



Agenda Item #:	4.A.
Meeting Date:	February 28, 2023
Prepared By:	Linda Ruffing, Planning Consultant
Reviewed By:	<i>Scott M. Duiven</i> Scott Duiven Community Development Director

REQUEST FOR PLANNING COMMISSION ACTION

PROJECT TITLE: Saggio Hills Affordable Housing Project

SUBJECT: Development Agreement (DA 2023-01)

PROPERTY ADDRESS: 450 Parkland Farms Boulevard, Healdsburg, CA

ASSESSOR PARCEL NO.: APNs 091-310-005 and 091-310-006

DEVELOPER: Freebird Development Company, LLC

OWNER: City of Healdsburg

RECOMMENDED ACTIONS

By motion, it is recommended that the Planning Commission:

1. Adopt Resolution No. 2023-xx ([Attachment 1](#)) recommending that the Healdsburg City Council approve the proposed Development Agreement by and between the City of Healdsburg and Freebird Development Company, LLC (DA 2023-01).

BACKGROUND

In 2011, the Healdsburg City Council approved a Final Environmental Impact Report ("Saggio Hills Project EIR") and master entitlements for the Saggio Hills Project. The master entitlements included the Saggio Hills Area Plan, annexation and zoning of the 258.5-acre Saggio Hills Project site, a Tentative Subdivision Map and a Development Agreement for the Saggio Hills Project. In 2022, an Addendum to the Final EIR was prepared to identify and analyze the potential environmental impacts of the Saggio Hills Affordable Housing Project. The Saggio Hills Project EIR and Addendum are available for review at the City of Healdsburg Community Development Center (401 Grove Street, Healdsburg, CA) and on the City's website. As entitled, the Saggio Hills Project includes the following components:

- A luxury resort with 130 keyed rooms, restaurant, pool and spa, and other features
- Up to 70 residences
- Construction of private streets, associated utilities and trails
- Construction of two public streets and associated utilities (Passalacqua Drive and an extension of Parkland Farms Boulevard)
- Mass grading and conveyance of 36.15 acres (Parcel 8) to City for a public park and developer contribution of \$3M

- Payment of an "in lieu contribution" for a multi-use trail extending from Healdsburg Avenue to the Healdsburg Ridge Open Space Preserve (through the Community Park and Affordable Housing sites)
- Construction of a public hiking trail north of Passalacqua Drive (the "Northwest Trail")
- Conveyance to City of 0.85 acres of land (Parcel 10) for a Fire Substation and developer contribution of \$1.75M
- Construction of water pump station on approximately 0.51 acres of land (Parcel 9) and conveyance to City
- Mass grading of approximately 12.36 acres of land (Parcels 5 and 6) and conveyance to City for future affordable housing development.

The Saggio Hills Project developer, Sonoma Luxury Resorts LLC ("SLR"), has completed development of the resort, public and private streets and utilities, water pump station, the Northwest Trail, and the mass grading of Parcels 5, 6, 8 and 10. SLR and the City of Healdsburg ("City") have recently completed conveyance of the Fire Substation and Affordable Housing parcels to the City and are in the process of completing documentation necessary for conveyance of the Community Park parcels to the City. Pursuant to the Saggio Hills Development Agreement, the City is responsible for making arrangements for the development and construction of up to 150 units of affordable housing on the Saggio Hills Affordable Housing site (Parcels 5 and 6). Attachment 2 shows the location of the Saggio Hills Affordable Housing site ("Project site").

Following a competitive selection process, on February 16, 2021, the City Council approved an Exclusive Negotiating Rights Agreement ("ENA") with Freebird Development Company, LLC ("Developer") for development of affordable housing on the Project site. The ENA establishes procedures and standards for the negotiation of a Disposition and Development Agreement ("DDA") and establishes that, during the Negotiation Period, the Applicant is required to conduct community outreach, complete schematic design, and secure entitlements and any required environmental review.

The Developer hosted two community meetings in June and August of 2021 and submitted applications to the City seeking approval of a Tentative Subdivision Map, concessions under State Density Bonus Law, and Major Design Review for the Saggio Hills Affordable Housing Project ("Project"). On March 8, 2022, the Healdsburg Planning Commission conducted a workshop to provide an opportunity for the Applicant to present their plans for the Project. On November 8, 2022, the Planning Commission approved Major Design Review DR 2022-05 and recommended that the City Council approve Tentative Map TM 2022-02 for the Project.

City staff and Developer propose that a development agreement is appropriate to eliminate uncertainty and extend the term of project approvals in order to encourage planning for, investment in, and development of the Project. The Development Agreement by and between the City of Healdsburg and Freebird Development Company, LLC for the Saggio Hills Affordable Housing Project ("DA") (Attachment 1, Exhibit A) will be brought forward for Council action in conjunction with the DDA and TM 2022-02.

Per State and local law, prior to the City Council acting on a development agreement, the Planning Commission must provide a recommendation to the City Council addressing the consistency of the DA with the general plan and any applicable area plan or specific plan. The DA is brought forward to the Planning Commission for that purpose.

PROJECT DESCRIPTION

Project Overview

The approximately 12.36-acre Project site is located south of the intersection of Passalacqua Drive and Parkland Farms Boulevard within the Montage development in northeast Healdsburg. The site has been rough-graded and is currently undeveloped. An extension of Parkland Farms Boulevard was recently constructed on an alignment that bisects the Project site and connects to Passalacqua Drive to the north.

Surrounding land uses include the Montage Resort and residential property to the north, the Healdsburg Ridge Open Space Preserve to the east and south, and the Parkland Farms single-family residential neighborhood to the west. Land adjacent to the site on the northwest is planned for development as a Community Park. The City of Healdsburg General Plan designates the Project site as Medium High Density Residential (MHR) and the site is zoned Single-Family Residential with a 3,500-square-foot minimum lot area (R-1-3,500).

The Project involves subdivision of the Property into a total of 17 parcels, comprised of two parcels for open space ("Parcel A" and "Parcel B"), one parcel for outdoor amenities ("Lot 1"), one parcel for a community building ("Lot 2"), one parcel for 42 residential housing units ("Lot 3"), ten parcels for a townhome residence on each parcel ("Townhome Lots"), one parcel for 48 residential housing units ("Lot 14"), and one parcel for 18 residential housing units ("Lot 15"), as said parcels and lots are shown on TM 2022-02 ([Attachment 3](#)).

Per DR 2022-05 as approved by the Planning Commission, the Project includes the following components:

- Parcel A shall remain as open space and improved with pedestrian trails to be constructed and maintained by Developer ("Parcel A Improvements"), and subject to a non-exclusive public easement in favor of the City for public access on, over and across Parcel A.
- Parcel B shall remain as open space and improved with a multi-use trail to be constructed and maintained by City ("Parcel B Improvements"), and fee title to Parcel B shall be retained by City.
- Lot 1 shall be improved with outdoor amenities such as community gardens, picnic areas and/or a small farm ("Lot 1 Improvements"), to be constructed by Developer, maintained by the Owners, and available for use by residents of Lot 3, Townhome Lots, Lot 14 and Lot 15.
- Lot 2 shall be improved with a one-story community building of approximately 3,067 square feet, 4 surface parking spaces and associated hardscape and landscaping improvements ("Lot 2 Improvements"), to be constructed by Developer, maintained by the Owners, and available for use by residents of Lot 3, Townhome Lots, Lot 14 and Lot 15.
- Lot 3 shall be improved with four, three-story residential buildings of a height not to exceed 35 feet, containing 42 residential units totaling approximately 45,299 square feet and comprised of one (1) studio unit, nineteen (19) one-bedroom units, eleven (11) two-bedroom units, and eleven (11) three-bedroom units, 64 surface parking spaces and associated hardscape and landscaping improvements ("Lot 3 Improvements"), which residential units shall be restricted for rental to and occupancy by lower income households, inclusive of very low income households and extremely low income households, at an affordable rent, for a minimum period of 55 years. Further, Lot 3 shall be subject to a non-exclusive public easement in favor of the City for ingress and egress from Parkland Farms Boulevard on, over and across Lot 3 to the planned parking lot serving the Healdsburg Ridge Open Space Reserve to be located adjacent to and east of Lot 3, in perpetuity.

- The ten (10) Townhome Lots shall be improved with a two-story, three-bedroom townhome residence on each parcel of a height not to exceed 28 feet, and 1,766 square feet, and associated surface parking and hardscaping and landscaping improvements ("Townhome Lot Improvements"), which townhome residences shall be restricted for sale to and occupancy by persons and families of moderate income, at an affordable housing cost, for a minimum period of 45 years.
- Lot 14 shall be improved with one, three-story residential building of a height not to exceed 35 feet, containing 48 residential units totaling approximately 59,531 square feet and comprised of thirteen (13) studio units, eleven (11) one-bedroom units, twelve (12) two-bedroom units, and twelve (12) three-bedroom units, 60 surface parking spaces and associated hardscape and landscaping improvements ("Lot 14 Improvements"), which residential units shall be restricted for rental to and occupancy by lower income households, inclusive of very low income households and extremely low income households, at an affordable rent, for a minimum period of 55 years.
- Lot 15 shall be improved with two, three-story residential buildings of a height not to exceed 35 feet, containing 18 residential units totaling approximately 20,077 square feet and comprised of one (1) studio unit, six (6) one-bedroom units, six (6) two-bedroom units, and five (5) three-bedroom units, 29 surface parking spaces and associated hardscape and landscaping improvements ("Lot 15 Improvements"), which residential units shall be restricted either (i) for rental to and occupancy by lower income households, inclusive of very low income households and extremely low income households, at an affordable rent, for a minimum period of 55 years, or (ii) for sale to and occupancy by persons and families of moderate income, at an affordable housing cost, for a minimum period of 45 years.
- Public improvements shall include (i) construction of sidewalks and streetlights along Passalacqua Drive and Parkland Farms Boulevard fronting the Property, (ii) striping of that portion of Passalacqua Drive and Parkland Farms Boulevard fronting the Property, (iii) installation and construction of a Rectangular Rapid Flashing Beacon at the crossing of Parkland Farms Boulevard located between Parcel B and Lot 2, and (iv) the Parcel A Improvements.

Project Phasing

The Project is intended to be constructed in no more than four phases by Developer. The first phase of the Project will consist of the construction and completion thereof of the Parcel A Improvements, Lot 2 Improvements, Lot 14 Improvements, and the Public Improvements ("Phase 1 Improvements"). The Parcel B Improvements will be designed and constructed by City, at its sole cost and expense, either before or concurrently with the construction of the Phase 1 Improvements by Developer. The second phase of the Project will consist of the construction and completion thereof of the Lot 1 Improvements and Lot 3 Improvements in accordance with the Existing Approvals ("Phase 2 Improvements"). The third phase of the Project will consist of the construction and completion thereof of the Lot 15 Improvements in accordance with the Existing Approvals ("Phase 3 Improvements"). The fourth phase of the Project will consist of the construction and completion thereof of the Townhome Lot Improvements in accordance with the Existing Approvals ("Phase 4 Improvements"). Phase 2 Improvements may be combined with the Phase 1 Improvements. Further, if Developer elects to develop and construct the Lot 15 Improvements pursuant to the Lot 15 Rental Option, then said Lot 15 Improvements may be constructed and completed as part of Phase 2 Improvements and/or the Phase 1 Improvements; however,

if Developer elects to develop and construct the Lot 15 Improvements pursuant to the Lot 15 Owner-Occupied Option, then said Lot 15 Improvements shall be constructed and completed as the Phase 3 Improvements, which may be combined with the Phase 4 Improvements.

Development Agreement

The proposed Development Agreement for the Saggio Hills Affordable Housing Project ("DA"), as negotiated with the Developer, is presented in Attachment 1, Exhibit A. By entering into the DA, the City will grant the Developer vested rights to develop and construct the Project in accordance with the project approvals and will extend the project approvals for up to ten (10) years if the Phase 1 improvements have commenced on or before the date which is five (5) years after the date of approval of the DA. If the Phase 1 improvements have not commenced in five (5) years, the DA will be deemed terminated.

CONSISTENCY WITH LAND USE POLICIES & REGULATIONS

The Planning Commission is tasked with providing a recommendation to the City Council addressing the consistency of the proposed DA with the general plan and any applicable area plan or specific plan. In this instance, the applicable planning documents are the Healdsburg 2030 General Plan and the Saggio Hills Area Plan.

General Plan Consistency

Attachment 4 presents a detailed analysis of the Project's consistency with applicable policies of the Healdsburg 2030 General Plan. As shown, the Project is consistent with land use policies establishing protections for hillsides and ridgelines. It implements Housing Element policies calling for affordable housing and housing which meets special housing needs, including those of residents with developmental disabilities. The Project complies with policies addressing energy-efficiency performance, multi-modal transportation needs, and requirements for street trees and landscaping. It also complies with policies for development within the wildland urban interface.

Saggio Hills Area Plan Consistency

Attachment 5 presents a detailed analysis of the Project's consistency with applicable policies of the Saggio Hills Area Plan. The proposed bicycle and pedestrian trail facilities implement policies in both the Open Space and Recreation chapter as well as the Circulation chapter. The Project's Vegetation Management Plan addresses policies in the Public Facilities & Services chapter that pertain to fire safety. The Area Plan includes a number of applicable design-related policies, all of which are addressed by the environmentally-sensitive siting of development, the preservation of open space, the design features of the proposed residential buildings, and the landscaping plans.

Land Use Code Consistency

Attachment 6 presents a detailed analysis of the Project's consistency with applicable policies of the City of Healdsburg Land Use Code. The Project is consistent with the Special Purposes of the R-1-3,500 zoning district. The Project received a parking incentive and a waiver of minimum lot size and width requirements in accordance with State Density Bonus Law. The Project is consistent with all other Land Use Code requirements including those for design and lighting of parking areas, bicycle parking, transit access, refuse and recycling storage, setbacks, building height, and site coverage.

FINDINGS FOR APPROVAL OF DEVELOPMENT AGREEMENT

Chapter 17.20.030(C) of the Healdsburg Municipal Code requires the City Council to make the following findings when approving a proposed development agreement or an amendment thereto:

- The Development Agreement is consistent with the Healdsburg General Plan, any applicable specific plan and the zoning ordinance. This finding may be satisfied by a determination that the Development Agreement is consistent through provisions that are to be adopted concurrently with approval of the Development Agreement; and
- The Development Agreement will provide Healdsburg with tangible benefits beyond those that may be required by the City through project conditions of approval; and
- Any environmental impacts related to the Development Agreement have been reviewed and considered in accordance with the provisions of the California Environmental Quality Act.

Staff recommends the following findings which are incorporated into Resolution No. 2023-xx presented for Planning Commission consideration (Attachment 1):

1. The Saggio Hills Affordable Housing Project DA is consistent with the Healdsburg 2030 General Plan, and the Saggio Hills Area Plan, and the Land Use Code. The Saggio Hills Affordable Housing Project is consistent with the Medium High Density Residential (MHR) land use classification in the General Plan and the Special Purposes of the R-1-3,500 zoning district. The Project implements Housing Element policies calling for affordable housing and housing which meets special housing needs, including those for residents with developmental disabilities. It complies with policies addressing energy-efficiency performance, multi-modal transportation needs, and development within the wildland urban interface. The Project is consistent with the design guidelines established in the Saggio Hills Area Plan. The Project's proposed bicycle and pedestrian facilities implement Open Space and Recreation and Circulation policies of the Saggio Hills Area Plan. The Project's Vegetation Management Plan addresses fire safety policies in the Public Facilities & Services chapter of the Saggio Hills Area Plan. The Project's environmentally-sensitive siting of development, preservation of open space, design features, and the landscaping plans address the design-related policies of the Saggio Hills Area Plan. The Project received a parking incentive and a waiver of minimum lot size and width requirements in accordance with State Density Bonus Law. The Project is consistent with all other Land Use Code requirements including those for design and lighting of parking areas, bicycle parking, transit access, refuse and recycling storage, setbacks, building height, and site coverage.
2. The Saggio Hills Affordable Housing Project and its Development Agreement will provide Healdsburg with tangible benefits including 118 units of affordable housing and associated amenities and site improvements.
3. The Saggio Hills Affordable Housing Project is addressed in the Final Environmental Impact Report for the Saggio Hills Planned Development Project (State Clearinghouse No. 2003062025) which was certified by the Healdsburg City Council through the adoption of Resolution No. 15-2011. Certain components of development on the site (extension of Parkland Farms Boulevard and related utilities; rough grading of Project site; filling of wetlands and establishment of mitigation wetlands; creek restoration) were addressed at a project-level in the Saggio Hills Project EIR. The Saggio Hills Project EIR addressed the development of up to 150 units of affordable housing on the site at a programmatic level. An Initial Study/Environmental Checklist was prepared for the Saggio Hills Affordable Housing Project and, based on the analysis

contained therein, the Community Development Director determined that an Addendum to the Saggio Hills Project EIR is the appropriate environmental document for the Project. Based upon substantial evidence demonstrated by the analysis included in the Addendum, none of the conditions described in Sections 15162 or 15163 of the CEQA Guidelines calling for the preparation of a subsequent or supplemental EIR or negative declaration have occurred, specifically:

- (a) There have not been any substantial changes in the Project that require major revisions of the Saggio Hills Project EIR because of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- (b) There have not been any substantial changes with respect to the circumstances under which the Project is undertaken that require major revisions of the Saggio Hills Project EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and
- (c) There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the Saggio Hills Project EIR was certified, that shows any of the following:
 - i. the Project will have one or more significant effects not discussed in the Saggio Hills Project EIR;
 - ii. significant effects previously examined will be substantially more severe than shown in the Saggio Hills Project EIR;
 - iii. mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the Project, but the project proponents decline to adopt the mitigation measure or alternative; or
 - iv. mitigation measures or alternatives which are considerably different from those analyzed in the Saggio Hills Project EIR would substantially reduce one or more significant effects on the environment, but the Project proponents decline to adopt the mitigation measure or alternative.

ENVIRONMENTAL ANALYSIS

See Finding 3, above, for a recitation of the environmental documentation and findings for the Saggio Hills Affordable Housing Project and its associated development agreement.

FISCAL IMPACT

All City costs for processing the Saggio Hills Affordable Housing Project entitlements are funded by the Developer in accordance with a Cost Recovery Agreement between the Developer and the City of Healdsburg.

The Exclusive Negotiating Agreement between the City and the Developer anticipates that, after the Developer has secured entitlements for the Project, the parties will enter into a Disposition and Development Agreement that will address the transfer of title to the Project site to the Developer and other transactional requirements.

ATTACHMENTS

1. Planning Commission Resolution - DA 2023-01
 Exhibit A: Saggio Hills Affordable Housing Project Development Agreement
2. Project Site Location Map
3. Tentative Map (TM 2022-02; July 22, 2022)
4. General Plan Consistency Analysis
5. Saggio Hills Area Plan Consistency Analysis
6. [Land Use Code Consistency Analysis](#)