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July 11, 2019

Taven Kinison Brown
San Benito County Planning Department
2301 Technology Parkway
Hollister, CA 95023

Re: CSDC Application for Density Bonus

Dear Mr. Brown:

The San Benito County Community Services Development Corporation (Applicant) has applied to the County of San Benito (County) for approval of a tentative map in connection with the development of a twenty-four unit self-help development financed with assistance from the United States Department of Agriculture's 502 and 523 programs (Project), so that all 24 units can be restricted for sale at an affordable price to low and very-low income households. Homebuyer down payment assistance loans will also be provided to all twenty-four homes through the HCD CalHome program and to eleven of the homes through an HCD HOME grant obtained by the County of San Benito. Both of these programs will require that the self-help builders are lower income households as defined in Health and Safety Code 50079.5. This letter supplements the Applicant's information submitted in connection with the tentative map application and constitutes an application for a density bonus under Government Code Section 65915 and County Code Section 21.03.013 (together, the Density Bonus Law).

Because the Project would include more than thirty percent (30%) of its total units as affordable housing for lower income households, it is entitled to a thirty five percent (35%) increase in maximum density, up to three regulatory concessions, and waivers from certain physical development standards under the Density Bonus Law. Notwithstanding modifications requested pursuant to the Density Bonus Law, the Project will be otherwise consistent with the County's General Plan and the County Code's zoning regulations. As a development affordable to lower income households, the project will also help the County to meet its RHNA goals for the current Housing Element cycle.

Density Bonus

If a proposed housing development provides at least twenty percent (20%) of its units permitted under the base density as affordable to lower income households, the development is entitled to a maximum density bonus of thirty five percent (35%) over the maximum allowable residential density under the applicable general plan and zoning requirements. (Gov't Code § 65915(f)(1).)

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Here, the Project proposes one hundred percent (100%) of its units as affordable to lower income households, far more than the required twenty percent (20%), so it is entitled to a thirty five percent (35%) density bonus. In the R-1 zone where the Project is located, residential uses are permitted with a minimum lot size of 5,000 square feet per lot, which equals nine (rounded up from approximately 8.75) units per acre. With a thirty five percent (35%) bonus, the maximum density would equal 13 units (rounded up from 12.2) per acre, or a minimum lot size of 3,350 square feet.

The smallest lot in the Project is approximately 3,784 square feet, which exceeds the minimum lot size required for projects qualifying for a density bonus.

Regulatory Concessions

The proposed Project requires three regulatory concessions to provide for affordable housing costs. Specifically, the project proposes: (1) reduced underground utility requirements; (2) modified lot depth requirements; and (3) a waiver of the requirement for mixed development types in projects with five or more homes.

If a proposed housing development provides at least thirty percent (30%) of the units permitted under the base density as affordable to lower income households, it is entitled to three regulatory concessions, unless the County makes specific findings for denial. (Gov't Code § 65915(d)(2)(C).) A concession includes a reduction of site development standards, a modification of zoning requirements, or another incentive that results in actual and identifiable cost reductions to provide for affordable housing costs. (Gov't Code § 65915(k).) The County is required to approve the request unless it finds that the concession is not required to provide for affordable housing costs or that it will have a specific adverse impact on public health, safety, the physical environment, or certain historical resources. (Gov't Code § 65915(d)(1).)

Each of the following concessions would result in actual and identifiable cost savings, which savings are necessary to provide the level of affordability proposed. Moreover, none of the concessions would result in any specific, adverse impacts to public health, safety, the physical environment, or historical resources.

Reduced Underground Utility Requirements

The County typically would require that the Project pay to underground all transmission lines along the portions of the Project with frontage on County-owned roads. The Project requests a waiver from this requirement for the existing overhead electrical distribution and transmission lines and telephone/cable lines along the Projects Southside Road frontage. Note that the tentative map application anticipates that the Project will underground all new PG&E and other utility improvements within the subdivision, and that this concession is simply to maintain existing facilities outside the subdivision. Permitting the Project to maintain existing transmission lines above ground would result in an actual and identifiable cost savings to the Project, because engineering, trenching, site work and underground utility installation costs would all be reduced. In 2017 CSDC obtained a preliminary cost estimate of \$500,000 for

undergrounding the overhead lines along Southside Road, and construction costs are currently higher than they were in 2017.

Modified Lot Depth Requirements

The Project's thirteen (13) lots along its western boundary include steep slopes that are not able to be developed. By including the undevelopable portion of these lots as part of single-family home lots, rather than as a common parcel owned by a homeowners' association (HOA), seven (7) lots (Lot 6 – Lot 12) will be deeper than the County ordinarily permits. Based on the zoning ordinance, the lot width-to-depth minimum ratio is 1 to 3. The proposed lots have width-to-depth ratios of up to 1 to 3.35. If steep, undevelopable area in the back of these lots is excluded from the analysis, the remaining flat, developable area is well within the County's 1 to 3 requirement. If a common area parcel were created on the steep areas, and the Project were therefore required to create an HOA, both the initial formation of the HOA and the ongoing shared HOA management, maintenance and insurance costs of a large undeveloped space would increase the Project's costs such that it would not be feasible to develop and sell the homes to lower income households. Monthly HOA fees on a project this size are very high, and would contribute significantly to making total monthly housing costs unaffordable to low income households. Alternatively, if these seven lots were made wider to conform to the zoning ordinance 1 to 3 requirement, it would result in the loss of one lot, significantly impacting the project budget and reducing the density at which the Project is entitled to build under Density Bonus Law. Therefore, permitting larger lot depths in the Project would result in an actual and identifiable cost savings to the Project, because it would eliminate the need to create an HOA or eliminate one lot.

Waiver of Mixed Development Types Requirement

The County's zoning code requires that projects with five or more residential units include a variety of development types, however, the Project proposes all single-story, single family homes. Increased variety of product types would increase the Project's design and construction costs; it is much more cost effective for the Project to design a single product type and produce single story single family homes. Experience with mutual self help construction has shown that building two story homes under this program results in significantly increased construction periods, increasing overhead and interest costs. It also necessitates hiring subcontractors to do some of the roof framing work, also increasing project costs. Therefore, permitting the Project to use a single development type would result in actual and identifiable cost savings to the Project. Note that CSDC's tentative map application includes six front elevations with considerable varied architectural detailing. This will assure a rich and diverse streetscape and help satisfy the intent of the generally-applicable County policy regarding development variety.

Waiver of Development Standards

When a project that qualifies for a Density Bonus cannot physically accommodate the density at which it is entitled to develop on the site, the County must waive development standards that otherwise would preclude the development. (Gov't Code § 65915(e).)

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The County's development standards related to street width, setbacks, and on-site recreation individually and collectively would preclude the development of the Project's proposed density, and Applicant requests that the following standards be waived.

1. *Reduced public street width.* To accommodate the proposed lot plan, it is necessary for the Project to install public streets with a 56' R.O.W. and a 36' roadway width; and one 100' dead-end section with a 48' R.O.W. and a 28' roadway width, with parking on one side only. If the Project were required to construct public streets at the typical 60' R.O.W. width, the lot plan would need to be redesigned to remove at least one residential unit, resulting in a reduction of density below that to which the Project is entitled.
2. *Reduced setbacks.* The R-1 front yard setback requirement is 15', and 20' for lots larger than 7,200 sq. ft. The Project proposes a reduced eight foot front yard setback to front porches facing the public street and larger rear yards. The proposed garage setback is eighteen feet, allowing for two onsite parking spaces. The R-1 back yard setback is 20% of the lot depth, with a minimum of twenty feet and a maximum of thirty feet. On the Riverview II lots, this would range from 20' to 30', depending on lot size. The Project also proposes reduced backyard setbacks of 12'. Note that the side yard on part of the R-1 side yard setback requirement is 6'. The Project proposes reduced side yard setbacks of 4' on the garage side and 5' on the living space side of the units. The Project is precluded from maintaining its proposed density and lot dimensions while conforming to the otherwise-required setbacks.
3. *Waived on-site recreational requirement.* There is not space to physically accommodate on-site recreational amenities without losing proposed units and decreasing the Project's density. Moreover, the Project will not include an HOA (as discussed above), so there would not be a mechanism to pay for ongoing recreational facility maintenance, and the new County-owned park being developed near the Project on Hospital Road obviates the need for additional recreational facilities on-site.

Thank you for your consideration, and we look forward to working together to implement the Project. Please let us know if you would like to discuss this application for a density bonus or any other components of the Application.

Very truly yours,



ERIC S. PHILLIPS