



Cotati City Council Agenda Staff Report

Item type: REGULAR AGENDA (ACTION)
To: City Council
Subject: **REVIEW AND DISCUSSION OF DESIGN OPTIONS FOR A PROPOSED AFFORDABLE HOUSING PROJECT ON CITY-OWNED PROPERTY AT 120 E COTATI AVENUE**
Date: December 10, 2024
Written by: Jon-Paul Harries, Senior Planner

Recommendation

It is recommended that the City Council receive a presentation from Freebird Development LLC, discuss design options for an affordable housing project on City-owned property at 120 East Cotati Avenue, and provide direction to City staff and the design team.

Background

In 2021, the City of Cotati approved a three-story mixed-use project consisting of 27 residential units and 10,400 square feet of commercial space on three parcels totaling 0.86 acres at 120 E. Cotati Avenue. This project was never built.

On March 1, 2022, Steve Leonard of Northbay Housing filed an SB 35 development application proposing to develop a 5-story, 60-foot tall, 70-unit multi-family housing project on the three parcels located at 120 E Cotati Avenue. In the summer of 2023, while still in the SB 35 review process, Mr. Leonard indicated an interest in selling the property.

On December 12, 2023, following a closed-session discussion, the Cotati City Council directed staff to initiate purchase of the property at 120 E. Cotati Avenue with funding sourced from the Affordable Housing Fund. This funding source, combined with the requirements of the Surplus Land Act, requires that the City-owned property be developed with affordable housing. The specific affordability levels and unit counts are subject to various factors including zoning, funding sources and development capacity of the property. The City took ownership of this property in late 2023.

On February 13, 2024, the City Council determined that the property at 120 E. Cotati Avenue

was “exempt surplus land” and provided direction to staff to issue a Request for Qualifications seeking a qualified developer to partner with the City to develop a 100-percent affordable housing project at 120 E. Cotati Avenue. This RFQ was issued on March 21, 2024, to over 170 individuals and firms.

On April 30, 2024, City staff received a Developer Qualification Statement from Freebird Development LLC, the only party to respond to the RFQ. After reviewing the statement, an internal panel of City staff determined that Freebird Development was adequately qualified and well versed in the development of affordable housing. On May 30, 2024, City staff interviewed Freebird Development LLC ownership and their development partners and confirmed their qualifications and development acumen.

On June 25, 2024, the City Council authorized the City Manager to enter into an Exclusive Negotiating Agreement (“ENA”) with Freebird Development LLC for the development of a 100-percent affordable housing project (see Attachment B). The ENA, signed on July 20, 2024, establishes procedures and standards for the negotiation between the City and Freebird Development LLC of a Disposition and Development Agreement (“DDA”) pursuant to which Freebird Development LLC will conduct specified development activities related to the property and the City will convey the property, subject to a restriction requiring development of an affordable housing project, upon satisfaction of and subject to certain conditions to be negotiated. To date, the City and Freebird Development LLC have negotiated in good faith and pursuant to the terms of the ENA, including the delivery of preliminary designs to City staff for review and feedback and the completion of two presentations to the community to gather input on project design and operations.

On September 18, 2024, the first noticed community engagement meeting was held at City Hall. About a dozen people attended the meeting; largely residents either adjacent to the site or from nearby residences, including residents from the Charles Street Village senior community. The meeting focused on an introduction of the development team, proposed development & operational goals, and a survey of architectural design preferences. The results of the design survey are shown in the attached PowerPoint presentation (see Attachment A). The meeting was recorded and is available to view on the City’s YouTube page.

On November 20, 2024, a second noticed community engagement meeting was held at City Hall, with similar attendance and many of the same attendees from the first meeting. The meeting focused on a recap of the first community engagement meeting, the results of the design survey from the first meeting, and a presentation of four design options: two Mission-styled designs and two Craftsman-styled designs (see Attachment A). Eight of the twelve attendees expressed preference for the Mission style and at least two of the attendees strongly preferred the Craftsman style. The meeting was recorded and is available to view on the City’s YouTube page.

Analysis/Discussion

City staff and the development team are requesting City Council and public feedback on the proposed development program and design goals prior to the formal submission of an entitlement or building permit application. The project proponent has made several requests

regarding the development review process and potential project timeline, which are summarized below. Staff is evaluating these requests and the ability for them to be implemented but has not fully analyzed how best to implement the requested process and timeline for review, while also ensuring all City priorities are met.

Development Program Goals

- Leverage location and size of the site to help City meet RHNA numbers while integrating into the existing downtown fabric
 - Approximately 50 units in a 3-story building
- Serve a broad range of household sizes and incomes
 - Up to to 80% of area median income (Very-Low and Low Income Units)
 - Studios, one-, two-, and three-bedroom units
- Provide a portion of the project units as inclusive for people with intellectual and developmental disabilities
 - 25% of the units set aside for supportive housing
- Be a good neighbor
 - Community engagement and design considerations
 - Mitigate traffic and circulation related impacts

Design Goals

- Maximize units while limiting structure to 3 stories
- Articulate buildings to relate and transition to surrounding context and meet Objective Design Standards
- Activate public streets with commercial space
- Incorporate indoor and outdoor community spaces
- Provide an adequate amount of parking
- Be environmentally conscious

Design options

- Style
 - Mission
 - Craftsman
- Exterior Materials
 - Siding, roofing, trim, details
- Colors

Other Project Design Considerations

- As currently proposed, the structure would step down in height from three to two stories at the building's southern façades along La Plaza and Charles Street
 - Intent is to help transition the proposed structure mass to the existing surrounding development.
 - Results in the loss of up to three units (two 1-BR units & one 2-BR unit) and a 3-BR unit would be replaced with a studio unit.

Staff recommends maintaining the three-story height along the (predominately commercial) La Plaza façade.

- Vehicle access to/from E. Cotati Avenue
 - Staff has requested a traffic impact study to help determine if this access point can be both safe and not interfere with efficient traffic flow on E. Cotati Ave. Access from E. Cotati Avenue will likely require controls on turning movements and other infrastructure improvements (i.e. right-in turns & right-out turns only with no exiting left turns)
 - Potential loss of parking along E. Cotati Ave. if used for ingress/egress
 - If E. Cotati Ave. is not used for ingress/egress, then all garage traffic will use Charles Street for ingress/egress.
- Streetscape improvements and visual appearance of structure as viewed from E. Cotati Avenue
 - Sidewalk width
 - Tree plantings

Next Steps

- Developer requests Winter/Spring 2025 timeline for Final City review including:
 - Staff and developer response to City Council and public comments
 - Approval of project design and infrastructure improvements
 - Council Approval of the Development and Disposition Agreement (DDA)
- April 2025 - Developer application for project funding through the State's Department of Housing and Community Development (HCD) Multifamily Finance Super NOFA
 - **Project design approval and DDA required for HCD application submittal**

Financial Considerations

Engagement and negotiation with Freebird Development, LLC to develop the property at 120 E. Cotati Avenue is not anticipated to have a significant direct impact on the City's General Fund in the current fiscal year (FY24/25). The RFQ issued in March 2024, identified the City's goal of minimizing subsidy of future development of the property to the granting of the property. However, financing of affordable housing is challenging and complex, so future requests for additional support of an affordable housing development project on the site may occur. Additionally, there will be some limited staff time required to support the project beyond the costs of entitlements. Lastly, it is anticipated some project-related billing from the City Attorney's office will be necessary to ensure all requirements are met. However, all dedicated time is anticipated to be within adopted FY 24/25 budget and will largely be cost recovery.

Environmental Issues

This agenda item is to review and discuss various design and program options for potential development of City-owned property. This action is exempt from the California Environmental Quality Act ("CEQA") because the matter is not currently a project that has the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378. The

level of environmental analysis required for the project under CEQA will be determined after the project description is finalized and a development application is submitted to the City for review.

The project may be exempt from CEQA review pursuant to AB 2162 (2018), which added Sections 65650-65656 to the California Government Code. Those provisions, among other things, require supportive housing to be a use by-right in mixed-use zones (under certain conditions), and correspondingly and intentionally, expanded the CEQA exemption for the ministerial approval of projects.