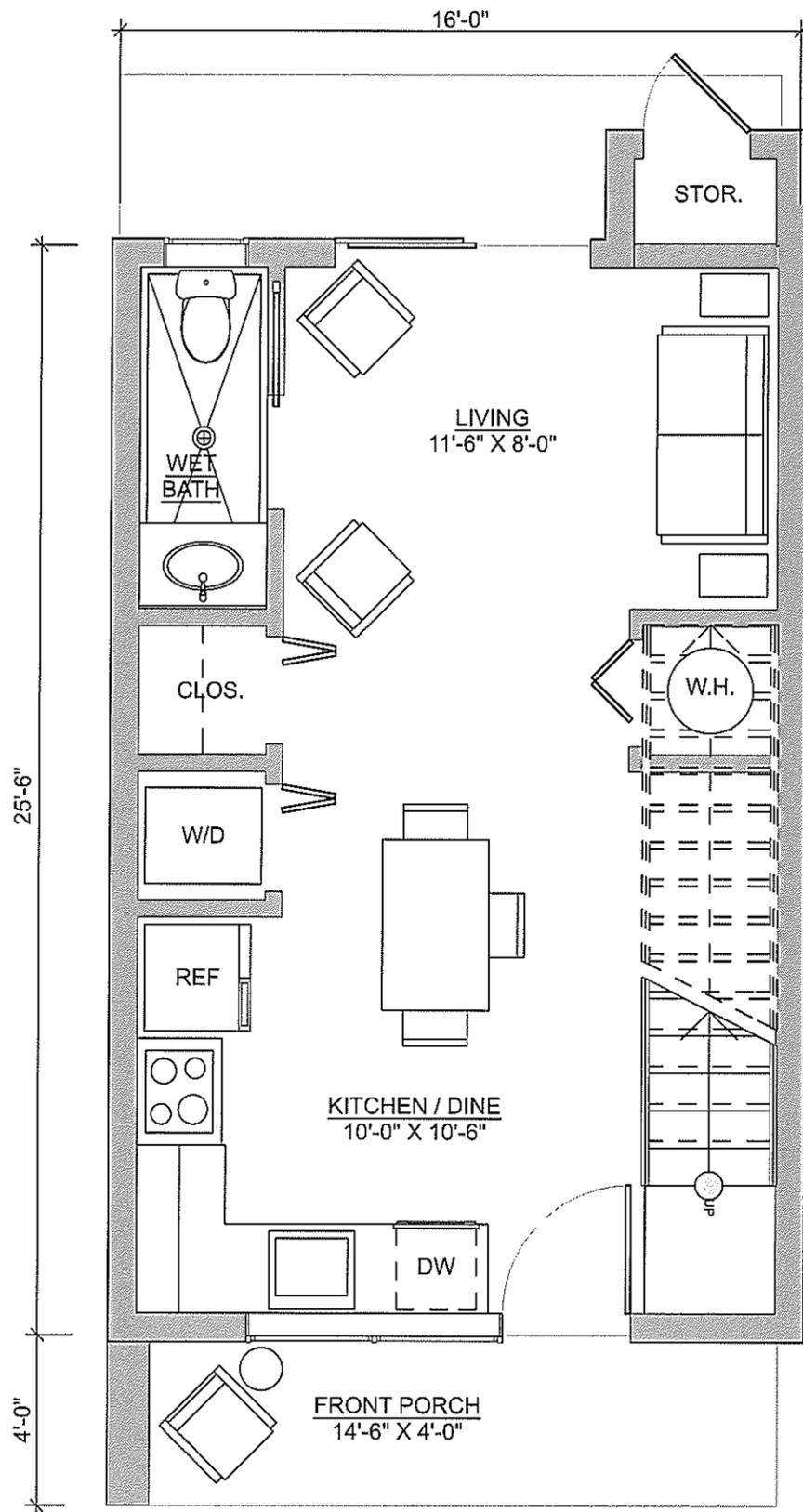
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HUNTLEY SQUARE
MINI HOME VILLAGE
7950 BODEGA AVE.
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STUDIO UNIT
FLOOR PLAN

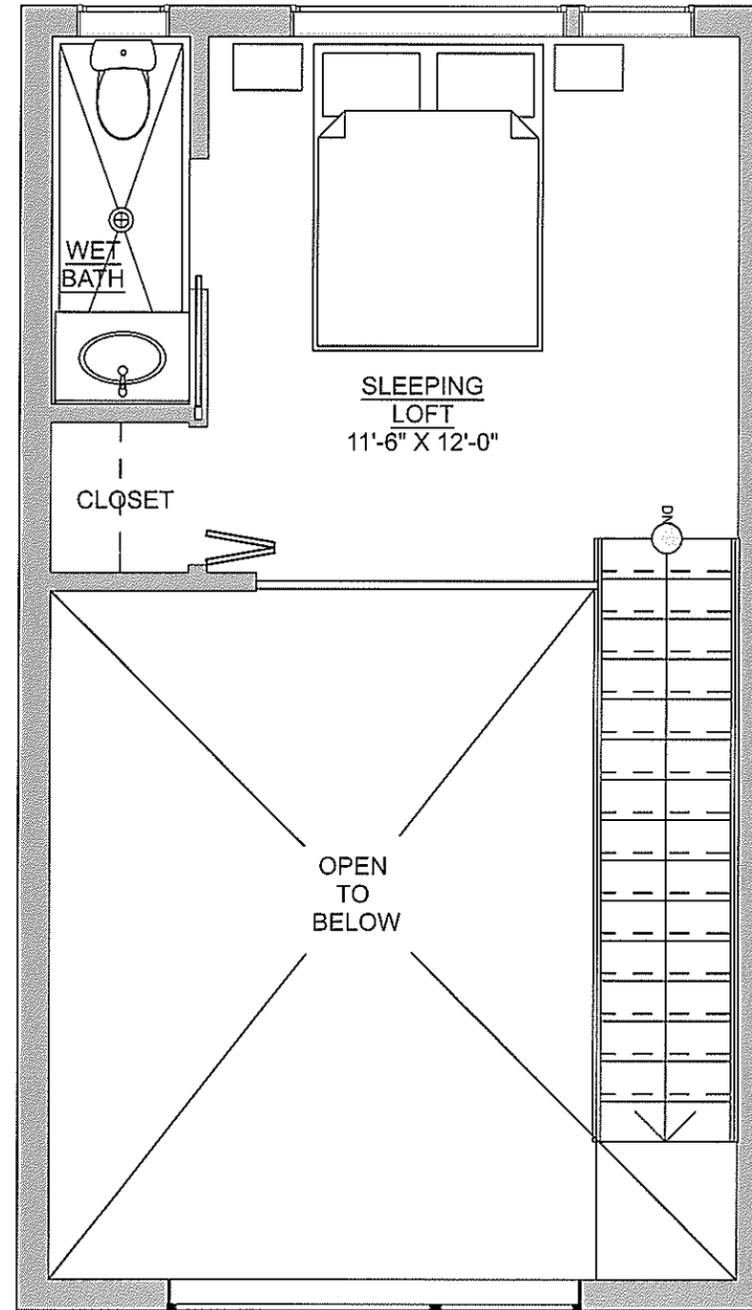
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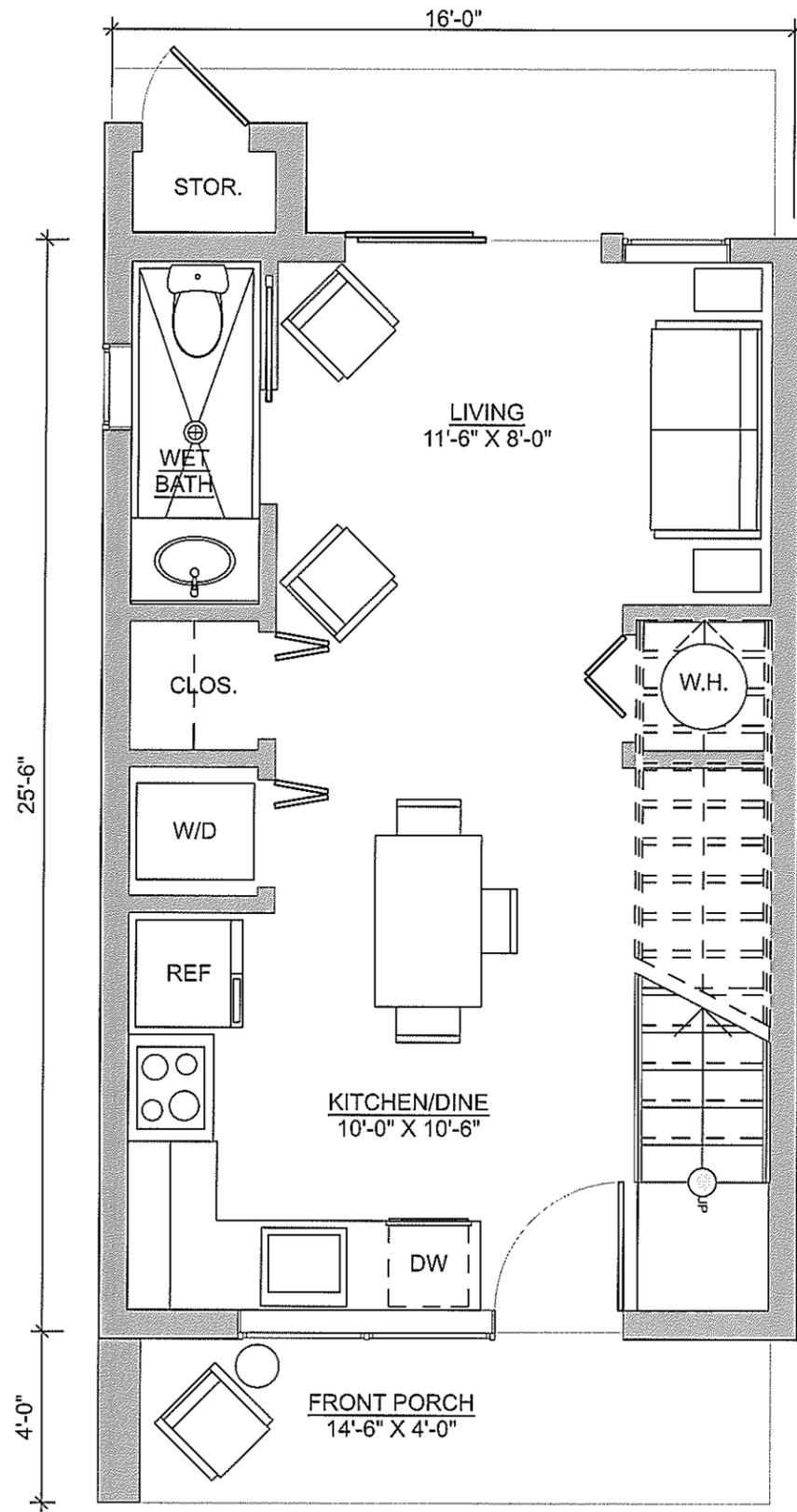


1 1st Floor
SCALE: 1/4" = 1'-0" 396 SQFT

**STUDIO LOFT
UNIT A
595 SQFT**

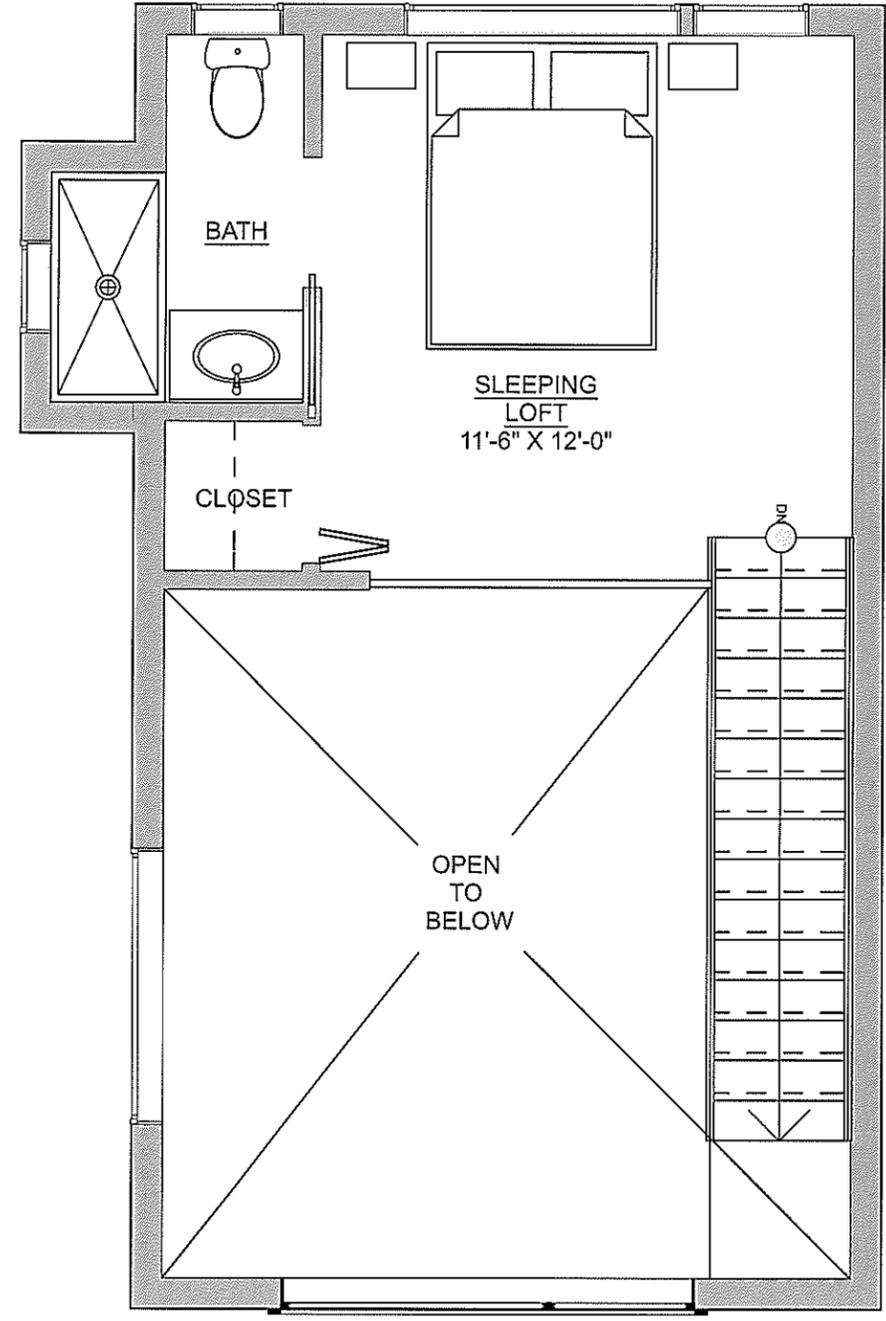


2 2nd Floor
SCALE: 1/4" = 1'-0" 199 SQFT



1 1st Floor
 SCALE: 1/4" = 1'-0" 396 SQFT

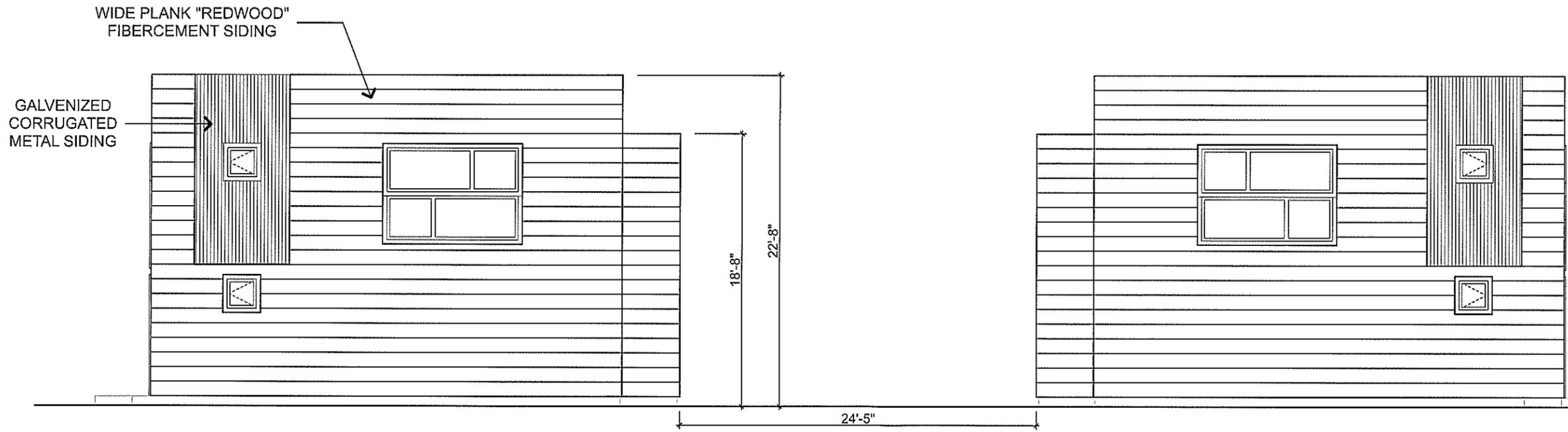
STUDIO LOFT
 UNIT B
 599 SQFT



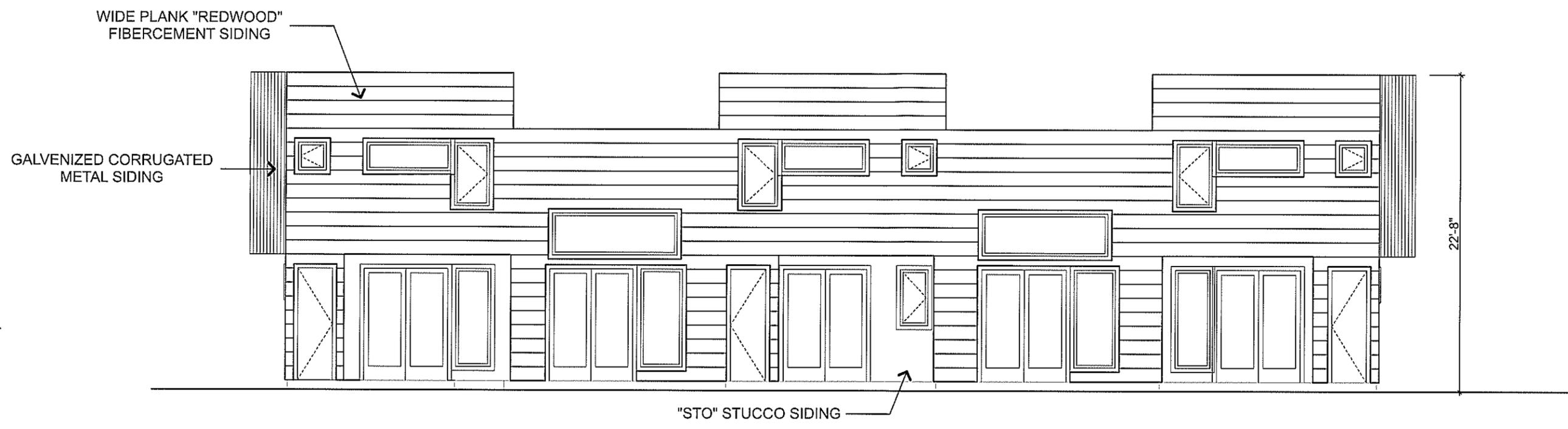
2 2nd Floor
 SCALE: 1/4" = 1'-0" 203 SQFT



1 EAST & WEST ELEVATION
 SCALE: 1/8" = 1'-0"



1 NORTH & SOUTH ELEVATION
 SCALE: 1/8" = 1'-0"



1 WEST & EAST ELEVATION
 SCALE: 1/8" = 1'-0"