



Memorandum

CITY MANAGER'S OFFICE

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Date: November 21, 2022
To: Mayor and Council Members
From: Michael Rogers, City Manager *mr*
Via: Kris Balaji, Development Services Director
CC: Midori Lichtwardt, Assistant City Manager
Bijal Patel, City Attorney
Bill Dean, Assistant Development Services Director
Robert Armijo, Assistant DS Director / City Engineer
Scott Claar, Senior Planner
Subject: Mixed-Use Affordable Housing Project in Downtown at
601 N. Central Avenue

This memorandum is to inform you that a low-income housing project is going to be developed downtown across from the transit center, north of the parking lot on 6th Street and fronting Central Avenue. The project consists of a mixed-use Affordable Housing project, known as The Junction, consisting of a four-story building totaling approximately 62,015 square feet, including 45 residential apartment units with 100% of the units to be Affordable to Low, Very Low, or Extremely Low-income households, a manager's office and living unit, parking area, and approximately 2,000 square feet of ground-floor commercial space.

The project is exempt from the normal discretionary development review permit because it meets the low-income qualifications under a new State Law known as SB 35. SB 35 is a law that is intended to facilitate the fast production of Affordable Housing on qualifying sites. SB 35 provides for permit streamlining and exemptions from CEQA. In Tracy's case, this means no discretionary hearing for the project. Accordingly, the project will be approved ministerially with very little discretion and is subject to objective design standards only. SB 35 has a 90-day shot clock, which requires us to approve the project by November 23rd.

During staff's review, we encouraged the developer to have a neighborhood meeting. The developer committed to holding a neighborhood meeting at some point in the future after the Director approval, but before the start of construction.

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This is the City's first SB 35 project. Additional details regarding SB 35 and the project approval are included in the attachment to this memo.



Memorandum Attachment

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Subject: Mixed-Use Affordable Housing Project in Downtown at
601 N. Central Avenue

This Attachment provides additional details related to SB 35 and the project approval for the Mixed-Use Affordable Housing Project in Downtown at 601 N. Central Avenue.

State Government Code Section 65913.4 (State Affordable Housing Law SB 35)

The Project is eligible for streamlined ministerial approval, in accordance with State Government Code Section 65913.4, based on the following findings:

1. Prior to submitting an application for streamlined ministerial approval under Government Code Section 65913.4, the applicant submitted a notice of intent/preapplication to the City on May 16, 2022, which commenced the tribal scoping consultation process in accordance with AB 168. The City sent notification to all tribes on the tribal mailing list provided by the California Native American Heritage Commission with an invitation to request tribal consultation regarding the project on May 18, 2022. The City received no requests for tribal consultation. The tribal consultation period ended on June 18, 2022.
2. The Project includes 45 residential apartment units, which satisfies the requirement of being a multifamily housing development that contains two or more residential units.

3. The Project and the site on which it is located satisfy all of the following:
 - a. The Project site consists of a legal parcel or parcels located in the City of Tracy, which is designated by the United States Census Bureau as an urbanized area.
 - b. At least 75 percent of the perimeter of the Project site adjoins parcels that are developed with urban uses.
 - c. The Project site is zoned Central Business District (CBD), which allows residential mixed-use development, and has a General Plan designation of Downtown, which allows a mix of residential and nonresidential uses. More than two-thirds of the square footage of the Project is designated for residential use.
4. The Developer proposes to dedicate 100% of the 45 total residential apartment units to below market rate housing affordable to households making below 80% of the area median income (AMI). Prior to the issuance of a building permit, the Developer shall record a land use restriction or covenant on the property at the San Joaquin County Recorder's Office providing that any affordable housing units included in the project remain available at affordable housing rent for no less than 55 years, in accordance with State Government Code Section 65913.4.
5. According to the determination summary published by the California Department of Housing and Community Development, the City of Tracy has met its 2013-2021 Regional Housing Need Allocation ("RHNA") goals for the "above market" income category; however, the City has not demonstrated sufficient progress in meeting the RHNA new housing production goals for the lower income categories. Therefore, the City of Tracy is subject to Government Code Section 65913.4 and projects are required to provide 50 percent of the total (base density) for lower-income households to qualify for streamlined, ministerial approval, which the Project has done by proposing 100% of the residential apartment units to be for lower income households.
6. The Project, excluding any additional density or any other concessions, incentives, or waivers of development standards granted pursuant to the Density Bonus Law in Section 65915, is consistent with all applicable objective zoning standards, objective subdivision standards, and objective design review standards. The City shall not impose automobile parking standards for a development that is approved pursuant to State Government Code Section 65913.4 if the development is located within one-half mile of public transit, which applies to this Project because the Project site is located approximately 200 feet from the Tracy Transit Station.
7. The Project is not located on a site that is any of the following:

- a. Within a coastal zone
 - b. Prime farmland, farmland of statewide importance, or land zoned or designated for agricultural protection or preservation by a local ballot measure
 - c. Wetlands
 - d. Within a very high fire hazard severity zone
 - e. A hazardous waste site (Cortese list site)
 - f. Within a delineated earthquake fault zone
 - g. A special flood hazard area subject to inundation by the 1% annual chance flood
 - h. A regulatory floodway
 - i. Lands identified for conservation in an adopted community conservation plan, habitat conservation plan, or other adopted natural resource protection plan
 - j. A habitat for protected species
 - k. Land under conservation easement
8. The property has been vacant with no building structures for more than twenty years. The Project would not require the demolition of any housing. The Project site was not previously used for housing that was demolished within 10 years before the Developer submitted an application for development. The Project would not require the demolition of a historic structure that was placed on a national, state, or local historic register. The property does not contain any housing units.
9. The Project does not involve subdividing a parcel. The Project, which involves a lot merger, is consistent with all objective subdivision standards in the local subdivision ordinance and the Subdivision Map Act. The Project has received or will receive financing or funding by means of a low-income housing tax credit and is subject to the requirement that prevailing wages be paid.
10. The Project is not located on an existing parcel of land or site that is governed under the Mobile Home Residency Law, the Recreational Vehicle Park Occupancy Law, the Mobile Home Parks Act, or the Special Occupancy Parks Act.

California Environmental Quality Act (CEQA) and the CEQA Guidelines

CEQA Guidelines Section 15268 states that ministerial projects are exempt from the requirements of CEQA. As described above, the Project is eligible for streamlined ministerial approval, in accordance with State Government Code Section 65913.4. Therefore, the Project is exempt from the requirements of CEQA, pursuant to CEQA Guidelines Section 15268.

State Government Code Section 65915 (State Density Bonus Law)

The City's Density Bonus Ordinance (Tracy Municipal Code, Title 10, Chapter 10.08, Article 36.5) has been superseded by State Government Code Section 65915 (State Density Bonus Law), due to the recent amendments of AB 2345 (2020) and AB 1763 (2019).

The Project is eligible for a density bonus of 80% and four concessions or incentives, in accordance with State Government Code Section 65915, based on 100 percent of all units in the Project, including total units and density bonus units, but excluding the manager's unit, to be for lower income households, as defined in Section 50079.5 of the Health and Safety Code.

The maximum density allowed in the Central Business District (CBD) Zone requires at least 700 square feet of net lot area per dwelling unit. For the Project site, which has a total net lot area of 20,464 square feet, the maximum number of units allowed by the CBD Zone is 29. A density bonus of 80 percent increases the maximum number of units allowed on the Project site from 29 to 52. The Project includes 45 Affordable apartment units and one manager's unit, which is less than allowed by the 80 percent density bonus. The applicant is also requesting the following two concessions, which are allowed by State Government Code Section 65915:

1. Reduction of parking area drive-aisle width from 26-foot minimum to 24-foot minimum
2. Reduction of standard parking space dimensions from 9' x 20' minimum to 9' x 18' minimum for parking spaces located within a garage

THE DEVELOPMENT SERVICES DIRECTOR, AFTER CONSIDERING ALL OF THE EVIDENCE PRESENTED, IS HEREBY PREPARING TO TAKE THE FOLLOWING ACTIONS:

1. Determine that the Project is eligible for the streamlined ministerial approval process for affordable housing developments, in accordance with State Government Code Section 65913.4.
2. Determine that the Project is exempt from the California Environmental Quality Act (CEQA) as a ministerial project, in accordance with CEQA Guidelines Section 15268.
3. Determine that the Project is eligible for a density bonus of 80 percent and four concessions or incentives, in accordance with State Government Code Section 65915, which is greater than requested for the Project.
4. Ministerially approve a Development Review Permit to construct the Project, Application Number D22-0027, subject to conditions of approval, in accordance with State Government Code Section 65913.4.

The Development Services Director is required to approve the Project within 90 days of the application submittal date, in accordance with State Government Code Section 65913.4. A revised application submittal was received on August 29, 2022. Therefore, the Development Services Director must approve the Project by November 23, 2022.