

## Missing Middle Work Group / Session 2

---

### SMALL GROUP BREAKOUTS - SUMMARY OF INPUT

The second half of Work Session #2 was organized into four break-out rooms, grouping jurisdictions together based on size (or in the case of counties, based on predominant character of the county area). The groupings are listed below.

**Large Cities:** Berkeley, Concord, Fairfield, Fremont, Hayward, Oakland, San Francisco, San Jose, San Mateo, Santa Clara

**Mid-Size Cities:** Brentwood, Dublin, Gilroy, Napa, Pleasanton, Redwood City, San Leandro, South SF + Alameda County and San Mateo County

**Small Cities:** Albany, Benicia, Burlingame, Emeryville, Moraga, Newark, San Carlos, San Pablo + Solano County

**Towns and Very Small Cities:** Calistoga, Fairfax, Healdsburg, Hillsborough, Portola Valley, Rio Vista, Sausalito, San Anselmo, Sebastopol, Sonoma

Summaries of input are presented on the following pages for each of the four primary questions that were covered:

- *What was surprising, and what was not surprising?*
- *What middle housing types, if any, are you seeing in your community? Where are they being built and who is building them?*
- *What middle housing types would you like to see, and where?*
- *What market factors do you think may affect middle housing development in your community?*

Throughout the summary, “MMH” is used as shorthand for Missing Middle Housing, and HE or HEU indicates Housing Element and Housing Element Update, respectively.

If an entry is missing for a specific jurisdiction in the responses to the first question it is because they were not present or no input was recorded.

## *What was surprising, and what was not surprising?*

*Input from all four groups is reflected below, organized into categories.*

### **Surprising:**

#### **Demographics:**

- Seniors don't live in MMH; MMH less likely to be over 65.
- Thought smaller-scale multi-family residences would appeal to seniors.

#### **Characteristics of MMH:**

- Duplexes allowed, single-family houses are getting larger.
- ADUs create an opening, avoiding the cost and barriers/impact fees of multifamily.

#### **Price / Cost:**

- Median rent in large buildings is more than smaller buildings
- Home prices
- Land values for single-family residences are so high. That people are converting backwards to single-family. Not many safeguards against duplex to single.
- Prices were so dramatically different between single family and townhomes
- FHA loans are capped

#### **Liability risks:**

- Liability risks for different housing types

#### **Development of multi-family residences:**

- Not that many multi-family residences in Contra Costa -- was very surprising, especially compared to adjacent jurisdictions/counties, and wondering why/what happened.
- When multi-family residences/MM/townhomes stopped being built in communities.

#### **Focus of conversation:**

- We are talking about built form as opposed to what is actually happening -- not sure why we are looking at the form rather than the function of making it affordable

### **Not surprising:**

#### **Demographics:**

- Age demographics
- Disparities in MMH across demographics groups (POC)

#### **Characteristics of MMH:**

- Dip in MMH for 2-4 units. Hope SB9 helps.
- Wasn't a ton of MMH in the past because people want to maximize and build things like apartment buildings

#### **Price / Cost:**

- Cost of single-family residences and townhomes across Bay Area
- Prices were cheaper.
- Helpful to see historic trends data and proportions of MMH over time, but price points related to single-family, not surprising.

*What middle housing types, if any, are you seeing in your community? Where are they being built and who is building them?*

*What middle housing types would you like to see, and where?*

*What market factors do you think may affect middle housing development in your community?*

***People tended to answer all three questions at the same time. Very high level summaries of input from each jurisdiction are provided below, organized by group and listed alphabetically.***

**Large cities:**

- **Berkeley** - Seeing multi-unit, but detached homes are in-demand. Fee-simple is less risky; SB9 allows fee-simple, but not condos. Decision makers want to see more conversion.
- **Concord** - ADUs are increasingly getting built at high rates; Townhomes are also getting built all over the place; Hopeful for SB9 to create different development and housing options beyond townhomes.
- **Fairfield** - Agree, have a lot of MMH hopes.
- **Fremont** - Seeing lots of townhomes. Want to see more smaller units.
- **Hayward** - Had experience of a proposed 12 du Townhomes in a 35 du zone. Negotiated to get multi-family above mixed-use. Created group floor units for accessibility (these aren't sellable, because they are deed-restricted; people want to buy but don't want deed-restricted). Most concerned with getting new housing that is attainable and less expensive for folks.
- **San Francisco** - Diamond Heights/Amber Drive - 24 townhomes (3-4 beds; \$3mil/each). Want it all -- want Mansion homes to be converted into smaller units.
- **San Jose** - Townhomes have become popular in the last 10 years. Lots of land. Upper middle 5-19 not popular. Lots of 20+ unit apartments. Current land use promotes 50+ du/acre, can't gauge demand. San Jose would prefer a higher density here than just townhomes. San Jose does not use minimum densities, just maximum. Single-family is a net negative. Relationship to multi-dwelling zones and density allowances and what actually gets built. Want smaller units, more attainable. Density is important for infrastructure funding and the economics of City finance. Need to build at desired densities in higher density zones (no minimums so does not always happen) and increasing density in single-family residential zones is helpful to support service delivery efficiency.
- **San Mateo** - Want it all - want it near transit; Council is interested in wanting it all; they want more housing of all types and there is political support to do more things right now.

**Mid-size cities:**

- **Dublin** - Dublin is having lots of growth, but not much MMH. And lots of single-family residential as well. A few areas with MMH (e.g. Boulevard); Approximately a dozen developers are building it, lots

of small scale (duplex, triplex, up to 8-plex); Just outside of downtown so good transition zone; Mostly PD zoning. Lots of development; Not a regulatory development but the market is driving limited MMH; Developers tend to choose to specialize in single-family residential or larger-scale multi-family residential.

- **Pleasanton** - Not seeing lots of MMH; Some in downtown; Mostly detached single-family. More conversations about what type in HE discussion; Land values are really high and some developers might just not be familiar with it.
- **Redwood City** - Townhomes are being built; And large projects; Lots of small lots that have constrained potential. Wants to see small lots develop and smaller developers; Spread out development beyond key areas; Lots of market potential. Single family homes are very popular in San Mateo County.
- **San Leandro** - Don't work at the planning counter, so not seeing what is getting developed. Looking for financing structure; Thinking about redevelopment 2.0; Subsidy for bond service; Interested in policy levers.
- **South San Francisco County** - Old Town has potential; Some townhome developments near town homes; Mostly large developments; Don't have large pieces of land.
- **Alameda County** - Mostly seeing smaller townhouse developments (10-12 units); Some condos. Being built by smaller, local developers. Large parcels with single family (long narrow). Hard to get them to develop; Ways to encourage. Land and construction costs are holding up development.
- **San Mateo County** - Some small apartments on Caltrain corridor; Some townhome development. Expanding financing options and thinking about affordable options (nonprofit buying, adding homes and selling at affordable prices). Land prices and parking are big challenges; There also may be a lack of developers.

#### Small cities:

- **Burlingame** - Small infill projects - one in R2 and already set up for that (duplex near railroad tracks within existing mixed density multi-family neighborhood (4bd 3 ba) that are attached), multi-family where first 30 ft of steeped height were townhomes (between SF and commercial zone), and smaller townhome project on El Camino Real. 4-22 units. Maybe larger multi-family should include a piece on the side of different housing types like Golden Gateway in single-family (townhomes, apartments); smaller, look at standards to allow for small infill. Single-family are very expensive as are MMH, because incomes are so high; not achieving social benefits hoping to see but are a bit more affordable.
- **Moraga** - Townhomes recently in the Specific Plan area, like a 36 unit townhome project near country club (over 1M, 2k sf). Since adopting Specific Plan in Nov 2020, just beginning to see applications. SF mostly. City Ventures, sold to KD Home; large builder. 4 major developments in past 8 years, 2 were SF, 2 small lots SF with 4ft setbacks. In short, expensive single-family homes and single-family homes put together to function as duplex. Others are ~900 sf. Would like to see more tri/fourplex; lack of variety of housing types. Historically, have had duplexes and apartments, and trend became more SF homes past 10-15. Would be good to remind residents that there is a

historic trend. Could envision around major corridors, shopping center also on major corridor. Not many 5 stories, but duplexes/tri/fourplexes are here and possible. Views are an issue; higher than 35 feet brings people out to meetings; Reasonable amount of multi-family built in 70s in clusters, ~5 units mixed in. Grading adds to construction costs; also amount of time to get through public review process; could take more than 3 years. Ones with developer ready to go, ~3 years; Others that were not ready and struggling with entitlements took longer.

- **Newark** - With last zoning ordinance in 2009, put in townhomes, duplexes, bungalows in single-family zoning with intention that someone will want to build if allowed but so far hasn't happened. Need to find things that incentivize developers to build and make this just as attractive as maxing things out.
- **San Carlos** - MMH not really being built here; In single-family neighborhoods, older charming homes being scrapped and replaced for something larger. Because cost of land is so high, developers want to get the most sf that is possible. Want to do it one time, not come back with revisions or adjustments. Infill projects in multi-family and mixed use zones; 4 condos to units in 20s; Most recently there was a 39 unit condo project. On Belmont border, Summerville homes is looking at 200 units; they are following along with HEU to see what densities will be allowed. Sizes of condos are large - 2-2500 sf - most are for sale. Have seen many propose lower BMR inclusionary, and CC said no more affordable housing in-lieu fees. Conditional use permit process for building in another zone - ~6k added to other permit fees needed. Someone wanted to subdivide 10k lot to two, and the community was strongly opposed, which led to Council passing no longer allowing larger lot sizes to be split; SB9 is addressing. Possible in single-family zones, along Laurel Street corridor through town and to residential zones. Cost of land is a market factor that may affect MMH.
- **San Pablo County** - San Pablo is different than others - a much lower income, smaller geographical area (2.5 sq miles 30k pop, built out.), lots of commercial zone properties. Housing stock is mostly multi-family, apartments or single-family; Of single-family, most small lots with modest homes. Now seeing people take odds and bits of properties and proposing MMH; one app this past year propose 2 small lots 3k sf, proposed 8 units; required forgiveness on parking, a new pattern of development compared to surrounding single-family homes (3 story townhomes) and a bit more higher end and would be rental; approved so hoping it moves forward; Second one is single-family development, infill lot under an acre; townhome detached, 20 lots, 8 include ADUs on first level. Two car garages on both projects, 2-3 bedroom, one near downtown/library/transit. Also, apartments coming in. Would like to see Courtyard/bungalows, construction cost and code lead to the types we often see. Market factors that affect MMH - Construction costs; Utilities haven't been an issue yet.

### **Towns + Very Small Cities:**

- **Calistoga** - A few missing middle housing examples currently going through entitlements, well designed but just not well received from the community, particularly the issue of parking; Town homes, small lots. Some of MMH is market rate, which she doesn't see as affordable. Housing people is not the primary goal of developers, it's making profit. Hoping that with the lots they have, they can find developers that can make it affordable for Calistoga because not a lot of options here. Housing advisory committee working with the housing land trust of Sonoma/Napa county to make the land itself more affordable, also has to factor in cost of materials to build the home and the labor costs → it comes out to be market rate.
- **Fairfax** - Not seeing missing middle housing types in community yet; Don't have zoning structures for it; Mostly multi family and single family. Enthusiastic supporter of concept but a lot of challenges. Lots of built out older homes at the end of functional life, a lot of people financially stressed staying in community; Seems like it could be good to convert old homes into MMH. Is there a way to keep the existing home owner on the property while also collaborating with developers who can do that kind of conversion. Trying to wrap ourselves around SB9 - more problems with fourplexes, parking, etc. Have several lots with access, large enough to accommodate but have to figure out where to prioritize MMH. Wants more information on affordability of missing middle housing, how pricing varies by unit size and different types of missing middle housing that might have smaller or larger units
- **Hillsborough** - Increasing supply can only help but changes won't be seen overnight; under produced for so long that it will take generations to get caught up. Hillsborough entirely single family residential, linear street footage, concentrated area of affluence so not really interested in any other housing types; Meeting their RHNA, exceed permits for cycle 5, done through ADUs; Ton of building permit only ADUs but community needs to get around fact that ADUs can't be only way. Need objective standards so that house looks like a single family home on exterior but on interior operates more like a mobile. Also need another way to phrase MMH, have been calling it workforce housing, still trying to figure out messaging. 70% hilly terrain outside areas close to El Camino Real; another challenge when thinking about parking, fire access, etc. as well as putting more people there.
- **Portola Valley** - Our challenge is we don't have any missing middle housing, starting from square one to convince community members that it is a good idea; need to convince them that increased density can blend into a community and be done in a tasteful way. Encouraging to see lower middle housing, good fit for Portola because of its scale and density. All you hear from developers is that it's not dense enough, it won't pencil out; where are the developers who see this as their bread and butter? Suspect that Portola Valley is off limits for developers to densify; Challenge to find developers and let them know we are "open for business"; A matter of finding a good fit, right

developers for this community. Sites we are looking at are 1-2 acres, most already built out single family homes. Housing stock is from the 50s-60s, good opportunity as housing stock ages.

- **Rio Vista** - Have a 50 acre site that is coming online that they are going to make higher density (MMH - townhomes on smaller lots), a great product for Rio Vista. Challenge is selling it to the community and council, showing them how it's going to fit. In a great place economically, MMH has the same price point; More homes per acre, good price for developer. Some plans have outlived their life, that's where missing middle is going to go (new development projects with bigger footprints). Need help figuring out what plan is, plan that is protective for city but flexible for developer
- **Sausalito** - Echo what Fairfax said; close proximity to Marin, similar topography; Land constrained, up against Golden Gate Recreation Area. Hillside neighborhoods are predominantly single family districts, pretty small to medium lots, maybe only 10,000 sq ft at higher enD; Also multiple family districts but the lots are very constrained, historic components as well that further encumber the lot. In the boutique realm, we need specialized boutique developers who can be innovative. Ways to incentivize middle housing in small scale infill areas, how to utilize commercial zoning districts and within historic districts.
- **San Anselmo** - San Anselmo tasked with getting large portion of mod-low and very-low AH; Small sites in community; MMH doesn't address numbers they need to meet; Other housing types better address issues for small sites; Don't want large apt buildings, want MMH but not feasible; Fine line making it something people want to build; people less likely to want to build it if it's more like MMH.
- **Sonoma** - In Sonoma, don't have any examples of MMH; Do have a developer from Canada that is proposing some type of missing middle housing; 8 units, each one is 800 sq ft. City is limited, very small lots, a few that are undeveloped. Large homes are owned by more wealthy people who may not be interested in converting them into multi family houses.