Cover art by Dyett & Bhatia.
The DSASP provides a clear vision and a comprehensive framework to guide development and preservation in the Downtown Station Area. Achieving the full development potential of the DSASP will require a range of efforts and actions on the part of the City, property owners, developers and other partners. These include carrying out the necessary regulatory measures, providing infrastructure improvements, and securing needed financing.

This chapter summarizes the identified infrastructure needs of the DSASP, the current landscape of potential funding sources, and the major policies and actions that will ensure effective implementation of the DSASP. As a living document with long-range applicability, mechanisms also exist to permit changes in the DSASP as the need arises to review the document periodically for successful performance.
REGULATORY IMPLEMENTATION

Implementation of the DSASP will require additional regulatory actions by the City of Santa Rosa, including General Plan and Zoning Ordinance amendments to ensure consistency across documents. The primary regulatory actions are described below.

GENERAL PLAN AMENDMENT

A General Plan amendment will be approved concurrently with the DSASP that reflects the DSASP’s vision and goals and policies, and recognizes the Downtown Station Area’s development (buildout) potential. Maintaining “vertical consistency” in this way is required by State law.

ZONING CODE AMENDMENTS

While the General Plan establishes a policy framework, the Zoning Code prescribes standards, rules, and procedures for development. The Zoning Code translates DSASP policies into specific use regulations, development standards, and performance criteria that govern development on individual properties. The DSASP provides policies for new and modified land use districts and overlays, use and development standards, and density and intensity limits, consistent with the DSASP’s land use classifications and development standards included in Chapter 2, Land Use. These policies will be incorporated into the Zoning Code and will be adopted at the time of the DSASP approval by the City Council. The City will also adopt Zoning Map amendments to ensure the Downtown Station Area Zoning classifications are brought into conformance with the DSASP.

IMPLEMENTATION AND PHASING

Implementation of the DSASP will require action by several different departments and divisions within the City, including the Housing and Community Services Department, Planning and Economic Development Department, Recreation and Parks Department, Transportation and Public Works Department, and Water Department. During the development process, much of the look and feel of the Downtown Station Area will be determined by the architecture, landscaping, layout, and maintenance of individual developments, as prescribed by the design standards and guidelines articulated in Chapter 4. However, the City must take the lead in coordinating the needed area-wide actions that will enable complete implementation of the DSASP and its vision.

PHASING

The ultimate phasing of development and necessary improvements within the Downtown Station Area will be based on market factors as well as costs and available financing. Many of the infrastructure improvements will occur over time concurrently with new development. A recommended phasing strategy is outlined below, although actual phasing may change based on market conditions, particularly in view of economic and societal changes which may occur in the wake of the COVID-19 pandemic.
Near-Term
Within the first five years after adoption:

- Continue to use “Express Permitting” fee reductions and Resilient City Development Measures to fast-track proposed residential projects in the pipeline and facilitate construction of high-density multi-family housing in the Downtown Station Area.

- Actively market development opportunities in the Downtown Station Area as part of a coordinated effort in collaboration with the Santa Rosa Metro Chamber and other groups.

- Pursue a public-private partnership for the redevelopment of one of the City-owned catalyst sites shown on Map LU-2 to help demonstrate the market viability of high-density multi-family housing downtown.

- Complete roadway reconfigurations on Santa Rosa Avenue, Mendocino Avenue, and E Street to help spark redevelopment along these key corridors to promote a multi-modal approach in line with Complete Streets policies.

- Implement shared parking agreements that allow larger high-density residential and mixed use projects in Courthouse Square and Railroad Square to fulfill parking need in part or in full by using underutilized spaces in City lots and garages to optimize the number of spaces constructed and support development feasibility.

- Prioritize access and wayfinding improvements that strengthen the connection between Courthouse Square and Railroad Square, including programmatic solutions for reconnecting Fourth Street through Santa Rosa Plaza Mall and branded directional signage from the SMART station.

- Support expanded programming of events and public spaces to raise the profile of the Downtown Station Area as an entertainment destination, partnering with business, arts, and cultural groups and organizations.

- Prepare a historic context statement and conduct a comprehensive historic resources survey of age-eligible properties in the Downtown Station Area.

- Develop the Downtown Façade Improvement Program (D-FIB) that would support efforts to create attractive facades on new and existing buildings. Consider providing low or no-interest loans for design and implementation and streamline the review process.

Intermediate/Longer-Term
Between 5 and 15 years after adoption:

- Facilitate redevelopment of key privately-owned Catalyst Sites shown on Map LU-2 that can accommodate significant housing development, including the SMART site adjacent to the Downtown Santa Rosa SMART station, the BoDean site in Maxwell Court, the Monroe Tires site on Santa Rosa Avenue, and the former Sears site.

- Coordinate construction of Civic Spaces with private development activities to ensure the provision of vibrant, inviting urban parks and gathering spaces for residents, employees, and visitors to the Downtown Station Area.

- Complete studies to plan for major transportation improvements needed to support full buildout of the DSASP, including an engineering study for the Roberts Avenue extension and route design study for the Downtown Loop shuttle.

- Synchronize the provision of infrastructure and streetscape improvements with new development, coordinating strategic planning, financial capacity, and physical development downtown through the Capital Improvement Program (CIP).

- Monitor progress toward DSASP objectives and the effectiveness of development incentives, adjusting the directives of the DSASP as needed.
INFRASTRUCTURE FINANCING STRATEGIES

This section describes the general approaches for funding and financing both the one-time and on-going costs of providing the public infrastructure improvements and services needed to implement the DSASP. It is designed to support the objective that new development within the Downtown Station Area “pay its way” as much as possible to avoid straining the City’s financial resources.

While the need to improve and expand public infrastructure and services to and within the Downtown Station Area will evolve over time, it is important to identify and seek to secure adequate funding prior to development. Moreover, given that the City does not have the financial capacity to subsidize or finance all the needed improvements and public services and given that the City is working to reduce the financial burden on new development in the Downtown Station Area, a creative approach to financing the improvements is required.

OVERVIEW OF FUNDING NEEDS

Implementation of the DSASP will require a range of near- and long-term public infrastructure and service system improvements, including water and sewer facilities; circulation and streetscape improvements; parks and plazas; and electricity and telecommunications capacity. Table FI-1 provides a summary of the primary infrastructure improvements necessary to support full development of the DSASP at build-out and indicates preliminary cost estimates where available. Full details of the required utility infrastructure improvements are included in Chapter 5, Public Services and Sustainability. Given that the design of roadway reallocations and civic spaces has not been completed and the specifics of those projects cannot be known at this time, cost estimates are not available.

Based on current estimates the cost of identified infrastructure improvements amount to approximately $8.15 million (in 2020 dollars). The amount and type of investment required for the other public infrastructure and amenities referenced in the DSASP will be based on guiding policies and service standards. The cost estimates are provided for illustrative purposes only, and are not all inclusive. Other financial obligations include design and engineering, as well as streetscape and right-of-way obligations and improvements, among others. Table FI-1 excludes the cost of on-going public services needed to serve the land uses in the DSASP, such as public safety and the maintenance of public spaces and right-of-way.

Table FI-1: Infrastructure Improvement Estimates

<table>
<thead>
<tr>
<th>Improvement Type</th>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Distribution System</td>
<td></td>
</tr>
<tr>
<td>Water Main Upsizing</td>
<td>$550,000</td>
</tr>
<tr>
<td>Wastewater Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Capital Improvements to Crosstown Trunk</td>
<td>$7,600,000</td>
</tr>
<tr>
<td>Sewer main upgrades</td>
<td></td>
</tr>
</tbody>
</table>

SUMMARY OF FUNDING TOOLS AND MECHANISMS

It is anticipated that the cost of public infrastructure and service system improvements will be covered in part by the expansion of existing City General Fund revenues, which will increase as new development contributes additional tax revenue. The remaining infrastructure obligations may require additional financing, particularly for required levels of service that may exceed the Citywide norm. This can be met through various mechanisms, most commonly impact fees, user fees, and community facilities districts (CFDs) in California. For projects that are public priorities, tax increment financing may also be available in designated redevelopment areas.

The following tools and mechanisms have been identified as particularly applicable for implementation of the DSASP. Each of the funding mechanisms described below can be used separately or in combination with one another. The tools and mechanisms below are presented, not as an exhaustive list, but as a preferred set given the circumstances and information available during preparation of the DSASP. In all likelihood, the appropriate and most effective funding mechanism will vary based on the nature of the improvement or service being delivered. Other factors relevant to these decisions include the timing (e.g., when the funds are needed), level and frequency of costs (e.g., on-going versus one-time costs), who the primary beneficiaries and responsible parties are, and funding availability, among others.
Federal Opportunity Zones

The Opportunity Zones incentive is a community investment tool established by the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in economically distressed communities. Opportunity Zones are low income census tracts nominated by governors and certified by the U.S. Department of the Treasury. The program provides three tax benefits for investing unrealized capital gains in Opportunity Zones.

1. Temporary tax deferral on previously earned capital gains. Investors can place existing assets with accumulated capital gains into Opportunity Funds, which are the investment vehicle that invests in Opportunity Zones. Those existing capital gains are not taxed until the end of 2026 or when the asset is disposed of.

2. Basis step-up of previously earned capital gains invested. For capital gains placed in Opportunity Funds for at least 5 years, investors’ basis on the original investment increases by 10 percent. If invested for at least 7 years, investors’ basis on the original investment increases by 15 percent.

3. Permanent exclusion of taxable income on new gains. For investments held for at least 10 years, investors pay no taxes on any capital gains produced through their investment in Opportunity Funds.

Opportunity Funds can help new development become economically feasible by creating tax savings that can offset development costs. They can be used to finance a broad variety of activities and projects, including funds for commercial real estate, housing, infrastructure, and existing and new businesses.

There are two established opportunity zones in the City of Santa Rosa: the Downtown Opportunity Zone (census tract 1520, which includes Old Courthouse Square, the East Side, College, Cherry Street, and St. Rose neighborhoods) and the Roseland Opportunity Zone (census tract 1531.04, which includes the Roberts neighborhood). These tracts are shown in Map FI-1.

Statewide Community Infrastructure Program (SCIP)

The California Statewide Communities Development Authority (CSCDA) manages the Statewide Community Infrastructure Program (SCIP). SCIP is a financing program that enables developers to pay most impact fees and finance public improvements through an acquisition agreement via tax-exempt bond issuance proceeds. The Program could be useful for developers in the DSASP area because SCIP can be used to directly prepay impact fees or, alternatively, to reimburse the developer after fee payment, rather than requiring developers to pay impact fees prior to obtaining a permit. The program can be used to enable developers to pay for, or be reimbursed for, all eligible impact fees or for a single impact fee. Moreover, the program may alleviate the need for fee waivers or for a fee deferral program by providing the City with necessary funds.

The SCIP program has assisted communities and developers throughout California to finance over $500 million in impact fees since 2003. Santa Rosa is a member of the CSCDA and, therefore, is a participating agency. SCIP may also be used in situations where the amount of funding needs is below that needed for a cost-effective bond issuance (i.e., less than $5 million). In these circumstances, the City could make use of the SCIP program, which pools multiple funding requests into larger bond issues.
Map Fl-1: Overlay of DSASP and City's Opportunity Zones

Opportunity Zone

Legend

- Opportunity Zone
- Park
- Undercrossing
- SMART Rail

Source: CA Department of Finance, 2020; City of Santa Rosa, 2018; Dyett & Bhatia, 2020
Enhanced Infrastructure Finance Districts

Enhanced Infrastructure Financing Districts (EIFDs) are forms of Tax Increment Financing (TIF) that currently are available to local public entities in California. Local agencies may establish an EIFD for a given project or geographic area in order to capture incremental increases in property tax revenue from increased assessed value (due to new development and generalized appreciation). In the absence of the EIFD, this revenue would accrue to the City's General Fund (or other property-taxing entity revenue fund). EIFD funds can be used for project-related infrastructure, including roads and utilities, as well as parks and housing and could be a helpful source of funding to address hazardous material cleanup across multiple parcels. EIFDs cannot be used to finance operations and maintenance expenses.

Unlike prior TIF/Redevelopment law in California, EIFDs require separate approval from all participating jurisdictions (e.g., City Council, Board of Supervisors). Below is a list of the taxing entities in Tax Rate Area (TRA) 004-297, selected as a representative TRA within the DSASP.

Senate Bill 628 established the EIFD as a similar, but more flexible version of Infrastructure Financing Districts (IFDs), where the scope of eligible projects is more expansive and the voter/landowner threshold to pass a bond is 55 percent instead of two-thirds, as is required for IFDs. In 2019, Assembly Bill 116 eliminated the voting requirement to issue bonds but does require three public hearings on the topic of the District's financing plan.

While any tax increment, no matter how small, will generate revenue that can be reinvested in infrastructure, it is important that in most cases the local property tax available is very limited (California cities typically get between $0.10 and $0.20 of a property tax dollar). In the representative TRA, the Santa Rosa General Fund currently receives approximately $0.124 of each property tax dollar. Moreover, the use of local property tax to support infrastructure financing has fiscal implications for California cities in that dedicating tax revenue to infrastructure limits funding for new public services costs associated with development.

Table FI-3 provides an illustrative example of the level of tax increment that could be generated in the DSASP and the associated bonding capacity. The estimate is calculated using just the City’s increment as well as the City’s plus the County’s.

Table FI-2: Taxing Entities in Representative Tax Rate Area

<table>
<thead>
<tr>
<th>Tax Code</th>
<th>Jurisdiction</th>
<th>Pre-ERAF AB8 Factor</th>
<th>ERAF Shift Factor</th>
<th>Post-ERAF AB8 Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>01200</td>
<td>COUNTY GENERAL</td>
<td>0.296452</td>
<td>0.331083</td>
<td>0.198302</td>
</tr>
<tr>
<td>01300</td>
<td>COUNTY LIBRARY</td>
<td>0.019849</td>
<td>0.000000</td>
<td>0.019849</td>
</tr>
<tr>
<td>01700</td>
<td>ERAF</td>
<td>0.135666</td>
<td></td>
<td></td>
</tr>
<tr>
<td>06000</td>
<td>GEN #1 SOCO WATER AGN</td>
<td>0.007992</td>
<td>0.082696</td>
<td>0.007331</td>
</tr>
<tr>
<td>06100</td>
<td>SPRING LAKE PARK SCWA</td>
<td>0.002578</td>
<td>0.082707</td>
<td>0.002365</td>
</tr>
<tr>
<td>06200</td>
<td>ZN 1A LAGUNA-MARK W</td>
<td>0.014144</td>
<td>0.000000</td>
<td>0.014144</td>
</tr>
<tr>
<td>10000</td>
<td>MRN/SNMA MOSQ&amp;VECTOR</td>
<td>0.002580</td>
<td>0.000000</td>
<td>0.002580</td>
</tr>
<tr>
<td>11500</td>
<td>BAY AREA AIR QUAL MGM</td>
<td>0.001981</td>
<td>0.000000</td>
<td>0.001981</td>
</tr>
<tr>
<td>13200</td>
<td>SONOMA RCD</td>
<td>0.000099</td>
<td>0.113399</td>
<td>0.000088</td>
</tr>
<tr>
<td>31700</td>
<td>SANTA ROSA CITY ELEMENTARY</td>
<td>0.150278</td>
<td>0.000000</td>
<td>0.150278</td>
</tr>
<tr>
<td>33700</td>
<td>SANTA ROSA CITY HIGH SCHOOL</td>
<td>0.182438</td>
<td>0.000000</td>
<td>0.182438</td>
</tr>
<tr>
<td>34300</td>
<td>SO CO JT JUN COLLEGE</td>
<td>0.056028</td>
<td>0.000000</td>
<td>0.056028</td>
</tr>
<tr>
<td>34400</td>
<td>SCHOOL SERVICE ADMIN</td>
<td>0.020537</td>
<td>0.000000</td>
<td>0.020537</td>
</tr>
<tr>
<td>34800</td>
<td>SANTA ROSA AWUF</td>
<td>0.081064</td>
<td>0.000000</td>
<td>0.081064</td>
</tr>
<tr>
<td>35200</td>
<td>SCHOOLS EQUALIZATION AID</td>
<td>0.003341</td>
<td>0.000000</td>
<td>0.003341</td>
</tr>
<tr>
<td>44500</td>
<td>CITY OF SANTA ROSA-PROP13</td>
<td>0.160639</td>
<td>0.228031</td>
<td>0.124008</td>
</tr>
<tr>
<td>47100</td>
<td>SR SA-GATEWAY</td>
<td>0.000000</td>
<td>0.000000</td>
<td>0.000000</td>
</tr>
</tbody>
</table>

Note: This calculation applies the appropriate 2019-20 ERAF shift factors to each jurisdiction and calculates distribution factors that represent the estimated percentage of Prop 13 (1%) taxes received by each area. However, please keep in mind that actual tax distributions are done on a countywide basis using countywide factors and this merely provides a rough estimate.

Source: Sonoma County Assessor.
Table FI-3: Illustrative EIFD Calculation

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Assessed Value (AV) in DSASP [1]</td>
<td>$1,318,884,741</td>
</tr>
<tr>
<td>Proposition 13 Basic 1% Property Tax Rate</td>
<td>$13,188,847</td>
</tr>
<tr>
<td>General Fund Property Tax Allocation [2]</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>12.40%</td>
</tr>
<tr>
<td>County</td>
<td>19.83%</td>
</tr>
<tr>
<td>City + County</td>
<td>32.23%</td>
</tr>
<tr>
<td>Annual EIFD Tax Increment Projection in Year 1</td>
<td></td>
</tr>
<tr>
<td>@ 4% Avg. annual increase in AV (City Only)</td>
<td>$65,421</td>
</tr>
<tr>
<td>@ 4% Avg. annual increase in AV (City + County)</td>
<td>$235,457</td>
</tr>
<tr>
<td>Annual EIFD Tax Increment Projection in Year 5</td>
<td></td>
</tr>
<tr>
<td>@ 4% Avg. annual increase in AV (City Only)</td>
<td>$354,341</td>
</tr>
<tr>
<td>@ 4% Avg. annual increase in AV (City + County)</td>
<td>$1,275,310</td>
</tr>
<tr>
<td>Estimated Net TI Bond Proceeds [3]</td>
<td></td>
</tr>
<tr>
<td>@ 4% Avg. annual increase in AV (City Only)</td>
<td>$3,834,748</td>
</tr>
<tr>
<td>@ 4% Avg. annual increase in AV (City + County)</td>
<td>$13,801,667</td>
</tr>
</tbody>
</table>

[2] Allocations to the City and the County are based on the tax
[3] Using Year 5 tax increment revenue, bond proceeds estimate assumes a 5% interest rate, 30 year term, 1.25 debt coverage factor, and issuance cost equal to 12% of gross bond proceeds.

Development Impact Fees

Development impact fees are charged to new private development to fund a range of public infrastructure improvements. A development impact fee is an ordinance-based, one-time charge on new development designed to cover a “proportional-share” of the total capital cost of necessary public infrastructure and facilities. The creation and collection of impact fees are allowed under AB 1600 as codified in California Government Code Section 66000, known as the Mitigation Fee Act.

To the extent that required improvements are needed to address both “existing deficiencies” as well as the projected impacts from growth, only the portion of costs attributable to new development can be included in the fee. Consequently, impact fees commonly are only one of many sources used to finance a city’s needed infrastructure improvements. Fees can be charged on a jurisdiction-wide basis or for a particular sub-area of the jurisdiction such as a DSASP area.

The key limitation of development impact fees (in addition to the nexus requirement) is the timing of funding. Infrastructure often is needed “up-front” while fees are paid over time as development occurs. This means that other funding or financing methods are needed to close the timing gap. Fee revenues also are irregular, as they depend on development activity that varies with economic conditions. Additionally, programmed or expected development that does not occur when expected, or never occurs, exacerbates the initial problem.

The City of Santa Rosa has several existing impact fee programs, which fund capital facilities (e.g., street widening, traffic signals, freeway interchanges, bike paths, and storm drains), parks, and affordable housing. The City also charges water and wastewater connection fees to new development. To the extent that impact fee revenue collected from development activity in the DSASP can be reinvested in the area, developers will benefit from the value created by the improved infrastructure. Impact fee programs must be balanced with fee reduction programs, which reduce costs of development. City-implemented fee reduction programs include the Downtown High-Density Residential Incentive Program, which reduces impact fees and defers water and wastewater fees; elimination of development impact and utility connection fees for units that are 750 square feet or less; and reduced fees for units between 750 and 1,200 square feet.

The latest fee schedule is effective January 2020. Not only is it appropriate to review and update fee programs periodically (e.g., every five years), but the DSASP identifies new infrastructure improvements needed to support new growth in the City, and the City’s fee programs may need to be revised to address the proposed improvements. Updating the City’s fee programs does not require a public vote, but it does require the preparation of a nexus study, revisions to the ordinance, and Council adoption. Proceeds may be used to reimburse property owners who pay up-front costs for facilities or infrastructure needed to facilitate development on their property.
**Renewal Enterprise District**

The Renewal Enterprise District (RED) is a Joint Powers Authority (JPA) formed by the County of Sonoma and the City of Santa Rosa to implement the joint goal of creating 30,000 new homes by developing a unifying vision, providing the policy direction necessary, and refining financial tools that can be targeted to Sonoma’s unique circumstances. It is hoped that the RED eventually may streamline permitting and financing tools to help further an aggressive housing production agenda.

The RED will allow the City of Santa Rosa and the County of Sonoma to more easily pool their resources to leverage additional investment, with the potential to generate more funds than either jurisdiction can attract on its own. The RED will seek additional financial resources from investors, funders, planners, and regulators at the regional, state and national levels, which could then be strategically leveraged under the RED construct. Members of the JPA are also pursuing grant funding and reallocation of a portion of funds made available through Senate Bill 2 (Building Homes and Jobs Act), the Governor’s budget, and Assembly Bill 101 (Housing Development and Financing Act) funds.

Once the RED is formed and has access to capital or other incentives, a project should meet specified criteria to access those incentives. There are two steps included in criteria:

- **Step one** requires every proposal submitted to meet threshold criteria, including that the project:
  - be on an infill site;
  - provide mid-to-high density development;
  - be located entirely within a Transit Priority Area, Priority Development Area, Rural Community Investment Area, Specific Plan Area, High-Quality Transit Corridor or Qualified Opportunity Zone; and
  - be residential or mixed use residential.

- **Step two** identifies additional evaluation criteria that will be utilized to rate projects meeting all threshold criteria.

While projects do not need to meet all evaluation criteria; the most competitive applicants will provide the highest level of community benefit by including one or more of the following features: on-site affordable units, on-site childcare, public outdoor space, bicycle or pedestrian connectivity, and other features.

New residential, infill development at mid- to high intensities within the Downtown Station Area could meet the RED eligibility criteria for project funding. Eligible projects are more likely to include features that address the DSASP’s objectives and provide community benefits.

**Developer Dedications, Contributions, and Exactions**

Under the Subdivision Map Act, developers may be required to dedicate land or make cash payments for public facilities and infrastructure improvements required or affected by their project. Dedications are typically made for road and utility rights-of-way fronting individual properties, parkland, and land for other public facilities directly required by their projects (e.g., payments for a traffic signal).

In the case of the DSASP, it is expected that developers will be required, as a condition of approval, to dedicate the right of way adjacent to their properties and make or fund necessary improvements for street frontage and utilities. Additionally, developers may elect to provide dedications or one-time payments for other project infrastructure requirements, improvements, or mitigations in lieu of participation in one or several of the financing mechanisms identified herein. For example, developers may want to dedicate park, plaza and other public space improvements in-lieu of associated impact fee requirements. In such cases, the City will determine and approve the terms and conditions associated with such dedications or contributions.

**Existing City Taxes, Fees, Charges and Related Requirements**

Project area developers and tenants will be responsible for paying existing City taxes, fees and charges, including sales, property, business license and transient occupancy taxes, the Citywide development impact fees, and various utility fees and charges, among others, unless specifically exempted or deferred. The City may want to consider prioritizing DSASP improvements to the extent that revenue from existing taxes, fees, and charges resulting from development and business activity in the Downtown area can be reinvested in the area. The City could also be proactive and deliberate in pursuing various “return-to-source” strategies to support downtown projects and initiatives. Some of these strategies are described below.
Development Agreements

A development agreement (DA) is a legally binding contract between a public agency and a developer that provides developers with assurances that the land use entitlements for a project will not be changed in the future, and that specifies public sector commitments to financing, phasing and other elements of project implementation. In return for these public considerations and assurances, the developer may be asked to make financial commitments beyond those that could be justified through typical subdivision ordinance dedications and exactions and/or impact fees, which are both limited by the "rational nexus" criteria.

A DA can be a useful tool for enabling larger Downtown Station Area projects, especially if publicly-owned land is involved. DAs differ from ordinary rezoning decisions or other public approvals because, in addition to binding the developer to detailed plans and conditions, they also commit public entities to a specified course of action. In addition, DAs usually incorporate vesting provisions that protect the project from future regulatory changes by the City. For the DSASP, a DA and any amendments would need to be approved by the City Council through an Ordinance approval process.

Community Benefit Districts (CBD)

Community Benefit Districts (CBDs) are self-assessment districts that provide funding for both facilities and services sought by property owners and/or tenants within a particular district. The City of Santa Rosa currently has two CBDs – the Downtown CBD and the Railroad Square CBD. Under the City’s enabling ordinance, CBDs may be formed anywhere in the city, though are focused in commercial areas with infill residential potential. The standard CBD assessment formula is based on any or all of the following factors: lot square footage, building square footage, linear street frontage, residential building square footage (excluding affordable housing and parking not open to the public), and public parking spaces. Property owners pay the assessment to enhance services such as:

- private security or case workers to address safety and problems related to homelessness
- maintaining sidewalk cleanliness
- improving landscaping
- installing decorative amenities like lighting & seating
- promoting and protecting Downtown Santa Rosa’s image
- programming events and activities in public spaces
- providing directional signs and services

The funds are controlled by an independent board comprised of property owners paying the assessments and business owners located within each district. CBDs are organized and funded by property owners and/or tenants and can be dissolved by same.

Summary of Potential Funding Sources and Uses

Table FI-4 presents a matrix linking the infrastructure and public service needs within the DSASP to the most applicable funding sources described above. As shown, there are multiple options for funding many of the DSASP improvements. In addition, funding sources can be combined and/or used to replace others (e.g., "buy-down") over time. The most appropriate funding source(s) will depend on the unique circumstances that apply to individual projects and may evolve over time. In addition, the approach will be guided by the funding policies and implementation actions described in the table.
## Table FI-4: DSASP Potential Funding Sources and Uses Matrix

<table>
<thead>
<tr>
<th>Improvement Cost Category</th>
<th>Infrastructure Funding Type</th>
<th>Utilities</th>
<th>Circulation</th>
<th>Civic Spaces</th>
<th>Operations &amp; Maintenance</th>
<th>Implementation Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Infrastructure Funding Type</td>
<td>Utilities</td>
<td>Circulation</td>
<td>Civic Spaces</td>
<td>Operations &amp; Maintenance</td>
<td>Implementation Considerations</td>
</tr>
<tr>
<td></td>
<td>Impact Fees (e.g., updated water and wastewater connection fees)</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td>Must correspond to the “nexus” findings, consistent with the Mitigation Fee Act (i.e., the fee must be reasonably related to the cost of the improvement and the impact created by new development). Can be linked to the state’s SCIP program.</td>
</tr>
<tr>
<td></td>
<td>Dedications and Exactions</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Typically required as project-specific mitigations, or may be based on policy.</td>
</tr>
<tr>
<td></td>
<td>Development Agreements</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Requires a market strong enough to incentivize developer investment beyond fair share. DA’s are legally binding contracts between developers and public agencies.</td>
</tr>
<tr>
<td></td>
<td>Special Tax or Assessment District (e.g., CFD, CBD, BID, Special Assessment Districts)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Requires voter approval and sufficient scale/participation to achieve yield and implementation efficiency.</td>
</tr>
<tr>
<td></td>
<td>Enhanced Infrastructure Financing District - SB 628 Tax Increment Financing</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Diverts incremental increases in tax revenue from the General Fund, creating a trade-off between General Fund revenue and funding for project or area wide purposes.</td>
</tr>
<tr>
<td></td>
<td>General Obligation Bond</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Limited to funding capital improvements and must be secured by legally available resources like property tax revenues. If for non-education purposes, requires a two-thirds voter approval.</td>
</tr>
<tr>
<td></td>
<td>Revenue Bond</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td>Limited to enterprise-related expenditures and requires a stable source of revenue. Does not require voter approval.</td>
</tr>
<tr>
<td></td>
<td>Other City Funding (Other Special Tax Measures, etc.)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Requires voter approval to increase local taxes.</td>
</tr>
<tr>
<td></td>
<td>City's General Fund</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>Creates trade off between projects and programs that are currently funded by General Fund revenues and new initiatives.</td>
</tr>
<tr>
<td></td>
<td>Regional, State or Federal Grant Funding</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>Can require significant Staff time to apply for and administer qualifying projects.</td>
</tr>
</tbody>
</table>
PROJECT PERMITTING AND APPROVAL

Another important aspect of implementation has to do with the project permitting and approval process. Clear application requirements and a transparent approval process can facilitate development under the DSASP and support private developers in delivering feasible projects consistent with the DSASP. Various State laws and City policies seek to streamline the project approval process and boost housing production. These laws and policies are summarized below.

Environmental Review

Pursuant to the California Environmental Quality Act (CEQA), a programmatic Environmental Impact Report (EIR) was prepared for the 2007 Specific Plan (SCH# 2006072104) and the Final EIR certified by the City Council in June 2007. In parallel with preparation of the Draft DSASP, a Draft Subsequent Environmental Impact Report (SEIR) was prepared to address the new or substantially more adverse environmental impacts that could result from implementation of the DSASP, as amended in 2020. When a public agency has prepared an EIR for a specific plan, State law provides that residential, commercial, or mixed-use projects undertaken in conformity to the specific plan are exempt from CEQA, subject to certain requirements. These provisions include, Section 15182 of the CEQA Guidelines, Section 21155.4 of the Public Resources Code, which applies to projects in transit priority areas that are also consistent with a sustainable communities strategy, and Government Code 65457, which applies only to residential projects. Further, Section 15183 of the CEQA Guidelines mandates that projects consistent with existing zoning or general plan policies for which an EIR was certified shall not require additional environmental review, except as needed to project- or site-specific significant environmental effects. Residential projects that are eligible include, but are not limited to, subdivisions, zoning changes, and residential or mixed use planned unit developments.

Pursuant to Section 15152 of the CEQA Guidelines, projects will also be eligible to “tier” from the SEIR, incorporating the prior analysis of that document by reference and concentrating solely on the specific environmental issues germane to the project in order to streamline environmental review. In addition to the policies and standards of the DSASP and other applicable regulations, individual projects shall implement and demonstrate compliance with the mitigation measures in the Final SEIR.

The City intends to rely on these provisions for exemptions and tiering to the maximum extent feasible in order to streamline environmental review of projects subsequent to the DSASP.

State Housing Law

Government Code Section 65913.4, as updated to reflect Senate Bill (SB) 35, SB 330, and other legislation, includes provisions for streamlined processing of residential infill projects intended to expedite and facilitate the construction of affordable housing and to mandate a ministerial review and approval process for residential development projects that meet a variety of specific requirements. In Santa Rosa, these provisions apply to proposed multi-family developments that contain two or more residential units with at least 10 percent affordability. Eligible projects are exempt from environmental review under CEQA and the process does not allow public hearings, other than design review strictly focused on assessing compliance with criteria required for streamlined projects, as well as any reasonable objective design standards that were in effect before the application was submitted.

Government Code Section 65589.5, known as the Housing Accountability Act (HAA), restricts cities and counties from denying or imposing conditions on residential projects that would require a reduction in density of a development that complies with "objective" general plan, zoning, and subdivision standards without making specified findings that the project would have a "specific adverse impact" on public health or safety. Recent amendments to the HAA require cities and counties to reduce the time it takes to process housing applications with an EIR to no more than 90 days for most market-rate housing developments (from 120 days) and to 60 days (from 90 days) for affordable developments, after a project application is deemed complete. In addition, the new provisions require communities to either approve or disapprove the application at any of the five allowed hearings. The new provisions codified into law with the passage of SB 330 will expire on January 1, 2025.
Other City Actions

The City has put in place Resilient City Development Measures, adopted into the Zoning Code, to fast-track housing development following the Tubbs and Nuns fires of October 2017. The measures, which expire on May 11, 2021 unless renewed, allow most residential uses by-right throughout the Downtown Station Area, with the exception of properties located east of E Street that were not included in the 2007 Plan. Further, design review for new development and major remodels is delegated to the Zoning Administrator, with the exception of projects located in the H-combining district, established for historic preservation purposes. These measures have streamlined design review and reduced timelines by up to 70 percent since implementation. The City has also set up an Expedited Permitting Program, cutting time for planning, engineering and building review from 18 to 6 months.

BIENNIAL REVIEW

Conducting periodic reviews is important to ensure the DSASP’s proper functioning over time. Technological innovations and changing economic and demographic conditions may also affect the effectiveness of implementing actions. Reviews offer an opportunity to examine the directives of the DSASP; check in on the planning process to see whether goals and objectives are being achieved, and make changes in the case that they are not.

State legislative requirements do not necessitate a mandatory review cycle for specific plans; nevertheless, given the influence of market factors on development feasibility and the magnitude of transformations envisioned, a biennial review should be conducted to make sure the DSASP is on track.

Regular review should focus on the following items of particular importance:

- Review the maximum base Floor Area Ratio (FAR) standards and development incentives identified in Chapter 2: Land Use to evaluate if they are providing the intended results;
- Ensure that the affordability mix and range of housing types constructed is consistent with the objective of promoting vital and resilient downtown neighborhoods;
- Ensure an appropriate balance of residential and non-residential development downtown, with commercial tenant spaces designed to accommodate a range of small, medium and large businesses;
- Monitor market conditions and assess optimal timing for pursuant of public-private partnerships for the redevelopment of City-owned catalyst sites;
- Re-prioritize, if needed, roadway, utility, and park/plaza infrastructure improvements in the CIP, given spatial patterns of development;
- Determine whether development standards and design guidelines are resulting in projects that reflect intended DSASP goals, including goals for the preservation and enhancement of historic resources; and
- Assess the effectiveness of parking management strategies in view of changing demographic, economic, and technological developments.