



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: April 21, 2026**
FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARDS: 1 & 2**
DEPARTMENT
SUBJECT: UNIVERSITY AVENUE DENSITY TRANSFER PILOT PROGRAM

ISSUE:

Consider the adoption of the proposed University Avenue Density Transfer Pilot Program to permit the transfer of unused residential density from “donor sites” to “receiver sites” to facilitate the development of vacant city-owned surplus parcels and Housing Element sites along University Avenue in the University Avenue Specific Plan area.

RECOMMENDATIONS:

That the City Council:

1. Determine that the University Avenue Density Transfer Pilot Program is exempt from further California Environmental Quality Act (CEQA) Review as it is consistent with the Final Environmental Impact Report prepared for the original University Avenue Specific Plan and with the 6th Cycle Housing Element Final Programmatic Environmental Impact Report, as it does not change the overall amount of development permitted in the Specific Plan; and
2. Adopt a resolution establishing the proposed University Avenue Density Transfer Pilot Program.

LAND USE COMMITTEE RECOMMENDATION:

On September 8, 2025, the City of Riverside City Council Land Use Committee recommended bringing a draft of the University Avenue Density Transfer Pilot Program (Attachment 1), that incorporates both the Development Bank and Direct Transfer methods, to the City Council for consideration and approval.

BACKGROUND

Density transfer programs (DTPs), also known as *transfer of development rights programs* (TDRs) are mechanisms to increase housing production where housing unit capacity is transferred from one parcel (*donor site*, also called a *sender site*) to another parcel (*receiver site*) (Figure 1).

Donor sites are often developed with nonresidential uses or developed below their residential development capacity. Their ability to transfer their unused residential capacity can benefit receiver sites that may be difficult to develop or struggle with financial feasibility. There are two primary models that density transfer programs employ for unit transfers: the Bank Method, where donor sites deposit units into a development bank, to be later withdrawn by receiver sites (Figure

2), and the Direct Transfer Method, where donor sites directly send units to specific receiver sites (Figure 3).

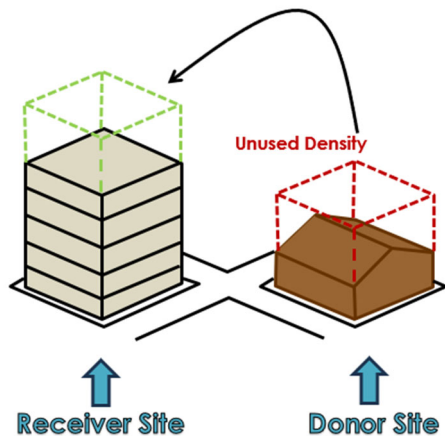


Figure 1: Density Transfer Program. Infographic credit: NYC.gov

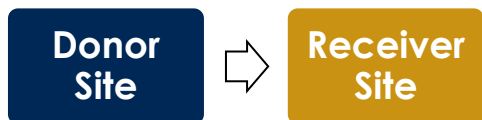


Figure 2: Bank Method



Figure 3: Direct Transfer Method

Beyond model type, density transfer programs can be tailored to meet a city's needs in several ways, including:

- Application city-wide;
- Application to a targeted area (e.g., a district, corridor, Specific Plan Area, etc.);
- Structuring with either narrow or broad criteria for eligible donor and receiver sites; and
- Allowing direct transfers of the same or different product types, among other variations.

Housing Element Implementation:

The Sixth Cycle Update of the General Plan 2025 Housing Element, adopted for the 2021-2029 planning period, highlighted a density transfer program as a promising strategy to facilitate housing development in the City of Riverside (Program HE-EJ-7-2-Density Transfer Program, P.25). In July 2023, Staff presented the density transfer program strategy to the Council Housing and Homelessness Committee as one of six potential housing tools to develop using Senate Bill 2 Planning Grant Program (PGP) funds, which the California Department of Housing and Community Development (HCD) awarded to the City in 2019 to implement infill housing development strategies from its Housing Element.

Development of the University Avenue Density Transfer Pilot Program:

In 2025, Staff explored the feasibility of developing a pilot density transfer program in the University Avenue Specific Plan (UASP) Area (Attachment 2). The UASP was selected as the focus area due to its challenges in achieving housing development consistent with existing policies. While the UASP has a maximum residential capacity of 6,819 housing units and 133 of its 138 parcels permit housing, less than 10% of this capacity has been developed (Attachment 3).

Most of the UASP area, although largely designated for residential or mixed-use development, is already occupied by nonresidential uses (Attachment 4). Fourteen city-owned parcels remain vacant due to their small size, limited development capacity, and developer requests for additional units and density to make projects financially feasible. Many of the UASP's parcels, including eleven of the fourteen vacant city-owned parcels, are also Housing Element Opportunity Sites identified to help meet the City's regional housing needs (Attachment 5).

The pilot program is intended to make housing development more feasible on constrained sites by providing additional development capacity without requiring amendments to the Specific Plan or General Plan. Beyond increasing the housing supply, the density transfer program could also help activate the UASP in other ways, such as improving the pedestrian environment and attracting new customers to local businesses.

On September 8, 2025, staff presented feasibility findings and two program alternatives, the Direct Transfer and Bank Methods, to the City Council Land Use Committee (Attachment 6). The Committee recommended creating a hybrid program that combines elements of both approaches.

FINDINGS FROM OTHER CITIES' DENSITY TRANSFER PROGRAMS

Staff researched existing programs in nine Southern California cities: Anaheim, Carlsbad, Eastvale, Escondido, Fontana, Lake Elsinore, Palm Springs, Rancho Cucamonga, and Santa Clarita. This research provided insight into program processes, best practices, and lessons learned. At the request of the Land Use Committee, key findings from this research are summarized below. Additional information on individual programs is included within the table and links in Attachment 7.

Bank Method Cities:

The cities of Carlsbad, Eastvale, Escondido, Fontana, and Lake Elsinore all employed the Bank Method in their density transfer programs. These cities typically used the Bank Method to ensure maximum buildout and/or prevent the loss of residential capacity, the latter explicitly in accordance with Senate Bill (SB) 330, which prohibits reductions in residential capacity in local jurisdictions.

Banks are seeded with residential capacity derived from nonresidential development or from residential development constructed below a site's or project's maximum zoned capacity. In the cities that use the bank specifically to prevent the loss of residential capacity (Eastvale, Fontana, and Lake Elsinore), projects may also utilize local and state density bonus programs to gain additional units beyond those withdrawn from the bank.

Direct Transfer Method Cities:

The cities of Anaheim, Palm Springs, Rancho Cucamonga, and Santa Clarita employ the direct transfer method in their programs. These cities typically use this method to transfer residential capacity from environmentally sensitive parcels or parcels with limited infrastructure to

parcels that are less environmentally sensitive or have more existing infrastructure. Transfers are generally mediated or reviewed by the city during or after the unit transfer process.

DISCUSSION

Applicability:

The University Avenue Density Transfer Pilot Program would only be open to parcels within the University Avenue Specific Plan area. Parcels that are not within the Specific Plan area would not be eligible to participate in the pilot program. If successful, the Pilot Program may be converted to a permanent policy, expanded to a larger area, or both.

Donor and Receiver Site Eligibility:

To unlock the maximum underdeveloped residential capacity within the Specific Plan Area, most parcels would be eligible as donor sites, except for those that are already built to their maximum residential capacity, those lacking residential capacity, and 6th Cycle Housing Element sites, unless a site has been approved for nonresidential development or residential development below its maximum capacity.

To ensure the program meets its goal of facilitating housing on vacant city-owned surplus sites and Housing Element sites, eligible receiver sites will be limited to these city-owned and Housing Element parcels.

Process and Approval:

Consistent with the Land Use Committee’s recommendation, eligible donor and receiver sites may participate in the program using either the Bank or Direct Transfer Method.

Bank Method:

Deposits

The City would initiate the development bank using residential capacity from city-owned surplus sites (see Attachment 8 for a full list of sites seeding the bank). Beyond this initial seeding, the bank would be replenished as a condition of approval for nonresidential development or residential development constructed below a site’s maximum residential capacity within the Specific Plan Area.

Applicants for donor parcels would submit a Request to Transfer Units to the appropriate approving authority, either concurrently with their project application or separately. A deed restriction would then be prepared and recorded on the property to document the transfer and surrender of residential development rights. Upon recordation, the Planning Division would credit the units to the development bank. Figure 4 illustrates this process.



Figure 4: Depositing into the bank

EXAMPLE SCENARIO: Parcel A, a donor parcel, has a maximum residential capacity of five units.

1. If the applicant for Parcel A wants to create a nonresidential use, building zero housing units, they must deposit all five units into the unit bank. They must submit a Request to Transfer Units along with their project application to the approving authority and have a deed restriction prepared documenting the transfer and surrender of the units. Once the deed restriction is recorded, the Planning Division will count the five units deposited into the bank.

2. If the applicant for Parcel A decides to build three housing units, they must deposit the two undeveloped units into the unit bank. They must submit a Request to Transfer Units along with their project application to the approving authority and have a deed restriction prepared documenting the transfer and surrender of the units. Once the deed restriction is recorded, the Planning Division will count the two units deposited into the bank.

Withdrawals

Applicants for eligible receiver parcels may withdraw units by submitting a Request to Transfer Units, either concurrently with their project application or separately. Withdrawals from the bank will be processed on a first-come, first-served basis; however, to promote the efficient development of surplus City land, projects on City-owned surplus sites will receive priority access if there are insufficient units to accommodate concurrent requests.

Unit withdrawals may be combined with density bonuses, concessions, or waivers for affordable housing, as permitted under Riverside Municipal Code Chapter 19.545 (Density Bonus) and the California Government Code, where applicable. If submitted with a project application, the appropriate approving authority will review and approve the request alongside other project entitlements; if submitted independently, the Planning Division will review and approve. Upon approval, the Planning Division will record the units as withdrawn. Figure 5 illustrates this process.



Figure 5: Withdrawing from the bank

EXAMPLE SCENARIO: Parcel B, a receiver parcel, is undeveloped and has a maximum residential capacity of five units. An applicant for Parcel B would like to develop residential units on the site, but needs an additional three units to be financially feasible. To withdraw the three units from the unit bank, the applicant must submit a Request to Transfer Units along with their project application to the approving authority. Upon approval, the Planning Division would count the units as withdrawn.

Direct Transfer Method:

Under this method, an applicant for a development project on an eligible receiver parcel would first identify and work with a representative of an eligible donor parcel, either independently or through the Planning Division, to negotiate the transfer of units. Once the donor and receiver representatives reach an agreement, they would jointly submit a Request to Transfer Units to the Planning Division, along with the project application if submitted concurrently. If part of a project application, the appropriate approving authority will review and approve the request alongside other entitlements. If submitted separately, Planning Division staff will review and approve.

Upon acceptance of the request, the applicant and the donor parcel representative will jointly draft a Density Transfer Agreement (“Agreement”), which must be reviewed and approved by the Community & Economic Development Director and the City Attorney’s Office. The agreement will include a deed restriction documenting that the donor parcel forfeits the right to build the transferred units. Once the agreement is approved and the deed restriction is recorded, the Planning Division will credit the units as transferred from the donor to the receiver parcel.

Figure 6 illustrates this process.



Figure 6: Direct transfer

EXAMPLE SCENARIO: Parcel B, a receiver parcel, is undeveloped with a maximum residential capacity of five units. Parcel A, a donor parcel, is developed with nonresidential uses and has a residential capacity of five units. An applicant for a development project on Parcel B would like to develop residential units on the site but discovers that the project would need to develop an additional three units to be financially feasible. After the applicant for Parcel B seeks out the representative for Parcel A to transfer three of its units, both parties would submit a Request to Transfer Units, and bring the Request to Transfer Units to the appropriate approving authority to be approved with other project entitlements. After approval, the applicant for Parcel B and the representative for Parcel A would jointly draft a density transfer agreement (“agreement”), and the applicant for Parcel A would agree to a deed restriction against development of future units. Once the agreement is approved and the deed restriction is recorded, the Planning Division would count the three units transferred from Parcel A to Parcel B.

Documentation and Monitoring:

Through the Request for Transfer applications and density transfer agreements, the Planning Division will track transfers in a database to be maintained throughout the life of the pilot program. Unit transfers would be monitored to ensure that the University Avenue Specific Plan does not exceed its maximum residential development capacity of 6,819 housing units.

One year following the adoption of the program, the Planning Division will present a report to the City Council or designated standing committee describing the program’s implementation and impact with a recommendation on program continuation and the feasibility of future density transfer programs for the City.

FISCAL IMPACT:

There are no anticipated fiscal impacts with the proposed project.

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 Certified as to availability of funds: Julie Nemes, Interim Finance Director
 Approved by: Mike Futrell, City Manager
 Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Concurs with;



 Sean H. Mill, Chair
 Land Use Committee

Attachments:

1. University Avenue Density Transfer Pilot Program Policy Document
2. Map of University Avenue Specific Plan Area
3. Map of University Avenue Specific Plan Residential Capacity
4. Map of University Avenue Specific Plan Land Use Designations
5. Map of University Avenue Specific Plan City-Owned Surplus and Housing Element Sites
6. September 8, 2025 City Council Land Use Committee Staff Report
7. Density Transfer Programs in Southern California
8. List of City-Owned Surplus Sites and Residential Capacity
9. Resolution
10. Presentation