



Planning and Development Department
Land Use Planning Division

TO: Members of the Planning Commission

FROM: Branka Tatarevic, Associate Planner

SUBJECT: Efficiency Dwelling Units

RECOMMENDATION

Staff recommends that the Planning Commission review the staff report, receive the staff presentation, consider public comments, and provide feedback to staff on policy issues and potential zoning and development standards for Efficiency Dwelling Units.

SUMMARY

On September 13, 2022, the City Council approved a referral from Councilmember Terry Taplin, co-sponsored by Councilmember Rigel Robinson, directing the City Manager and Planning Commission to study and, if recommended, propose standards for Efficiency Dwelling Units pursuant to Health and Safety Code Section 17958.1 (**Attachment 1**). The California Building Code defines an Efficiency Dwelling Unit as a Dwelling Unit that is:

- At least 190 square feet in size, and in which
- All permanent provisions for living, sleeping, eating, and cooking are contained in a single habitable room, with a separate complete bathroom.

An Efficiency Dwelling Unit cannot be occupied by more than two people.

State law permits a city to adopt a local ordinance to allow an Efficiency Dwelling Unit:

- With a minimum floor area of 150 square feet; and
- Partial kitchen or bathroom facilities.

Berkeley does not currently define or regulate Efficiency Dwelling Units as a distinct Dwelling Unit type. Projects with small private rooms and shared facilities have therefore raised questions about the boundary between Dwelling Units and Group Living Accommodations (GLAs), including Residential Hotels. Establishing a clear definition would improve predictability, but would require policy decisions about density, inclusionary housing, open space, bicycle parking, shared facilities, and the relationship to accessory dwelling units (ADUs).

Staff's preliminary assessment is that an Efficiency Dwelling Unit should be defined in BMC Section 23.502.020 as a subtype of Dwelling Unit, with supplemental standards related to usable open space, bicycle parking and any other standards included in Chapter 23.302 (Supplemental Use Regulations). An Efficiency Dwelling Unit would

count as one Dwelling Unit for calculating residential density, one Residential Unit for the City's inclusionary housing requirements, and one housing unit for Regional Housing Needs Allocation (RHNA) calculations.

BACKGROUND

City Council Referral

On September 13, 2022, the City Council approved a referral from Councilmember Taplin, co-sponsored by Councilmember Robinson, directing the City Manager and Planning Commission to study and, if recommended, propose standards for Efficiency Dwelling Units pursuant to Health and Safety Code Section 17958.1. The Council directed staff to consider unit size; bathrooms; shared indoor and outdoor space; full kitchens; dining, meeting, lounge and study areas; bicycle, scooter and stroller parking; exercise and play space; affordability; and other zoning standards. The referral also requested review of the approaches used by Davis, Santa Barbara and other cities.

The referral responded in part to development proposals that functioned like Efficiency Dwelling Units but were reviewed as GLAs or Residential Hotels because Berkeley lacked an Efficiency Dwelling Unit category. That distinction matters because Berkeley measures density, open space, affordability obligations and other standards differently for Dwelling Units and GLAs. Residential density is generally measured in units per acre, while GLA intensity is measured by residents relative to lot area; open space is similarly calculated per Dwelling Unit or per GLA resident. Although GLA bedrooms are subject to inclusionary housing requirements, shared kitchens, bathrooms, and common rooms are included when calculating GLA Residential Unit Floor Area. Establishing an Efficiency Dwelling Unit category would ensure that small, self-contained units are reviewed under the standards applicable to Dwelling Units rather than GLA rooms, allowing projects to be reviewed as conventional multifamily housing consisting of independent Dwelling Units rather than requiring them to use a GLA model. Such units would contribute to a variety of household types, and, unlike GLAs, could be separately owned through condominium subdivision. GLAs require shared kitchens and bathrooms, while Efficiency Dwelling Units contain their own bathroom and kitchen facilities. Therefore, an Efficiency Unit Project could commit a greater proportion of building area to additional Dwelling Units or residential amenities.

Existing Berkeley Definitions

The Zoning Ordinance does not currently include a definition of Efficiency Dwelling Unit. BMC Section 23.502.020 defines a Dwelling Unit as a building or portion of a building designed for or occupied exclusively by persons living as one household. Section 23.502.020 defines a GLA as a building or a portion of a buildings designed for or accommodating a residential use by persons not living together as a household. A Residential Hotel is a type of GLA. Additionally, Efficiency Dwelling Untis as defined in Section 17958.1 of the Health and Safety Code are allowed as ADUs pursuant to 23.502.020(A)(4).

The Zoning Ordinance defines an Efficiency Kitchen as cooking facility with appliances (e.g. microwave, toaster, oven, hot plate), and food preparation counter space and

cabinets, but does not expressly require a sink or refrigerator. Currently, Efficiency Kitchens are only referenced in relation to JADUs.

Inclusionary Housing

BMC Chapter 23.328 defines a “Residential Unit” to include any Dwelling Unit or Live/Work Unit and each bedroom of a Group Living Accommodation, while excluding Accessory Dwelling Units and Junior Accessory Dwelling Units. Because an Efficiency Dwelling Unit would be a type Dwelling Unit, each Efficiency Dwelling Unit would constitute one Residential Unit for purposes of the Inclusionary Housing requirements

Except as otherwise provided in Chapter 23.328, a Housing Development Project involving the new construction of one or more Residential Units must provide at least 20 percent of its Residential Units as Affordable Units. When the calculation produces a fractional unit, the number of required Affordable Units is rounded up to the nearest whole unit. An applicant may use an alternative compliance method, including payment of an in-lieu fee for some or all required Affordable Units.

Affordable Units must generally have the same proportion of unit types, based on the number of bedrooms, and the same average size as the market-rate units. Alternatively, the City Manager or designee may approve a different unit mix that includes two- or three-bedroom Affordable Units and provides Affordable Units comprising at least 20 percent of the project’s Residential Unit Floor Area.

State Health and Safety Code Section 17958.1

Health and Safety Code Section 17958.1 allows, but does not require, a city to adopt an ordinance permitting Efficiency Dwelling Units. A local ordinance may allow an Efficiency Dwelling Unit with a minimum floor area of 150 square feet, and partial kitchen or bathroom facilities specified by the ordinance. The statute incorporates the Efficiency Dwelling Unit definition used in the International Building Code as incorporated into the California Building Code.

Health and Safety Code Section 17958.1 prohibits a city from specifically limiting the number of Efficiency Dwelling Units in areas zoned for residential use within one-half mile of public transit, within one block of a car-share vehicle, or within one mile of a University of California or California State University campus.

2025 California Building Code

The 2025 California Building Code became effective January 1, 2026. Section 1208.3 requires any Dwelling Unit to contain at least 190 square feet of habitable space. Section 1208.5 requires an Efficiency Dwelling Unit to contain a separate closet, provide a kitchen sink, cooking appliance and refrigerator with required clear working space, and provide a separate complete bathroom. Section 1208.5 expressly recognizes modification by local ordinance pursuant to Health and Safety Code Section 17958.1.

State Building Code occupancy requirements call for at least 200 square feet of floor area per occupant. Efficiency Dwelling Units provide an exception to this requirement by allowing Dwelling Units for two occupants that are below this standard.

Accessibility, light and ventilation, egress, plumbing, fire and other building standards all apply, as normal, to Efficiency Dwelling Units.

DISCUSSION

The City Council referral asked staff to evaluate whether Efficiency Dwelling Units should be permitted and, if so, what standards are necessary to support living in smaller units. The following topic areas are discussed below:

- Definition of an Efficiency Dwelling Unit
- Applicability
- Unit Size and Occupancy
- Usable Open Space
- Bicycle Parking
- Private and Shared Kitchen and Bathroom Facilities
- Residential Density Calculation

Definition and Code Location

Staff recommends locating the definition of Efficiency Dwelling Unit in BMC Section 23.502.020 (Glossary) under the “E” terms. This location would establish that an Efficiency Dwelling Unit is a type of Dwelling Unit throughout Title 23. Detailed eligibility and development standards that apply specifically to Efficiency Dwelling Units would be located in a new section in Chapter 23.302 (Supplemental Use Regulations).

Staff’s proposed the following for Efficiency Dwelling Units is included below. Please note that “habitable” refers to areas used for living, sleeping, eating or cooking. Bathrooms, storage areas, halls and closets are not “habitable,” and could be added to an Efficiency Dwelling Unit.

Efficiency Dwelling Unit. A Dwelling Unit designed for occupancy by no more than two persons that complies with California Health and Safety Code Section 17958.1 and applicable Building Code requirements. All permanent provisions for living, sleeping, eating and cooking are contained in a single habitable room. An Efficiency Dwelling Unit may contain an Efficiency Kitchen. Efficiency Dwelling Unit is not a Group Living Accommodation room or Residential Hotel room.

Treating Efficiency Dwelling Units as a type of Dwelling Unit would allow them in every zoning district where residential uses are permitted. One Efficiency Dwelling Unit would be treated as a single-family residential use; two or more units would be treated as a multi-unit residential use. The ordinance should also state that an efficiency unit is not an ADU unless it independently meets the requirements of Chapter 23.306 and state ADU law.

Policy Question: Is the proposed definition of Efficiency Dwelling Units acceptable?

Applicability

As a type of Dwelling Unit, Efficiency Dwelling Units would be permitted in any area of the city where residential uses are permitted. The Council referral asked for Planning Commission and staff consideration of whether there are areas Efficiency Dwelling Units should not be permitted. GLAs and similar smaller unit projects are typically associated with student housing, so may be better concentrated and limited to areas proximate to campus. Alternatively, the Housing Element and other city policies have encouraged a diversity of housing types throughout the city, so Efficiency Dwelling Units may also be appropriate citywide.

As noted above, State Health and Safety Code Section 17958.1 restricts specific numerical caps on Efficiency Dwelling Units near transit, car share and UC or CSU campuses the City may rely on existing use permissions and development envelopes and apply efficiency unit as dwelling unit type citywide. Planning staff have consulted with the Fire Department, which noted that all applicable fire and life-safety requirements will apply to Efficiency Dwelling Units, including requirements applicable within High and Very High Fire Hazard Severity Zones.

Policy question: Should Efficiency Dwelling Units be permissible wherever residential uses are allowed, or should they be limited to certain areas and/or zoning districts?

Unit Size and Occupancy

California Building Code includes a 190 square foot minimum size for an Efficiency Dwelling Unit. State law permits city to adopt a local ordinance to reduce the minimum size to 150 square feet. State law does not establish a maximum size.

Standard	Option	Consideration
Minimum size	190 square feet of habitable space	Uses the current Building Code baseline and avoids the passage of a local ordinance.
	150 square feet	Uses the authority in Health and Safety Code; should be paired with carefully specified facilities, storage and accessibility standards, and occupancy limits.
Maximum size	No maximum	Simplest to administer but if any special incentives were adopted, they could apply to Efficiency Dwelling Units that are not especially small. An Efficiency Dwelling Unit will typically only consist of one habitable room.
	400 square feet	Establishes an Efficiency Unit Category that reflects California Building Code requirements of 200 sf per occupant. Larger units are treated as Dwelling Units.

If the City offers reduced open-space, bicycle-parking or density requirements for Efficiency Dwelling Units staff recommends tying those requirements to a maximum Efficiency Dwelling Unit size.

Policy question: Should the minimum size of an Efficiency Dwelling Unit be 150 square feet, through local ordinance, or remain at the State default minimum size of 190 square feet?

Policy question: Should qualifying efficiency units have a maximum size standard? If so, should the maximum be 300, 350 or 400 square feet?

Usable Open Space

Berkeley's usable open space requirements are calculated in two of ways. As shown below, some zoning districts base usable open space on a per Dwelling Unit basis, while others use gross residential floor area. Per unit open space standards can effectively limit the number of Efficiency Dwelling Units in a project, as the same usable open space requirement applies to a Dwelling Unit, regardless of size. In some instances, a zoning district's usable open space requirement could be larger than the Efficiency Dwelling Unit itself, while also resulting in less area available for Dwelling Units or other amenities. Usable open space standards that are based on overall gross residential floor area can allow for higher unit counts, as building size, not number of Dwelling Units, would be the basis for determining open space requirements.

Zoning District	Existing Minimum
Districts with Per Dwelling Unit Open Space Standard	
R-1H, R-2H, R-2AH and ES-R (Hillside Overlay)	Generally 400 square feet per dwelling unit
R-3 outside the Southside Plan Area; R-4	200 square feet per dwelling unit
R-5	100 square feet per dwelling unit
C-W, C-SP, and C-AC	40 square feet per dwelling unit or GLA resident
C-C, C-U, C-N, C-E, C-NS, C-SA, C-SO and several commercial districts	Generally 200 square feet per dwelling unit
C-DMU	80 square feet per dwelling unit
Districts with Gross Residential Square Feet Open Space Standard	
R-1, R-2, R-2A outside Hillside; MU-R (Middle Housing Districts)	150 square feet per 1,000 square feet of gross residential floor area
R-3 within the Southside Plan Area	150 square feet per 1,000 square feet of gross residential floor area

Staff is considering a requirement of 100 square feet of usable open space per 1,000 square feet of Efficiency Unit floor area. The required open space may consist of private balconies, patios, rooftop areas, or shared courtyards, terraces, or rooftop areas designed for use by all residents. This would yield approximately 15 square feet per unit for a 150 square foot Efficiency Dwelling Unit to 40 square feet per unit for a 190 square foot Efficiency Dwelling Unit.

Policy Question: Should open space for Efficiency Dwelling Units be measured by gross residential floor area or per unit?

Bicycle Parking

Berkeley generally does not require automobile parking for new housing, except in limited circumstances within the Hillside Overlay zone. Bicycle parking, however, is a more applicable requirement. Bicycle parking standards are included in Appendix F of the 2017 Berkeley Bicycle Plan and distinguish between long-term parking standards (generally, inside a structure and/or covered by a roof overhang or awning) and short-

term parking standards (bike racks).¹ Table 23.322-1 under BMC 23.322.090 includes bicycle parking requirements.

Use	Long-Term Bicycle Parking	Short-Term Bicycle Parking
Dwelling Units (1 to 4 units)	R-BMU: 1 space per unit All other districts: None required	None required
Dwelling Units (5 units or more)	R-BMU: 1 space per unit All other districts: 1 space per three bedrooms	2, or 1 space per 40 bedrooms, whichever is greater.
Group Living Accommodations, Dormitories, Fraternity and Sorority Houses, Rooming and Boarding Houses, Transitional Housing	2, or 1 space per 2.4 bedrooms, whichever is greater.	2, or 1 space per 20 bedrooms, whichever is greater.

Like studios, Efficiency Dwelling Units are technically zero-bedroom units, but would be treated as 1 bedroom units, a studios are, for the purposes of determining bicycle parking requirements. Similar to usable open space, an excessive bicycle parking requirement could discourage Efficiency Dwelling Units as more total project square footage may be taken up by bicycle parking facilities at higher densities. At the same time, as Efficiency Dwelling Units are smaller, residents would not have as much space within their units to store bicycles, so long-term bicycle parking may be desirable.

Policy Question: Should bicycle parking requirements be revised for Efficiency Dwelling Units?

Private Kitchen and Bathroom vs. Shared Facilities

Health and Safety Code Section 17958.1 allows cities to permit Efficiency Dwelling Units with partial kitchen or bathroom facilities through a local ordinance. Otherwise, the California Building Code requires an Efficiency Dwelling Unit to contain a separate bathroom with a water closet, lavatory, and bathtub or shower, as well as a kitchen sink, cooking appliance, and refrigerator.

Shared kitchen or bathroom facilities could create privacy, sanitation, maintenance, and operational concerns and could blur the distinction between Efficiency Units and Group Living Accommodations, dormitories, Residential Hotels, or other congregate living arrangements. Staff therefore recommends that Efficiency Dwelling Units contain a complete private bathroom and private kitchen facilities within the unit. A project with

¹ Berkeley Bicycle Plan, Appendix F: https://berkeleyca.gov/sites/default/files/2022-01/Berkeley-Bicycle-Plan-2017_AppendixF_Facility%20Design%20Toolbox.pdf

smaller Dwelling Units that wanted to include shared facilities would be classified as Group Living Accommodation.

Staff recommends that an Efficiency Dwelling Unit's kitchen requirement meets the existing definition of Efficiency Kitchen² or be further refined in coordination with Building & Safety.

Policy Question: What minimum private kitchen facilities should be required (to be further confirmed with Building & Safety)?

Residential Density

BMC Section 23.106.100 defines residential density as the number of Dwelling Units on a lot divided by the lot's area in acres. Under the proposed definition, Efficiency Dwelling Units would be included in the calculation of residential density. Per State Law, ADUs and Junior ADUs are expressly excluded from a calculation of residential density.

This result is straightforward in districts without a numerical maximum density, where FAR, height, setbacks, lot coverage and other envelope standards define capacity. It could limit Efficiency Dwelling Unit production in the Middle Housing Zoning districts, which have a maximum residential density standards of 70 dwelling units per acre because a project primarily consisting of Efficiency Dwelling Units could reach the maximum residential density before it "maxes out" the building's size.

² BMC Sec. 23.502.020(E)(1): "*Efficiency Kitchen*. A cooking facility with appliances (e.g. microwave, toaster, oven, hot plate), and food preparation counter space and cabinets."

Zoning District	Density Standards
Zoning Districts with Per Acre Residential Density Standards	
R-1, R-2, R-2A and MU-R “Middle Housing Zoning Districts”	<ul style="list-style-type: none"> Maximum residential density of 70 dwelling units per acre.
R-3, within Southside Plan Area	<ul style="list-style-type: none"> Minimum residential density of 60 dwelling units per acre. No maximum residential density standard.
R-S	<ul style="list-style-type: none"> Minimum residential density of 100 dwelling units per acre No maximum residential density standard.
R-SMU	<ul style="list-style-type: none"> Minimum residential density of 150 dwelling units per acre No maximum residential density standard.
R-BMU	<ul style="list-style-type: none"> Minimum residential density of 75 dwelling units per acre. No maximum residential density standard.
C-AC	<ul style="list-style-type: none"> Tiered maximum density generally ranges from 100 or 120 to 300 dwelling units per acre.
C-T	<ul style="list-style-type: none"> Minimum residential density of 200 dwelling units per acre No maximum residential density standard.
C-SP	<ul style="list-style-type: none"> Minimum residential density of 100 dwelling units per acre No maximum residential density standard.
Zoning Districts Without Per Acre Residential Density Standards	
R-3, R-4, R-5, ES-R, Hillside Overlay and all other C districts	No specific residential density standards. Density is effectively controlled by other development standards (height, open space, minimum lot area, etc).

Policy Question: Should Efficiency Dwelling Units be treated differently with respect to residential density calculations compared to typical Dwelling Units?

ENVIRONMENTAL REVIEW

There are no identifiable environmental effects or opportunities associated with this informational report.

NEXT STEPS

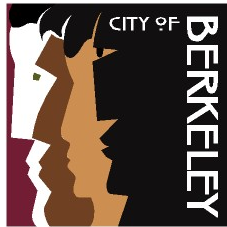
Following the Planning Commission discussion, staff will prepare draft amendments and return to the Planning Commission for a noticed public hearing and recommendation to the City Council. In preparation, staff will coordinate with Building and Safety, Housing and Community Services, the Berkeley Fire Department, the Rent Stabilization Board and the City Attorney. If directed,

CONTACT PERSON

Branka Tatarevic, (510) 981-7472

ATTACHMENTS

1. September 13, 2022 City Council Efficiency Unit Ordinance Referral



Terry Taplin
Councilmember District 2

SUPPLEMENTAL AGENDA MATERIAL

Meeting Date: September 13, 2021

Item Number: 35

Item Description: Efficiency Unit Ordinance

Supplemental/Revision Submitted By: Councilmember Taplin

“Good of the City” Analysis:

The analysis below must demonstrate how accepting this supplement/revision is for the “good of the City” and outweighs the lack of time for citizen review or evaluation by the Council.

Due to community concerns regarding affordability and living standards for residents of Efficiency Units, this revision directs staff and the Planning Commission to study a broader scope of revisions and recommendations for enabling Efficiency Units. Considerations may include, but are not limited to, affordability requirements, in-unit facilities, and shared living spaces. The Commission and staff are further directed to return recommendations, which may include a draft ordinance, with consideration for financial feasibility of projects.

Consideration of supplemental or revised agenda material is subject to approval by a two-thirds vote of the City Council. (BMC 2.06.070)

A minimum of **42 copies** must be submitted to the City Clerk for distribution at the Council meeting. This completed cover page must accompany every copy.

Copies of the supplemental/revised agenda material may be delivered to the City Clerk Department by 12:00 p.m. the day of the meeting. Copies that are ready after 12:00 p.m. must be delivered directly to the City Clerk at Council Chambers prior to the start of the meeting.

Supplements or Revisions submitted pursuant to BMC § 2.06.070 may only be revisions of the original report included in the Agenda Packet.



BERKELEY CITY COUNCILMEMBER
TERRY TAPLIN
DISTRICT 2

CONSENT CALENDAR
May 10, 2022

To: Honorable Mayor and Members of the City Council
From: Councilmember Taplin, Councilmember Robinson (co-sponsor)
Subject: Efficiency Unit Ordinance

RECOMMENDATION

Refer to the City Manager and Planning Commission to study and, if recommended, propose standards for Efficiency Units pursuant to California Housing and Safety Code Section 17958.1. Consider appropriate standards for unit size and facilities including bathrooms as well as for shared indoor and outdoor spaces and facilities within buildings with such units. Shared space requirements may include requirements for "full kitchen" facilities, dining and/or meeting rooms, indoor lounge/study areas, outdoor/roof space, bike/scooter and stroller parking, gym/workout/play spaces, storage, and other shared and accessible facilities to support healthy and social lives, and accommodate important activities and uses that are externalized from Efficiency Units. Consider zones where Efficiency Units may be appropriate, affordability requirements, phasing, and any other standards and zoning related to such units. Based on study and consideration of financial feasibility, develop recommendations and/or to adopt objective standards for Efficiency Units pursuant to California Housing and Safety Code § 17958.1, developing an ordinance to amend the Berkeley Municipal Code modeled after standards implemented in the City of Davis, the City of Santa Barbara and other cities.

FINANCIAL IMPLICATIONS

Staff time.

CURRENT SITUATION AND ITS EFFECTS

Establishing standards for Efficiency Units is a Strategic Plan Priority Project, advancing our goal to create affordable housing and housing support service for our most vulnerable community members.

BMC Chapter 23F.04 defines Group Living Accommodations (GLAs) as a “building or portion of a building designed for or accommodating a residential use by persons not living together as a household.” This broad category includes several distinct housing types, such as Dormitories and Residential Hotels. While this definition rests on cohabitation by multiple persons not constituting a “household,” state law provides a legal framework for establishing positive efficiency unit standards for one- or two-person households. California Housing and Safety Code § 17958.1 allows local governments to “permit efficiency units for occupancy by no more than two persons which have a minimum floor area of 150 square feet and which may also have partial kitchen or

bathroom facilities, as specified by the ordinance.” The City of Berkeley currently lacks such an ordinance.

Berkeley’s current standards for Residential Hotels disincentivizes their production, limiting the supply of lower-cost housing that could be built without limited or no public subsidies. Development standards in Commercial districts are equivalent to those in R-3 zones, requiring a minimum of 350 square feet of total lot area per occupant, inclusive of 90 square feet of open space per occupant. This effectively permits fewer residents by area than other residential uses and reduces financial feasibility. For example, a proposed multifamily apartment development at 2720 San Pablo Ave. in the C-W district is on a 9,576 square-foot project site, with 25 dwelling units and a total of 97 bedrooms. If it were a GLA project such as a residential hotel, it would only be permitted a maximum of 27 bedrooms.

BACKGROUND

Berkeley has made insufficient progress on meeting its state-mandated Regional Housing Need Allocation (RHNA) goals for low- and moderate-income housing in the 2014-2022 RHNA cycle. As recently as the city’s 2020 Housing Pipeline Report, the city had only fulfilled 23% of its moderate-income RHNA goals, 21% of its RHNA goals for Very-Low Income households, and a mere 4% for Low-Income households. Berkeley’s next RHNA cycle is estimated to mandate roughly 3 times as many units as the previous cycle’s total of 2,959 units across all income tiers. In 2019, development costs in the San Francisco Bay Area averaged \$600,000 for new housing funded by 9% Low Income Housing Tax Credits.¹

According to an October 2014 report on affordable housing development by several state housing agencies, “for each 10 percent increase in the number of units, the cost per unit declines by 1.7 percent.”² A 2020 study by UC Berkeley’s Turner Center on affordable housing projects funded by 9% Low Income Housing Tax Credits reported: “On average, efficiencies of scale translate into a reduction of about \$1,162 for every additional unit in a project.”³

Because GLAs typically offer lower market rents for smaller dwelling units, certain types of GLAs including Residential Hotels are exempted from Berkeley’s Affordable Housing Mitigation Fee requirements pursuant to BMC 23C.12.020.B. With the exception of Dormitories, GLA units also count toward Berkeley’s RHNA housing production targets for low- and moderate-income households if rents meet household affordability thresholds. Lower-cost housing forms with smaller dwelling units such as Single Room Occupancy (SRO) hotels have historically provided a significant portion of affordable

¹ Reid, C. (2020). The Costs of Affordable Housing Production: Insights from California’s 9% Low-Income Housing Tax Credit Program. *UC Berkeley Turner Center for Housing Innovation*. Retrieved from https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/LIHTC_Construction_Costs_March_2020.pdf

² California Department of Housing and Community Development, et al. (2014). Affordable Housing Cost Study: Analysis of the Factors that Influence the Cost of Building Multi-Family Affordable Housing in California. Retrieved from https://www.treasurer.ca.gov/ctcac/affordable_housing.pdf

³ See footnote 1.

housing for cities in the San Francisco Bay Area and nationwide without public subsidies for construction, but current zoning has made projects with this type of cost-effective unit size practically infeasible throughout much of Berkeley's transit-rich corridors.

The lack of Efficiency Unit standards has contributed to some consternation in the community with respect to recent GLA projects. For instance, an appeal of Use Permit # ZP2018-0229 for a Residential Hotel project at 2435 San Pablo Avenue—a permit that the City Council upheld in 2021—criticized the project as “neither fish nor fowl” because the project was designated as a Residential Hotel but resembled an Efficiency Unit project.⁴ If the project were an Efficiency Unit, the individual efficiency kitchens and bathrooms would be subject to State standards (or local standards if the City were to adopt them), and the communal kitchens would be an amenity for residents rather than a requisite feature of a Residential Hotel.

Other jurisdictions in California have availed themselves of state authority to establish local standards. For example, the City of Davis establishes a definition of Efficiency Units pursuant to CHSC § 17958.1 with “a minimum floor area of two hundred twenty square feet and shall have a bathroom facility and a partial kitchen or kitchenette.”⁵ Davis Municipal Code § 40.01.010(e) and Santa Barbara Municipal Code § 30.185.040 establish standards for Efficiency Units consistent with state law.⁶⁷ Santa Barbara's standards also enable a minimum floor area of 150 square feet for “Affordable Efficiency Units” subject to deed restrictions for low- and very-low income households.

Notably, both Davis and Santa Barbara, like Berkeley, are host cities to campuses in the University of California system. There is a dire shortage of student housing in the neighborhoods adjacent to campus such as Southside, and moreover, a dire shortage of affordable units available to students without overcrowding apartments. Partial kitchen or bathroom facilities, as allowed for efficiency units as now laid out by state law, will not always be ideal for all tenants, but may be a highly attractive option for students. Establishing an efficiency unit ordinance would be an important pathway to permitting denser, student-oriented housing in neighborhoods adjacent to campus and on key transit corridors connecting to campus.

In 2014, the City of Seattle enacted strict limitations on new “congregate” micro-housing projects, and saw a corresponding increase in production of Small Efficiency Dwelling Units (SEDUs) following this change. However, due to increases in minimum floor area

4

[https://www.cityofberkeley.info/Clerk/City_Council/2021/01_Jan/Admin_Record_ZAB_Appeal_0_\(2435\)_San_Pablo_Ave.aspx](https://www.cityofberkeley.info/Clerk/City_Council/2021/01_Jan/Admin_Record_ZAB_Appeal_0_(2435)_San_Pablo_Ave.aspx)

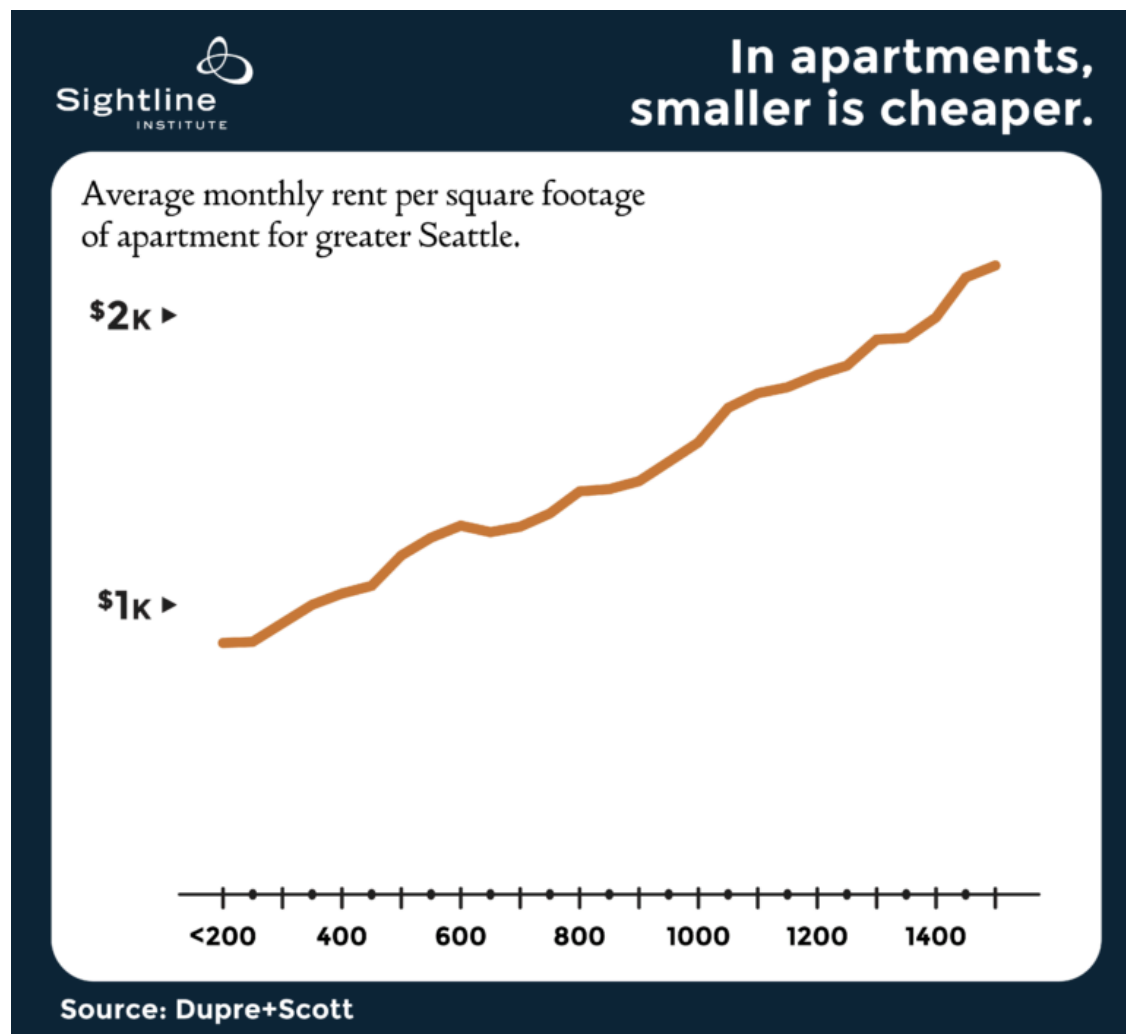
⁵ http://qcode.us/codes/davis/?view=desktop&topic=40-40_01-40_01_010#:~:text=Efficiency%20unit%20has%20the%20meaning,a%20partial%20kitchen%20or%20kitchenette

⁶ http://qcode.us/codes/davis/?view=desktop&topic=40-40_26-40_26_450

⁷ https://qcode.us/codes/santabarbara/view.php?topic=30-iii-30_185-30_185_040&frames=on

requirements and inability to access affordable housing incentives, the number of new SEDUs completed per year in Seattle has declined.⁸

Nevertheless, the data from Seattle shows a clear marginal benefit to housing affordability. A 2021 study of Seattle's microhousing market by the firm Kidder Matthews found that the average monthly rent of SEDUs was \$277 or 18% lower than comparable market-rate studio apartments.⁹



*Sightline Institute, 2017*¹⁰

⁸ Neiman, D. (2021). When is Seattle Going to Fix Microhousing? *Sightline Institute*. Retrieved from <https://www.sightline.org/2021/02/04/when-is-seattle-going-to-fix-microhousing/>

⁹ Anderson, J. & Simon, D. (2021). 2021 Micro Report. *Kidder Matthews*. Retrieved from https://secureservercdn.net/72.167.230.230/qjx.818.myftpupload.com/wp-content/uploads/2021/12/2021-Micro-Report_Simon-Anderson-Team.pdf?time=1649887261

¹⁰ Neiman, D. (2017). How Seattle Killed Microhousing Again. *Sightline Institute*. Retrieved from <https://www.sightline.org/2017/03/20/how-seattle-killed-micro-housing-again/>

In Berkeley, the 39-unit “Step Up Housing”¹¹ project at 1367 University Ave. will lease 180 square foot furnished studio units to the nonprofit Building Opportunities for Self Sufficiency (BOSS) for \$1,400 per month, roughly \$600 or 30% lower than local studio apartment rents. The City will be supporting the leasing and operations of the project with Measure P funds to provide permanent supportive housing.

Irrespective of subsidies, this cost is also \$195 below the “fair market rent” for SRO/studio units in Alameda County set by the U.S. Department of Housing and Urban Development (HUD), and roughly the same as Alameda County’s rent limit for deed-restricted studio units for a household earning 60% of Area Median Income.¹²

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Incentives for affordable housing offer potential to reduce Vehicle Miles Traveled Per Capita by increasing housing options in Berkeley and shortening commute times for a greater share of the local workforce. In an analysis of 252 California Cities, Durst (2021) finds that “each additional affordable housing incentive is associated with a 0.37 percentage point decrease in the share of workers who commute more than 30 minutes.”¹³ With transportation accounting for 60% of Berkeley’s carbon footprint, per capita VMT reduction is critical for emissions reductions. Research from UC Berkeley scholars and the CoolClimate Network finds that urban infill offers one of the greatest potential policy levers for municipalities to reduce their greenhouse gas emissions.¹⁴ Notably, this study predates the City of Berkeley’s 2019 prohibition on natural gas in new buildings,¹⁵ which would further reduce the carbon footprint of future Berkeley residents relative to the regional average.

CONTACT PERSON

Councilmember Taplin Council District 2 510-981-7120

ATTACHMENTS

1. City of Santa Barbara Ordinance 5794
2. City of Davis Ordinance 2602

¹¹ https://www.cityofberkeley.info/Clerk/City_Council/2021/02_Feb/Documents/2021-02-23_Item_26_Step_Up_Housing_Initiative.aspx

¹² <https://www.acgov.org/cda/hcd/documents/2021IncomeandRentLimits.pdf>

¹³ Durst, N. J. (2021). Residential Land Use Regulation and the Spatial Mismatch between Housing and Employment Opportunities in California Cities. *Terner Center for Housing Innovation*. Retrieved from <http://californialanduse.org/download/Durst%20Residential%20Land%20Use%20Regulation%202020.pdf>

¹⁴ Jones, C. et al. (2017). Carbon Footprint Planning: Quantifying Local and State Mitigation Opportunities for 700 California Cities. *Urban Planning*, 3(2). doi:10.17645/up.v3i2.1218.

¹⁵ Cagle, C. (2019). Berkeley became first US city to ban natural gas. Here's what that may mean for the future. *The Guardian*. Retrieved from <https://www.theguardian.com/environment/2019/jul/23/berkeley-natural-gas-ban-environment>

