P.O. Box 260770 | Encino, California 91426
Land Planning, Finance & Development
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Project Description & Justification: 3296 Mission Development

June 2025

AMG & Associates (the "Applicant" or "AMG") is pleased to submit an application for the proposed development project that will be located at 3296 Mission Avenue & 169 Roymar Road (APN: 160-271-36) in the City of Oceanside in San Diego County. Please find what follows to be a description of the proposed project and summary of the entitlements requested.

PROJECT OVERVIEW

The 3296 Mission development project is located at the intersection of Mission Avenue and Roymar Road, south of Highway 76 and the Oceanside Municipal Airport. The project site is approximately 1.03 acres. It is currently occupied by a one-story retail store building, a day care center, an outdoor playground and associated surface parking. The project site is located in an urbanized area surrounded by a mix of uses, including a shopping mall to the east, businesses and services to the north, and several multi-family developments to the south and west. The zoning designation of the project site is General Commercial (CG). The project is consistent with the General Plan and Zoning Code with the exception of the requested density bonus and concessions as detailed below.

Utilizing the designations above, State Density Bonus Law, and Senate Bill 330 (Housing Crisis Act of 2019), we propose a 100% affordable housing project comprising 100 units. The residential community will offer newly constructed units and a variety of indoor and outdoor amenities. The building will consist of four residential floors above one level of podium. All units will be income-restricted except for the managers' units. The proposed project would involve demolition of all existing structures on the site and construction of the new development.

DEVELOPMENT PLAN

The project consists of 100 residential units, ranging from one to two-bedroom units. A summary of the unit mix is provided in the table below.

Table 1 - Unit Mix

Unit Type	Unit Area (Sq.Ft.)	Number of Units
A1 (One Bedroom)	426	56
A2 (One Bedroom)	570	12
A3 (One Bedroom)	627	8
B1 (Two Bedroom)	786	24
	Total	100

The main entrance fronting Mission Avenue will include a leasing office, mailroom, and lobby. "Back-of-house" rooms including electrical, mechanical, and trash rooms will also be located on the ground floor. Entry to the parking garage will be from Roymar Road. The garage contains 40 parking stalls and a bicycle storage room. The fire lane and loading zone will also be accessible via Roymar Road but on the northern edge of the site. The upper floors will contain a mix of residential units and common amenities, including laundry rooms and trash chutes. Each unit will have new energy efficient appliances, PTAC units, and are designed to meet the requirements of the Americans with Disabilities Act (ADA) and all applicable State standards for universal accessibility and adaptability. All current construction standards will be observed to ensure that a quality housing development is provided.

Architectural

The building is designed with a contemporary architectural style that features an earthy color palette and utilizes a mix of materials to create visual interest. The façade is a combination of natural white stucco accented with warm shades of brown. At the ground level, a series of arched openings serves as both windows and decorative elements, setting it apart from the upper levels while providing a sense of openness and screening for the parking garage. The integration of brick detailing at the base further complements the arched openings and adds texture and character to the building.

Landscaping and Amenities

Landscaping is incorporated throughout the project to create an inviting and elevated living environment for residents. At the main entrance on Mission Avenue, residents will be greeted by six elegant Water Gum trees. Along the building edge on Roymar Road, a wide landscaped setback lined with Spartan Juniper trees and palm trees provide a soft transition between the building and the streetscape. The project includes both indoor and outdoor amenities at the podium level, featuring an open-air courtyard centrally located on the east side of the building. The courtyard is designed to accommodate both active and passive recreation areas, including a play area, a picnic area with outdoor seating and electric barbecues. Positioned along the eastern edge of the building, the courtyard offers views of the nearby neighborhood. At the street level, this design breaks up the building's massing and enhances its connection to the surrounding environment.

A summary of the amenity space is provided in the table below.

Table 2 - Amenity Space

Type	Location	Total Area
Fitness	Level 2	769
Community Room	Level 2	769
Courtyard	Level 2	6,905
	Total	8,433

AFFORDABLE HOUSING, DENSITY BONUS AND CONCESSIONS

AMG submits the proposed project using the following State applications and legislation, and requests a density bonus and concessions for the aforementioned property pursuant to State Density Bonus Law [Government Section 65915]. Affordability will be distributed according to the below table and consistent with the applicable codes:

Table 3 - Affordability Breakdown

AMI	Low	Mod	Total Rentable	Manager Units	TOTAL
# Units	79	19	98	2	100
% of Rentable Units	80%	20%			

1. **City of Oceanside Inclusionary Housing Requirements [Oceanside Municipal Code Section 14.C]:** The City's Code requires that at least fifteen percent of the housing units be reserved for lower-income households. This requirement is met as indicated in the above table.

2. **Senate Bill 330 Housing Crisis Act of 2019:** A SB 330 application is enclosed as part of this submittal to the City's Planning Division. SB 330 projects are subject only to the ordinances, policies, and objective standards adopted and in effect when an application is submitted. SB 330 "freezes" the applicable development rights of the project site.

3. **Housing Accountability Act [Government Code §65589.5]**: The Housing Accountability Act offers protection for housing developments that provide at least 20% of their units for lower income households as defined by Health and Safety Code §50079.5. Section 50079.5 defines lower income households as those earning 80% of area median income. This project will designate 80% of its affordable units for those earning up to 80% AMI and therefore qualifies for protection under subdivision (d) of the Housing Accountability Act.

4. **State Density Bonus Law (SDBL) [Government Code §65915]:** We request a density bonus and concessions in accordance with SDBL. The project is eligible for a density bonus pursuant to §65915(b)(1)(G). Below please find descriptions and the project's eligibility for each item requested under SDBL.

   (i). **Density Bonus**: Pursuant to 65915(f)(3)(D), a housing development is exempt from "maximum controls on density" when it meets two criteria – affordability and location within a very low vehicle travel area. Since this project complies with both criteria, as detailed below, the City "shall not impose any maximum controls on density."

   - ***Affordability [§65915(b)(1)(G)]***: 100% of the units in the development, except those units designated for manager's units, are for lower income households (80% AMI), as defined by HSC §50079.5, except that up to 20 percent of the units in the development, may be for moderate-income households, as defined by HSC §50053. The project meets this requirement as illustrated in Table 3.

- ***Very Low Vehicle Travel Area [§65915(f)(3)(D)(iii) & (o)(9)]:*** The project must also be located within a very low vehicle travel area which is defined by SDBL as an area "where the existing residential development generates vehicle miles traveled per capita that is below 85 percent of either regional vehicle miles traveled per capita or city vehicle miles traveled per capita." According to the SANDAG SB743 VMT Maps, the project site is located within this travel area. Please refer to the attached memorandum (Exhibit A), prepared by RK Engineering Group, for detailed information demonstrating that the project site qualifies under this definition.

(ii). **Concessions**: Pursuant to §65915(d)(2)(D) and (e)(3), projects meeting the affordability criteria mentioned above are eligible for five concessions. As indicated in item (i) above, "maximum controls on density" do not apply to this project. Please see the "Concessions" section for details on what is being requested at this time.

(iii). **Height Increase:** Pursuant to §65915(d)(2)(D), a project that receives unlimited density shall be eligible for up to an additional 33 feet in height. As indicated in Item (i) above, "maximum controls on density" do not apply to this Project. The base height for this project is 50 feet, and with the additional 33 feet is permitted a maximum height of 83'. The project requests the additional height and proposes a building that is approximately 64.4 feet tall.

Concessions

Below are the concessions being requested which result in actual, identifiable costs for the project.

1. **Mixed-Use [Oceanside Zoning Ordinance Article 11 Section 1120]**: This standard allows mixed-use developments within the General Commercial zone. The project proposes 100 residential units and a leasing office on the ground level. If the project is required to provide additional commercial components beyond what is currently proposed, it would require substantial reconfiguration of the building design. To incorporate additional commercial uses and meet applicable parking requirements, the project would need to expand its building footprint. Based on recent constructed projects of similar design, a concrete podium can add $120-150 per square foot to the total construction cost. We anticipate an increase in construction costs ranging from $84,000 to $105,000. A concession from this standard is necessary to provide the units at the targeted density and affordability levels, resulting in an identifiable and actual cost reduction.

Please refer to the enclosed HCD Technical Memo, dated May 12, 2022 (Exhibit B) for further clarification regarding the application of a concession to remove commercial use requirements for affordable housing projects located within commercial zones.

2. **Off-Street Parking [Oceanside Zoning Ordinance Article 31 Section 3103]**: This standard requires the project to provide number of parking spaces based on the following ratio:

Table 4 - Off-Street Parking

Use	Ratio	# Spaces Required	# Spaces Provided
One-Bedroom	1.5/unit	114	40
Two-Bedroom	2/unit	12	
Guest Parking	1 space plus 20% total number of units	21	
	Total	147	

The proposed project includes 40 parking spaces on the ground level. To provide additional parking as per the Zoning Ordinance, the project would need to construct new parking levels. It is estimated that at least one subterranean level will be required to meet this standard. Based on recent construction, a parking garage can cost $100-$110 per square foot. We anticipate an increase in construction costs ranging from $2,752,600 to $3,027,860, or an additional cost of roughly $27,526 -$ 30,278 per unit. This represents a substantial increase to the project budget. A concession from this standard is necessary to provide affordable units at the targeted levels, resulting in an identifiable and actual cost reduction.

3. **Open Space [Oceanside Zoning Ordinance Article 10 Section 1050]:** This standard requires 300 square feet of total usable open space per dwelling unit, and at least two common, active recreation areas with a minimum size of 4,000 square feet each, or a single common area with a minimum size of 8,000 square feet. The project provides 8,443 square feet of open space, including a fitness center, community room, and central courtyard. To meet this standard, the project would need to incorporate a rooftop deck of 21,557 square feet. The construction of a rooftop deck requires additional structural support, specialized design, waterproofing measures, and ongoing maintenance, all of which would significantly increase construction costs. Based on estimates from similarly designed and constructed projects, a rooftop deck costs approximately $42 per square foot. We anticipate an increase in the construction budget of approximately $905,394 for the rooftop deck, or increase in the per-unit land cost from $31,500 to $40,553. A concession from this standard is necessary to provide affordable units at the targeted levels, resulting in an identifiable and actual cost reduction.

4. **Renewable Energy Facilities [Oceanside Zoning Ordinance Article 30 Section 3047]:** This standard requires that residential projects with 25 or more units to install and maintain renewable energy facilities that supply at least 50 percent of forecasted electricity demand. According to recent energy costs, the average solar panel system costs $2.38/watts including installation in California. Based on the number of units and 50 percent of the forecasted demand, we anticipate an additional cost of $526,480, and an increase in the per-unit land cost from $31,500 to $36,764. This represents a substantial increase to the project budget. A concession from this standard is necessary to provide affordable units at the targeted levels, resulting in an identifiable and actual cost reduction.

5. **Vertical Wall Height at Setback Line [Oceanside Zoning Ordinance Article 11 Section 1130]:** This standard requires that the maximum vertical wall height at the setback line to be 50 feet and walls shall be set back at least 1.5 feet for every foot above the maximum vertical wall height limit. The proposed project is 64.4 feet in height. Complying with this standard affects a significant portion of the top residential floor, which equates to the elimination of 17 units. This would increase the total cost per unit in land price from $31,500 to $37,952per unit. A concession from this standard is necessary to provide affordable units at the targeted levels, resulting in an identifiable and actual cost reduction.

Granting the density bonus and concessions permits us to develop the project at the allowed 100 units pursuant to State Density Bonus Law. Please note that we may revise or request additional concessions and/or waivers during the entitlement process if the City's interpretation of the various code provisions varies from our understanding of the regulations.

DEVELOPMENT STANDARDS

The table below shows the development standards applicable to the project and the compliance of the project with those standards, with the exception of the requested density bonus and concessions.

Table 5 - Development Standards

Standard	Required	Provided	Compliance
Lot Area (min/sq.ft.)	10,000	44,909	Complies
Minimum Yards (ft.)			
Front	15	20	Complies
Side	-	10.5	Complies
Corner Side	10	10	Complies
Rear	-	57.8	Complies

Maximum Height (ft.)	50	64.4	Height increase as permitted under SDBL.
Maximum Lot Coverage	75%	61.3%	Complies
Minimum Site Landscaping	10%	30%	Complies
Maximum Vertical Wall Dimension (ft.)	50 at setback line	64.4	A concession is requested for this standard
Off-Street Parking	1.5/unit for studios/one bed; 2/unit for two-bed Guest: 1 plus 20% total number of units	40 parking stalls	A concession is requested for this standard
Renewable Energy Facilities	Section 3047	-	A concession is requested for this standard
Open Space	Section 1050	8,443 sq.ft	A concession is requested for this standard
Electric Vehicle Parking and Charging Facilities	Section 3048	17 EV spaces and 9 spaces with EV charger	Complies
Urban Forestry	9% minimum tree canopy area; 16% minimum permeable surface area	16% tree canopy area and 19% permeable surface area	Complies

Table 6 - Lot Coverage Breakdown

	Area (Sq.Ft.)	Percentage
Lot Area	44,909	-
Building Footprint	27,526	61.3%
Impervious Area	36,495	81%
Landscaped Area	13,539	30%

FINDINGS

The project is consistent with applicable policies and regulations of the City, as detailed below.

- *The site plan and physical design of the project as proposed is consistent with the purposes of the Zoning Ordinance. This should include a table showing how the development conforms to development regulations as well as a breakdown of lot coverage.*

  The site plan and physical design of the project is consistent with the purposes of the Zoning Ordinance and meet the applicable development standards as shown in Table 5, with the exception of the requested density bonus and concessions.

- *The Development Plan as proposed conforms to the General Plan of the City.*

  The Development Plan conforms to the General Plan, with the exception of the requested density bonus and concessions.

- *The area covered by the Development Plan can be adequately, reasonably and conveniently served by existing and planned public services, utilities and public facilities.*

  The project is an infill site in an urbanized area and can be served by existing and planned public services and infrastructures. Please refer to the preliminary drainage study, sewer and water capacity studies for more information.

- *The project as proposed is compatible with existing and potential development on adjoining properties or in the surrounding neighborhood.*

  The project is located in an urbanized area bounded by commercial development to the north, and an existing residential neighborhood with multifamily and single family residences to the south. The project's scale and height are compatible with surrounding properties, including adjacent buildings along the Mission Avenue corridor directly across from the site.

- *The site plan and physical design of the project is consistent with the policies contained within Section 1.24 and 1.25 of the Land Use Element of the General Plan, the Development Guidelines for Hillsides and Section 3039 of the Zoning Ordinance (if applicable).*

  The project site does not contain any natural topographic features or undeveloped land per Section 1.24 and 1.25 of the Land Use Element of the General Plan.

SUMMARY

Designed in a contemporary and timeless architectural style, the 3296 Mission development project will transform the existing site with a five-story building featuring 100 units and a combination of indoor and outdoor amenities. The project will meet the goals and objectives of the General Plan, Zoning Ordinance, and Density Bonus Law while contributing to the City's housing needs. We look forward to working with the City on creating a beautiful and safe project for the community.

EXHIBIT A

RK ENGINEERING GROUP INC.

APRIL 10, 2025

Ms. Nancy Liu
AMG & ASSOCIATES, LLC.
P.O. Box 260770
Encino, CA 91426

SUBJECT: 3296 MISSION AVENUE RESIDENTIAL PROJECT VEHICLE MILES TRAVELED ANALYSIS, CITY OF OCEANSIDE

Dear Ms. Liu:

INTRODUCTION

RK ENGINEERING GROUP, INC. (RK) is pleased to submit this Vehicle Miles Traveled (VMT) Analysis for the proposed 3296 Mission Avenue Residential Project. The project site is located near the west corner of Mission Avenue and Roymar Road, in the City of Oceanside. The project consists of developing a six-story affordable multifamily residential housing building, consisting of 165 dwelling units. The building will be divided into five stores of residential dwelling units over 1 story of parking. The lot area is approximately 1.03 acres, resulting in a density of approximately 160 dwelling units per acre (du/ac).

The purpose of this analysis is to demonstrate that the project is located within a Very Low Vehicle Travel Area (VLVTA), in accordance with the California State Density Bonus Law, Section 65915, et seq. This analysis uses the San Diego Association of Governments (SANDAG) VMT Maps to determine the project's expected Vehicle Miles Traveled (VMT). The State Density Bonus Law defines a VLVTA as follows:

Very Low Vehicle Travel Area (VLVTA): An urbanized area, as designated by the United States Census Bureau, where the existing residential development generates vehicle miles traveled per capita that is below 85 percent of either regional vehicle miles traveled per capita, or city vehicle miles traveled per capita. For purposes of this paragraph, "area" may include a travel analysis zone, hexagon, or grid. For the purposes of determining "regional vehicle miles traveled per capita" pursuant to this paragraph, a "region" is the entirety of incorporated and unincorporated areas governed by a multicounty or single-county metropolitan planning organization, or the entirety of the incorporated and unincorporated areas of an individual county that is not part of a metropolitan planning organization.[1]

[1] California State Density Bonus Law. Section 65915(o)(10)

Exhibit A shows an aerial location map of the project site.

Exhibit B shows the project's proposed site plan.

VMT ANALYSIS

The following VMT analysis utilizes the SANDAG San Diego Region SB743 VMT Maps to determine the project's expected Vehicle Miles Traveled (VMT). The VMT maps provide an estimate of vehicle travel by residents and employees within the San Diego region.

The SANDAG activity-based model (ABM) version ABM2+ / 2021 RP was utilized to calculate the project's VMT per capita for analysis year 2025. The project's geographic area is Census Tract 186.03. The analysis is conducted for Year 2025 conditions, which are considered the baseline conditions. The analysis of baseline conditions is consistent with the *City of Oceanside Traffic Impact Analysis Guidelines for Vehicle Miles Traveled (VMT) and Level of service Assessment*, dated August 2020, as well as CEQA baseline principles. It is general practice to use existing year conditions as the baseline; therefore, VMT statistics for year 2025 are reported for this analysis.

Table 1 Summarizes the results of the VMT Analysis.

Appendix A includes a copy of the SANDAG VMT Map printout.

Table 1 | VMT Analysis[1]

Year 2025 Analysis Scenario	VMT
Project VMT Per Capita[2]	14.8
San Diego County Regional Mean VMT Per Capita	17.7
Percent of Regional Mean VMT	83.6%
"Very Low Vehicle Travel Area" Requirement Met?	Yes

[1] See Appendix A for SANDAG VMT Map printout results.

[2] The project's geographic area is Census Tract 186.03.

CONCLUSIONS

As shown in Table 1, the project is located in a geographic area with an expected VMT per capita of 14.8 for the analysis year 2025. In comparison, the San Diego County Regional Mean VMT per capita is 17.7 for the same year. This means that the project would generate VMT that is 83.6 percent of the regional VMT per capita. Consequently, the project meets the requirement of being below 85 percent of the regional VMT, thereby satisfying the criteria for a Very Low Vehicle Travel Area.

Based upon this review, the project satisfies the requirements for being located within a Very Low Vehicle Travel Area. RK Engineering Group, Inc., appreciates this opportunity to work with AMG & ASSOCIATES, LLC. on this Project. If you have any questions, please do not hesitate to contact us at (949) 474-0809.

Sincerely,

RK ENGINEERING GROUP, INC.

Bryan Estrada, T.E.
Principal

LICENSED PROFESSIONAL ENGINEER
BRYAN C. ESTRADA
TR 3119
EXP. 03/31/25
TRAFFIC
STATE OF CALIFORNIA

Exhibits

Legend

= Project Site Boundary

Exhibit A
Location Map

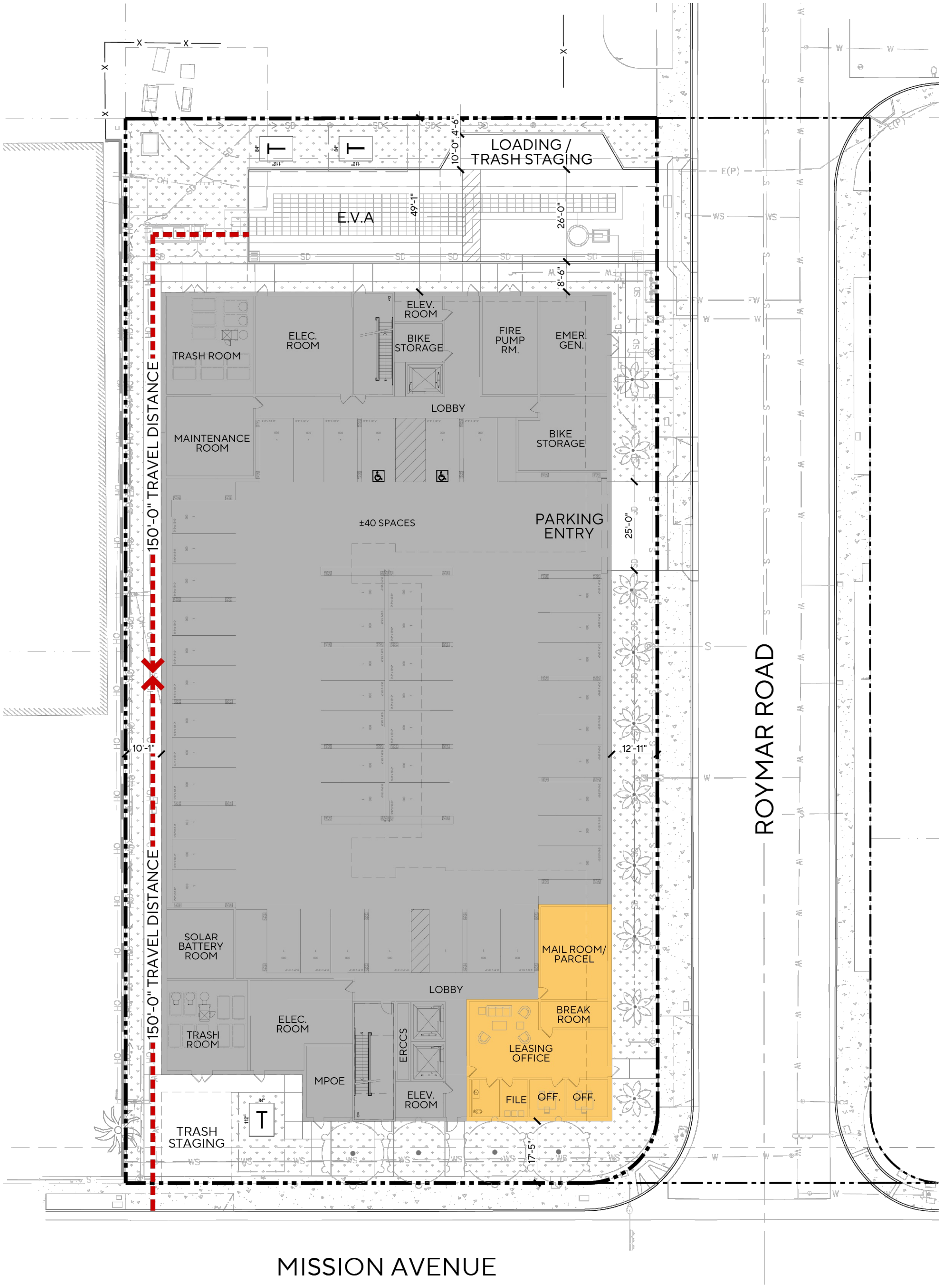

Exhibit B

Site Plan

Appendix A
SANDAG VMT Map Printout

rkengineer.com

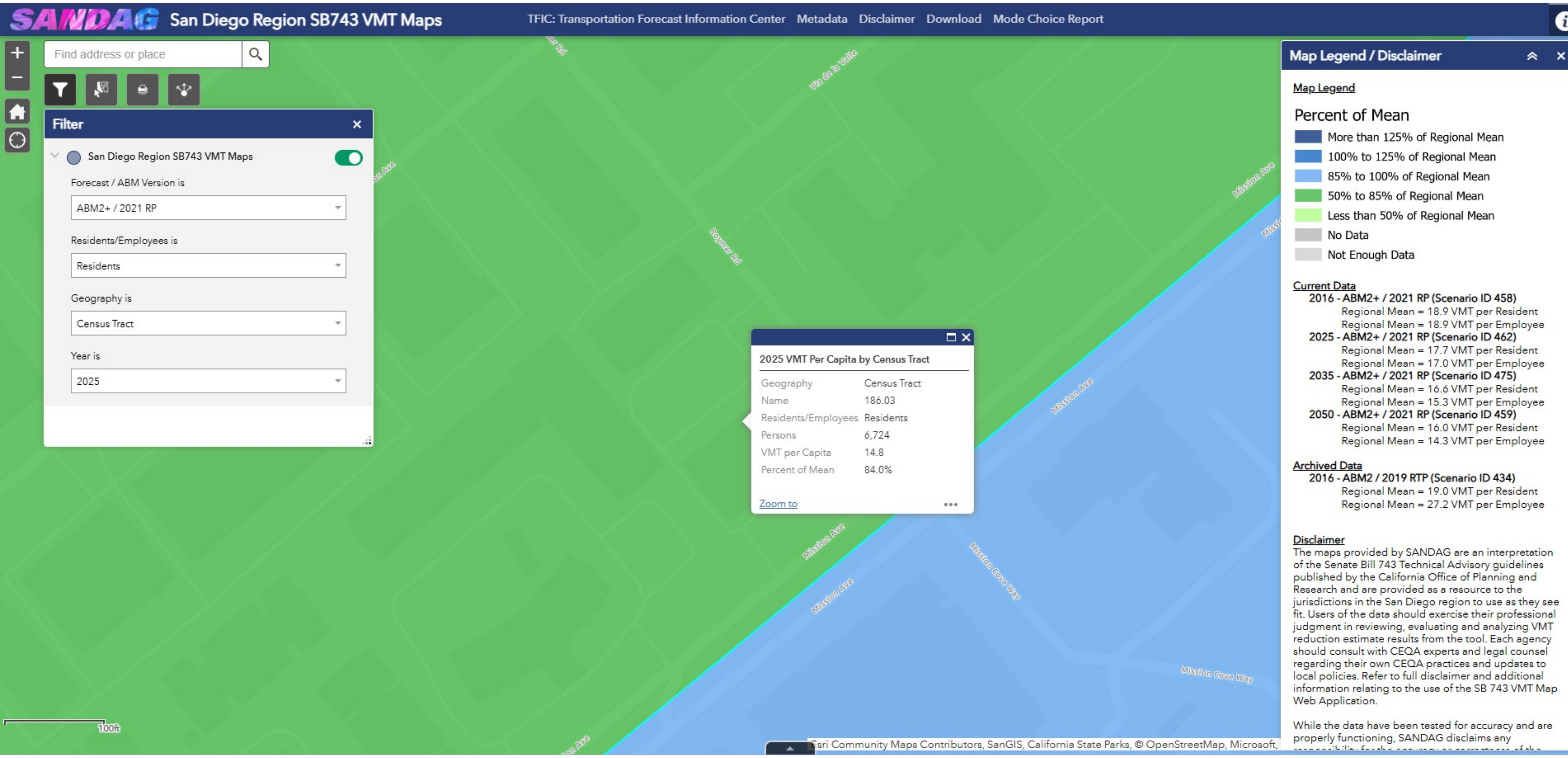
SANDAG San Diego Region SB743 VMT Maps
TFIC: Transportation Forecast Information Center
Metadata
Disclaimer
Download
Mode Choice Report
Find address or place
Filter
San Diego Region SB743 VMT Maps
Forecast / ABM Version is
ABM2+ / 2021 RP
Residents/Employees is
Residents
Geography is
Census Tract
Year is
2025
2025 VMT Per Capita by Census Tract
Geography Census Tract
Name 186.03
Residents/Employees Residents
Persons 6,724
VMT per Capita 14.8
Percent of Mean 84.0%
Zoom to
Via de la Valle
Reymar Rd
Mission Ave
Mission Cove Way
100ft
Esri Community Maps Contributors, SanGIS, California State Parks, © OpenStreetMap, Microsoft,
Map Legend / Disclaimer
Map Legend
Percent of Mean
More than 125% of Regional Mean
100% to 125% of Regional Mean
85% to 100% of Regional Mean
50% to 85% of Regional Mean
Less than 50% of Regional Mean
No Data
Not Enough Data
Current Data
2016 - ABM2+ / 2021 RP (Scenario ID 458)
Regional Mean = 18.9 VMT per Resident
Regional Mean = 18.9 VMT per Employee
2025 - ABM2+ / 2021 RP (Scenario ID 462)
Regional Mean = 17.7 VMT per Resident
Regional Mean = 17.0 VMT per Employee
2035 - ABM2+ / 2021 RP (Scenario ID 475)
Regional Mean = 16.6 VMT per Resident
Regional Mean = 15.3 VMT per Employee
2050 - ABM2+ / 2021 RP (Scenario ID 459)
Regional Mean = 16.0 VMT per Resident
Regional Mean = 14.3 VMT per Employee
Archived Data
2016 - ABM2 / 2019 RTP (Scenario ID 434)
Regional Mean = 19.0 VMT per Resident
Regional Mean = 27.2 VMT per Employee
Disclaimer
The maps provided by SANDAG are an interpretation of the Senate Bill 743 Technical Advisory guidelines published by the California Office of Planning and Research and are provided as a resource to the jurisdictions in the San Diego region to use as they see fit. Users of the data should exercise their professional judgment in reviewing, evaluating and analyzing VMT reduction estimate results from the tool. Each agency should consult with CEQA experts and legal counsel regarding their own CEQA practices and updates to local policies. Refer to full disclaimer and additional information relating to the use of the SB 743 VMT Map Web Application.
While the data have been tested for accuracy and are properly functioning, SANDAG disclaims any

EXHIBIT B

STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, *Governor*

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov

May 12, 2022

Elise Semonian, Community Development Director
City of Larkspur
400 Magnolia Avenue
Larkspur, CA 94939

Dear Elise Semonian:

RE: Magnolia Avenue Project (1169-1133 Magnolia Ave.) – Letter of Technical Assistance

The California Department of Housing and Community Development (HCD) received a request for technical assistance regarding the Magnolia Avenue Project (Project) currently in review by the City of Larkspur (City). As HCD understands it, the Project application includes a concession request pursuant to State Density Bonus Law (SDBL) (Gov. Code, § 65915). Through our communication with the City and review of Project review documents, HCD is aware that the City is uncertain about the eligibility of the requested concession under SDBL. The purpose of this letter is to provide technical assistance regarding the application of SDBL concessions/incentives to assist the City in its review of the Project.

Background

On or around October 21, 2021, Edge Development Group, LLC (Applicant) submitted a preliminary application pursuant to Government Code section 65941.1. On December 13, 2021, within the 180-day timeframe outlined in statute (Gov. Code, § 65941.1, subd. (d).), the Applicant submitted a full application. On January 13, 2022, the City determined the application to be incomplete. Additionally, HCD understands that the Applicant submitted a revised application on May 10, 2022.

The Applicant proposes to develop a 20-unit mixed use for-sale housing development project on an approximately 1.55-acre site located at 1135-1169 Magnolia Avenue (APN 020-024-14). Four units would be deed-restricted affordable housing units, including two units for moderate-income households and two units for low-income households. A portion of one existing commercial building would remain on-site to be integrated into the new development.

The site has a general plan land use designation of Commercial and a zoning designation of C-2, Commercial. Additionally, the site is identified in the City's 5th Cycle housing element sites inventory.[1]

The Applicant's Requested Concession

The Applicant has requested a concession to allow residential use on the ground floor of the proposed mixed-use project.[2] As HCD understands it, the City ordinarily requires residential use to be located exclusively above ground floor commercial use within the C-2, Commercial zoning district. Specifically, the C-2 zone conditionally permits "multiple dwellings and residential units above first-story commercial."[3] Additionally, the Commercial general plan land use designation "encourages" second-story housing."[4]

Concessions/Incentives Under SDBL

Although waivers are restricted to physical development standards, SDBL intentionally defines incentives and concessions more broadly to encompass a broad range of possible zoning or other regulatory modifications proposed by a developer to aid in the production of affordable housing. As further described in Government Code section 65915, subdivision (k), a concession could mean any of the following types of modifications that result in identifiable and actual cost reductions to provide for affordable housing:

- 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 (see Gov. Code, § 65915, subd.(k)(1));
- Approval of mixed-use zoning in conjunction with the housing project in specified circumstances (see Gov. Code, § 65915, subd.(k)(2)); or,
- Other regulatory incentives or concessions proposed by the developer (see Gov. Code, § 65915, subd.(k)(3)).

SDBL Reasonable Documentation Standard

In reviewing any developer's requested concession/incentive, SDBL allows local agencies to require the submission of "reasonable documentation" to establish eligibility. (Gov. Code, § 65915, subd. (a)(2).) For instance, the City may require an applicant to provide a basic explanation to demonstrate that the incentive or concession meets the definition set forth in Government Code section 65915, subdivision (k), and provides an

[1] City of Larkspur Housing Element, 2015-2023, pg. 50 and Appendix A "Housing Opportunity Sites."
[2] Applicant's Magnolia Village Project Description, pg. 2.
[3] Larkspur Municipal Code, section 18.48.022(K).
[4] Larkspur General Plan, "Land Use Categories" pg. 7 of 28.

identifiable and actual cost reduction. However, the City cannot require any additional report or study as “reasonable documentation” under subdivision (j). (Gov. Code, § 65915, subds. (a)(2), (j), (k).)[5]

While early versions of SDBL required an applicant to prove that the incentives or concessions would result in identifiable cost reductions, AB 2501 (Bloom, Chapter 758, Statutes of 2018) reversed that burden by establishing a presumption that incentives and concessions inherently provide cost reductions, and that by providing cost reductions, they contribute to the development of affordable housing. A municipality has the burden of proof of demonstrating that a concession or incentive would *not* generate cost savings. Accordingly, SDBL, Government Code section 65915, subdivision (d)(1), requires cities to approve concessions, incentives and waivers unless specified written findings based on substantial evidence are made. The only reasons for denial are set forth in subdivisions (d)(1)(A)-(C), as follows:

- The concession/incentive does not result in identifiable and actual cost reductions.
- The concession/incentive would have a specific, adverse impact (as defined) upon public health and safety or the physical environment or on real property listed in the California Register of Historical Resources, and there is no feasible method to mitigate or avoid the impact.
- The concession/incentive would be contrary to state or federal law.

Applicability of SDBL Concession Provisions to Magnolia Village Project

In consideration of the above, HCD interprets that the Applicant’s proposed concession to allow residential use on the ground floor fits within SDBL’s broad construct – in particular, Government Code section 65915, subdivision (k)(3), that allows for *regulatory requirements proposed by the developer that result in identifiable and actual cost reductions.* In addition, HCD is aware that the Applicant has already provided reasonable documentation to establish eligibility by submitting a supplemental analysis describing the cost reductions associated with the requested concession. Here, the City must accommodate the requested concession and may only deny the request if one of the three preceding written findings can be made. HCD is not aware of any evidence demonstrating that any such findings can be made.

[5] See also Sen. Rules Com., Analysis of Assem. Bill No. 2501 (2015 – 2016 Reg. Sess., as amended August 1, 2016, p.6)

Objective Standards and Housing Accountability Act

As the City proceeds in its review of the Project, HCD also reminds the City that pursuant to the Housing Accountability Act, or HAA (Government Code section 65589.5), if a proposed housing development project complies with applicable, *objective* general plan, zoning, and subdivision standards and criteria, the HAA prohibits a jurisdiction from disapproving the housing development project or requiring the project be developed at a lower density unless it makes specific statutory findings supported by a preponderance of the evidence in the record. (Gov. Code, § 65589.5, subd. (j)(1)). The HAA also clarifies that the receipt of a density bonus, incentive, concession, waiver, or reduction of development standards pursuant to SDBL is not a valid basis on which to find that a proposed housing development project is inconsistent, not in compliance, or not in conformity with an applicable objective standard or other similar provision. (Gov. Code, § 65589.5, subd. (j)(3)).

Lastly, for purposes of the HAA "objective" means "involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official." (Gov. Code, § 65589.5, subd. (h)(8)). As previously noted, HCD understands that the City's general plan encourages residential above the ground floor; thereby, reserving the ground floor for commercial uses; and that the C-2 zoning seeks to implement this policy by conditionally permitting residential units above commercial. The City should continue to evaluate its general plan and zoning policies and standards as applied to individual projects to ensure consistency with these HAA provisions. Please see the Housing Accountability Act Technical Assistance Advisory for more information on the HAA: https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/hcd-memo-on-haa-final-sept2020.pdf.

Conclusion

In sum, the City should identify the requested concession as eligible under SDBL and continue processing the application. While HCD respects the challenges inherent in interpreting ever-changing state housing law, the City and all local jurisdictions statewide have a statutory obligation to allow for exceptions to their standards for the purpose of facilitating the development of urgently needed affordable housing within SDBL-compliant projects. Finally, HCD reminds the City of the Legislature's interpretive provisions: "This chapter shall be interpreted liberally in favor of producing the maximum number of total housing units." (Gov. Code, § 65915, subd. (r).) Therefore, if ever in doubt regarding SDBL, the City should apply a liberal interpretation that helps to facilitate housing development.

HCD appreciates this opportunity to provide information to assist the City in its review of the Project and will continue to monitor its status. If you have any questions or need additional technical assistance, please feel free to contact Lisa Frank, of our staff, at lisa.frank@hcd.ca.gov.

Sincerely,

Shannan West
Housing Accountability Unit Chief