



III. RESOURCES AND CONSTRAINTS

A. Available Land to Accommodate Housing

As a part of the Housing Element update process, City staff inventoried all lands within the City limits suitable for future residential development. State law requires that the community provide an adequate number of sites to allow for and facilitate production of the City's regional share of housing. To determine whether the City has sufficient land to accommodate its share of regional housing needs for all income groups, the City must identify "adequate sites." Under state law (California Government Code section 65583[c][1]), adequate sites are those with appropriate zoning and development standards, with services and facilities, needed to facilitate and encourage the development of a variety of housing for all income levels. The California Department of Housing and Community Development, in its guidelines that interpret state law (Housing Element Questions and Answers, Question #23) states that:

The locality's sites are adequate if the land inventory demonstrates sufficient realistic capacity at appropriate densities and development standards to permit development of a range of housing types and prices to accommodate the community's share of the regional housing need by income level. A two-part analysis is necessary to make this determination:

1. Can the realistic development capacity of suitable land, which is or will be served by facilities and infrastructure, accommodate the locality's total new construction need by income group over the next five years?
2. Are these available sites appropriately zoned (considering local development standards and land costs) for a variety of housing types (single-family, multifamily, mobile homes, etc.) and at appropriate densities to facilitate the development of housing to meet the locality's regional housing need by income level category, including the need for very low- and low-income households?

Residential sites identified in this chapter meet the criteria listed above, and are within the definition of "adequate sites," as provided under State law. The sites identified in Table III-1 have access to public facilities over the next five years.

As Table III-1 indicates, there are more than 124.45 acres of residentially zoned vacant land within the existing city limits, with a maximum potential yield of 1,082 dwelling units, plus another 108.88 acres of commercially zoned land that could accommodate as many as 273 dwelling units in mixed-use projects. Of these properties, nearly 30 acres are zoned R-3 and can realistically accommodate 450 dwelling units. Eight of these R-3 properties are more than one acre in size and can realistically accommodate 416 dwelling units at maximum densities of 12 to 20 dwelling units per acre. These properties have the greatest potential to accommodate housing affordable to very low- or low-

income households, particularly if density bonuses and other incentives are provided by the City. Affordable housing constructed in Grass Valley over the past decade has been in this range.

Of the properties of one acre or more, all are relatively unconstrained by parcel size, configuration, road access, environmental conditions (including the absence of steep slopes), flooding, or utility easements. Each of these properties has access to water, sewer, and other public facilities and services. Water, sewer storage, distribution, and treatment capacity are sufficient to accommodate the City's remaining share of future housing construction needs (see Table 11-27).

Of the properties zone for non-residential use, the City has estimated a realistic development potential based on recent projects constructed, approved, or proposed for mixed-use development on non-residential or non-residential/residential mixed-zoned properties. Examples are:

- A four-acre project containing 46 housing units, a 6,000 square-foot office building, and a 45,000 square-foot medical office building;
- A 1.26-acre project containing 12 dwelling units and a 5,543 square foot commercial building;
- A 0.75-acre project containing nine town homes and 787 square feet of office space; and
- Villages and South Auburn, an 18-acre project containing 57 dwelling units and 16,000 square feet of commercial and office space (see pages III-21 and 22 for more details);
- Sierra Terrace, a 5.5-acre project containing 55 dwelling units and commercial space (see pages III-21 and 22 for more details); and
- Olympia Plaza, a 6.7-acre project with 42 proposed housing units and commercial uses.

Mixed use projects approved by the City include some reduced development standards (setbacks, open space requirements, parking reduction) and are typically under Planned Unit Development (PUD) or Use Permit to allow the developer to design flexibility into a project. The City's approach to encouraging mixed-use developments and permitted flexibility in the application of zoning standards are further described on page III-16 (Special Development Areas) and page III-29 (PUDs).

Many of the mixed-use and infill housing opportunities will occur in the Town Center (TC) Overlay and the Historical District areas of the City. The TC overlay represents a General Plan policy designation and does not have separate zoning standards—the underlying zoning requirements still apply. However, TC policies promote re-use, infill, and mixed-use development and augment the application of underlying zoning standards.

The Historical District zone identified in the City's Zoning Ordinance is similar to the TC overlay in that it does not create separate zoning standards. Rather, this zoning district identifies areas of the City in which a historic preservation review process is applied to development proposals.

See figure III-3 and pages III-16 and III-28 for an explanation of these districts. Table III-1 lists vacant land in zones permitting residential uses.

**Table III-1
Vacant Land Permitting Residential Uses – City Limits¹**

Zone	Acres	Density Range (du/ac)	Unit Potential Max. Density	Unit Potential Likely Density²	Pot. Affordability (by income level)
RESIDENTIALLY ZONED PROPERTIES					
R-1	55.61	1-4	222	222	Above Moderate
R-1-X	0	1-4	0	0	Above Moderate
R-2	4.41	1-4	17	17	Above Moderate
R-2A PROPERTIES					
0966023	1.79	1-12	21	16	
3536032	1.29	1-12	15	12	
Total, R-2A	3.08	1-12	36	28	
R-2-MH 7200					
3523063	14.08	1-6	84	64	Above Moderate Moderate Low (with density bonus)
3523062	1.51	1-6	9	6	Above Moderate Moderate Low (with density bonus)
3626064	11.10	1-6	66	53	Above Moderate Moderate Low (with density bonus)
TOTAL, R-2-MH (7200)	26.69	1-6	159	123	
R-3 PROPERTIES					
Parcel #					
0954061	1.21	1-20	25	20	Low/Very Low
0827116	0.42	1-20	8	6	Moderate/Low
0923032	0.26	1-20	5	3	Moderate/Low
0834401	0.47	1-20	9	6	Moderate/Low
0838114	0.62	1-20	13	10	Moderate/Low
0926104	0.44	1-20	9	6	Moderate/Low
0842312	0.24	1-20	5	3	Moderate/Low
0926206	1.10	1-20	23	18	Low/Very Low
3541190	4.94	1-20	103	82	Low/Very Low
3541181	9.07	1-20	190	152	Low/Very Low
3541177	3.07	1-20	64	51	Low/Very Low
3541179	1.32	1-20	27	22	Low/Very Low
TOTAL, R-3	23.16	1-20	481	379	
R-3 (3100)	4.66	1-14	65	52	Moderate Low (with density bonus)
R-3 (3200)	0	1-13	0	0	Moderate Low (with density bonus)
R-3 (3500)	2.02	1-12	24	19	Moderate Low/Very low

**Table III-1
Vacant Land Permitting Residential Uses – City Limits¹**

Zone	Acres	Density Range (du/ac)	Unit Potential Max. Density	Unit Potential Likely Density²	Pot. Affordability (by income level)
SPECIAL DEVELOPMENT PLAN AREAS					
SP-1C	8.17	12	98	78	Above Moderate Moderate Low
SP-4B	0	7.5	0	0	Above Moderate Moderate
SP-4D	0	4	0	0	Above Moderate
SP-4E	0	3.5	0	0	Above Moderate
Total (R, SP)	124.45	1-20	1,082	918³	
COMMERCIAL ZONED PROPERTIES					
C-1, C-2, C-3 ⁴	60.53	1-20	N/A	152	Above Moderate Moderate Low/Very Low
M-1, M-2 ⁴	48.35	1-20	N/A	121	Above Moderate Moderate Low/Very Low
OP ⁴	0	1-20	N/A	---	Above Moderate Moderate Low/Very Low
Total (C, M, OP)	108.88	1-20		273³	
Total (all)	233.33	1-20	---	1,191³	

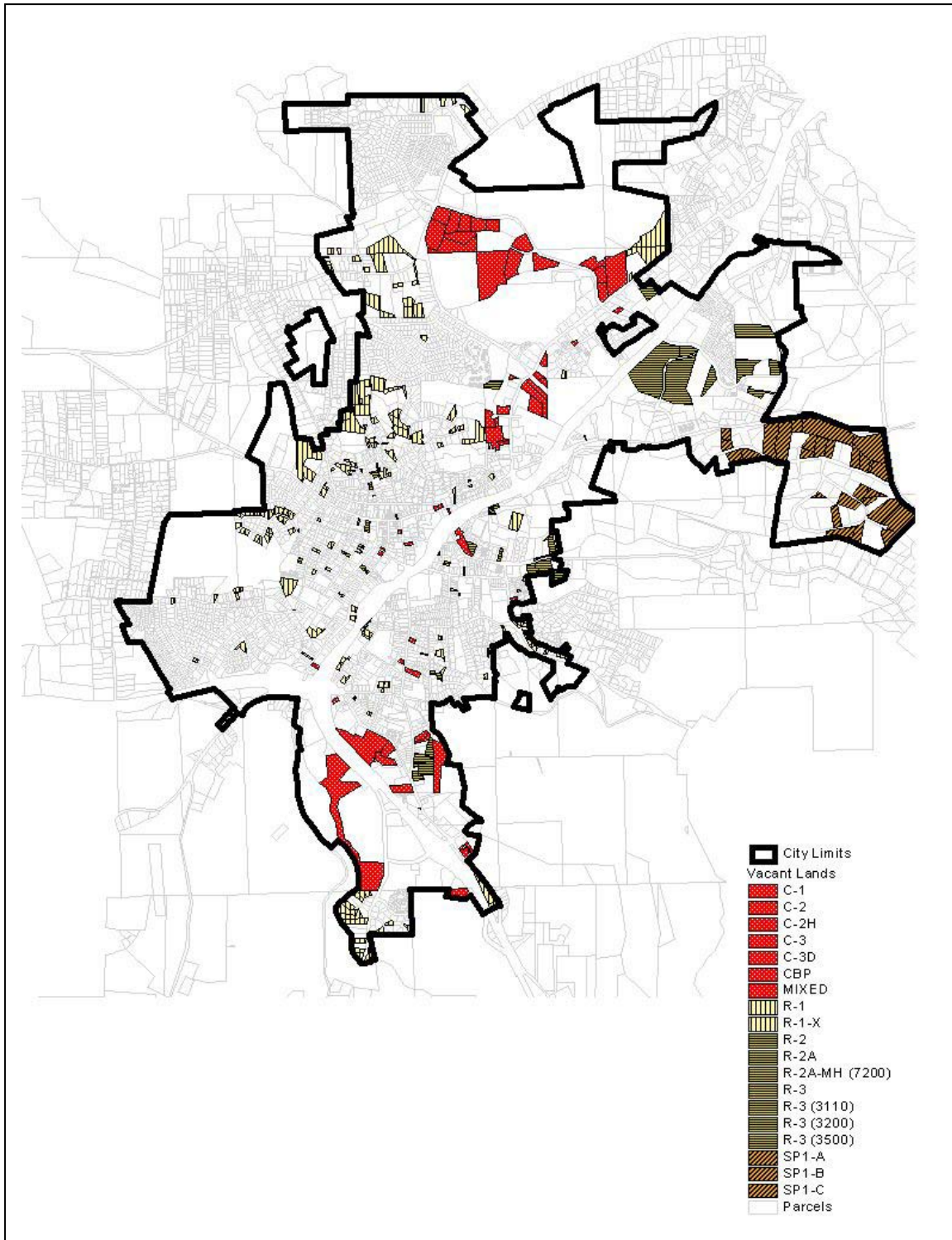
1. Only lots with more than one acre of total land area are included in the vacant land inventory.
2. Potential dwelling units if properties in R-2A, R2-MH, SP, and all R-3 zones develop at 80 percent of maximum allowable density. This has been the average of recent affordable housing developments in Grass Valley.
3. Assumes R-2, R-3, and commercial lands develop at 80 percent of maximum density, R-1 lands develop at maximum density. See note 3 below regarding assumptions on percent of commercial land developed for housing.
4. These commercial zones permit multifamily housing with a use permit. There is no upper limit on residential density, but due to height limit and parking requirements, the City believes that typical densities for housing in this zone will be similar to the R-3 zone. For the purpose of determining realistic development potential, the City has assumed that no more than 15% of lands in these commercial zones will be used for housing.

**Table III-2
Vacant Land Permitting Residential Uses – 5-Year Sphere of Influence**

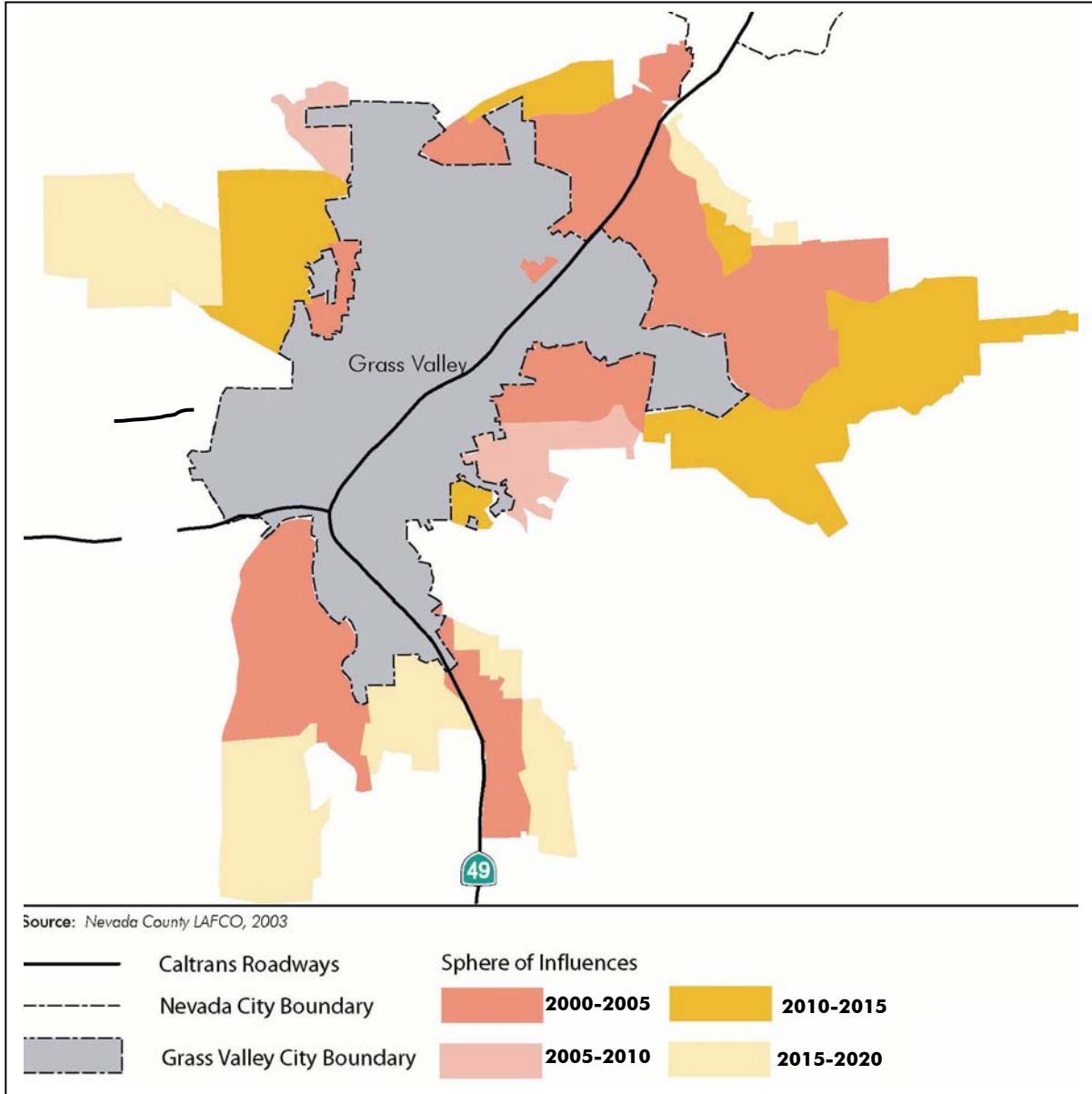
APN	COUNTY ZONING	ACRES	Status	Affordability	
0417084	RA-5	6.90	Vacant	Above Moderate	
3540078	R3-PD	5.38	Vacant	Moderate	
3540086	R3	1.65	Vacant	Low Very Low	
3541191	R2-PD-1-D	10.19	Vacant	Above Moderate Moderate Low (with density bonus)	
3541129	R2-PD-1-D	10.06	Vacant		
3541158	R2-PD-1-D	5.61	Vacant		
3541159	R2-PD-1-D	10.11	Vacant		
3541157	R2-PD-1-D	11.48	Vacant		
5330001	RA-3	47.00	Vacant		Above Moderate
5308151	RA-3	8.37	Vacant		
5308104	RA-3	2.65	Vacant		
0958146	RA-3	2.94	Vacant		
0958152	RA-3	24.68	Vacant		
5308154	RA-3	22.10	Vacant		
5308155	RA-3	8.80	Vacant		
5309220	RA-3	11.18	Vacant		
5309218	RA-3	2.49	Vacant		
5309219	RA-3	25.07	Vacant		
TOTAL		219.04			

As illustrated in Table III-2 above, there are 219 acres of residentially zoned land within the Grass Valley Sphere of Influence. These lands are another potential location for housing in the City, and their annexation and development may result in additional opportunities for housing production. As there are sufficient lands within the existing City limits to accommodate anticipated housing needs, the development capacity of these lands has not been included in the vacant land analysis. If additional housing demands are generated or other factors create the need for additional residential lands to accommodate growth, then these lands in the Sphere of Influence may be added to the City's inventory of vacant land.

**Figure III-1
Vacant Land by Zoning Classification**



**Figure III-2
Sphere Of Influence**



B. Funding and Administrative Resources

Grass Valley is a community with a significant amount of residential growth in recent times, with substantial available land for continued growth. A variety of resources are available to landowners and developers seeking to provide housing within the community. This chapter provides the programs and resources available within the City for use with residential developments. Resources are grouped under local providers, private nonprofit agencies, and state or federal programs. A full listing of financial resources available to assist in the production, preservation, and maintenance of housing is found in Table III-3.

1. Local

Nevada County Housing Authority

The Nevada County Housing Authority administers various affordable housing programs, including the Section 8 rental assistance program for the entire County. As of July 2003, 294 Nevada County households were receiving tenant-based Section 8 assistance from the Housing Authority.² Another 255 households were on the waiting list to receive vouchers. Housing Authority records do not indicate how many of these vouchers are used by households residing in the City, and there are no other means available to determine the exact number of Section 8 vouchers used in Grass Valley. In addition, the Housing Authority manages the Mortgage Credit Certificate Program and CDBG funds, which may be used to assist housing in both the unincorporated county and in Grass Valley.

Redevelopment Housing Set-Aside Funds

State law requires the Grass Valley Redevelopment Agency (GVRA) to set aside a minimum of 20% of all tax increment revenue generated from redevelopment projects for affordable housing. The Agency's set-aside funds must be used for activities that increase, improve, or preserve the supply of affordable housing. Housing developed under this program must remain affordable to the targeted income group for at least 55 years for rentals and 45 years for ownership housing. The amount of funds generated by property taxes from the GVRA for the set-aside fund was \$148,917 in FY 2001/2002. Revenues from interest and principal payments on outstanding loans generated an additional \$130,788 for the Low-Mod Fund. Over the next six years (2003 - 2009), the Agency anticipates that it will generate an additional \$1.1 million in housing set-aside funds.

The Implementation Plan recognizes that the housing needs of the City exist outside of the designated redevelopment area and through, Resolution R88-15, allow the use of housing funds throughout the city limits. The focus of the Agency's efforts regarding housing is concentrated in development and/or rehabilitation of low- and moderate-income housing. The Agency plans to use the funds to continue a first time homebuyer's down payment assistance loan program, implementation of a housing rehabilitation program that is supplementary to the City's existing program, and exploration of the possibilities to develop affordable housing within the Downtown District.

² Personal communication with Linda Anderson of Nevada County Housing Authority (07/01/2003)

During the course of the planning period covered by this Housing Element (2004 – 2009), the Redevelopment Agency will use its Housing Set-Aside funds to assist in the provision of low- and moderate-income housing through the following activities (based on the Agency's Housing Implementation Plan):

- Continue to assist low-income households and rental property owners with low-income tenants to rehabilitate their dwelling units and bring substandard housing units into compliance with minimum health and safety standards (see Housing Element Program 18). The removal of lead-based paint and asbestos hazards will also be priorities in the implementation of this program.
- Continue to provide first-time homebuyer down payment and closing cost assistance to low-income families (see Housing Element Program 15).
- Fund a demonstration program to develop design prototypes for housing affordable to the local workforce (see Housing Element Program 12).
- Continue to provide financial assistance for the construction of additional affordable housing (see Housing Element Program 15). Recent examples include the 81-unit Cedar Park Apartments and the 52-unit Glenbrook Apartments.
- Continue the Agency's marketing and outreach programs, including media releases, neighborhood group contacts, flyers and brochures, and tracking of program inquiries.
- Implement the Downtown Strategic Plan, that includes measure to promote affordable housing (see Housing Element Program 3)

Community Reinvestment Act (CRA) Compliance

Federal law requires that lending institutions reinvest in their communities. Such reinvestment is often done in the form of low-income loans for housing construction or rehabilitation, participation in activities of the Redevelopment Agency, or other investment in housing. The City may seek to establish programs for financing of construction or lending for home purchase to help lending institutions to meet their requirements under CRA.

2. Private Nonprofit

Habitat for Humanity

Habitat for Humanity is a non-profit, faith-based organization dedicated to building affordable housing and rehabilitating homes for lower income families. Habitat builds and repairs homes with the help of volunteers and partner families. Habitat homes are sold to partner families at no profit with affordable, no-interest loans. Volunteers, churches, businesses, and other groups provide most of the labor for the homes. Government agencies or individuals typically donate land for new homes. In 2001, Habitat for Humanity constructed six homes in Nevada County.

Mercy Housing California (MHC)

MHC is a non-profit developer that develops affordable housing for families, seniors, formerly homeless persons, individuals with HIV/AIDS and persons with chronic mental illnesses and physical impairments. With the assistance of public and private funding, MHC builds or rehabilitates housing to meet community needs. The types of housing developed include multi-unit rental apartments

and single-family homes, single room occupancy apartments for formerly homeless adults, and handicap-accessible units for individuals with physical impairments. Since merging with the Rural California Housing Corporation (RCHC) in 2000, the activities of this group have expanded to include preservation of at-risk units, coordination of self-help housing development, and redevelopment of substandard housing.

Foundation of Resources for Equality and Employment for Disabled (FREED)

FREED is a non-profit resource agency that provides referrals to the elderly for various housing assistance programs. In addition to referrals, FREED offers loans for small home repairs to disabled homeowners for improvements necessary to increase accessibility or improve functionality, through its Fix-It Program. This agency promotes revisions to construction codes to facilitate accessibility for the disabled, as well as increased knowledge of housing issues for the disabled.

Nevada County Housing Development Corporation

The Nevada County Housing Development Corporation is a non-profit developer of self-help housing, transitional living facilities, and emergency shelters. This group is certified as a Community Housing Development Organization (CHDO) by the State of California, and has been active in production of housing and shelter services in the Grass Valley area. The non-profit facilitated the construction of 30 self-help homes in the City in the 1980s, and operates an emergency shelter within the Sphere of Influence.

3. State/Federal

Community Development Block Grant (CDBG) Funds

The CDBG program provides funds for a range of community development activities. CDBG funds are administered by the State Department of Housing and Community Development (HCD) through a variety of competitive and non-competitive programs. These programs can provide funding for a range of activities. The eligible activities include, but are not limited to acquisition and/or disposition of real estate or property, public facilities and improvements, relocation, rehabilitation and construction of housing, homeownership assistance, and also clearance activities. Funding levels for individual programs can vary by year, and decisions to pursue funding for each program are made by staff based on potential projects and perceived competitive advantages.

HOME Investment Partnership Program Funds (HOME)

Federal HOME funds can be used for activities that promote affordable rental housing and homeownership for lower-income households. HOME funds are administered by HCD, through a variety of competitive and non-competitive programs. Activities eligible to receive HOME funds include building acquisition, new construction, reconstruction, moderate or substantial rehabilitation, first-time homebuyer assistance, and tenant-based assistance. A federal priority for the use of HOME funds is preservation of the at-risk housing stock. As with CDBG funds, funding levels for individual programs can vary by year, and decisions to pursue funding for each program are made by staff based on potential projects and perceived competitive advantages.

**Table III-3
Financial Resources for Housing Activities**

Program Name	Description	Eligible Activities
1. Federal Programs		
Community Development Block Grant (CDBG)	Grants available to the City on a competitive basis for a variety of housing and community development activities. City competes for funds through the State's allocation process.	<ul style="list-style-type: none"> - Acquisition - Rehabilitation - Home Buyer Assistance - Economic Development - Homeless Assistance - Public Services
HOME	Grant program available to the City on a competitive basis for housing activities. City competes for funds through the State's allocation process.	<ul style="list-style-type: none"> - Acquisition - Rehabilitation - Home Buyer Assistance - Rental Assistance
Low-income Housing Tax Credits (LIHTC)	Tax credits are available to persons and corporations that invest in low-income rental housing. Proceeds from the sales are typically used to create housing.	<ul style="list-style-type: none"> - New Construction - Acquisition - Rehabilitation
Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time homebuyers to buy new or existing single-family housing. County Housing Authority makes certificates available.	<ul style="list-style-type: none"> - Home Buyer Assistance
Section 8 Rental Assistance Program	Rental assistance payments from County Housing Authority to owners of private market rate units on behalf of very low-income tenants.	<ul style="list-style-type: none"> - Rental Assistance - Home Buyer Assistance
Section 202	Grants to non-profit developers of supportive housing for the elderly.	<ul style="list-style-type: none"> - Acquisition - Rehabilitation - New Construction
Section 203(k)	Provides long-term, low interest loans at fixed rate to finance acquisition and rehabilitation of eligible property.	<ul style="list-style-type: none"> - Land Acquisition - Rehabilitation - Relocation of Unit - Refinance Existing Indebtedness
Section 811	Grants to non-profit developers of supportive housing for persons with disabilities, including group homes, independent living facilities and intermediate care facilities.	<ul style="list-style-type: none"> - Acquisition - Rehabilitation - New Construction - Rental Assistance
U.S. Department of Agriculture (USDA) Housing Programs (Sections 514/516)	Below market-rate loans and grants for farmworker rental housing.	<ul style="list-style-type: none"> - New Construction - Rehabilitation
2. State Programs		

**Table III-3
Financial Resources for Housing Activities**

Program Name	Description	Eligible Activities
Affordable Housing Partnership Program (AHPP)	Provides lower interest rate CHFA loans to homebuyers who receive local secondary financing.	- Home Buyer Assistance
CalHOME	Provides grants to local governments and non-profit agencies for local homebuyer assistance and owner-occupied rehabilitation programs and new home development projects. Will finance the acquisition, rehabilitation, and replacement of manufactured homes.	- Home Buyer Assistance - Rehabilitation - New Construction
California Housing Assistance Program	Provides 3% silent second loans in conjunction with 97% CHFA first loans to give eligible buyers 100% financing.	- Home Buyer Assistance
California Housing Finance Agency (CHFA) Rental Housing Programs	Below market rate financing offered to builders and developers of multifamily and elderly rental housing. Tax-exempt bonds provide below-market mortgages.	- New Construction - Rehabilitation - Acquisition
California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax-exempt bonds to make below-market loans to first-time buyers. Program operates through participating lenders who originate loans for CHFA.	- Home Buyer Assistance
California Self-Help Housing Program (CSHHP)	Provides grants for the administration of mutual self-help housing projects.	- Home Buyer Assistance - New Construction
Downtown Rebound	Funding to facilitate infill development and conversion of commercial buildings for "live-work" spaces.	- Rehabilitation - Conversion
Emergency Housing and Assistance Program (EHAP)	Provides grants to support emergency housing.	- Shelters & Transitional Housing
Emergency Shelter Program	Grants awarded to non-profit organizations for shelter support services.	- Support Services
Farmworker Housing Assistance Program	Provides State tax credits for farmworker housing projects.	- New Construction - Rehabilitation
Housing Enabled by Local Partnerships (HELP)	Provides 3% interest rate loans, with repayment terms up to 10 years, to local government entities for locally determined affordable housing priorities.	- New Construction - Rehabilitation - Acquisition - Home Buyer Assistance - Site Acquisition - Site Development

**Table III-3
Financial Resources for Housing Activities**

Program Name	Description	Eligible Activities
Joe Serna Jr. Farm-worker Housing Grant Program (FWHG)	Provides recoverable grants for the acquisition, development and financing of ownership and rental housing for farmworkers.	- Home Buyer Assistance - Rehabilitation - New Construction
Multi-Family Housing Program (MHP)	Deferred payment loans for the new construction, rehabilitation and preservation of rental housing.	- New Construction - Rehabilitation - Preservation
Self-help Builder Assistance Program (SHBAP)	Provides lower interest rate CHFA loans to owner-builders who participate in self-help housing projects. Also provides site acquisition, development and construction financing for self-help housing projects.	- Home Buyer Assistance - New Construction - Site Acquisition - Site Development
Supportive Housing/ Minors Leaving Foster Care	Funding for housing and services for mentally ill, disabled and persons needing support services to live independently.	- Supportive Housing - Foster Care
3. Local Programs		
Financial Incentives under the Density Bonus Ordinance	The City's Density Bonus Ordinance offers financial incentives, as required by State law.	- New Construction
Redevelopment Housing Fund	State law requires that 20% of Redevelopment Agency funds be set aside for a wide range of affordable housing activities governed by State law.	- Acquisition - Rehabilitation - New Construction
4. Private Resources/Financing Programs		
California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium designed to provide long-term debt financing for affordable multifamily rental housing. Non-profit and for profit developers contact member banks.	- New Construction - Rehabilitation - Acquisition
Federal National Mortgage Association (Fannie Mae)	Fixed rate mortgages issued by private mortgage insurers.	- Home Buyer Assistance
	Mortgages that fund the purchase and rehabilitation of a home.	- Home Buyer Assistance - Rehabilitation
	Low Down-Payment Mortgages for Single-Family Homes in underserved low-income and minority cities.	- Home Buyer Assistance
Freddie Mac Home Works	Provides first and second mortgages that include rehabilitation loan. City provides gap financing for rehabilitation component. Households earning up to 80% of the median family income qualify.	- Home Buyer Assistance

Source: Cotton/Bridges/Associates, July 2003.

C. Constraints

1. Governmental Constraints

A. Overview

Local policies and regulations can impact the price and availability of housing and, in particular, the provision of affordable housing. Land use controls, site improvement requirements, fees and exactions, permit processing procedures, and other factors may constrain the maintenance, development, and improvement of housing. This chapter discusses potential governmental constraints as well as policies that encourage housing development in Grass Valley.

State and federal regulations also affect the availability of land for housing and the cost of producing housing. Regulations related to environmental protection, prevailing wages for publicly assisted construction projects, construction defect liability, building codes, and other topics have significant, often adverse impacts on housing cost and availability. Perhaps one of the greatest constraints to the production of housing affordable to lower-income households is the chronic shortage of state and federal financial assistance for such housing.

While Grass Valley recognizes that constraints exist at other levels of government, the City has little or no control over these regulations and no ability to mitigate them directly. This chapter of the Housing Element therefore, focuses only on policies and regulations adopted by the City that can be mitigated by the City.

B. Land Use Policies

The City of Grass Valley has recently completed an update of its General Plan, which contains goals, policies, and programs that will guide development throughout the Grass Valley planning area until the year 2020. The Land Use Element contains the primary policies that guide residential development. These policies are implemented through several types of ordinances, including the Zoning and Subdivision ordinances. Zoning regulations establish the amount and distribution of different land uses within the City, while subdivision regulations establish requirements for the division and improvement of land.

The Land Use Element of the Grass Valley General Plan contains four residential land use categories: urban estate density, urban low density, urban medium density, and urban high density. Each land use designation permits a variety of housing types and densities for residential development. Two additional land use designations provide for development that would include a mixture of residential and commercial land uses of varying densities. These land use designations are the Corporate Business Park (CBP) overlay and the Special Development Area (SDA).

The City has adopted zoning standards for these general plan categories that include five residential zones and two mixed-use zones that allow residences. Table III-4 summarizes the General Plan land use categories and corresponding residential zones.

**Table III-4
Land Use Categories Permitting Residences**

General Plan	Zoning Designation(s)	Density (du/ac)	Minimum Site Area/Unit (sq. ft.)	Maximum Building Coverage	Typical Residential Type(s)
Residential					
Urban Estate Density	Residential Estate (RE)	1 or less/acre	1-3 acres	40%	One single-family detached home per lot
Urban Low Density	Single Family Residential (R-1) Two-Family Residence (R-2)	1.01 to 4/acre	10,000	35%	One single-family detached home per lot; Single-family patio homes; townhouses
Urban Medium Density	Single Family Residential (R-1) Two-Family Residence (R-2) Medium Density Residential (R2A)	4.01 to 8/acre	5,000	40%	Single-family attached and detached; single-family patio homes; duplexes; townhouses
Urban High Density	Multiple Family (R-3)	8.01 to 20.0/acre	5,000	50%	Townhouses or row houses; apartments; condominiums
Mixed Use					
Special Development Area	Interim Development Reserve (IDR) Specific Plan (SP)	No Limit	N/A	Varies with use	Any type proposed within Specific Plan, Master Plan
Business Park (BP)	Corporate Business Park (CBP) Office Professional (OP) Industrial / Services (I/S)	8 to 20	10,000/building	40%	Any type pursuant to acquisition of use permit
Overlay					
Town Center Overlay (TC)	N/A	N/A	N/A	N/A	Upper level residential in Downtown area
Open Space Opportunity Overlay (OSO)	N/A	Underlying GP designation	N/A	N/A	Residential uses corresponding to underlying GP designation

Source: Grass Valley General Plan

i. Special Development Areas

The City of Grass Valley has identified four areas that are designated Special Development areas, as seen in Figure III-3. Three of the SDAs have been subjects of annexation agreements with the City. Annexation agreements have resulted in the allocation of acreage to various land uses, and a fixed number of housing units to be allowed. The SDAs are:

- Loma Rica Ranch (180 housing units, 121 acres)
- North Star (363 housing units)
- Kenny Ranch (100 housing units)
- Bear River Mill Site (approx. 310 housing units plus approx. 24,000 square feet above ground level residential space, annexation agreement not yet in place)

Development within the Special Development Areas (SDA) is encouraged to be clustered or grouped to assist in the reduction of infrastructure development costs, which is further addressed by several policies in the City's 1999 General Plan. Buildings should also be designed to encourage pedestrian use and other alternative modes of transportation. Although the development proposals for the SDA areas are preliminary, it is anticipated that they will include elements of workforce housing and mixed-use developments to accommodate sufficient residential development.

ii. Town Center Overlay

The Town Center (TC) Overlay only applies to a designated area within the City, comprising the downtown and the surrounding areas. The TC overlay district encourages the development of mixed land uses. The Town Center overlay is not a zoning district with separate development standards. Various land uses may be accommodated in the TC district. Street-level commercial, specialty shops, restaurants, upper level residential, and offices are encouraged in the Town Center area. The City is implementing the General Policies of the Town Center through the Downtown Strategic Plan and incentives for mixed-use (see Chapter IV, Goal A, Program 2).

**Figure III-3
Special Development Areas and Town Center Overlay**



iii. Historic Preservation

The City has included a Historic Element in the current General Plan to ensure preservation of historically significant structures in the area. This Element includes the designation of a historical district, encompassing the downtown area of the City, as well as goals, policies, and objectives addressing conservation measures for historical properties. However, the City has not yet established such a district or a separate historic review process. Building alterations for commercial areas within the downtown Historic District are subject to review by the Development Review Committee through the City's site plan review process (see section "F" below, Development Review Procedures). The City also has an established Historical Commission, which maintains historic building inventory and promotes historic preservation through programs such as the Heritage Home awards.

The time required for Development Review does not impose an additional constraint on the re-use or modification of existing buildings or sites because the Development Review Committee meets twice monthly. Projects are subject to Development Review regardless of the presence of historical resources. Most exterior building remodeling and new building construction within Grass Valley requires development review approval with the exception of single-family homes.

The City's review of development projects with historic significance has the potential to increase costs for the rehabilitation or conversion of historic buildings because of the added cost of maintaining the historic character of a structure in the use of materials and construction techniques. The City has mitigated the cost impact by confining the review process to building exteriors. This leaves property owners with the flexibility to make necessary modifications and use cost-effective construction techniques in the interior of the buildings. Additionally, the overwhelming majority of the City's housing development is not affected by historic preservation policies since such development occurs largely outside downtown and adjacent areas affected by historic issues.

In order to accommodate improvements required for accessibility by persons with disabilities, the City allows exterior modifications of non-historic structures. Exterior improvements have been made to the Bret Harte Retirement Inn, Chamber of Commerce building, and City Hall building.

iv. Community Design Element

The Community Design Element of the General Plan includes goals for the design and configuration development, including residential development. The goals are to preserve and enhance the existing community, conserve community attributes that provide a sense of the natural setting and continuity with the past, assure that new development is sensitive to and strengthens the existing built and natural environment, and create, maintain, and enhance civic places. New development is expected to respect the scale and intensity of adjacent older development and provide physical connections through streets, lanes and/or trails wherever possible so that pedestrians, bicycles, automobiles can safely move easily between local destinations and between work and home. Infill and reuse opportunities are important because they maximize efficient use of land and avoid urban intrusion on natural environment. Infill uses are expected to respect the pre-existing uses, patterns, and community aesthetics.

As discussed above, the Development Review Committee reviews nearly all exterior building remodeling projects and new development projects to ensure consistency with established design

standards. The Committee meets twice monthly and does not cause a significant constraint to development within the City. Specific details regarding design review and how the City mitigates the potential impact on affordable housing are discussed further in sub-section F, Development Permit Procedures.

C. Analysis of Residential Zoning Standards

The City regulates the type, location, density, and scale of residential development primarily through its Zoning Ordinance. Zoning regulations are designed to protect and promote the health, safety, and general welfare of residents as well as implement the policies of the Grass Valley General Plan. The Zoning Ordinance also helps preserve the character and integrity of existing neighborhoods.

Grass Valley has five residential zones:

- RE - Residential Estate (single-family structures)
- R-1 - Single-Family Residence District
- R-2 - Two Family Residence District
- R2A - Medium Density Residential District
- R-3 - Multiple Family District

Minimum lot sizes for the City's residential zones are 10,000 square feet for both interior and corner lots. Permitted building heights are 35 feet in all zones. The City also permits residential uses, subject to acquisition of a use permit and the City's residential design standards, in several other zoning districts. Under these conditions, residential uses are allowed in the Office and Professional District, Community Business District, Central Business District, Downtown Central Business District, Heavy Commercial District, Corporate Business Park District, Light Industrial District, General Industrial District, and the Specific Plan District.

Table III-5 summarizes the relevant residential standards for both single-family and multi-family residential development.

**Table III-5
Residential Development Standards**

Zoning Standards	Zoning Districts													
	RE	R-1	R-2	R2A	R-3	OP	C-1	C-2	C-2-A	C-3	CBP	M-1	M-2	SP
Max. Density (du/ac) Per GP	1	4	8	8	20	20	20	20	20	20	8	20	20	²
Min. Interior Lot Size (sq. ft.)	43,560	10,000	10,000	10,000/building	10,000	10,000	3,500	2,000	2,000	2,000	10,000/building	2,000	2,000	²
Min. Corner Lot Size (sq. ft.)	43,560	10,000	10,000	10,000/building	10,000	10,000	3,500	2,000	2,000	2,000	10,000/building	2,000	2,000	²
Min. Lot Width (ft.)	120	70	70	70	70	70	None	None	None	None	70	None	None	²
Front Yard (ft.)	50	20	20	20	20	20	15	None	None	None	20	None	None	²
Side Yard (ft.)	5	5	5	5	5, 20%, <15 street side, corner lot	5, 20%, <15 street side, corner lot	None	None	None	None	5	None	None	²
Rear Yard (ft.)	20	20	20	5	20%, 10-20 feet	20%, 10-20 feet	15	12	12	12	5	12	12	²
Building Coverage (%)	40%	35%	40%	40%	50%	50%	None	None	None	None	40%	None	None	²
Max. Bldg. Height (ft.)	35	35	35	35	35	35	35	50	65	65	35	50	50	²
Parking (spaces/unit)	2/unit	2/unit	2/unit	1.5/one bdrm., 2/two bdrm.	1.5/one bdrm., 2/two bdrm.	1.5/one bdrm., 2/two bdrm.	1	1	1	1	1.5/one bed, 2/two bed	1	1	²
Housing Types Permitted														
Single-Family	P	P	P	P	P	U	U	U	U	U	U	U	U	P
Two-Family	X	X	P	P	P	U	U	U	U	U	U	U	U	P
Multiple Family/Apt.	X	X	X	P	P	U	U	U	U	U	U	U	U	P
Townhouse	X	X	X	P	P	U	U	U	U	U	U	U	U	P
Condominiums	X	X	X	P	P	U	U	U	U	U	U	U	U	P
Second Units	X	U	U	U	U	U	U	U	U	U	U	U	U	U
Boarding House	X	X	X	X	P	U	U	U	U	U	X	U	U	P
Day Care Center (6 or fewer children)	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Elder Care (7 or more persons)	U	U	U	U	U	U	U	U	U	U	U	U	U	P
Transitional Shelter	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Emergency Shelter	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Lodging House	U	U	U	U	P	U	U	U	U	U	U	U	U	P

Source: Grass Valley Zoning Ordinance

- Notes:
- P = Permitted
 - U = Permitted with a use permit
 - X = Not permitted
 - * = Not defined in Zoning Ordinance
 - 1 = As defined in Article 14 of the Zoning Ordinance for specific residential uses.
 - 2 = The Specific Plan Zoning District allows any residential land use if shown on the Specific Plan Development Map.

i. Standards Affecting Residential Density

The City of Grass Valley has extensive history related to the California gold rush in 1849, which means that a large percentage of the City was planned and/or developed prior to the advent of regulatory standards and procedures that city residents now take for granted. There are several residential neighborhoods that contain small miner's cottages, Victorian homes, Tudor and craftsman style bungalows, and small Victorian cottages.

Residential Density

Permitted residential densities range from one dwelling unit per acre up to 20 dwelling units per acre as shown in Table III-5. Zoning includes Residential Estate designations in order to facilitate the annexation of urban areas that may not be supported by municipal utilities. The higher density residential zoning designations are not specifically for multi-family uses but can include single-family dwelling units as well. The City encourages multi-family developments to be scattered throughout the community, with decreasing intensity as distance from commercial core increases. All new development within city boundaries is expected to respect the existing design and pattern of development.

Historically, the City has accommodated the development of affordable housing within the R-3 residential zoning district, which allows for the development of the maximum 20 units per acre. With density bonuses, R-2A and R-3 densities are adequate to facilitate the production of affordable housing. In cases where project density may be constrained by environmental or other factors, the City has allowed developers to cluster dwelling units on the unconstrained portion of a site and/or exceed the height limit to achieve a feasible project density. An example of the City's flexibility in implementing zoning standards is the Glenbrook Apartments, in which the City permitted three-story buildings to achieve a project feasible density as a portion of the site was constrained by slope, power lines, and other factors.

The following are examples of affordable and market-rate multi-family and mixed-use housing developments that have been constructed, approved, or are under consideration by the City as of July 2003:

- **Oak Ridge Apartments (built)** - A 96-unit development on 4.8 acres. Project was zoned R-3 and developed with 20 units per acre. The complex includes 80 affordable units.
- Cedar Park (under construction) - A 174-unit development on 8.72 acres. Project was zoned R-3 and developed with 20 units per acre. The complex includes 81 affordable units.
- Glenbrook Apartments (approved) - A 63-unit development on 4.71 acres. Project was zoned R-2A, allowing eight units per acre and R-3, allowing 20. The complex includes 52 affordable units.
- Village at South Auburn, Mixed-Use Project, R-2A and M-1 Zones (approved) - This project includes 34 duplex units, 23 apartments, and over 16,000 square feet of commercial and office space on 10.83 acres. The property was rezoned from R-2 and M-1 to R-2, C-2, and OS (Open Space) to accommodate the project. Nearly three acres

of the project site were designated OS (Open Space) due to presence of wetlands and other biological resources. The duplex portion of the project will be located on 4.10 acres, with a net density of 8.3 dwelling units per acre. The 23 apartments will be located on 3.87 acres, with the commercial portion of the project, for a net density of approximately 12 units per acre for the residential portion of the mixed-use portion of the project. The City permitted to developer to achieve a higher net density than otherwise permitted in the R-2 zone to compensate for the loss of land designated OS.

- Sierra Terrace, Proposed Mixed-Use Project, R-1 and C-2 Central Business District Commercial (proposed) – This pending project proposes a combination of single-family, multifamily, and commercial land uses. The applicant used the Conceptual Review process to ensure general compliance with general plan, zoning, and community design requirements prior to moving forward with a formal permit application. The multifamily portion of the project proposes 20 condominium units, 16 townhomes, and 10 duplexes on 3.39 acres for an average net residential density of approximately 14 dwelling units per acre. The R-1 portion of the proposed project contains 2.15 acres and could accommodate nine dwelling units.
- Olympia Plaza, Mixed-Use Project (proposed) – Annexed to the City in 2002, this property contains 2.1 acres zoned R-3, seven acres zoned C-2 (Central Business District Commercial), and 4.6 acres designated OS (due to environmental constraints and the presence of biological resources). The project, as proposed, contains 42 market rate residential units on both the R-3 and C-2 zoned portions of the property.
- Wales Garden, Mixed-Use Project (approved) – This project consists of eight multi-family residential units and 787 square feet of office space on a 0.75-acre infill lot. The project site is zoned Community Business District (C-1) indicating that residential uses are subject to the provisions of a use permit. The project will include the construction of four separate buildings. One building will consist of mixed-use office with residential units upstairs. Three single story buildings will be constructed to house the remaining dwelling units and garages. The housing units are considered condominiums and will be available for individual property ownership.

Density Bonus Program

A density bonus program is also available to developers who wish to provide affordable housing to the City's residents. Section 15-14 of Article 15 of the Zoning Ordinance establishes the basic provisions of the density bonus program by requiring an agreement between the developer and the City pursuant to Government Code Section 65915. Initially, the developer submits a full description of the proposed development, an identification of why the project qualifies for a density bonus, and the justification of why it should receive bonus incentives. The City's Planning Commission is responsible for making a recommendation to the City Council regarding the proposal and type of bonus incentive should be allowed. In turn, the City Council approves, approves with modifications, or denies the proposal. In the event the proposal is approved, an agreement is executed between the developer and the City Council. The project is then returned to the Planning Commission for project approval.

Although the density bonus program is in compliance with current State laws, the Zoning Ordinance should be amended to more accurately characterize that as a program required to be offered by the City, any development is eligible to receive incentives and/or bonuses as long as certain concessions for affordable housing units are made. The City may consider establishing a separate article of the Zoning Ordinance for the density bonus program that includes identification of the particular requirements a project must comply with to receive bonuses and/or incentives.

Yards and Setbacks

As seen in Table III-5, yard and setback requirements established in Grass Valley's zoning code vary by zoning district and density of residential development. Front yard setbacks in residential zoning districts are required to be 20 feet with the exception of the RE zone, which requires a larger 50-foot setback. The Zoning Code does not regulate front yard setbacks in commercial zones, except in the C-1 zoning district, which has a 15-foot front yard setback requirement. Side yard setbacks are five feet within residential zones. There are no standards for side yard setbacks in commercial zoning districts that allow residential uses except the CBP zone, which requires a five-foot side yard setback. Rear yard setbacks range from five feet in the R-2 and one commercial zone to 20 feet in other residential zones.

When considered in combination with the parking requirements for residential land uses, the required front yard setback may present a constraint to housing development on sites with odd configurations, such as a shallow, but wide property. Grass Valley's Zoning Ordinance expressly prohibits garages and or parking spaces within front yard setback areas. The Code allows the extension of structures such as eaves, cornices, fireplaces, uncovered porches, and stairways into the required yard area but only between two to six feet from the main building. This potential constraint could be mitigated by allowing parking areas in the required front yard setback in the R-2A and R-3 zones without allowing parking structures.

Lot Size

The minimum lot size for all residential zones is 10,000 square feet. The minimum lot size has been established because most undeveloped areas of Grass Valley have topography and other conditions that present potential constraints to development on smaller lots. Smaller lots of record that do not meet minimum lot area or width requirements may be developed if created before the present zoning standards for lot size were adopted by the City. The City has established a Planned Unit Development (PUD) zone (see section v below) that applies to areas in which smaller lots and other alternative lot configurations are appropriate to mitigate the potential cost constraint posed by the City's minimum 10,000 foot lot requirement. The PUD overlay allows smaller minimum lot sizes.

Building Coverage

The City imposes reasonable limits on building coverage. In the R-2 and R-3 zones, 40 to 50 percent of the lot may be occupied by buildings. The building coverage limit does not include enclosed parking or other accessory structures, unless they are part of the main building. Therefore, building coverage requirements do not impose a constraint on residential development. It is unlikely that additional building coverage would be necessary to achieve a density of eight to 20 dwelling units per acre, plus a 25 percent density bonus for affordable housing, in the R-2 and R-3 zones.

Building Height

The City's height limits do not constrain a property owner's ability to achieve maximum densities allowed under the City's General Plan because the zoning standards allow up to 35 feet, or two stories, in building height. Two stories of building height are sufficient, in combination with the maximum permitted building coverage, to achieve between 8 and 20 dwelling units per acre, plus density bonuses for affordable housing.

When site conditions constrain development on a portion of a lot, the City may provide an exception to the height limit to allow for three-story development, as was the case with the Glenbrook Apartment project.

Group Care Homes

Grass Valley permits community care facilities such as convalescent homes, day care centers, and rest homes within all of its residential zoning districts pending the issuance of a use permit. These facilities are also allowable uses, subject to use permit requirements, within commercial zones, industrial zones, the office and professional district, and within specific plans. State law requires that community care facilities for six or fewer persons be treated as permitted single-family uses in all residential zones. To ensure that the City complies with state law regarding community care facilities in residential zones, the Zoning Ordinance should be amended to define community care facilities of six or fewer persons, regardless of type, as permitted uses in residential zones and larger facilities as conditionally permitted uses with a use permit. Community care facilities for seven or more persons are generally allowed within all residential zoning districts, subject to compliance with a use permit.

Accessory uses such as wheelchair ramps are permitted within all residential zones as incidental structures related to the residence. Building procedures within the City are also required to conform to the Uniform Building Code, as adopted with revisions by the California Building Standards Commission (Title 24 of the California Code of Regulations), as adopted by Title 15 of the City's municipal code. Standards within the Code include provisions to ensure accessibility for persons with disabilities.

Occupancy Standards

Grass Valley does not regulate occupancy of residential units or distinguish between related and unrelated individuals as a permitted residential use. Section 4-21 of Article 4 of the Zoning Ordinance, Definitions, defines "family" as "an individual or two or more persons occupying a structure and living as a single housekeeping unit." Permitted uses in residential zones include single-family, two-family, and multiple families. The City's definition of family does not explicitly limit the amount of persons that can live within a given dwelling unit. Occupancy standards do not constrain the development of housing in Grass Valley.

Siting of Elder Care Facilities, Group Homes, and Other Group Care Housing

Grass Valley permits elder care facilities in all but three of its zoning districts, with the granting by the City of a use permit. Zoning districts in which elder care facilities are not allowed include the Limited Manufacturing District, the Public District, and the Open Space District. The City's Elder

Care Ordinance identifies an elder care facility as providing care for seven or more persons. Examples of elder care housing include convalescent homes, day care centers, and rest homes.

Cumulative Zoning

Lower density residential developments are allowed in all residential districts, which means that property owners within R-2, R2A, and R-3 zones are not required to develop multi-family housing. While the allowance of single-family residential units on smaller, infill parcels is ideal, it presents a potentially cumulative constraint upon high-density housing development. This constraint could be alleviated if single-family residential development in the R-2, R2A, and R-3 zones were subject to acquire a use permit, issued only under the condition that the development of multiple family dwellings is not feasible due to physical or other conditions of the subject property.

ii. Parking Standards

Parking Ratios

Off-street parking requirements vary by housing type. Two spaces per dwelling unit are required within the RE, R-1, and R-2 zones. Multi-family housing, generally found in zones R-2-A and R-3 are required to provide 1.5 off-street parking spaces for a single bedroom apartment and 2 spaces for each 2 bedroom or larger. Lodging and rooming houses are required to provide one parking space per sleeping room or one for every two beds, whichever is larger.

Institutional uses such as nursing homes and rest homes are subject to different parking requirements than residential uses. These facilities are required to provide one off-street parking space for every five beds, plus one space for each employee and employer.

The City's parking ratios are reasonable in relation to the likely demand resulting from different residential uses. For most types of housing, these ratios do not act as a constraint to achieving residential densities otherwise permitted by the City's zoning standards, except, potentially on some small, infill lots.

However, the City's parking requirements may impose a cost constraint for special needs housing types (such as senior housing, single-adult workforce housing, or housing for persons with disabilities). City parking requirements could also present a challenge for small, infill lots. This potential constraint could be mitigated by allowing for less parking if the applicant can show that residents will have a lower rate of automobile ownership due to their incomes, lifestyle characteristics, project location, or other relevant factors.

Location of Parking

Parking must be provided within the same lot as the main building or structure. A use permit may be obtained for off-street parking on a separate lot as long as the lot is within 300 feet of the main building or structure. In addition to the above requirements, the Zoning Ordinance allows adjacent landowners to enter into a reciprocal parking easement, which provides for all of the required off-street parking to be located on one or the other lot, pending City Council approval. The available variations of meeting off-street parking requirements serve to reduce a constraint related to parking in housing development.

Parking Improvement Standards

Parking may be uncovered or covered. The carport or garage associated with covered parking is required to compliment the main structure and conform to all applicable building codes. The City's improvement standards do not add significant cost to the development of housing because parking is not required to be covered. The allowance for uncovered parking also provides greater flexibility for the location of parking, further reducing potential constraints and cost.

Parking Reductions

Opportunities for parking reductions include developments that provide for motorcycle and bicycle parking. Developments that are required to provide ten automobile parking spaces are also required to provide one bicycle space and one motorcycle space. Projects that provide more bicycle and motorcycle parking than required are allowed to reduce the number of automobile spaces by one space for every eight bicycle spaces or four motorcycle spaces, up to a ten percent reduction.

iii. Allowance for Housing and Shelter Alternatives

Housing Element law specifies that jurisdictions must identify adequate sites through appropriate zoning and development standards to encourage the development of various types of housing for all economic segments of the population. This includes single-family housing, multiple family housing, manufactured housing, mobile homes, emergency shelters, and transitional housing, among others.

Secondary Living Units

A secondary living unit (or second unit) is a separate dwelling unit that provides complete, independent living facilities for one or more persons. Grass Valley permits both attached and/or detached secondary living units in the R-1 zone, which are subject to compliance with zoning and parking standards. Detached units must be separated from the main residence by at least ten feet. Secondary units are subject to the City's use permit process in zoning districts other than the R-1 districts.

Detached secondary units are only allowed on lots of 10,000 square feet or more. The floor space of a secondary unit must be between 275 square feet and 640 square feet. Separate kitchen and restroom facilities must be located within the unit. One off-street parking space is required per unit. However, if the secondary unit contains more than one bedroom, two parking spaces are required per second unit. The parking requirement for secondary units with two bedrooms could pose a constraint to the development of secondary units with two bedrooms on small lots. In general, the City's parking requirement for a two-bedroom unit does not pose a significant constraint to the development of second units because secondary units are not intended to be a source of family housing. The City does not anticipate that many property owners would propose to construct two-bedroom second units.

New state law, effective July 1, 2003, requires that secondary units be approved through an administrative, or staff level, permit process. The City will need to revise its permit process for

second units to eliminate the use permit requirement and public hearing before the Planning Commission.

Mobile Homes and Mobile Home Parks

Grass Valley's Zoning Ordinance includes a Mobile Home and Mobile Home Park Combining District (MH). Combining zones are used in conjunction with basic zones, and are used to address special concerns and afford special protections not otherwise applicable to the base district. The MH district allows for the development of mobile home parks, mobile home subdivisions, and individual mobile home lots within the underlying zoning district, pursuant to meeting the design requirements such as yard setbacks and building coverage established by the underlying district.

Mobile home parks are also required to provide an all-weather walkway to each lot and comply with different parking standards than site built housing. Each mobile home lot must have two 10 feet by 20 feet off-street parking spaces, one 10' by 20' off-street parking space for every three mobile home lots for visitors, and one 10' by 20' off-street parking space for every five mobile lots for storage. Landscaping must also be provided to screen the development from adjacent properties. Mobile home development is required to obtain approval from the Planning Commission prior to issuance of a building permit. The Zoning Ordinance expressly prohibits occupation and use of mobile homes, recreational trailers, temporary trailers, or travel trailers outside of the designated mobile home park without issuance of a use permit.

Density and setbacks of mobile home parks are determined by the base-zoning district. For example, mobile home development in an R-1 zone would allow for four mobile home spaces per acre. The City requires a minimum lot size of 3,500 square feet. The lots are required to be 35 feet or more in width and cul-de-sac lots are required to be 35 feet in width in addition to 20 feet between street frontage and front property line. Lots are required to be accessed via public or private roadway. The City uses the combining district to permit mobilehome parks in any residential zones, as required by state law.

Individual mobile homes on permanent foundations are allowed outside of specified mobile home parks within any residential zoning district with the suffix "MH." Lot size is determined by the base-zoning district and only one mobile home is allowed per lot. Site plans for individual mobile home sites must be approved by the City's Planning Commission prior to issuance of a building permit. Individual mobile homes are not subject to additional design requirements above those required for standard site built housing per Government Code Section 65852.3.

To ensure compliance with state law, the City should revise its approach to regulating mobilehomes by: 1) clarifying that mobilehome parks are permitted in all residential zones, with a rezone to the "MH" combining designation, and 2) allowing individual mobile homes on permanent foundations within any residential district, without a rezone to the "MH" combining designation according to the same development standards as site-built homes.

Other Housing Types

Other housing types that are not included in Grass Valley's Zoning Ordinance but that are important to meeting housing needs is transitional housing and emergency shelters. Transitional housing provides shelter for people who are trying to establish residence in a permanent home. An

emergency shelter is a facility that provides shelter to families and/or individuals on a short-term basis. Because the Zoning Ordinance does not specifically recognize these types of housing as a land use, a determination of allowable location and design standards to which they must comply cannot be made. The Zoning Ordinance should be amended to recognize these uses, identify where they would be permissible, and under what design standards they would be held.

Renting of Rooms and Boarding Houses

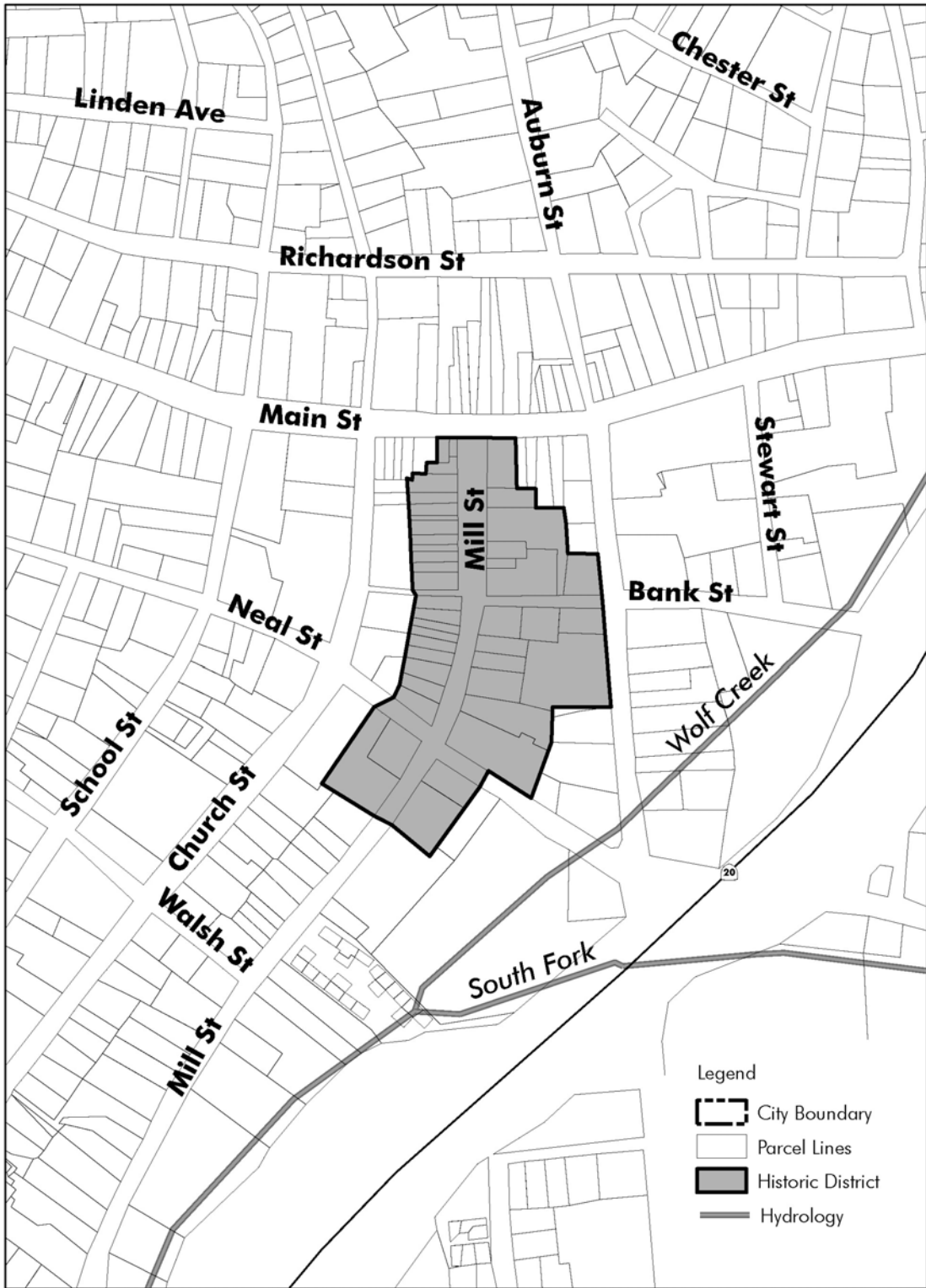
Grass Valley permits renting of rooms and provision of board. The renting of rooms or the provision of board for up to four persons is permitted in any residential zone as an accessory use, subject to the requirements of a use permit. Boarding houses as the primary use of land that involve the provision of board for profit are allowed in the R-3 zone.

Historical District

Grass Valley's Zoning Ordinance identifies a Historical District, which is one of the three combining zones used in the City and is shown on Figure III-4. Combining zones are used in conjunction with basic zones, and are used to address special concerns and afford special protections not otherwise applicable to the base district. The designation of the Historical District does not create an additional set of development standards—the underlying zoning districts standards still apply. Rather, the designation requires that projects within the District be reviewed for compatibility with the historic nature of the area and specific historic properties. The historic compatibility review, as described below, is part of the regular permit process—there is no additional permit required. In fact, the City encourages the rehabilitation and re-use of properties in the Historical District for residential or mixed uses, as discussed previously.

Development within this combining zone is subject to review by the City's Development Review Committee for approval. In addition to the regular requirements of development review that are discussed later on in this document, the Committee considers all specifications for exterior improvements including building material, paint color, relationship of the development to nearby buildings, the general character of the Historical District, and the proposed development's conformity with design standards established for the Historical District. This level of review is limited to only those properties within identified Historical District zoning and only exterior improvements are reviewed. Given the limited area to which this Zoning District applies and that review is focused solely on exterior improvements, development of residential uses are not significantly constrained in this area.

Figure III-4
Historic District



iv. Allowances for Persons with Disabilities

The City conducted a comprehensive review of its policies and regulations as part of the Housing Element update to determine whether zoning standards, permit processes, or other governmental regulations create significant constraints to reasonable accommodations for persons with disabilities. The City has noted the results of its analysis in this Chapter through the description of zoning, building, and other code standards. This review was part of the broader analysis of zoning standards and permit processes conducted for, and described in, this Housing Element.

Grass Valley's Zoning Ordinance permits certain detached and attached accessory uses and various projections into yards and setbacks. While the Code does not specifically indicate that facilities for access by persons with disabilities are permitted, accessory uses such as ramps or lifts for handicapped accessibility are similar to the permitted uses that are specified and are generally allowed. Such requests are approved administratively unless the nature of the request triggers a major design review, which is unlikely. As part of the proposed update of the Zoning Ordinance proposed in Program 3, the City will add definitions for residential care facilities and allowances for handicapped access structures to provide reasonable accommodations for persons with disabilities.

Grass Valley's parking standards include the provision that handicapped parking is required in accordance with State requirements and any other applicable standards.

As described above, Grass Valley provides a wide range of options for the location of elder care facilities, group homes, and institutional care facilities. Elder care facilities and specified group care facilities are permitted in all residential zones, commercial zones, industrial zones, office and professional zones, and within specific plans. As noted above, there are no explicit provisions in the Zoning Ordinance for residential care facilities, other than elder care and childcare that could serve these needs of persons with various disabilities. Revision of the Zoning Ordinance to include standards for all residential care facilities could address this potential constraint.

v. Flexibility in Development Standards

Grass Valley's Zoning Ordinance includes three zoning districts that allow for development of all land use types and flexibility in development standards, subject to the approval of a use permit. These zoning districts are described below:

Planned Unit Development Zoning

Planned Unit Development (PUD) zoning consists of a floating zone that allows flexibility and innovation for the development of an area. PUD plans generally contain concepts such as cluster development, a mixture of housing types and of land uses, and common ownership of open space and community facilities. Residential development within a PUD area is subject to the development standards of the base zone. The benefit to processing residential development within the PUD process is that density of development is slightly different. The minimum lot size requirements do not apply and the maximum residential density is calculated by dividing the PUD plan area by the minimum lot area per dwelling unit required in the zoning district. Under this calculation, the achievable residential density can be higher than in the underlying zone. The City uses the PUD overlay zone to permit small lot, cluster home, and other alternative single-family lot configurations.

Specific Plan Zoning

The Specific Plan (SP) zoning provides for the preparation, adoption, and administration of specific plans as a means of systematically implementing the General Plan. Specific plans include land use designations, residential density standards, and design guidelines that direct development throughout the identified specific plan area. Development standards in a specific plan are not subject underlying zoning requirements but to the requirements of the adopted specific plan.

Interim Development Reserve Zoning

Interim Development Reserve (IDR) zoning identifies the development potential of an area without requiring exact zoning boundary designations until after the preparation of a master zoning plan or specific plan. IDR is typically used for land to be annexed to the City, where city zoning is expected to be essentially the same as county zoning. IDR zoning may be used as a base-zoning district or in combination with other zoning districts expected to be included following master plan completion. The City has yet to develop any residential projects with IDR Zoning Districts.

The zoning districts discussed above provide property owners with the opportunity to create projects that vary from the typical zoning standards found elsewhere in the City. These projects can typically better meet the objectives of the General Plan and the City's development needs by providing opportunities for differing densities and multiple family housing, which could be made affordable to low- and moderate-income households.

vi. Nonconforming Uses

Grass Valley allows residential property owners to continue non-conforming residential uses and to make needed repairs or alterations to maintain the non-conforming uses if they existed prior to the implementation of the Zoning Ordinance or adoption of current zoning standards. In the event the non-conforming use is discontinued for a period of 12 months, the use is no longer considered an allowable, non-conforming use. Needed repairs or alterations are permitted, including building modifications needed for accessibility by persons with disabilities.

Nonconforming uses may also be expanded or reconstructed so long as the modifications do not increase the existing nonconformity, create a new non-conforming use, or cause a conforming aspect of a use to become non-conforming to zoning standards. Modifications to buildings or construction of structures, such as access ramps needed for accessibility by persons with disabilities, are not considered by the City to be an increase in nonconformity or the creation of a new nonconformity.

vii. Exceptions and Variances

Grass Valley's Zoning Ordinance allows for the issuance of variances for properties subject to special conditions related to size, topography, location, or surroundings. Variances are only granted if the application of zoning standards would prevent a property owner from enjoying the same privileges as surrounding properties within the same zone. In light of the strict threshold requirements for variances to be approved, the City does not use the variance process as a primary technique to facilitate the development of affordable housing, but to address unique and unusual

property conditions. Other techniques described above, such as PUDs and specific plans, are used to provide flexibility in the application of zoning standards.

viii. Other Zoning Issues

The City allows several non-residential uses in all five residential zoning districts, subject to the requirements of a use permit. Religious organizations, public facilities, parks, and private clubs are generally allowed within residential zones. However, Grass Valley also allows day nursery and childcare homes, educational institutions, and riding, swimming, and tennis clubs. The allowance of a wide range of non-residential uses within residential zoning district could constrain the City's ability to accommodate its low- and moderate-income housing needs by allowing the limited supply of residential land to be developed for non-residential uses. This constraint could be eliminated by restricting the types non-residential uses allowed within residential zones to public uses, institutional uses, and uses that support residential uses.

D. Site Improvement Standards

Site improvements, such as streets and utilities, are necessary to serve new development. Improvement requirements are regulated by the City's subdivision ordinance. The City can mitigate the cost of these improvement requirements by assisting affordable housing developers in obtaining state and federal financing for their projects, providing density bonuses, and deferring or reducing development impact fees in exchange for long-term affordability of the assisted housing units.

i. Street Improvements

Of all improvement standards, street improvement standards typically have the greatest impact on housing costs. The cost of providing streets for new residential developments, in turn, is primarily influenced by the required right-of-way width, pavement width, pavement improvement, and landscaping standards. Grass Valley's street improvements requirements are shown in Table III-6.

The City's Circulation Element identifies three types of street, of varying widths and levels of service. Grass Valley's arterial streets typically have a right-of-way of 84 or 100 feet and provide service to large traffic volumes within two and sometimes four lane configurations. Collector streets serve a smaller traffic volume, within a two-lane configuration, and a right-of-way of 54 or 60 feet. Local streets function as neighborhood roads, providing direct access to lots that are adjacent to the paved section of road. These roads have a typical right-of-way of 50 feet and a pavement width of 36 feet, curb to curb. The pavement width required by the City is the generally accepted minimum necessary to provide for one lane of vehicular traffic in each direction and on-street parking on each side. The City's PUD overlay zone can be used to permit narrow rights-of-way and/or pavement widths when warranted based on proposed lot size, density, and housing unit configuration.

**Table III-6
Grass Valley's Street Standards**

Street Type	Required Right-of-Way	Required Pavement Width
Arterial Streets	84 feet	60 feet
Collector Streets	60 feet	46 feet
Local Streets	50 feet	36 feet

Source: City of Grass Valley, 2003

Required street improvements include curbs, gutters, and sidewalks of at least four and a half feet in width. The minimum sidewalk improvement standard is consistent with accessibility requirements for persons with disabilities and is not excessive in light of the need for ensuring minimum pedestrian access in residential areas.

ii. Drainage Requirements

Grass Valley requires developers to pay the entire cost of all on-site storm drainage facilities including underground storm drain pipelines, catch basins, detention basins, and other facilities that may be needed. The City also requires developers to pay their pro-rata share of the cost of area-wide drainage facilities through the collection of a drainage impact fee (see Table III-6).

iii. Sanitary Sewer

The City requires developers to install sanitary sewer lines that connect to the City's sewer system, except when a property is too far from an existing sewer main. Under such circumstances, septic systems and leach lines are allowed when conditions related to lot size and underlying geology are met. Developers providing supplemental improvements (oversized) connections to the City's sewer system provided by initial developers that result in excess capacity are eligible for reimbursement by subsequent developers.

iv. Water Lines

Developers are required to install water lines that connect to either the City's water system or the Nevada Irrigation District's water system, unless site conditions and the proposed project permit the use of a private well. Although the City's water system is sufficient to serve the projected buildout of Grass Valley, in some locations, requiring connections to the City's water system may result in an undue burden to development. The costs of supplemental (oversized) improvements that result in excess capacity provided by initial developers are reimbursable by subsequent developers.

E. Permit and Impact Fees

Requiring developers to construct on-site improvements and/or pay pro rata shares toward the provision of infrastructure, public services, and school facilities will increase the cost of developing homes, which in turn is reflected in the price or rent that consumers must pay for housing. However, payment of fees is necessary to maintain an adequate level of services and facilities, and more importantly, to protect public health and safety.

Grass Valley allows residential additions less than or equal to 500 square feet, without payment of impact fees. However, residential additions over 500 square feet are prorated up to the total per unit shown in Table III-7, based on a 1,400 square foot equivalent dwelling unit size.

Fees levied upon development by the City of Grass Valley include impact fees, review fees, and a regional transit fee. These fees are estimated to represent approximately eight percent of the total cost of building one dwelling unit in the City.

**Table III-7
Planning and Development Fees**

Single Family Home	Fee
Permit, Plan Review, & Inspection (Planning)	\$300+ \$100/dwelling unit
Development Impact Fees (Local Circulation, Drainage, Fire, Police, Admin, Parks and Recreation)	\$2,149/dwelling unit
Regional Transit Mitigation Fee	\$527/trip
Multiple Family Residential	
Permit, Plan Review, & Inspection (Planning)	\$400/dwelling unit
Development Impact Fees (Local Circulation, Drainage, Fire, Police, Admin, Parks and Recreation)	\$1,607/dwelling unit
Regional Transit Mitigation Fee	\$527/trip
Other Development Fees	
Development Agreements	\$5,000 (deposit based)
General Plan Amendments	\$1,200
Planned Unit Developments	\$1,500 plus \$100/dwelling unit
Use Permit – Second Dwelling Unit	\$250
School Impact Fee	\$2.14 per square foot

F. Development Permit Procedures

i. Project Approval Timeframes

Development review and permit processing are necessary steps to ensure that residential construction proceeds in an orderly manner. However, the time and cost of permit processing and review can be a constraint to housing development if they place an undue burden on the developer. The permitting and review process for residential projects in Grass Valley can include conceptual development review and final development review. This process provides the opportunity for review and correction of the application by planning staff, the Development Review Committee, and other appropriate City agencies. The time necessary to complete the review process is generally dependant on several factors, including the complexity of the project being proposed, the various land use applications required, and the environmental review process to name a few. For projects with multiple components, reviews for compliance with various city standards are completed concurrently to reduce permit processing time.

Projects that are exempt from the review process take very little time to be approved. Small, in-fill projects that are generally less complex than large developments take a shorter time to approve, about six months. The majority of residential development is occurring within current city limits and is not associated with substantial environmental impacts, which greatly reduces the total time needed for review. Larger residential subdivisions, which typically have several components, may require the preparation of an environmental impact report and can take 12 to 18 months to approve. In addition, the City's General Plan, which provides direction and guidelines for development, has recently been updated and provides applicants with current information regarding environmental, infrastructure, air quality, and circulation conditions in the City, which can reduce the time needed to conduct environmental studies for development proposals.

Examples of the typical time from submittal of a complete application to final planning approvals are summarized below in Table III-8, based on three residential developments approved by the City within the past 12 months. These projects represent the typical range of zoning, subdivision, development review, public works, and other approvals necessary for projects within Grass Valley.

Given the environmental issues and review that apply to most undeveloped areas in Grass Valley, the City believes that three to six months for small projects and 12 to 18 months for large projects are reasonable timeframes to assure that local, state and federal environmental and water resource standards are met. The timeframes for project approvals can be reduced by working closely with applicants during the pre-application stage to identify and mitigate potential regulatory and environmental issues.

**Table III-8
Development Approval Timeframes**

Development Permit / Review Process	Time Frame*
Development Plan Review (Administrative/DRC)	1-2 months
Use Permit	2-3 months
Subdivision Tentative Map	3-5 months
Zone Change and GP Amendment	4-6 months
Environmental Review (EIR)	6-12 months
Development Review (by Planning Commission)	4-6 months
Appeal of DRC to Planning Commission	1-2 months
Appeal of Planning Commission to City Council	1-2 months

Source: City of Grass Valley, 2003

* Timeframe is dependent on the level of environmental review required by the California Environmental Quality Act.

The City estimates that the Development Review process takes approximately two months for a Use Permit approval, two months for Planning Commission approval, and two months for City Council approval. If a project is subject to review by planning staff, Planning Commission, and City Council, as well as being subject to environmental review, a project may require eight to 12 months to receive all City entitlements. This process adds an additional burden to the development of affordable housing by increasing the amount of time to get project approvals, which can increase the cost of providing affordable housing. The City could reduce the cost impact of permit

processing time by “fast tracking” affordable housing proposals—prioritizing the processing of affordable housing projects and assignment of a staff person to shepherd such projects through required city development reviews.

ii. Development Review Procedures

The development review process for residential projects in Grass Valley consists of various stages of review and approval. These steps include staff level review and approval, an optional Conceptual Development Review and Final Development Review, which is a required process for major residential subdivisions, subdivisions of 100 dwelling units or more. Projects requiring the issuance of a building permit, use permit, planned unit development application, and application for a specific plan with architectural elements are subject to development review in Grass Valley. Permits issued for the construction of one dwelling unit are exempt for the development review process. Approvals are obtained from the Development Review Committee (a department-level administrative body), the Planning Commission, and the City Council, depending on the level of development review required.

Staff level review and approval is acceptable for permits for the construction of one dwelling unit and minor proposals that are considered to be incidental to the existing building or surrounding community. This process only applies to projects that are consistent with Grass Valley’s typical design standards, such as for yards, setbacks, building coverage, and building height limitations.

Conceptual Development Review is an optional stage of the review process during which an applicant can obtain the City’s general reaction related to the design concept of the proposed project. Although this stage does not include a formal decision regarding the subject project, it is recommended that projects that may not conform to Grass Valley’s Design Standards or projects that are atypical from more common residential developments exercise the Conceptual Development Review option. This affords the applicant with the opportunity to obtain the City’s general reaction and decide whether to proceed through the remainder of the development review process with the current proposal or submit modifications. This stage of the process may result in a slightly longer development review but can also reduce the potential for costly project modifications at later stages in project review. Because the Conceptual Development Review process is optional, it is not considered a constraint to housing development.

During the development review process, the applicant is provided with specific comments regarding design, concept, and other aspects of the project, prior to final development review. Projects are reviewed in light of building and construction standards, onsite and offsite improvement requirements, and compatibility with developed property near the proposed project and Grass Valley as a whole. A public hearing may be held prior to final project approval and the project may be altered to reflect comments made by city staff.

The last stage of development review is Final Development Review, which constitutes a review by the final decision making authority, the Development Review Committee, Planning Commission, or City Council, depending on the size and type of the project. A public hearing, prior to the final decision, is also held during this stage of review for discretionary projects. A final decision regarding all applications associated with a given development project is made.

The final determination of compatibility is made by Grass Valley planning staff, who are responsible for signing a plan check routing sheet before the Building Department issues a building permit. For projects that do not comply with one or more of the design standards, a substitute treatment can be submitted for consideration. Planning staff considers the alternative treatment and determines whether it is compatible with the surrounding neighborhood. If so, the certificate of compatibility is issued for the alternative treatment. The planning staff's decision of compatibility can be appealed to the City's Planning Commission.

The City also has adopted Design Guidelines, which apply to multiple family residential development, residential development in the downtown area, and other special areas within the city limits. Multiple family projects are required to comply with design guidelines that include site planning, building placement, grading and hillside development standards, retaining wall height and construction materials, landscaping, and fencing and screening standards that consider adjacent land uses, security, and privacy issues. Design guidelines also establish architectural standards that address building form, roofs, and building materials which include stone, brick, block, wood, and other various standard materials. Multiple family projects are also required to provide sufficient pedestrian access and a safe internal circulation system. Design guidelines established for residential development in the downtown residential area and other special areas focus on the existing community of historical structures and further developing the existing character of the community. Historic street widths are retained and architectural details consistent with the historic community are required for new development.

Design review is not used to apply more restrictive zoning standards, such as those related to permitted height, required parking, yard and setback requirements, permitted density, and building coverage.

iii. Use Permits

Article 16 of the Grass Valley Zoning Ordinance regulates issuance of use permits by the City. The City has an application process and set of standards for projects requiring use permits. Residential projects that are subject to the requirements of a use permit include secondary units, rest homes, convalescent homes, and childcare homes. Use permits are approved by the Planning Commission, and may be revocable, conditional, or valid for a specified period of time. The Planning Commission may determine that a public hearing is necessary prior to making a decision on a use permit application. The criteria for approving use permits are non-specific and require the finding that the proposed use will not be detrimental to the health, safety, peace, morals, comfort, and general welfare of persons residing or working in the neighborhood of such proposed use or be detrimental or injurious to property and improvements in the neighborhood or general welfare of the City.

The City's use permit process does not specify the conditions under which a particular use may be permitted. Conditions generally imposed on developments subject to use permit requirement are related to compliance with zoning standards, hours of operation, creation of noise or other off-site impacts, site access, signage, transportation of clients, and other off-site issues. These standards do not generally impose significant barriers to the production of affordable or special needs housing.

iv. Process for Requesting Reasonable Accommodations

The City's process for providing reasonable accommodations allows individuals, or their representatives, to make requests for reasonable accommodations for persons with disabilities as part of the permit process. No additional permits are required or additional fees charged by the City. As described previously, the City will revise portions of its Zoning Ordinance to clarify allowances for disabilities access and residential care facilities (see Program 9). Requests for reasonable accommodations to meet the needs of persons with disabilities are generally approved administratively, and a use permit is not required. An exception would be a use (in contrast to an accessory structure or appurtenance) that requires a discretionary (use) permit, such as a residential care facility of seven or more persons. City staff is available to provide assistance regarding the processing of requests for the construction of accessory structures. Information regarding the approval of these structures is included within all public notices and agendas, as applicable.

G. Building Code and Enforcement

The City of Grass Valley implements Title 24 of the California Code of Regulations, in which California has adopted the Uniform Building Code (UBC) and other model codes (electrical, plumbing, mechanical, etc.), with revisions. The City has not adopted local amendments to the various model codes, which establish standards and requires inspections at various stages of construction to ensure code compliance. Although these standards and the time required for inspections increase housing production costs and may impact the viability of rehabilitation of older properties that are required to be brought up to current code standards, the intent of the codes is to provide structurally sound, safe, and energy-efficient housing.

The Grass Valley Building Department is responsible for enforcing both state and city regulations governing maintenance of all buildings and property. Code enforcement complaints are generally related to housing in need of rehabilitation. Property owners subject to code enforcement complaints regarding housing conditions are provided with information regarding the City's Residential Rehabilitation Loan Program.

Property owners are allowed sufficient latitude in making interior modifications to buildings to increase their accessibility and utility for persons with disabilities. Provisions during development review are also made in order to allow for exterior improvements to increase accessibility of a structure for persons with disabilities.

H. Environmental, Infrastructure, and Public Service Constraints

Environmental factors and a lack of necessary infrastructure or public services can constrain residential development in a community by increasing costs and reducing the amount of land suitable for housing construction. This chapter summarizes and analyzes the most pertinent constraints to housing in Grass Valley. Future residential development will be faced with challenges regarding supportive public infrastructure extensions and expansions.

i. Water Service

The local water supply is projected to support build out under the Grass Valley General Plan and can accommodate the City's share of regional housing needs through 2009. The storage and

distribution of potable water suffers from inefficiency due to the age of most of the City's storage and distribution facilities. The system was first constructed in the late 19th century and is in need of significant repair and replacement of older water lines to maintain and enhance existing levels of water service and accommodate the increased water service needs of new development. The City administers a Capital Improvement Program (CIP), funded through the payment of water bills, for its water service facilities, which identifies required projects, target year of completion, and the estimated costs of improvements. The City allocates \$54,900 for annual water system improvements and allocates additional funds for specific projects as needed. Other than the CIP, the costs of necessary water system improvements would be passed on to developers, on an as needed basis, creating an additional financial constraint to the development of housing.

Grass Valley maintains the policy to extend water distribution facilities to new development and newly annexed areas when the extension is feasible and cost effective. However, the physical arrangements for water service for future developments are currently uncertain. For example, a development agreement between the City and the North Star area will require that developers pay for the necessary extensions required to serve the North Star property. In some cases, the requirement to pay for extensive water line extensions could result in a cost constraint upon the development of housing. There is also the opportunity for developers to arrange water service through the Nevada Irrigation District (NID), which currently provides water service to the City areas located outside of the City's water service system. Topographical conditions and the location of the water treatment facility, also present a constraint upon the expansion of the City's water service system due to the added cost of pump stations and other distribution facilities required in some parts of the City.

ii. Sewer Service

Grass Valley currently operates a wastewater treatment plant that provides service to an estimated population of 12,000 people. The plant was recently expanded to a capacity of 2.78 million gallons per day (MGD), increasing the estimated service population to approximately 21,000 people. Prior to the expansion of the City's sewer collection treatment capacity, Grass Valley limited new sewer service connections to 100 "equivalent dwelling units" per year, on a first come, first serve basis. However, this limitation has been removed and no longer constrains housing development. Properties identified in Table III-1 have access to the City's sewer system but the property owners need to pay their pro-rata share of the cost of extending collection lines through the sewer impact fee charged by the City.

iii. Storm Drain

Grass Valley presently administers a variety of regulations designed to prevent flooding and address stormwater management. These include a flood ordinance, various provisions of the zoning and subdivision ordinance, and construction codes for residential developments. Grass Valley's Capital Improvement Program (CIP) contains a local stormwater drainage program and a regional stormwater drainage program, which is funded through the drainage impact fee identified in Table III-6.

Grass Valley's existing storm drain system will need to be expanded and new systems will need to be constructed to accommodate development within the City. Specifically, the majority of the areas identified for Planned Development such as Loma Rica Ranch, North Star, and Kenny Ranch,

which are identified to be located within areas subject to flooding during a 100-year storm event, will require new or expanded storm water storage and drainage facilities. The cost of facilities needed to serve individual developments must be provided by the developers of those properties.

iv. Biological Resources

Given Grass Valley's location within the transition zone between the lower foothill elevations and the higher Sierra Nevada Mountains, a variety of species of plants and animals occur that would normally be found within zones at both higher and lower elevations. The City also accommodates various locally important natural communities, including vernal pools, riparian corridors, creeks, tributaries, and specially adapted plant communities related to the presence of serpentine and gabbro geologic resources. These resources are protected by both State and federal legislation and are regulated by the United States Fish and Wildlife Service, the California Department of Fish and Game, and/or the California Native Plant Society.

Although the City does not have control over these regulations, residential development in new areas not previously disturbed by urban development, may be constrained by the presence of biological resources.

The City has addressed this constraint in its General Plan policies and implementation. Based on biological resource surveys conducted by the City or developers, Grass Valley does not anticipate that the presence of biological resources within the City's planning area will affect the development of medium or high-density housing in areas designated for such use.

The City's PUD, specific plan, or variance process can be used to mitigate biological resource constraints. On sites that may contain biological resources that must be conserved under state or federal regulations, the City allows development to occur on the non-constrained portion of a property so that the same residential density and number of units can be constructed.

Title 12 of Grass Valley's Municipal Code establishes the City's Heritage Tree Preservation policy, which requires that removal of any trees other than those grown for commercial harvesting or grown as part of a commercial orchard be subject to a Tree Removal Permit. Permits are issued by the Director of Public Works and can be appealed to the Planning Commission. Within fourteen days of receipt of the application, the Director of Public Works is required to issue a decision of whether the permit is granted. Criteria for the determination includes condition, age, scarcity or rarity of the subject tree as well as how many other trees or in the area, the effect removal may have upon soil stability, and the potential for the tree to be a public nuisance.

The City has not received a significant number of requests for Tree Removal Permits because there are few trees that meet heritage tree criteria within the current city limits. Most such trees are located on historic properties or in public rights-of-way are not likely to constrain housing development.

v. Geology

Serpentine rock is found abundantly within the Sierra foothills and is known to contain asbestos, from less than one percent up to approximately 25 percent. Asbestos is released from serpentine rock when it is crushed or broken. Grass Valley is located within the proximity of substantial serpentine deposits. Construction activities and road surfacing activities could be constrained because of the presence of this type of rock. The City has addressed this potential constraint through the implementation of construction practices that minimize the creation of dust that could create airborne asbestos particles.

Development in Grass Valley is also potentially constrained by topography, given the City's location in the foothills of the Sierra Nevada Mountains. Some land within the City limits is considered unbuildable and is therefore, required to be preserved in its natural state. The City has addressed this potential constraint by identifying land for medium and high-density housing that has fewer topographic constraints and permitting the "transfer" of housing units within a property onto a less sloped portion of a site. The City's PUD, specific plan, and variance processes are tools available to allow development to be focusing on the less sloped portions of a property. The newly updated General Plan also includes land use policies allowing for the maximization of the developable portions of residentially designated property while avoiding slope and other environmental resources constraints.

2. Non-Governmental Constraints

A. Availability of Financing

The availability of financing affects a person's ability to purchase or improve a home. Under the Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications by the income, gender, and race/ethnicity of the applicants. This applies to all loan applications for home purchases and improvements, whether financed at market rate or with government assistance.

The disposition of loan applications submitted to financial institutions for home purchase and home improvement loans within Grass Valley are shown in Table III-9 and Table III-10. Included is the percentage of loans that are "approved" and "denied" by applicants of different income levels. The status of "other" loans indicates loan applications that were neither approved nor denied, but were not accepted by the applicant, or those applications that were withdrawn by the applicant.

i. Home Purchase Loans

In 2001, 422 households in Grass Valley applied for conventional loans to purchase homes in the City. Approximately 76 percent of the loan applicants were from above moderate income households (120% or more of County median family income). Moderate-income households (80% to 120% of median family income) and lower-income households (less than 80% of median family income) accounted for 18 percent and six percent of the applications, respectively. The overall loan approval rate was 76 percent. The approval rate for home purchase loans increased in relation to the increase in income level. Lower-income households had an approval rate of 68 percent

compared with above-moderate households, who had an approval rate of 76 percent. Moderate-income households had the highest approval rate at 79 percent.

During the same time period, 27 applications for government-backed home loans, such as FHA, VA, were submitted for purchasing homes in Grass Valley. To be eligible for such loans, residents must meet the established income standards. The overall loan approval rate was 81 percent. Of the three income categories, lower-income households had the highest approval rate at 100 percent.

**Table III-9
Disposition of Home Purchase Loans**

Applicant Income	Conventional Loans				Government-Backed Loans			
	Total	Approved	Denied	Other	Total	Approved	Denied	Other
Lower	28	68%	25%	7%	1	100%	0%	0%
Moderate	76	79%	14%	6%	10	80%	20%	0%
Above Moderate	289	76%	13%	10%	15	80%	7%	13%
NA ¹	29	76%	10%	14%	1	100%	0%	0%
Total	422	76%	14%	10%	27	81%	11%	7%

Source: Home Mortgage Disclosure Act data,
¹Loan applicants who chose not to disclose their income

ii. Home Improvement Loans

In 2001, 116 households in Grass Valley applied for home improvement loans. The overall approval rate was 55 percent, which is well below the approval rate for home purchase loans, 76 percent, seen in Table III-10. Above-moderate households accounted for the largest percentage of applications, 65 percent, and had the second highest approval rate at 59 percent. Applications with no disclosed income had the highest approval rate at 60 percent. Lower-income households had the lowest rate of approval at 40 percent.

**Table III-10
Disposition of Home Improvement Loans**

Applicant Income	Conventional Loans			
	Total	Approved	Denied	Other
Lower	10	40%	40%	20%
Moderate	26	50%	35%	15%
Above Moderate	75	59%	21%	20%
NA ¹	5	60%	40%	0%
Total	116	55%	27%	18%

Source: Home Mortgage Disclosure Act data, 2001
¹Loan applicants who chose not to disclose their income

To address potential private market lending constraints and expand homeownership and home improvement opportunities, Grass Valley offers and/or participates in a variety of home buyer and rehabilitation assistance programs. Such programs assist lower- and moderate-income residents by increasing access to favorable loan terms to purchase or improve their homes. The Housing Strategy chapter of this Housing Element contains more detailed information on the type and extent of available programs.

iii. Home Loan Interest Rates

The cost of borrowing money to buy a home is another factor affecting the cost of housing and overall housing affordability. The higher the interest rate and other financing costs charged for borrowing money to purchase a home, the higher the total cost of the home and the higher the household income required to pay that cost.

The effect of financing costs on housing costs is demonstrated by showing how monthly mortgage payments (principal and interest) on a 30-year \$200,000 loan, increase with higher interest rates. The household income required to make those payments also increases with higher interest rates. Table III-11 provides an example of the impact of financing costs on housing cost.

**Table III-11
Financing Costs for a Mortgage of \$200,000**

Interest Rate	Required Monthly Mortgage Payment¹	Required Household Income
5%	\$1,074	\$61,360
6%	\$1,199	\$68,520
7%	\$1,331	\$76,080
8%	\$1,468	\$83,847
9%	\$1,609	\$91,960

Source: www.interest.com – Mortgage Calculator

¹ Assumes 30 % of income is spent on housing and 70 % of housing expenditures are for mortgage payment

As shown in Table III-12, monthly payments increase by about \$120 to \$145 for every one-point increase in interest rates, in the range of five percent to nine percent. As monthly payments increase, the income required to cover those payments also increases from about \$61,000 to \$92,000 (assuming 30 percent of income allocated for housing expenditures). If, instead, household income were held constant, the share of income spent on housing would have to increase from 30 percent to 45 percent, as the interest rate increases from five percent to nine percent.

From the perspective of a buyer with a given household income, the higher the financing costs, the lower the mortgage amount that the household income can support and, thus, the lower the housing price that the household can afford. The effect of financing costs on housing affordability can be demonstrated by showing how the mortgage amount (and housing price) that a household can afford based on its household income declines with higher interest rates. Table III-12 shows the

effect that interests have on the amount for which a household can qualify, assuming a median income of \$53,100 for a household of three persons.

Table III-12
Effect of Interest Rates on Qualifying Loan Amount
(Assuming 2003 Area Median Income of \$53,100 for a Three-Person Household)

Affordable Monthly Mortgage Payment¹	Interest Rate	Maximum Qualifying Loan Amount
\$930	5%	\$179,886
\$930	6%	\$161,065
\$930	7%	\$145,147
\$930	8%	\$131,604
\$930	9%	\$120,015

Source: www.interest.com - Mortgage Calculator

¹ Assumes 30 % of income is spent on housing and 70 % of housing expenditures are for mortgage payment

The mortgage amount that a household with income at the current median level for Nevada County can afford declines from \$180,000 to \$120,000 as the interest rate increases from five percent to nine percent. That change makes a substantial difference in the price of housing that the household can afford to buy. It also increases the amount of public subsidy required to provide affordable homeownership opportunities to median-income households.

Currently, and in recent years, interest rates have been at relatively low levels. Nevertheless, financing costs are still significant, and many households have difficulty purchasing a home. To address these costs, Grass Valley has a first-time homebuyer program. The Grass Valley Down Payment Assistance Program provides deferred interest loans of up to \$50,000 to income qualified, first time home buyers.

B. Land Costs

A key factor determining housing cost is the price of raw land and any necessary improvements. A review of property listings for land in Grass Valley indicates that the cost of residential land varies by location and degree of improvement. According to local land brokers, the average cost of raw land in Grass Valley with no improvements or entitlements in 2003 is \$5,629 per acre. The cost of land with varying degrees of improvements or entitlements is approximately \$20,000 to \$35,000 per housing unit.

The range of land costs varies considerably, however. For example, residential land with no improvements or utility connections can be purchased for less \$10,000 per acre (for properties of more than 100 acres) to as much as \$40,000 per acre (for properties of one to two acres). In contrast, a ready-to-built single-family lots can cost between \$20,000 and \$35,000 for parcels of 10,000 or less, between \$28,000 and \$40,000 for lots of 10,000 to 20,000 square feet, between \$50,000 and \$80,000 for lots of one-half acre to one-acre, and \$95,000 to \$100,000 for lots of approximately one acre. Multifamily land can cost \$60,000 or more per acre before improvements,

utility connections, and permit entitlements, which would result in a ready-to-build land cost of more than double the unimproved land cost.

C. Construction Cost

i. Single-Family Homes

Many factors can affect the cost of building a single-family house, including the type of construction, custom versus tract development, materials, site conditions, finishing details, amenities, square footage, and structural configuration. These factors create a wide variation in construction costs, from as little as \$75 per square foot for basic construction to as much as \$125 for high-quality custom construction. A basic, 1,200 square foot starter home could be constructed in Grass Valley for \$100,000 to \$150,000. This cost range represents only the cost of construction (labor and materials, not other development costs). Table III-13 provides an estimate of all housing development costs in Grass Valley, including construction costs.

**Table III-13
Minimum Construction Cost Component Analysis**

Housing Cost Component	Single-Family Home 1200 sq. ft.	Multi-Family Unit 750 sq. ft.
Raw Land Cost per Unit	\$30,000	\$20,000
Lot or Pad Cost ¹	\$35,000	\$25,000
Building Permit Fees	\$1,200	\$870
City AB1600 Fees	\$2,150	\$1,610
Regional Traffic Fees	\$630	\$440
School Mitigation Fees	\$2,572	\$1,605
Sewer Connection Fees	\$7,860	\$5,580
Water Connection Fees	\$3,300	\$1,200
Unit Construction Cost	\$114,000	\$55,000
Marketing/Real Estate Commission	\$13,570	\$8,450
Builder's Salary/Profit	\$33,933	\$21,135
Total Unit Cost	\$244,215	\$140,890

Source: City of Grass Valley, December 2003

¹Including entitlement, engineering, agency fees, and infrastructure construction