



City of Grass Valley
City Council
Agenda Action Sheet

Title: Second Reading of Ordinance 834 of the City Council of the City of Grass Valley amending subsection (C) and adding subsection (D)(7) to Section 17.44.140 of Chapter 17.44 of Title 17 of the Grass Valley Municipal Code to allow eligible mixed-use projects to include up to 10 dwelling units in the Town Core zone pursuant to Government Code Section 65913.5

CEQA: Not a project pursuant to Government Code section 65913.5(a)(3)

Recommendation:

1. That City Council find the Ordinance is not a project for the purposes of the California Environmental Quality Act (CEQA) pursuant to California Government Code section 65913.5(a)(3).
 2. Hold a second reading of the attached Ordinance 834 waive full reading, and read by Title Only, to amend subsection (c) and add subsection (d)(7) to section 17.44.140 of chapter 17.44 of title 17 of the Grass Valley Municipal Code to allow eligible mixed-use projects to include up to 10 dwelling units in the Town Core zone pursuant to Government Code Section 65913.5
-

Prepared by: Amy Wolfson, City Planner

Council Meeting Date: March 11, 2025

Date Prepared: March 5, 2025

Agenda: Consent

Background: Staff have received inquiries from property owners about the possibility of converting upper-level offices to residential use along the Mill Street pedestrian corridor. However, while the Town Core (TC) zone allows 20 dwelling units per acre, most of the buildings in this zone sit on very small lots, prohibiting them from taking advantage of the generous density allowance. Many of the buildings are large in size, and with the demise of office space interest in favor of home-office use, much of the non-ground level space is under-utilized.

At the City Council meeting held September 12, 2023, council directed staff to prepare special studies to support the drafting of an ordinance that would incentivize conversion of under-utilized upper and basement level spaces to residential use within the TC zoning designation. Staff prepared a Request for Proposals that circulated in January and February 2024. However, the city did not receive any proposals. Shortly after, staff began to look at California Senate Bill (SB) 10 as a means to move the increased density objective forward.

SB 10 was adopted and signed by the Governor in September 2021 and allows local agencies to adopt an ordinance to allow up to 10 dwelling units on any parcel if the parcel is within a transit-rich area or urban infill site. The bill language includes an explicit clause indicating that adoption of an ordinance under its provisions is not subject to CEQA review.

Proposed Ordinance: The proposed ordinance includes the following provisions:

- Limits the maximum residential density to a minimum of 10 dwelling units per parcel. This number can be made smaller, but not larger in order to comply with SB 10.
- A provision that disallows units permitted under this ordinance to be used as short-term rentals through means of a recorded restrictive covenant.
- An off-street parking agreement approved by the city at a ratio of 1 space per unit located within 1,300 feet of the property.
- Pursuant to SB 10, a restriction that a minimum of two-thirds of the property be designated for residential use.
- A restriction on ground-floor, street fronting space from being used for residential use in order to preserve the commercial and retail uses within spaces that are easily accessible to the public.

The goal of the proposed ordinance is to add to the revitalization effort downtown, encourage housing close to employment opportunities and close to the Tinloy Transit Station, and encourage investment in older buildings. This Ordinance was introduced at the February 25, 2025 City Council meeting and was approved as presented by a 3-1 vote

General Plan: The Town Core zoning designation has a corresponding Commercial General Plan designation and Town Center General Plan overlay. The Town Center designation very specifically encourages mixed-use development and does not have a residential density range associated with it. The proposed ordinance furthers the following goals of the General Plan:

- **Land Use- 9-LUP:** Provide for higher residential densities on infill sites and in the Downtown area.
- **Land Use- 23-LUP:** Encourage mixed-use developments incorporating a variety of densities on infill sites and in areas proposed for annexation.
- **Housing- HE Goal D, POLICY 1:** The City shall encourage private reinvestment in older residential neighborhoods and private rehabilitation of housing. (While the TC zone is not considered a residential neighborhood, but the program encourages reinvestment in older buildings for the purpose of housing.)

Environmental Determination: Pursuant to Government Code section 65913.5(a)(3), an ordinance adopted under its provisions and any resolution to amend the jurisdiction's General Plan, or other regulation, is not a project for the purposes of the California Environmental Quality Act.

Planning Commission Recommendation: The Planning Commission reviewed the proposed ordinance at a public hearing held on January 21, 2025. Their discussion included consideration of reducing the number of units allowed to something less than 10, but ultimately their recommendation was to approve the ordinance as presented, which allows up to 10 units per State legislation.

Council Goals/Objectives: Adoption of this ordinance supports the 2022 Strategic Plan Update, Goal #1: The City of Grass Valley is dedicated to promoting programs and projects that improve livability and enhance the character and charm of Grass Valley.

Fiscal Impact: Drafting of the ordinance required staff time.

Funds Available: None **Account #:** TBD **Reviewed by:** City Manager

Attachments:

1. Draft Ordinance to allow up to 10 Dwelling Units in the Town Core Zone pursuant to SB10