CITY OF FOLSOM PLANNING COMMISSION MINUTES January 16, 2013

CALL TO ORDER PLANNING COMMISSION: Vice Chair Ross Jackson; Commissioners: John Arnaz, Lance Klug, Jennifer Lane, Brian Martell, Thomas Scott

ABSENT:

Greg Eldridge

CITIZEN COMMUNICATION: None

MINUTES:

Minutes of December 19, 2012 were approved as submitted.

NEW BUSINESS

Oath of Office Administered to Lance Klug and John Arnaz 1.

Secretary Deppe administered oath of office to returning Commissioners Lance Klug and John Arnaz.

2. **Election of Chair and Vice Chair**

COMMISSIONER SCOTT NOMINATED GREG ELDRIDGE AS CHAIR TO THE PLANNING COMMISSION.

COMMISSIONER MARTELL SECONDED THE MOTION WHICH CARRIED WITH THE FOLLOWING VOTE:

AYES:

ARNAZ, JACKSON, LANE, KLUG, MARTELL, SCOTT

NOES

NONE

ABSTAIN:

NONE

ABSENT:

ELDRIDGE

COMMISSIONER SCOTT NOMINATED ROSS JACKSON AS VICE CHAIR OF THE PLANNING COMMISSION.

COMMISSIONER KLUG SECONDED THE MOTION WHICH CARRIED WITH THE FOLLOWING VOTE:

AYES:

JACKSON, KLUG, SCOTT, MARTELL, ARNAZ, LANE

NOES:

ABSTAIN:

NONE NONE

ABSENT:

ELDRIDGE

3. Appointment of Two Planning Commissioners to the Historic District Commission

COMMISSIONER KLUG MOVED TO APPOINT COMMISSIONERS SCOTT AND ARNAZ TO REPRESENT THE PLANNING COMMISSION ON THE HISTORIC DISTRICT COMMISSION.

COMMISSIONER ARNAZ SECONDED THE MOTION WHICH CARRIED WITH THE FOLLOWING VOTE:

AYES:

ARNAZ, SCOTT, JACKSON, KLUG, LANE, MARTELL

NOES:

NONE

ABSTAIN:

NONE

ABSENT:

ELDRIDGE

ITEM TO BE CONTINUED

4. PN12-239, The Learning Experience Child Development Center, Planned Development Permit Modification, 1740 Prairie City Road

COMMISSIONER MARTELL MOVED TO CONTINUE PN12-239, THE LEARNING EXPERIENCE CHILD DEVELOPMENT CENTER, PLANNING DEVELOPMENT PERMIT MODIFICATION TO THE FEBRUARY 6TH PLANNING COMMISSION MEETING.

COMMISSIONER ARNAZ SECONDED THE MOTION WHICH CARRIED WITH THE FOLLOWING VOTE:

AYES:

MARTELL, JACKSON, LANE, ARNAZ, SCOTT, KLUG

NOES: ABSTAIN: NONE NONE

ABSENT:

ELDRIDGE

NEW BUSINESS (Continued)

5. PN12-117, Addison Place Tentative Subdivision Map and Planned Development Permit, Southwest Corner of Sibley Street and Glenn Drive

Senior Planner Steve Banks gave the staff report, stating this was an application for approval of a Tentative Subdivision Map, as well as a Planned Development Permit for development of a 38-unit, single-family residential subdivision to be known as Addison Place. An aerial photograph showing the location of the project site was shared with the Commission.

The project was originally approved back in 2005 and with that approval the applicant was granted the right to develop 34 single-family homes on the project site. There were a variety of master plans; there were also four onsite affordable units on the project site. The project was modified in July of 2005 and two additional units were added bringing the total to 36 single-family units. The affordable housing plan was also modified to provide 4 affordable half-plex units on the project site as opposed to single-family affordable units. Between 2005 and 2006, the site improvements associated with the project commenced and a majority of site improvements constructed. The property went into foreclosure and in February 2012, Axios Homes acquired the property. Shortly thereafter they submitted an application to the City for development of the site with 38 single-family homes. The original approved site plan was shared with the Commission. The site plan was modified in July 2005 and two additional units were added through the creation of the half-plex units.

Senior Planner Banks highlighted the location of the trees present on the site. He noted that there were 7 oak trees on the site that were to be preserved. Over the course of the last few years, 2 of those trees were destroyed in storm events.

Key Details of the project include:

- 38-Unit Single-Family Residential Subdivision (Addison Place)
 - 34 Single-Family Detached Homes
 - Four, Two-Story Master Plans
 - 1,640 S.F. to 2,085 S.F. (3BR/2.5BA to 5BR/3BA)
 - Three Building Elevations, Nine Color Schemes
 - Contemporary Architectural Style
 - 4 Single-Family Half-Plex Homes
 - Two, Two-Story Master Plans
 - 1,400 S.F. to 1,800 S.F. (2BR/2.5BA to 3BR/2.5BA)
 - Single Building Elevation, Nine color Schemes
 - Contemporary Architectural Style
- Site Improvements
 - Two Access Driveways at Sibley Street/Glenn Drive (Constructed)
 - 113 Parking Spaces
 - Noise Barrier (Partially-Constructed)
 - Open Space Lot
 - Protected Oaks Trees

A site plan that was proposed by the applicant was shared with the Commission.

The General Plan/Zoning permits single-family development on this site and are consistent with each other. There is a Planned Development Permit to process and the applicant has created development standards for small lot development, which is similar to other small-lot projects that have come before the Commission. A traffic study was done back in 2005 and more recently that study has been updated to look at the cumulative impacts of traffic with the recent projects that have been approved in the area and also wanted to consider the SOI development that was recently annexed. There was a lot of discussion with the adjoining property owners (Prairie City Industrial Park) who raised concerns related to access into and out of their site and how this project would impact that. There were numerous noise studies prepared for this project - in 2005 a noise analysis was prepared and an updated study was prepared in October 2012. A letter was distributed to the Commission that updated that study even further.

Twenty-four students will be generated in the K-12 grade range; there is ample space within existing schools to accommodate the students.

The applicant is proposing an in-lieu fee payment to satisfy their inclusionary housing requirements and staff is satisfied that the plan meets the requirement of the current Inclusionary Housing Ordinance. The architecture has been modified from the original approval. The business owners from the Prairie City Industrial Park have been very active in discussing with staff and the applicant their concerns. Their primary concerns related to traffic and potential noise impacts their business may have on the new homes.

MRO Engineers updated the traffic impact analysis; the number of trips generated by this project are fairly low (36 AM peak hour trips and 44 PM peak hour trips). With respect to project-related trips, they will not impact the Level of Service at any of the nearby street intersections. There are some existing intersections in the project area that currently do not conform to a Level of Service Standard C, but they are not being impacted by the addition of this project. With regard to access and circulation, the study made a number of recommendations related to circulation on the project site, the recommendation was for a stop sign to be placed at location "A" and "B" as well as pavement markings; a stop signs at both exits to the project, with pavement markings; and there was a recommendation to allow for left turns into the project from Glenn Drive. Previously right turns in and out were only recommended off the Glenn Drive driveway; the benefit is that it will alleviate traffic that is trying to get into the project on westbound Glenn Drive. The Sibley Street driveway accommodates all turning movements into and out of the project site. There is an existing median in the middle of Glenn Drive that will have to be modified to accommodate this movement. The funding associated with the Sibley Street widening is not available and those improvements have not been constructed, but it was something that the City was interested in moving forward with. Adjoining business owners had concerns about traffic on Sibley Street and how it has impacted their businesses. However a lot of those impacts are not associated or created by this particular project and staff believes a lot of these impacts will be solved with the Sibley Street widening project. The other concern the business owners had was related to noise, specifically once the residential subdivision is developed that the residents would complain about existing noise generated by the industrial businesses. The noise study also analyzed existing noise in the area generated by traffic on Sibley Street and Glenn Drive - that's one of the predominate noise sources in the area. A slide that showed the noise monitor locations was shared with the Commission. There was a number of mitigation measures incorporated into the conditions of approval for the project. There were also a number of conditions of approval associated with noise that were placed on the project in 2005 and staff was very careful to carry over those conditions to the current project. Senior Planner Banks discussed modifications to the conditions: clarify the height of the wall (6- to 12-foot-tall wall); a screened wall to be placed on the rooftop of the business to screen the equipment producing noise; increase the dollar amount cap (\$15,000) for off-site noise mitigation (cost to be borne by applicant); as well as conditions carried over from the 2005 approval.

A photograph showing the existing wall was shared with the Commission. A trim cap will be added to the top of the wall and will be finished with stucco and ledge stone at the pilasters. Photographs of the industrial park were shared with the Commission.

The architecture and design has been modified to a more traditional-style architecture and a multitude of master plans, different elevations and color schemes, etc. is proposed. Stucco is the primary building material; there is some wood siding, stone veneer, iron railings, wood shutters, etc. Staff has communicated with the applicant on a number of occasions about the architecture and they have been very responsive in making changes so that there is a quality product. Elevations of the different master plans, as well as photographs of the project site were shared with the Commission. The project is being conditioned to provide additional architectural details on side elevations.

Senior Planner Banks offered to answer questions and noted both noise and traffic consultants were in attendance as well.

Vice Chair Jackson asked if the buildout of the mosque and other low-income development were taken into consideration in the traffic study. Senior Planner Banks replied that they were.

In response to Commissioner Klug, Senior Planner Banks stated all the conditions from the 2005 approval have been carried over where relevant.

Commissioner Martell stated that he wanted to see something that shows the tile roofs. They have previously requested site maps for traffic flows, pedestrian crossings, etc. They were trying to make a decision about traffic flow in and out of the project, but they don't have any materials that will show how it would work.

Senior Planner Banks replied that perhaps the consultant had materials to share, but as far a pedestrian circulation, there are sidewalks on both side of the street throughout the subdivision; there are sidewalks also on the frontage of Sibley Street and Glenn Drive.

Commissioner Lane stated that she was also concern about the left-hand turn from Sibley Street – there was a lot of traffic in this area.

Commissioner Scott stated that he viewed Sibley from Glenn to Blue Ravine as a raceway. Senior Planner Banks stated that the Granite City Apartments development will be installing a 4-way stop sign at Levy Road and Glenn and that will help reduce traffic speeds in the area. This should be concluded sometime this fall. City Engineer Krahn added that the widening on that side of the road will be widened to its ultimate width as well. The median will remain and a two-way left-turn lane will be striped.

Senior Planner Banks reiterated that funding currently doesn't exist for the widening of Sibley Street, but was on the list of capital improvements to be done. In response to Commissioner Lane, City Engineer Krahn added that the trees referenced by Commission Lane would most likely be preserved with the widening of the road.

Director Miller directed the Commission's attention to the drawings and material boards located in the chambers for the project.

Neal Liddicoat, MRO Engineers, discussed the traffic impact analysis and answered questions from the Commission. He reminded the Commission that this was not a large project and would not generate a lot of traffic; in the AM peak hour there will be 9 inbound trips and 27 outbound trips and 44 trips (28 inbound and 16 outbound) during the PM peak hour.

Director Miller mentioned the "Complete Streets" Plan for Bidwell Street that will slow traffic down.

A discussion ensued regarding how to get in and out of the site.

Commissioner Martell reiterated the need for additional materials in order to make a decision.

Vice Chair Jackson opened the Public Hearing.

Robert Rademacher, representative of Prairie City Investors and Syblon-Reid Construction, LLC, noted that his clients owned two industrial parks on Sibley Street, which is west of the proposed subdivision. He referenced letters that he had sent to staff and the Commission. The first letter dealt with noise mitigation issues and the second with the traffic issues and concerns. The industrial park has been in this location for over 30 years and they wanted to make sure that access to the industrial park remains as open as possible. He noted that it was his understanding that a stop light would be going in at Levy and Sibley in the future, and with the completion of Willow Creek Apartments, there will be four-way stop signs slowing the traffic along Sibley Street. He referenced Condition 63, noting that there has never been any specific dollar limitation on the offsite mitigation that the developer would be responsible for and they would like that to be the case in this project as well. He requested that this condition not have a limitation or cap, but rather just have the applicant be responsible for those mitigation measures.

Vice Chair Jackson felt that a cap was necessary.

In response to Commissioner Klug regarding potential costs for mitigation, Planning Manager Johnson explained that with having off site mitigation on private property, staff was concerned about having an open-ended obligation for the applicant – that was the purpose of the cap.

Mr. Rademacher referenced a letter dated January 15th, which was handed out to the Commission. This letter involved the relevant sections of the Folsom Noise Ordinance and the Folsom Noise Element and shows why the applicant or developer would need to be responsible for the cost of off-site mitigation measures within the existing industrial park and it also discusses the precedence at that location for prior projects where there was no cap on those costs that would be borne by the developer. The industrial park should not be held responsible since it wasn't being benefited by the project.

Thomas Borge, Managing Member for Addison Place and President and CEO of Axios Homes, stated that his goal when he first set down with staff last January was to address all their concerns and he fell short with one issue. They have a proposal from a manufacturer as well as the insulation company for a noise barrier that would

be installed in the industrial park, which would put them into compliance with the all the noise standards. They want to be good neighbors - they were successful in cleaning up the Estacio Estates subdivision just west of Auburn-Folsom Road. They have preserved the two oak trees that remain on the site. The half-plex units would be sold individually — not rentable. In response to Commissioner Jackson, Mr. Borge explained that they had a noise barrier waiting for approval by the City; after that is done, they will take it to the representatives of the industrial park for approval and then they would agree on a contractor to have the work done at their expense — this has always been the agreement. They are no longer putting silencers inside the equipment; they are building a screen wall to deflect the noise. In response to Commissioner Arnaz, Mr. Borge agreed that a cap was not necessary because it didn't matter since they have agreed to mitigate the noise.

Commissioner Klug noted that he was on the Commission for the original approval and this project was much better designed. He appreciated the applicant being a good neighbor.

Skip Spence, one of the owners of the industrial park, commented that he didn't have any problem with the project. Traffic was a big issue - there is no way you could put a left-hand median without blocking their center driveway coming into the industrial park. He discussed some issues he had related to traffic.

Vice Chair Jackson closed the Public Hearing.

Commissioner Scott clarified that initially proposed were two, very-low income units to be part of the development and three, low-income units. Currently the proposal is to provide an in-lieu fee and that meets their obligation.

In response to Commissioner Scott, Director Miller noted that the next agenda item would explain in more detail the revised inclusionary housing ordinance and its requirements. The reason there is a requirement on the project currently is because the City lost the lawsuit related to its Inclusionary Housing Ordinance and have been ordered to implement the ordinance. The ordinance provides a number of options: put the housing in the project and deed restrict them or calculate an in-lieu fee, which is commonly requested. The funds are put in the Housing Trust Fund and then the City partners with people who build affordable housing. He added that with the economy being what it has, the City just doesn't have the sources of money it use to have. An assessment district could be created to widen Sibley Street. It's on the City's radar.

Commissioner Martell felt that he couldn't make a decision based on the lack of documentation that was needed relating to traffic.

Commissioner Lane agreed that widening of Sibley Street was important and wanted it to be on the record how dangerous it was to walk down Sibley Street. She felt that the City should look at installing a sidewalk all the way to Natoma Street.

Vice Chair Jackson stated that it sounds like there was something in the works to widen Sibley eventually. The entries on Glenn and Sibley were already established from the 2005 approval. If traffic becomes an issue, the City may be able to expedite the widening.

Planning Manager Johnson proposed to add to Condition 47, Item No. 6 to read, "The final architecture design shall be consistent with material board and color samples submitted as part of this project to the satisfaction of the Community Development Department."

COMMISSIONER KLUG MOVED TO RECOMMEND TO THE CITY COUNCIL APPROVAL OF THE TENTATIVE SUBDIVISION MAP AS ILLUSTRATED ON ATTACHMENT 3 FOR THE ADDISON PLACE SUBDIVISION PROJECT; AND MOVED TO RECOMMEND TO THE CITY COUNCIL APPROVAL OF THE PLANNED DEVELOPMENT PERMIT FOR DEVELOPMENT OF 38 SINGLE-FAMILY RESIDENTIAL UNITS AS ILLUSTRATED ON ATTACHMENTS 2 THROUGH 10 FOR THE ADDISON PLACE SUBDIVISION PROJECT WITH THE FOLLOWING FINDINGS AND CONDITIONS: CONDITIONS 1 THROUGH 46, MODIFIED CONDITION 47 AS READ BY PLANNING MANAGER JOHNSON; CONDITIONS 48 THROUGH 62, WITH MODIFIED CONDITION 63 TO REMOVED "SHALL NOT EXCEED \$15,000" AND CONDITION 64 THROUGH CONDITION 76; AND GENERAL FINDINGS "A" AND "B", CEQA FINDING "C," TENTATIVE SUBDIVISION MAP FINDINGS "D" THROUGH "G," AND PLANNED DEVELOPMENT PERMIT FINDINGS "H" THROUGH "N."

COMMISSIONER ARNAZ SECONDED THE MOTION WHICH CARRIED WITH THE FOLLOWING VOTE:

AYES: ARNAZ, SCOTT, JACKSON, KLUG, LANE

NOES: MARTELL ABSTAIN: NONE

ABSENT: ELDRIDGE

6. <u>PN12-283, Folsom Central Plaza Tentative Parcel Map, Conditional Use Permit and Planned Development Permit Modification, 1002-1016 Riley Street</u>

Senior Planner Steve Banks gave the staff report, stating Folsom Central Plaza was a new name for the shopping center. Historically it's been known as Wal-Mart Central Shopping Center. Wal-Mart and Chevron own their own parcels; the remainder of the site is owned by Folsom Investors who is trying to rebrand the remainder of the center to create their own identity outside of the Wal-Mart brand.

Wal-Mart was approved by the Planning Commission in 1990 and in 2006; the Architecture Review Commission approved the repainting of the shopping center for all the buildings with the exception of Wal-Mart and Chevron. In 2008, a Tentative Parcel Map and Planned Development Permit were approved by this Commission for a 3,000-square-foot pad building. In 2010, the Wal-Mart expansion was approved (which is complete). The Wal-Mart Central Shopping Center is approximately 30 acres in size – the project before the Commission deals with the 13.9 acres known as Folsom Central Plaza Shopping Center.

The following key details were discussed:

- Tentative Parcel Map, Conditional Use Permit, and Planned Development Permit Modification
- Development of 4,200-Square-Foot Pad Building with Drive-Thru Capability
- Implementation of New Color Scheme for All Existing Shopping Center Buildings within Folsom Central Plaza
- Addition/Modification of Monument Signs for the Folsom Central Plaza Portion of the Shopping Center

The applicant is proposing to subdivide an existing parcel into two parcels; one of the parcels would be designed specifically for the new pad building which would be a little less than one acre. There will be reciprocal access for parking. A slide showing where the pad building would be located was shared with the Commission – no modifications are being proposed to the existing driveways off of Riley Street. Access and circulation for the drive-through pad was explained to the Commission. The only unique condition placed on the project dealt with the decimal level of the ordering station. All lighting will be directed downward and away from adjoining properties.

A Traffic Study was prepared for the prior pad building that was approved, and staff used a lot of that analysis in its review of this project. There are 468 daily trips expected with the new pad building but the trips are not expected to affect any levels of service at any of the nearby intersections. There are approximately 10 parking spaces available for stacking which should be sufficient. One of staff's concerns related to accessing the building's parking lot from Riley Street – staff was concerned that traffic would stack by cars entering the driveway to access the pad building's parking lot thereby stalling cars behind them. Staff has added a condition of approval to remove three parking spaces and replace them with low-lying landscaping to provide sufficient room for cars entering the site and not conflicting with cars backing out of parking spaces. A condition of approval has also been added to indicate that the drive aisle was one-way in only. Staff is also recommending that stop sign control be placed for cars exiting the drive-through lane with associated pavement markings and signage.

Senior Planner Banks discussed the modification to the color scheme, stating that the one area of concern staff had was the use of an almost pure white color behind the sign areas. Staff thinks that it was too stark of a contrast to the existing colors within the center. Staff is recommending a condition that the white color utilized on the facades be modified to a more neutral tan or earth-tone color to the satisfaction of the Community Development Department. The applicant is also requesting to add additional monument signs at the center and modify the existing monument signs. The new monument signs are proposed to be all on Riley Street. A slide showing the design of the monument sign was shared with the Commission. A condition has been added for 2 new monument signs, plus the existing monument sign, which would give them a total of 3 signs and when combined with Wal-Mart, it would give them a total 5 monument signs (consistent with Target Shopping Center). There is flexibility with regard to the location of the signs – staff pointed out the locations of the proposed monument signs. The design of the monument signs are enhanced over the existing signs that Wal-Mart and staff supports the design of the signs.

Staff recommended approval of the project.

In response to Vice Chair Jackson, Senior Planner Bank replied that the pad building would house a hot beverage establishment. The actual company name was not divulged.

Commissioner Scott suggested eliminating the entrance off of Riley Street where there was a concern about congestion and stacking.

In response to Commissioner Lane, Senior Planner Banks replied the applicant meets the parking requirements with the implementation of the pad building. It sounds like one part of the parking lot was more in demand than other areas. All business/property owners within 300 feet were notified about the project.

In response to Commissioner Klug, Senior Planner Banks explained that staff met with the applicants a number of months ago and encouraged them to do a redesign of the entire center. However, they informed staff that they just didn't have the funding at this time. He further noted that architecture for the new building would have to come back before the Commission.

Director Miller added that staff did believe that the new building needed to be designed with the same materials as Wal-Mart.

Senior Planner Banks stated that it was staff's expectation that the new pad building would meet the quality of the Wal-Mart building and it was staff's intent to transfer that to a Condition of Approval.

Bruce Ottolini, Ottolini & Associates, stated that were the applicant for this project. He supported the closure of the entry into the pad parking lot. Staff's recommendation was to eliminate three parking spaces and they didn't want to do that. There was no problem with the client to close that off and eliminate that issue. With regard to signage, they agreed with staff and their recommendations; he pointed out the location where they would like to have the monument sign. The Planned Development Permit Amendment was for a 4,200-square-foot building, raising it from 3,000 square feet. The building has not been designed as yet, but when it comes time to design the building, they would be coming back to the Commission. It was his intention that they would be not emulating the existing structures that were currently out there – it will be something that will be blended in and take on some of the character of Wal-Mart and yet also work with the rest of the center. With regard to the fascia, he did not disagree with the assessment that it was too stark; however they hear a lot of complaints from the tenants that their signs cannot be seen from the street. He agreed to work with staff to come up with a color that would be a little warmer in tone.

Vice Chair Jackson opened the Public Hearing; no one came forward to speak so the Public Hearing was closed.

Planning Manager Johnson suggested that the following sentence be added to Condition 51 to read, "The proposed design shall be commensurate with the level of detail and design of the Wal-Mart remodel."

City Engineer Krahn stated that Condition 33 would be modified. The first two bullets can be deleted, as well as the fourth bullet item. On the third bullet, the last sentence can be deleted. The last bullet can remain and he proposed to add the following, "The applicant shall modify the site plan to eliminate the entrance to the southern portion of the site to the satisfaction of the Community Development and Fire Departments." He added that he would run this condition by the Fire Department just in case there was an issue.

Senior Planner Banks suggested the following modification to Condition 34, Item No. 2 to include the base of the monument signs. Condition 52 will be modified to read, "... The approved location for the two monument signs are as follows: Lembi Drive driveway entrance, corner of Riley Street and Lembi Drive and the second driveway entrance on Riley Street..." The last sentence will be deleted.

COMMISSIONER KLUG MOVED TO APPROVE THE FOLSOM CENTRAL PLAZA TENTATIVE PARCEL MAP AS ILLUSTRATED ON ATTACHMENT 4; AND MOVED TO APPROVE A CONDITIONAL USE PERMIT TO ALLOW FOR THE OPERATION OF A 4,200-SQUARE-FOOT COMMERCIAL PAD BUILDING WITH DRIVE-THRU FACILITY AT 1000 RILEY STREET WITHIN THE FOLSOM CENTRAL PLAZA SHOPPING CENTER; AND MOVED TO APPROVE A PLANNED DEVELOPMENT PERMIT MODIFICATION FOR DEVELOPMENT OF A 4,200-SQUARE-FOOT COMMERCIAL PAD BUILDING WITH DRIVE-THRU, IMPLEMENTATION OF A NEW COLOR SCHEME FOR THE EXISTING FOLSOM CENTRAL PLAZA SHOPPING CENTER BUILDING, AND THE ADDITION AND MODIFICATION OF MONUMENT SIGNS FOR THE SHOPPING CENTER AS ILLUSTRATED ON ATTACHMENTS 2 THROUGH 11 WITH THE FOLLOWING FINDINGS AND CONDITIONS OF APPROVAL: CONDITIONS 1 THROUGH 32, MODIFYING CONDITION 33 TO ELIMINATE BULLET 1 AND 2 AND MODIFY BULLET 3 TO ELIMINATE THE LAST SENTENCE, ELIMINATE BULLET 4 AND ADD BULLET TO ELIMINATE THE ENTRANCE TO THE SOUTHERN PORTION OF THE SITE TO THE SATISFACTION OF

THE COMMUNITY DEVELOPMENT AND FIRE DEPARTMENTS; MODIFY CONDITION 34, SECOND ITEM TO READ, "THE "VISTA DOVER WHITE" COLOR PROPOSED FOR THE EXISTING AND NEW MONUMENT SIGNS, INCLUDING BASE OF MONUMENT SIGN, SHALL BE REPLACED..."; CONDITIONS 35 THROUGH 50; MODIFY CONDITION 51 TO INCLUDE LAST SENTENCE TO READ, PROPOSED DESIGN COMMENSURATE OF WAL-MART REMODEL; MODIFY CONDITION 52 TO STRIKE THE LAST SENTENCE AND STRIKE "OR THIRD": GENERAL FINDINGS "A" AND "B," CEQA FINDING "C," CONDITIONAL USE PERMIT FINDING "D," TENTATIVE PARCEL MAP FINDINGS "E" THROUGH "H," AND PLANNED DEVELOPMENT PERMIT FINDINGS "I" THROUGH "O."

COMMISSIONER MARTELL SECONDED THE MOTION WHICH CARRIED WITH THE FOLLOWING VOTE:

AYES:

MARTELL, JACKSON, LANE, ARNAZ, SCOTT, ELDRIDGE, KLUG

NOES: NONE ABSTAIN: NONE ABSENT: ELDRIDGE

7. PN12-398, 2009 Housing Element Revision

Associate Planner Stephanie Traylor Henry gave the staff report, stating this was a focused revision to Program 19i of the 2009 Housing Element. The City of Folsom adopted its most recent Housing Element in July 2009. The Housing Element Background Report contained an analysis of potential housing constraints. In this analysis, the City's Inclusionary Housing Ordinance (IHO) was identified as a potential constraint on the production of moderate-income and market-rate housing (as well as affordable housing). To address this constraint, the City adopted Housing Element Program 9i, which committed the City to review the ordinance within three years of adoption of the Housing Element focusing on areas that could potentially assist or affect housing production in the City. To implement Program 19i, the City analyzed market conditions, interviewed local housing developers, and conducted an extensive study of other inclusionary housing programs in California. This research concluded that the IHO has acted as a constraint on the production of market-rate and affordable housing. Constraints identified include:

- Market-rate housing must be built to get affordable units.
- The recent Palmer court case has created a situation in which the IHO falls entirely on single-family for-sale products.
- The current market-rate units overlap in price with low-income affordable units makes selling deed restricted units challenging.
- Deed restrictions are subject to removal if owner is unable to sell the affordable unit to a qualified purchaser.
- Does not allow for maximum leveraging of federal and state funding sources such as tax credits or deductions for subsidy.
- The 15% (10% VL and 5% L) and lack of an in-lieu fee has made developing market-rate housing financially infeasible for developers during the slow period of recovery in the housing market.

Staff has determined that an in-lieu fee option may be an effective tool to allow the City to continue its proven track record of success in meeting housing needs. Potential benefits of an in-lieu fee option include:

- Allows City partnership with quality affordable housing developers (St. Anton, USA, Mercy Housing) who
 provide services beyond housing
- Provides maximum leveraging of federal and state funding sources to help subsidize affordable units
- City gets better mix of workforce units at a lower per-unit subsidy when working with developers who specialize in affordable housing

Based on the market analysis, research findings, and discussion with local housing developers, staff concluded that a 10% inclusionary requirement with 3% very low and 7% low-income could be maintained in today's market place. Staff has also concluded that an in-lieu fee option would provide the flexibility to overcome the constraint that the IHO has placed on the housing market, with the fee not-to-exceed 1% of the sale price of the lowest priced market rate unit.

Staff has concluded that the adoption of the proposed focused revision to Program 19i will allow the City to amend the IHO accordingly. With the proposed revision, the quantified objectives have been modified (due to depressed housing market). An Initial Study and Negative Declaration were prepared for the 2009 Housing Element Revision in accordance with the requirements of CEQA. The City has received a comment by Central

Valley Regional Water Control Board pertaining to general requirements protecting water quality. Planner Henry referenced a "green sheet" that had the letter attached from the Central Valley Regional Water Control Board.

Amending the 2009 Housing Element will allow the City to broaden and encourage housing opportunities in the City and the revision to Program 19i of the 2009 Housing Element will result in the City modifying the existing IHO. Staff believes that the implementation of these two modifications will reduce existing constraints on the production of moderate-income and market-rate housing, which will result in the production of, or contribute towards, affordable housing in the community.

Staff has submitted the proposed draft revisions to HCD and they have reviewed and approved the revisions, stating that they were in compliance with state housing element law.

Staff recommended that the Commission forward a recommendation of approval to the City Council for adoption of the Negative Declaration, as well as adoption of the revised Housing Element.

In response to Commissioner Martell, Director Miller replied that the ordinance cannot be made retroactive. Director Miller added that no other ordinance in the state has had the greater number being very-low because it was hard to subsidize. The proposed revision would require 3% for very-low income and 7% low-income for a total of 10%. Inclusionary doesn't work unless the economics work – you have to build market-rate housing to produce the money. The fee could be no more than 1% of the sales price of the cheapest unit. The only funding source for affordable housing is either the \$1.20 per square foot Housing Trust Fund Fee for all new commercial development or this particular fee. Nobody in the region has come up with a solution like this.

Vice Chair Jackson opened the Public Hearing; no one came forward to speak so the Public Hearing was closed.

COMMISSIONER MARTELL MOVED TO RECOMMEND TO THE CITY COUNCIL ADOPTION OF THE NEGATIVE DECLARATION AS SET FORTH IN ATTACHMENT 3, PREPARED FOR THE CITY OF FOLSOM 2009 HOUSING ELEMENT REVISION; AND MOVED TO RECOMMEND TO THE CITY COUNCIL ADOPTION OF THE CITY OF FOLSOM 2009 HOUSING ELEMENT REVISION AS SET FORTH IN ATTACHMENTS 1 AND 2 WITH THE FOLLOWING FINDINGS AND CONDITIONS: CEQA FINDINGS "A" THROUGH "C." GENERAL FINDINGS "D" THROUGH "F."

COMMISSIONER SCOTT SECONDED THE MOTION WHICH CARRIED WITH THE FOLLOWING VOTE:

AYES:

ARNAZ, SCOTT, JACKSON, KLUG, LANE, MARTELL

NOES: ABSTAIN: **NONE** NONE

ABSENT: **ELDRIDGE**

Assistant City Attorney clarified that the motion should include attachments 2 and 3. The Vice Chair Jackson accepted the amendment and roll was called again.

PN12-400, Folsom Municipal Code Chapter 17.104 (Inclusionary Housing) Amendment 8.

Associate Planner Henry gave the staff report, stating this presentation pertains to proposed amendments to the City's Inclusionary Housing Ordinance (IHO) specifically as it relates to the proposed amendments of the focused revision of the Housing Element, as well as modifications that would clean up language to be in compliance with state law and the City's Municipal Code.

The City adopted Chapter 17.104 (Inclusionary Housing Ordinance) in 2002. The purpose of this chapter is to provide that new development projects in the City contain or assist in the production of affordable housing (both low-income and very-low income). It also provides for programs and incentives to implement the Inclusionary Housing Policies of the City's General Plan. In implementing Program 19i of the 2009 Housing Element, the City determined that the existing IHO acted as an impediment to the production of market-rate housing. The City has proposed a focused revision to Program 19i, which will require the City to adjust the affordable percentage requirements and to add an in-lieu fee option. In recent years, there have been legal constraints pertaining to the application of the IHO as it relates to rental housing projects. The proposed modifications to the IHO have three basic objectives; the first is to implement Program 19i as proposed by revising the percentage requirements and adopting an in-lieu fee provision; the second objective is to amend the rental unit provisions in the ordinance to comply with the Costa-Hawkins Act and the Palmer Decision; and the final objective is to revise some of the text in the ordinance to provide consistency with the City's second dwelling unit ordinance, which is Chapter 17.105.

The 2009 Housing Element revision requires the City to amend the affordable percentages to 3% of the units being very-low income and 7% low income and providing for the in-lieu fee option.

Staff has concluded that an in-lieu fee option where the fee does not exceed 1% of the sales price of a marketrate unit in a subdivision or .5% of the cost for a custom lot subdivision would provide for the flexibility needed to overcome the IHO.

With regard to the *Palmer Case*, the court held that the IHO requirement that limits the amount of rent to affordable rate rental properties was invalid under the Costa-Hawkins Act and as such, leaves the City's current IHO susceptible to legal challenge.

To provide consistency with the current Second Dwelling Units Ordinance (Chapter, 17.105), all references to "Accessory Dwellings" will be changed to "Second Dwelling Units." During the public review period for the environmental document, which runs from December 18, 2012 and ends January 16, 2013, one comment (see attached green sheet) from the Central Valley Regional Water Quality Control Board pertaining to general requirements for protecting the quality of surface and groundwaters of the state has been received to date.

In conclusion, the City's current Inclusionary Housing Ordinance must be revised to implement programs and policies of the proposed 2009 focused revision to the Housing Element, as well as to address the *Palmer* decision pertaining to rental projects.

Staff requested that the Planning Commission forward a recommendation of adoption of the ordinance to amend Chapter 17.104 to the City Council.

Vice Chair Jackson opened the Public Hearing; no one came forward to speak so the Public Hearing was closed.

COMMISSIONER ARNAZ MOVED TO RECOMMEND CITY COUNCIL APPROVAL OF A NEGATIVE DECLARATION FOR THE AMENDMENT TO CHAPTER 17.104 OF THE FOLSOM MUNICIPAL CODE RELATING TO THE INCLUSIONARY HOUSING ORDINANCE; AND MOVED TO RECOMMEND CITY COUNCIL APPROVAL OF ORDINANCE NO. _____ - AN ORDINANCE OF THE CITY OF FOLSOM AMENDING CHAPTER 17.104 OF THE FOLSOM MUNICIPAL CODE RELATING TO THE INCLUSIONARY HOUSING ORDINANCE WITH THE FOLLOWING FINDINGS: CEQA FINDINGS "A," "B," "C," GENERAL FINDING "D," AND HOUSING ELEMENT FINDING "E."

COMMISSIONER SCOTT SECONDED THE MOTION WHICH CARRIED WITH THE FOLLOWING VOTE:

AYES:

ARNAZ, SCOTT, JACKSON, KLUG, LANE, MARTELL

NOES:

NONE

ABSTAIN: ABSENT:

ELDRIDGE

REPORTS:

Planning Commission/Planning Manager Report:

Planning Manager Johnson announced that staff was in the process of planning a Commission training workshop by Mintier and Harnish. Commissioners from other jurisdictions will be invited to attend as well. It would be held in place of a meeting.

There being no further business, the meeting was adjourned at 9:23 p.m.

RESPECTFULLY SUBMITTED,

Omega Deppe, Administrative Assistant

APPROVED:

CHAIR GREG ELDRIDGE