

Missing Middle Work Group / Session 4 (*Making Middle Housing Affordable*)

Summary of Small Group Breakouts

The fourth session of the Missing Middle Work Group was focused on strategies for making middle housing (as a type of housing) affordable to middle and lower income households.

The following notes summarize the discussions that happened in the two small group break-out sessions. The two groups were organized by city size, with Large and Mid-Sized Cities grouped together, and Small Cities and Towns grouped together.

Both groups were presented with the same four questions:

- Q1 Do you have additional questions or reflections in response to the presentation?*
- Q2 What affordability tools do you already use that could be applied to middle housing?*
- Q3 What other tools were presented or have you heard of that you think could be promising in your jurisdiction?*
- Q4 What do you need to put those tools in place?
What could this work group help provide?*

Responses from Large and Mid-Size Cities

Question 1: Do you have additional questions or reflections in response to the presentation?

- Redwood City** Property tax was new to me. Don't see that a lot. What can we do to make it more common?
- Oakland** Can be difficult politically.
- Gilroy** More info on the Mills Act exemption. Can it be used for something like this?
- Redwood City** It is working in RWC. Something to look into. Surprised that it's not more common.
- Oakland** Tax incentives are used more in states that don't allow incentives.
- San Mateo Co.** It's unfortunate that we are not using enhanced infrastructure districts. Why aren't people using it?

Thoughts on examples?

- Fremont** How do you do compliance on small scale projects? Very hard to do.

Oakland One example is S. King County Affordable Housing... which is a collaborative.

Hayward Like to learn more about financing incentives. Some of the code incentives will be challenging on the political side. Community concern about density

Did anyone have reactions to 12 units on a site?

San Mateo Co. Maybe some people, but not the people on the call

Question 2: What tools that you use can you apply to Missing Middle?

Hayward Density bonus. Lots of new development in Hayward and density bonus is common. Lots of resistance to new growth among some. Some misinformation from the developer side. More robust outreach is needed to developers to know they can build affordably.

Oakland Some developers are resistant. They are not used to it. But for tax exemptions there has been more demand.

San Mateo City Lots of things on the table. Community is very pro housing.

Question 3: What is most promising?

Oakland Is there a creative solution to compliment density bonus law?

San Mateo City There is a good gap for middle income. There is still a demand for above 120% AMI.

San Mateo Co. Will be interesting to see what the discount for duplexes is. Would prefer to focus on this rather than income + deed restriction.

San Francisco Thinking about SB 9 and state density bonus and ADU program. Some concern about applying density bonus law where SB 9 is. SF has fee waivers for 100% affordable. Can we extend that?

HEART Looked at 8-10 developments over the year. Impediment was always parking. Podium parking kills many deals. Many city planners are aware. It is decisionmakers who listen to neighbors who are concerned.

Oakland Parking is the nut to crack. Mostly, the examples are not parked or minimally parked.

San Mateo City Parking was the thing no one wanted to touch. Maybe the pandemic changed it.

Redwood City Thinking about reduced parking. Maybe 1 or no guest spots. Will that help?

- HEART** IF you get parking right, development will happen
- Gilroy** Surrounded by Ag land. Need to have parking. Large households.
- Oakland** Sometimes developers will build parking if they need it for sales.
- San Francisco** Was there a trend in the number of bedrooms?
- Oakland** Lots are 2 bedroom units. Structure of the program is meant for families so 2 is minimum.
- *Some of the cottages have 3 bedrooms. Usually in less urban locations. In the 4-6 unit projects, lots of 2 bedroom units. In Seattle, seeing more smaller infill.*

Question 4: What will help? What can the workgroup do?

- San Mateo Co.** Local examples. Secondary impacts. More follow up about parking from real world examples. More funding sources.
- Gilroy** Don't have high quality transit. SB 10 not great option. What is the CEQA cost?
- San Mateo City** Looking at secondary effects. What are the ripple effects of schools, infrastructure, etc. What are the breaking points? E.g. PGE being taxed by ADU developments.
- San Francisco** Holistic approach. Appreciate a forum between sessions. To ask each other questions. Good to have regional conversations.
- Redwood City** I like idea of communication between sessions. Share contact information for one on one conversations.
- Fremont** Learning about SB 9. Might need new incentives beyond SB 9.

Notes on Needs

- Conversation between colleagues, list serve and contact information
- Resources on how SB 9 affects incentives
- Think about infrastructure limits
- Examples from real life developments (how much parking was needed)
- Thoughts about the unique concern about more rural jurisdictions

Responses from Small Cities and Towns

This group went around the room to hear from each jurisdiction that was represented. Therefore the notes are organized by jurisdiction rather than by question.

San Anselmo

- Portland Residential Infill was really interesting because they have zoned for multi family but nobody wants that, they still want single family homes. It's something to replicate in San Anselmo to incentivize people to build more than one unit.

San Carlos

- They do have an inclusionary housing ordinance for 7+ units
 - Meeting in December to update their housing ordinance; discussion of whether they should increase percentage from 15% to something higher than that
 - Until recently it was only applicable to for-sale projects, but larger condos with fewer units were coming through.
 - Might look at minimum densities.
- Interested in doing a deeper dive into Santa Cruz and Napa's models for incentivizing ADUs; getting ADUs that are on the market as affordable units
- Informally streamline affordable housing - prioritize for review
- Want to incentivize more affordable housing beyond what inclusionary ordinance requires through increased height and density
 - Interested in how to incentivize additional affordability through code and financial incentives

Rio Vista

- No inclusionary housing ordinance requirements
- On tax incentives: the city gets a small amount of limited property tax - not a lot to throw at anybody. Would have to work with counties.
- No demand to build over allowed height or density so those incentives aren't motivating in their city
- Most interested in getting connected with affordable housing developers - builders who are willing to do a % of housing as deed restricted for affordability
 - Right now they need to get a roster of qualified affordable housing developers
- Thinks they could do reduced impact fees for higher density - should be sliding scale
 - best place to offer relief since city does control those

Sebastopol

- Overall fairly small in regards to some of the projects that have come through

- Have an 18 unit townhome project that will have 2-3 affordable units; have a Habitat for Humanity project with low-income properties coming in
- A lot is infill since there is not a huge amount of land that is buildable
- People in the Missing Middle session would like examples of these small projects

Portola Valley

- Have a program for subdivisions where inclusionary housing applies (15%)
 - But because the subdivisions are so small, it ends up being fractional, people “fee out” - collecting those fees in a fund
- Have a small housing fund where they collected those affordable housing fees and they are trying to figure out what to do with the money
 - Did apply to get 21E help with their Housing Trust Fund
 - Funds are not big but could be impactful owner to owner
- Small grants to individual homeowners

Sausalito

- Have an inclusionary housing ordinance that kicks in at 4 or more units for new multi-family
- Have a deed restriction requirement for housing above ground floor commercial at 80% AMI
- Have a density bonus that kicks in for more than 5 units
- Trying to adapt to SB9
 - Might see influx of applicants who could take larger lots and subdivide them
 - Would like to have standards in place to regulate those developments
- Have max density requirements

Sonoma

- Just revised inclusionary housing ordinance
 - Require developments with 5+ units or rental project to provide 25% as affordable; Mix of affordability levels required (e.g., 5% as ELI, 10% LI)
 - 4 or fewer: need to pay inclusionary fee
- Had some money in affordable housing bucket and used it during COVID to help people with rent assistance
 - Ideally, would like to work with an affordable housing consultant to build affordable housing
- Incentives to package with inclusionary - only use the state density bonus
 - after listening to presentation it would be great to get some ideas on how to work with county on tax incentives

- Could you provide a list of potential incentives to provide to a Planning Commission to get the conversation started?

Hillsborough

- No programs/incentives, entirely single family residential
 - No impact fees, trust fund, etc.
 - That will be changing as a part of RHNA cycle
- Historically, have waived all fees related to ADUs
 - Last year they had 60 building permits for ADUs (a lot in a town of 500 parcels)
 - This year approved close to 40
 - Historically received 10-20
 - Has brought on ADU specialist
- Could get behind fee waivers for planning and permitting; also interest in property tax abatement fees
- Not sure what the community will be willing to contribute but the demographics are changing so there are new viewpoints at the table
 - Hoping to get silent majority to the table given that there is a very vocal minority
- History of donation of land to town but mostly deed restricted to open space only; if that changes, reverts to previous owners
 - Town hall property is an opportunity site for redevelopment. What can the city do with the site, maybe PPP?

Burlingame

- Burlingame has used most of the incentives covered in the poll.
- Interested in permit streamlining or using trust fund dollars as a grant or loan for development (which may make future affordable projects more palatable to Council).
- The property tax abatement idea is also interesting

Ande Flower, EMC Planning group working with Marin

- Previously worked for Monterey - there they could attract long standing property owners to the planning department to come in with 100% affordable - density cap that skipped full EIR.
- Incentivized long standing property owners who had been land banking, low basis to think creatively. Deed restricted for 20 years then keep at least 20% affordable

Responses to Polls

In the main session room, the group was presented with several poll questions. The questions and responses are reflected in the following screen captures. Note that on Question 3 (What tools are a no-go for your jurisdiction) responded with “Other” because there was no “none of the above” choice -- for them, all tools are on the table for consideration.

Affordable Housing Tools

Poll ended | 3 questions | 19 of 19 (100%) participated

1. What tools do you currently use to support affordable housing? (Multiple Choice) *

19/19 (100%) answered



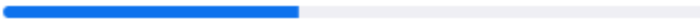
Affordable Housing Tools

Poll ended | 3 questions | 19 of 19 (100%) participated

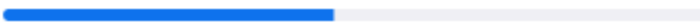
2. What additional tools are you considering, or might you consider, for middle housing? (Multiple Choice) *

19/19 (100%) answered

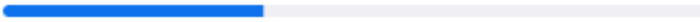
Inclusionary zoning (8/19) 42%



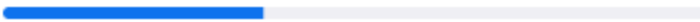
Streamlined / ministerial review (9/19) 47%



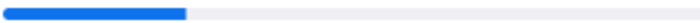
Density bonuses / parking reductions / other code incentives (beyond state law) (7/19) 37%



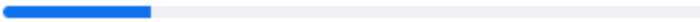
Fee reductions / waivers (7/19) 37%



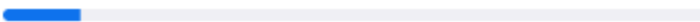
Land donation / subsidy (5/19) 26%



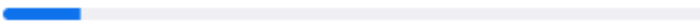
Dedicated local funding (trust fund, etc.) (4/19) 21%



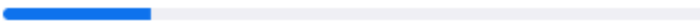
Local rental assistance (beyond Section 8) (2/19) 11%



Homeownership assistance / support (2/19) 11%



Other? (4/19) 21%

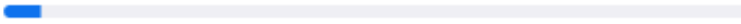


3. What tools are a no-go for your jurisdiction?

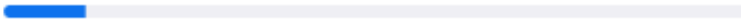
(Multiple Choice) *

19/19 (100%) answered

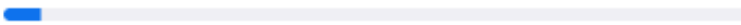
Inclusionary zoning (1/19) 5%



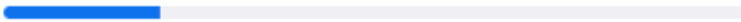
Streamlined / ministerial review (2/19) 11%



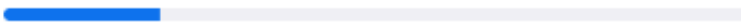
Density bonuses / parking reductions / other code incentives (beyond state law) (1/19) 5%



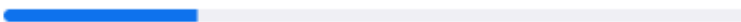
Fee reductions / waivers (4/19) 21%



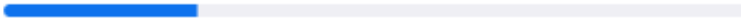
Land donation / subsidy (4/19) 21%



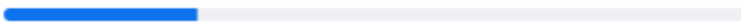
Dedicated local funding (trust fund, etc.) (5/19) 26%



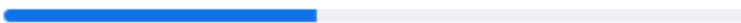
Local rental assistance (beyond Section 8) (5/19) 26%



Homeownership assistance / support (5/19) 26%



Other? (8/19) 42%

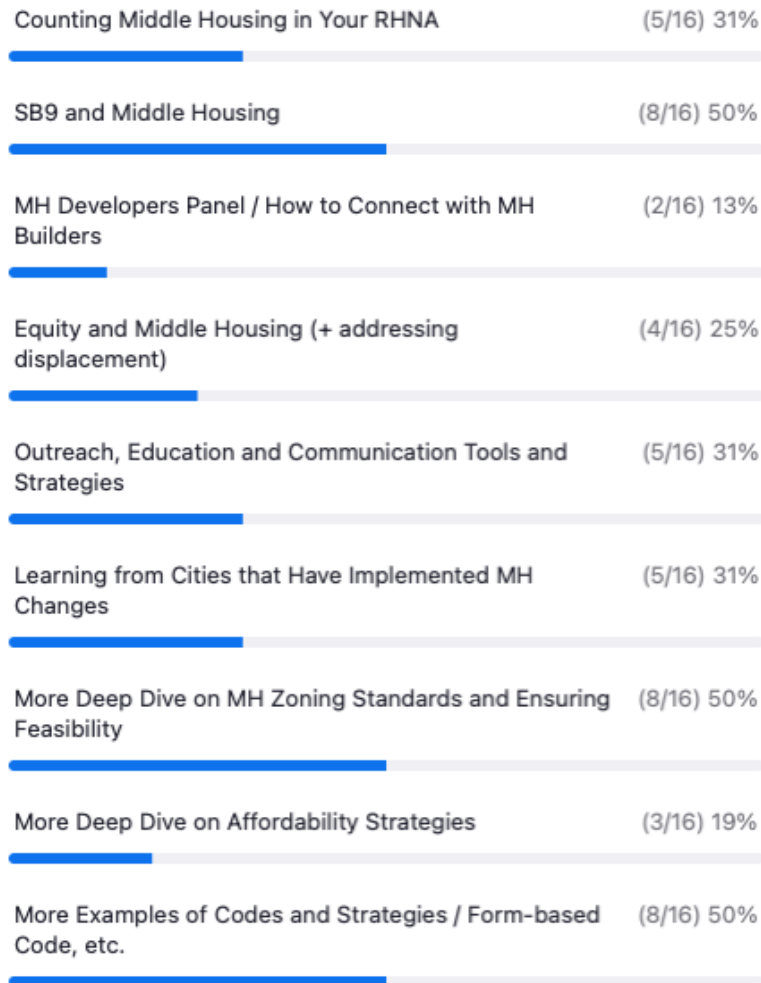


Priorities for Sessions 5 and 6

Poll ended | 2 questions | 16 of 16 (100%) participated

1. Focus for Last Two Sessions: (Multiple Choice) *

16/16 (100%) answered



2. Small Group Time vs Large Group Time (Multiple Choice) *

16/16 (100%) answered

