



Housing Element Best Practices: Lessons from Previous Cycles

HOUSING ELEMENT BEST PRACTICES:

Lessons from Previous Cycles

MidPen Housing has compiled a set of case studies to illustrate high-impact policies advanced in the last Housing Element cycle and suggest strategies based on successful implementation. This current cycle presents an important opportunity to build and expand upon what worked previously to plan for equitable growth.

At the time of the last Housing Element cycle, many of the tools profiled were designed to exceed State-level policies established by the State Density Bonus Law (SDBL) for projects with affordable housing. In recent years, the State's policies, through the more powerful SDBL and SB-35 procedural incentives, have evolved considerably, accelerating change. This creates an opportunity with this next cycle to again look at the State-level landscape as a base to respond to, build from, and exceed with local policies tailored to local specifics and needs.

As with the most recent cycle, jurisdictions can look at today's tools and find ways to make them most effective by making more sites eligible, or set policies that go beyond them with the goals of delivering more housing more quickly. Jurisdictions able to maximize land opportunities and reduce development costs can help spread limited public resources further. Given the vastly changed State landscape, jurisdictions have a much different starting point than the last Housing Element cycle to evaluate opportunities that generate the most impact from their policies.

The Housing Element is a key step to advance the infrastructure needed to support inclusive development through planning and building tools. The most effective jurisdictions had site inventories and policies that were complementary. As jurisdictions work on their policy tools with this cycle, it is critical to take a tactical approach to site selection to realize feasible implementation. We hope these examples are useful to city partners and other community stakeholders.



POLICY: Master-planned sites with opportunities to maximize housing density and share infrastructure; senior housing overlay

RATIONALE: Increases feasibility of affordable housing by spreading density and other planning calculations across a larger development site

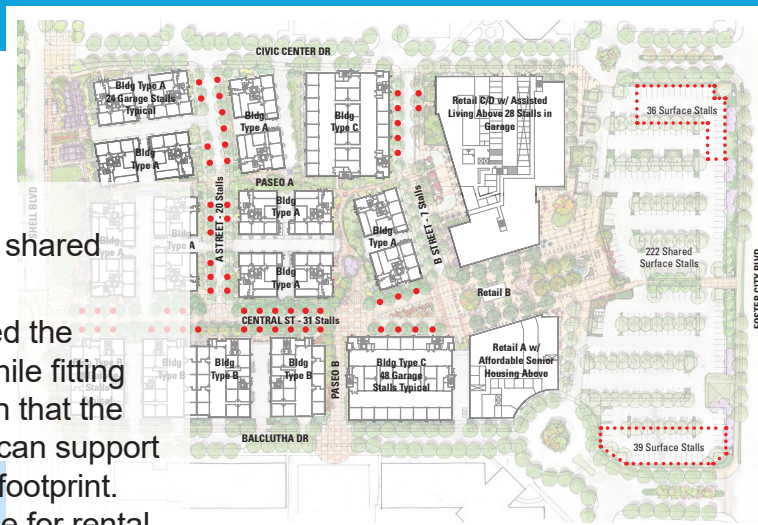
CITY EXAMPLE: Foster City

Foster City identified an undeveloped 15-acre City-owned property adjacent to City Hall as a housing opportunity site with a vision for a master-planned, mixed-use, mixed-income senior community. In 2011, the City began negotiations with the master developer and pursued a project that consisted of 66 affordable homes along with 355 market-rate and assisted living units. In addition to including the site in their housing element, another enabling policy was utilization of a senior housing overlay zone to facilitate affordable senior housing (reduced parking needs, reduced unit sizes, increased density, fee waivers, priority processing). This form-based/Floor Area Ratio (FAR)-based approach to density makes sense for projects with smaller unit types like senior or supportive housing. Structuring the development's high-level approvals as a larger master plan instead of breaking into three to four separate projects enabled cost savings for the affordable residential component, increasing feasibility.

PROJECT IMPACT EXAMPLE:

Alma Point at Foster Square - completed

- Units: 66 (127 units/acre, 78 units/acre including shared surface parking)
- Impact: The City's senior housing overlay enabled the project to achieve a much higher density level while fitting within an appropriate built form for the site. Given that the site is senior housing with smaller units, the site can support much higher units/acre within the same building footprint. Foster City's code has a minimum square footage for rental units of 750 sq. ft., while senior housing units are typically below 550 sq. ft. for studios/1-bedrooms. The ability to leverage non-residential components of the project (public space and commercial space) reduced costs for elements like parking and infrastructure. Senior parking requirements of .5/unit for residents and .5/unit for guest would have resulted in a required 1:1 ratio. With shared parking, the project was able to move forward with a .59:1 ratio
- Cost savings of \$1.6M, including \$1.27M in shared infrastructure and \$202K in saved costs via the parking reduction
- Increased density from 35 units/acre to 127 units/acre



POLICY: Fee exemptions for affordable housing

RATIONALE: Increases feasibility of affordable housing by decreasing costs

CITY EXAMPLE: Sunnyvale exemption for park in-lieu fees

- Park dedication in-lieu fee: \$69 per square foot
- This is the biggest lever in Sunnyvale's fee schedule
- The City waives park fees for affordable rental projects and for affordable units in mixed-income rental projects, such as affordable units in density bonus projects



PROJECT IMPACT EXAMPLE: Edwina Benner Plaza - completed

- Units: 66 (50 units/acre)
- Park impact fee: \$2.4M (\$37.6K per unit)
- Impact: This exemption reduced the total development budget by about 5%. These waived fees are also advantageous to the project's ability to secure financing as they count towards the local leverage calculation utilized by competitive financing sources like the Low-Income Housing Tax Credit program (LIHTC)

PROJECT IMPACT EXAMPLE: 1178 Sonora Court - in development

- Units: 176 (140 units/acre)
- Park Impact Fee: Approximately \$7.8M (\$44K per unit)
- Impact: This exemption reduced the total development budget by about 6%. These waived fees are also advantageous to the project's ability to secure financing as they count towards the local leverage calculation utilized by competitive financing sources like the Low-Income Housing Tax Credit program (LIHTC)

POLICY: Reduced parking standards for affordable housing

RATIONALE: Increases feasibility of affordable housing by decreasing costs
Saves one of the typical waivers in the State Density Bonus Law (SDBL) so developers can use it for another feasibility-improving modification

CITY EXAMPLE: Sunnyvale parking reductions

Reduced parking requirements for affordable housing developments and housing for seniors or persons with disabilities were adopted in 2011. The modified parking ratio that MidPen Housing was allowed to use for the 124-unit Fair Oaks Senior Housing project served as the basis for the adopted parking standard for affordable housing for seniors or persons with disabilities. The City also adopted provisions to allow development applications for senior housing, housing for persons with disabilities or housing affordable to lower income households to include requests for further reductions in the parking requirements. The request can be granted if the approving body finds that the applicant's proposed parking standard is adequate through a combination of any of the following considerations: location or proximity to transportation, variety or forms of transportation available, accessibility, services and programs offered, or population served by the proposed housing development. Many jurisdictions have adopted lower parking requirements for affordable housing based on robust data showing lower rates of car ownership and utilization at affordable housing properties given income, as well as locations that are often proximate to high-quality transit given financing-program criteria.



PROJECT IMPACT EXAMPLE:

Onizuka Crossing - completed

- Units: 58 (46 units/acre)
- Parking spaces required without restrictions: 122
- Parking spaces provided with reductions: 93
- Cost per space: \$22.5K
- Parking savings: \$653K
- Impact: This policy reduced the total development budget by about 2% and enabled the project to utilize its SDBL concessions for other items impacting feasibility

POLICY: Exceptions to development standards for affordable housing

RATIONALE: Increases feasibility of affordable housing through exemptions that go above and beyond what would be enabled through SDBL

CITY EXAMPLE: Half Moon Bay

Section 18.06.050(H) of the zoning code states that development standards for residential uses may be waived or relaxed for an affordable housing project. This provision allows developers much flexibility in designing affordable housing projects. Minimum lot sizes, widths, setbacks, parking, and other requirements can be reduced or waived, as long as the resulting development conforms to the certified Local Coastal Program (LCP) and other applicable provisions of the zoning code outside of chapter 18.06. This was applied in MidPen's Half Moon Village project, which was enabled through partnership with the San Mateo County Housing Authority and City of Half Moon Bay.

PROJECT IMPACT EXAMPLE: Half Moon Village - completed

- Units: 160 (27 units/acre)
 - Exceptions: maximum height (from 28 to 40 ft) and parking (2.25 to .75)
- Performed density calculations looking at the larger campus area, which arrived at a density that met LCP requirements
- Impact: With reduced parking and increased height, this policy enabled redevelopment to increase the number of homes from 60 existing units to 160 new units

Cost savings of \$1.8M for reduced parking, 3.7% of the total development budget



POLICY: Affordable Housing Overlay zone

RATIONALE: Increases feasibility of affordable housing through targeted incentives that exceed the SDBL

Upzoning tied to community benefit

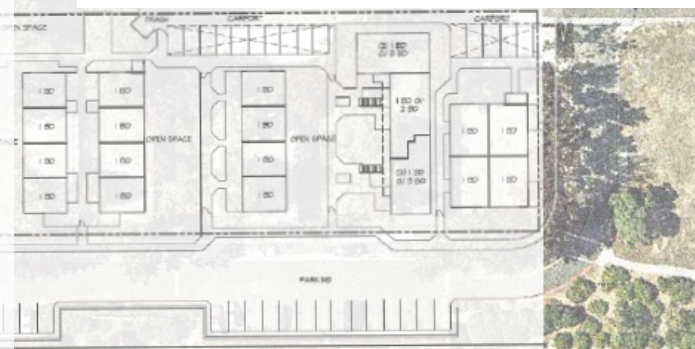
CITY EXAMPLE: Menlo Park Affordable Housing Overlay (AHO)

Through Menlo Park's Housing Element process and site inventory analysis, they arrived at the policy tool of an AHO zone with incentives that go beyond the SDBL. The rezoning applied the overlay to affordable housing opportunity sites as well as a targeted specific plan area. Overlays like this create a win-win for site owners and developers that want to provide affordable housing, as the overlay increases site value for those who can execute on the development vision being incentivized. Menlo Park's Gateway Apartments, an affordable housing property acquired by MidPen in the 1980s, presented an opportunity for adding units. The City worked to identify properties that could be a fit for both planning and implementation, looking at ownership and alignment.

PROJECT IMPACT EXAMPLE:

Sequoia Belle Haven - completed

- Units: 90 (31 units/acre)
- Units permitted under R-4-S zoning without AHO: 30 units/acre
- Units permitted under R-4-S zoning with the AHO: 48 units/acre vs 40 units/acre under max SDBL
- Units permitted under prior site zoning (R-3) with the SDBL: 18 units/acre max plus 35% SDBL for 25 units/acre
- Other AHO incentives utilized:
 - fee waiver
 - reduced parking
 - setbacks
 - building height
- Impact: This policy enabled additional units on the site (from 48 existing to 90 with the redevelopment) through the rezoning pursued during the City's Housing Element process and increased project feasibility through the AHO alternative to the SDBL



POLICY: Use of surplus land and City-led rezoning

RATIONALE: Increases feasible development opportunities and removes zoning risk

CITY EXAMPLE: Fremont

The City of Fremont reviewed their properties and identified surplus opportunities, including actions to enhance feasibility of development through its General Plan Amendment (GPA) and rezoning. They identified a 2.3 acre vacant site, which became Stevenson Terrace, as land to sell or lease to local public entities proposing the development of low- and moderate-income housing per the State's Surplus Land Act requirement. The City also issued a Notice of Funding Availability (NOFA) to provide financing for affordable housing development which accelerated the process so that Stevenson Terrace could be entitled, positioned to secure additional needed financing, and constructed to provide affordable housing to families quickly. Additionally, the use of the SDBL permitted a higher density and concessions to support a cost-effective design, supporting the City's vision for more affordable housing.

PROJECT IMPACT EXAMPLE: Stevenson Terrace - completed

- Units: 80 (35 units/acre)
- Rezoning: City rezoned from open space to medium density residential prior to disposition
- Impact: This policy enabled high density housing development and accelerated delivery of housing units



POLICY: Identifying housing opportunity sites owned by mission-aligned organizations

RATIONALE: Increases likelihood of near-term progress on housing goals

CITY EXAMPLE: Santa Cruz County

St. Stephens Senior Housing is a 40-unit senior affordable housing community in the Live Oak community of unincorporated Santa Cruz County. Long considered a “priority development area” by the former County Redevelopment Agency, it was through a partnership with regional non-profit Communities Organized for Relational Power in Action (COPA) that a local member organization expressed a willingness to support the provision of more affordable housing by utilizing a vacant portion of their property. The County of Santa Cruz subsequently approved the subdivision and rezoning of ~1.8 acres of the existing St. Stephens Church property from public facilities to multifamily residential to enable St. Stephens Senior Housing to be built. Beyond the utilization of the SDBL to achieve higher density, the County’s code also provided a 75% parking reduction for senior housing, as well as allowed a shared parking arrangement with the Church, which significantly reduced development costs. These policies enabled the Church to enact their vision of aligning surplus real estate to meet their core mission through advancing affordable housing.

PROJECT IMPACT EXAMPLE:

St. Stephens Senior Housing - completed

- Units: 40 (22 units/acre)
- Parking savings: \$457.5K
- Impact: Rezoning and SDBL enabled additional units on the site, and the reduced parking allowance increased project feasibility and lowered development costs (standard requirements



POLICY: Public sector led rezoning for affordable housing

RATIONALE: Increases feasible development opportunities and removes zoning risk

CITY EXAMPLE: Santa Cruz County

As part of the 2007 Housing Element effort, the County rezoned 6 sites totaling approximately 29 acres to a density of 20 units/acre, creating potential for nearly 600 units. They also completed the environmental review process.

PROJECT IMPACT EXAMPLE:

To date, MidPen has developed 3 of the 6 sites including Schapiro Knolls, Pippin Orchards Apartments and Aptos Blue, and is in the process of developing Pippin Phase II. These projects were zoned by-right per the County's Planned Unit Development (PUD). Design review is the only remaining discretionary approval required to develop the property. This removes substantial business risk for incoming development partners and decreases the time and money needed to obtain entitlements. MidPen estimates this saved \$2M between the 4 projects and also shortened each timeline by at least 12 months.

Santa Cruz County Housing Element Sites Developed / In Development

- Project and Units: 4 communities totaling 254 homes
- Impact: This policy enabled 242 additional units beyond what would have been feasible under the previous zoning.



POLICY: Identifying public and privately-owned sites with existing housing stock for total redevelopment to increase density

RATIONALE: Potential to both improve and expand stock of housing
Increases likelihood of near-term progress on housing goals

CITY EXAMPLE: Pleasanton

Kottinger Gardens is the redevelopment of Kottinger Place and Pleasanton Gardens, two existing senior communities in the City of Pleasanton, into one integrated senior affordable housing community with 185 new units, doubling the original count. Kottinger Place was owned by the City's Housing Authority and Pleasanton Gardens was privately owned by a nonprofit originally founded with representatives from three local churches. The two properties were located across the street from each other, but operated independently for 40 years. Bringing them together was the result of thoughtful planning and community outreach on the part of The Kottinger Place Redevelopment Task Force formed by the City of Pleasanton to address several long-term challenges at both properties, including increasing maintenance requirements, and the lack of accessibility and energy-efficient features in the homes. The redevelopment was financed and constructed in two phases.

**PROJECT IMPACT
EXAMPLE:**

Kottinger Gardens - completed

- Units: 185 (28 units/acre)
- Impact: Redevelopment of 90 functionally obsolete public housing units and privately-owned affordable homes for seniors into a high-quality new senior affordable development of 185 units

