



**PLANNING COMMISSION
STAFF REPORT
JANUARY 21, 2025**

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DATA SUMMARY

Subject: Allow up to 10 Dwelling Units in the Town Core Zone pursuant to SB10

Location/ APN: Town Core Zoning Area

Zoning/General Plan: Town Core (TC) / Commercial (C)

Environmental Status: Not a project under CEQA pursuant to California Government Code section 65913.5(a)(3).

RECOMMENDATION:

- I. That the Planning Commission recommend that the City Council adopt the Ordinance to allow up to 10 Dwelling Units in the Town Core Zone pursuant to SB10, as may be modified at the public hearing, which includes the following actions:
 - a. A recommendation 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).
 - b. A recommendation 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

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 has 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.

GENERAL PLAN

The Town Core zoning designation has a corresponding Commercial General Plan designation and Town Center General Plan overly. 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 I:** 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.

FINDINGS:

1. That at their meeting on September 12, 2023, the Grass Valley City Council directed staff to draft an ordinance that would incentivize conversion of under-utilized upper and basement level spaces to residential use within the Town Core zoning designation
2. That, the City of Grass Valley desires to incentivize investment in older buildings in order to preserve the historical integrity and aesthetics of downtown;
3. That City of Grass Valley encourages housing close to employment opportunities and the Tinloy Transit Station;
4. That the General Plan Land Use Element includes policy 9-LUP to “provide for higher residential densities on infill sites and in the Downtown area,” and 23-LUP to “encourage mixed-use developments incorporating a variety of densities on infill sites and in areas proposed for annexation”; and
5. That the General Plan Housing Element Goal D, Policy I encourages “private reinvestment in older residential neighborhoods and private rehabilitation of housing”; and
6. That the City of Grass Valley desires to promote the conversion of underutilized buildings for residential use in order for the City to meet housing demand and meet housing production targets of the Regional Housing Needs Allocation (RHNA) established by the California Department of Housing and Community Development (HCD); and
7. That Senate Bill 10 (Weiner) added section 65913.5 to the Government Code, effective January 1, 2022, authorizing a local government to adopt an ordinance to zone any parcel for up to 10 units of residential density if the parcel is located on an urban infill site; and
8. That Government Code section 65913.5(a)(3) specifies that 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; and
9. That the Town Core zoning district is subject to adopted fire hazard mitigation measures pursuant to existing building standards and state fire mitigation measures in accordance with section 65913.5(a)(4)(A).
10. That the proposed Ordinance and increased density is consistent with the City’s obligation to affirmatively further fair housing pursuant to Government Code Section 8899.50 and with programs of Goal A of the 2019–2027 Housing Element, To Designate Sufficient Land at Appropriate Densities and Establish Development Standards and Permit Procedures to Accommodate the City’s Share of Nevada County’s Housing Needs for All Income Groups.

Attachments:

- I. Draft Ordinance to Allow up to 10 Dwelling Units in the Town Core Zone pursuant to SB10