

To: Honorable Mayor and Members of the City Council

From: Councilmember Lori Droste, Councilmember Ben Bartlett, Councilmember Rigel Robinson, and Councilmember Rashi Kesarwani

**RECEIVED AT
COUNCIL MEETING OF:**

Subject: Missing Middle Housing Report

APR 23 2019

RECOMMENDATION

**OFFICE OF THE CITY CLERK
CITY OF BERKELEY**

Refer to the City Manager to prepare a report to the Council of examining methods, including potential revisions to the zoning code and General Plan, that may foster a broader range housing types across Berkeley, particularly missing middle housing types (duplexes, triplexes/fourplexes, courtyard apartments, bungalow courts, townhouses, etc.), in areas with access to essential components of livability like parks, schools, employment, transit, and other services.

The report should examine how other cities that have prepared for and implemented these changes particularly Minneapolis, Seattle, Chicago, and Portland, did so, including mitigating potential side effects, particularly on displacement and increases in rental prices in the surrounding area.

The Reports should include, but is (are) not limited to:

1. Identifying where missing middle housing may be optimal and the increase in density that may occur.
2. Allowing the possibility of existing houses/footprints/zoning envelopes to be divided into up to 4 units, potentially scaling the floor area ratio (FAR) to increase as the number of units increase on site, creating homes that are more affordable, saving and lightly modifying an older structure as part of internally dividing it into more than one unit
3. Evaluating Berkeley's residential areas –including Berkeley hillsides– while also considering fire and disaster preparedness service needs
4. Considering design elements and form-based zoning, which addresses the appropriate form, scale and massing of buildings as they relate to one another, as a potential strategy
5. Creating incentives to maintain family-friendly housing stock, including consideration of seniors aging in place, while adding more diversity and range of smaller units
6. Creating incentives for building more than one unit on larger than average lots
7. Providing suggestions to
 - a. protect existing housing stock, particularly affordable and rent-controlled stock
 - b. protect tenant and vulnerable low-income individuals
 - c. control demolition
 - d. ensure no net loss provisions, and

- e. increase affordability with provisions that align with our land value recapture policy objectives
8. Evaluating whether changes –or lack of changes– would
 - a. place particular economic or gentrifying pressure on low-income neighborhoods with historic redlining or contribute to
 - b. Contribute to further exclusion and/or exacerbate racial and economic segregation in Berkeley.
9. Evaluating methods for promoting first time home ownership of these units (e.g. Open Doors Initiative) and/or providing assistance to first time homebuyers so that the benefits of the additional housing are equitably distributed
10. Incorporating green features and evaluating environmental impacts of missing middle housing
11. Considering historic preservation efforts and preventing impacts to designated historic resources.
12. Examining how different cities effectuated these changes (e.g. changes to their General Plan, zoning changes, etc.), and
13. Evaluating the public process used in the course of considering these changes

Given the range of requests included in this referral, it is expected that responding to the referral will require a combination of field research, consultation with design professionals and other cities and agencies, ~~and community outreach and engagement.~~ Council requests that staff initiate this work as soon as possible.

Page 5

Homelessness

High housing costs also lead to California having among the highest rates of poverty in the nation at 19%. Consequently, homelessness is on the rise throughout California. The Bay Area has one of the largest and least-sheltered homeless populations in North America. The proliferation of homeless encampments—from select urban neighborhoods to locations across the region—is the most visible manifestation of the Bay Area’s extreme housing affordability crisis. According to the 2017 point-in-time count, Berkeley had approximately 972 individuals experiencing homelessness on any given night. In order to act in accordance with best practices research on alleviating homelessness and help homeless individuals get housed, the City needs to create more homes. Tighter housing markets are associated with higher rates of homelessness, indicating that the creation of additional housing for all income levels is key to mitigating the crisis.

In 2015, the non-partisan California's Legislative Analyst Office published a report addressing the state's high housing costs. Their report revealed that growth control policies increased home prices by 3-5%. In the 1,000 Person Plan to Address Homelessness, Berkeley's Health, Housing and Community Services staff also recommend that Council prioritizes "implementing changes to Berkeley's Land Use, Zoning, Development Review Requirements for new housing with an eye toward alleviating homelessness." In the short run, to produce housing that will be immediately be affordable to rehouse the homeless and to house other very low, low, and moderate income individuals, changes to Berkeley's "Land Use, Zoning, Development Review Requirements" should prioritize measures that support the creation or retention of reserved affordable or rent controlled housing.

BACKGROUND

What is missing middle housing?

Missing middle housing is a term used to describe:

1. a range of clustered or multi-unit housing types compatible in scale with single family homes and/or
2. housing types naturally affordable to those earning between 80-120% of the area median income.

While this legislation aims to address the former, by definition and design, missing middle housing will always seek to be less expensive than comparable single family homes in the same neighborhood, leading to greater accessibility to those earning median, middle, or lower incomes. Currently, the median price of a single family home in Berkeley is \$1.2 million dollars, which is out of reach for the majority of working people. Approximately half of Berkeley's housing stock consists of single family units and more than half of Berkeley's residential land is zoned in ways that preclude most missing middle housing. As a result, today, only wealthy households can afford homes to newly enter the housing market in Berkeley.

Page 12

ALTERNATIVE ACTIONS CONSIDERED

We considered an urgency ordinance but after consultation with City of Berkeley staff, we are recommending a report to explore the possibility of on fostering a variety of housing types to inform future policy decisions and the General Plan Update, as

opposed to zoning revisions, the General Plan Update and any new zoning which may flow therefrom.

IMPLEMENTATION, ADMINISTRATION, AND ENFORCEMENT

Not applicable as this item requests an analytical report. Any future implementation, administration, and enforcement should be determined by the City Manager and guided by Council policy direction. To ensure the report is accepted by policy makers and the public as a useful tool, it should be undertaken by a consulting firm selected through an RFP.

FINANCIAL IMPLICATIONS

Costs for consultants to provide a missing middle scan or an in-depth analysis range from \$25,000-\$65,000. If feasible, staff should consider adding components of this Council referral to the city's density standard study in order to accelerate the referral response, as long as it doesn't displace or delay the density standard project. Costs for hiring consultants to complete the study should be developed during the RFP.

ENVIRONMENTAL SUSTAINABILITY

Berkeley declared a climate emergency in 2018. Among other concerns, wildfires and sea level rise are constant ecological threats to our community. The City of Berkeley needs to act urgently to address this imminent danger. Last year, climate researchers in Berkeley quantified local and state opportunities to reduce greenhouse gases from a "comprehensive consumption-based perspective."³⁷ The most impactful local policy to potentially reduce greenhouse gas consumption by 2030 is urban infill. In short, Berkeley can meaningfully address climate change if we allow the production of more homes near job centers and transit.