

Lori Droste
Councilmember, District 8

REVISED AGENDA MATERIAL for Supplemental Packet 2

Meeting Date: March 26, 2019 (continued from February 26, 2019)

Item Number: 22

Item Description: Missing Middle Housing Report

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

This item has been revised to include [friendly amendments](#) from Mayor Jesse Arreguín, Councilmember Sophie Hahn and Councilmember Kate Harrison ([in blue underlined](#)) to include best practices research, analysis of hillside neighborhoods, pressures on neighborhoods with historic redlining, considering additional design and green elements, historic preservation, and administrative and public processes. Other considerations by the authors to address affordability and displacement are noted *in red italics*.



Lori Droste
Councilmember, District 8

ACTION CALENDAR

March 26, 2019

To: Honorable Mayor and Members of the City Council

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

Subject: Missing Middle Housing Report

RECOMMENDATION

Refer to the City Manager to prepare a report to the Council of examining methods, including potential revisions to the zoning code, 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 report(s) should include, but is (are) not limited to

1. Identifying where missing middle housing may be optimal
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 unit¹

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 strategy²
5. Creating incentives to maintain family-friendly housing stock 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

¹ City of Portland, <https://www.portlandoregon.gov/bps/article/711691>.

² Form-Based Codes Institute at Smart Growth America, 1152 15th Street NW Ste. 450 Washington, DC 20005. <https://formbasedcodes.org/definition/>

professionals and other cities and agencies, and community outreach and engagement. Council requests that staff initiate this work as soon as possible.

CURRENT PROBLEM AND ITS EFFECTS

The nine-county Bay Area region is facing an extreme shortage of homes that are affordable for working families. The Metropolitan Transportation Commission illustrates the job-housing imbalance in a recently released a report showing that only one home is added for every 3.5 jobs created in the Bay Area region.³ Governor Gavin Newsom has called for a “Marshall Plan for affordable housing” and has pledged to create millions of more homes in California to tackle the state’s affordability and homelessness crisis.

In Berkeley, the median sale price of a home is \$1.2 million (as of December 2018)—an increase of 65% over the median sale price in December 2013 of \$727,000. Similarly, Berkeley’s median rent index is \$3,663/month—a 54% increase since December 2013.⁴ The escalating rents coincided with an increase of 17% in Berkeley’s homeless population as documented in the 2015 and 2017 point-in-time counts.⁵ These skyrocketing housing costs put extreme pressure on low-, moderate- and middle-income households, as they are forced to spend an increasing percentage share of their income on housing (leaving less for other necessities like food and medicine), live in overcrowded conditions, or endure super-commutes of 90 minutes or more in order to make ends meet.

Low-Income Households

Recently, low-income households experienced the greatest increases in rent as a portion of their monthly income. According to the Urban Displacement Project, households are considered to be “rent burdened” when more than a third of their income goes toward housing costs. In Alameda County, “Although rent burden increased across all income groups, it rose most substantially for low- and very low-income households. In both 2000 and 2015, extremely low-income renters were by far the most likely to experience severe rent burden, with nearly three quarters spending more than half their income on rent.”⁶

Although residents of Berkeley recently passed Measure O which will substantially increase funding for affordable housing, low-income units are increasingly expensive to

³ Metropolitan Transportation Commission, 2018. <http://www.vitalsigns.mtc.ca.gov/>

⁴ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

⁵ Berkeley Homeless Point-in-Time Count and Survey Data, 2017. https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx

⁶ Zuk, M., & Chapple, K. (2015). Urban Displacement Project. http://www.urbandisplacement.org/sites/default/files/images/alameda_final.pdf

create. Low-income housing units typically cost well over \$500,000 to create and the demand for this type of affordable/subsidized housing exceeds the supply.⁷ In Berkeley, roughly 700 seniors applied for the 42 affordable/subsidized units at Harpers Crossings.⁸ Without a substantial additional increase in funding for affordable housing, the vast majority of low-income individuals have to rely on the market.

Middle-Income Households

In the Bay Area, those earning middle incomes are facing similar challenges in finding affordable homes. The Pew Research Center classifies middle income households as those with “adults whose annual household income is two-thirds to double the national median.” In 2016, middle income households were those earning approximately \$45,000 to \$136,000 for a household of three.⁹ However, in Berkeley, a similarly-sized family earning up to \$80,650 (80% Area Median Income) is considered low-income according to the U.S. Department of Housing and Urban Development.¹⁰

In the Bay Area, a family currently has to earn \$200,000 annually to afford the principal, interest, taxes and insurance payments on a median-priced home in the Bay Area (assuming they can pay 20 percent of the median home price of nearly \$1,000,000 up front).¹¹ This means that many City of Berkeley employees couldn’t afford to live where they work: a community health worker (making \$63,600) and a janitor (making \$58,300) wouldn’t be able to afford a home. Neither would a fire captain (making \$142,000) with a stay at home spouse. Even a police officer (making \$122,600) and a groundskeeper (making \$69,300), or two librarians (making \$71,700) couldn’t buy a house.¹²

Berkeley Unified School District employees have recently been advocating for teacher housing. Unfortunately, the housing options for teachers are insufficient for the overwhelming need. According to a recent Berkeley Unified School District (BUSD) survey, 69% of teachers or staff who rent believe that high housing costs will impact

⁷ “The Cost of Building Housing” *The Turner Center* <https://turnercenter.berkeley.edu/construction-costs-series>

⁸ Flood, Lucy. (1/18/2018). “Berkeley low-income seniors get a fresh start at Harper Crossing.” <https://www.berkeleyside.com/2018/01/18/berkeley-low-income-seniors-get-fresh-start-harper-crossing>

⁹ Kochhar, Rakesh. “The American middle class is stable in size, but losing ground financially to upper-income families,” 9/16/2018, Pew Research Center. <http://www.pewresearch.org/fact-tank/2018/09/06/the-american-middle-class-is-stable-in-size-but-losing-ground-financially-to-upper-income-families/>

¹⁰ Berkeley Housing Authority, HUD Income Guidelines, effective April 1, 2018. https://www.cityofberkeley.info/BHA/Home/Payment_Standards_Income_Limits_and_Utility_Allowance.aspx

¹¹ “The salary you must earn to buy a home in the 50 largest metros” (10/14/2018). HSH.com <https://www.hsh.com/finance/mortgage/salary-home-buying-25-cities.html#>

¹² City of Berkeley Human Resources, “Job Descriptions” <http://agency.governmentjobs.com/berkeley/default.cfm?action=agencyspecs&agencyID=1568>

their ability to retain their BUSD positions.¹³ Since individual K-12 teacher salaries average ~\$75,962,¹⁴ the majority of teachers are not classified as low-income (<\$62,750), according to Housing and Urban Development guidelines. As a result, many cannot qualify for affordable housing units.

Since middle income individuals and families can't qualify for affordable housing units and very few subsidies are available to help, most have to rely on non-governmental subsidized methods and the private market to live in the Bay Area.

Families

Many families are fleeing the Bay Area due to the high cost of living. According to a recently released study by the Turner Center for Housing Innovation, the income and racial patterns out-migration and in-migration indicate that “the region risks backsliding on inclusion and diversity and displacing its economically vulnerable and minority residents to areas of more limited opportunity.”¹⁵ Rent for a two bedroom apartment in Berkeley costs approximately \$3,200/month¹⁶ while the median child care cost in Alameda County is \$1,824 a month, an increase of 36% in the past four years.¹⁷ Consequently, many families are paying well over \$60,000 for living and childcare expenses alone.

Homelessness

High housing costs also lead to California having among the highest rates of poverty in the nation at 19%.¹⁸ Consequently, homelessness is on the rise throughout California. The Bay Area has one of the largest and least-sheltered homeless populations in North America.¹⁹ 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

¹³ Berkeley Unified School District, “Recommendation for District-Owned Rental Housing for Employees”, <https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3Adfd74865-9541-4ff8-b6a6-4dcbd30acdc3>

¹⁴ Education Data Partnership, “Teacher Salaries” <http://www.ed-data.org/district/Alameda/Berkeley-Unified>

¹⁵ Romem, Issa and Elizabeth Kneebone, 2018. “Disparity in Departure: Who Leaves the Bay Area and Where Do They Go?” <https://turnercenter.berkeley.edu/disparity-in-departure>

¹⁶ Berkeley Rentals, <https://www.zillow.com/berkeley-ca/home-values/>

¹⁷ D'Souza, Karen, 2/3/19. “You think Bay Area housing is expensive? Child care costs are rising, too.” <https://www.mercurynews.com/2019/02/03/you-think-bay-area-housing-is-expensive-childcare-costs-are-rising-too/amp/>

¹⁸ The U.S. Census The Supplemental Poverty Measure adjusts thresholds based on cost of living indexes.

¹⁹ SPUR: Ideas and Action for a Better City. “Homelessness in the Bay Area: Solving the problem of homelessness is arguably our region's greatest challenge.” Molly Turner, Urbanist Article, October 23, 2017 <https://www.spur.org/publications/urbanist-article/2017-10-23/homelessness-bay-area>

given night.²⁰ 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.²¹ 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.²² 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%.²³ 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."

BACKGROUND

Missing Middle

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 homes²⁴ 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 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.²⁵ Approximately half of Berkeley's housing stock consists of single family units²⁶

²⁰ Berkeley Homeless Point-in-Time Count and Survey Data, 2017.

https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspxn

²¹ United States Interagency Council on Homelessness "The Evidence behind Approaches that Drive an End to Homelessness" December 2017, https://www.usich.gov/resources/uploads/asset_library/evidence-behind-approaches-that-end-homelessness.pdf

²² *Homeless in America, Homeless in California*. John M. Quigley, Steven Raphael, and Eugene Smolensky. The Review of Economics and Statistics, February 2001, 83(1): 37–51 © 2001 by the President and Fellows of Harvard College and the Massachusetts Institute of Technology. https://urbanpolicy.berkeley.edu/pdf/grs_restat01pb.pdf

²³ California's High Housing Costs, Causes and Consequences, Legislative Analyst Office, March 17, 2015. <https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.pdf>

²⁴ Parolek, Dan. Opticos Design. <http://missingmiddlehousing.com/>

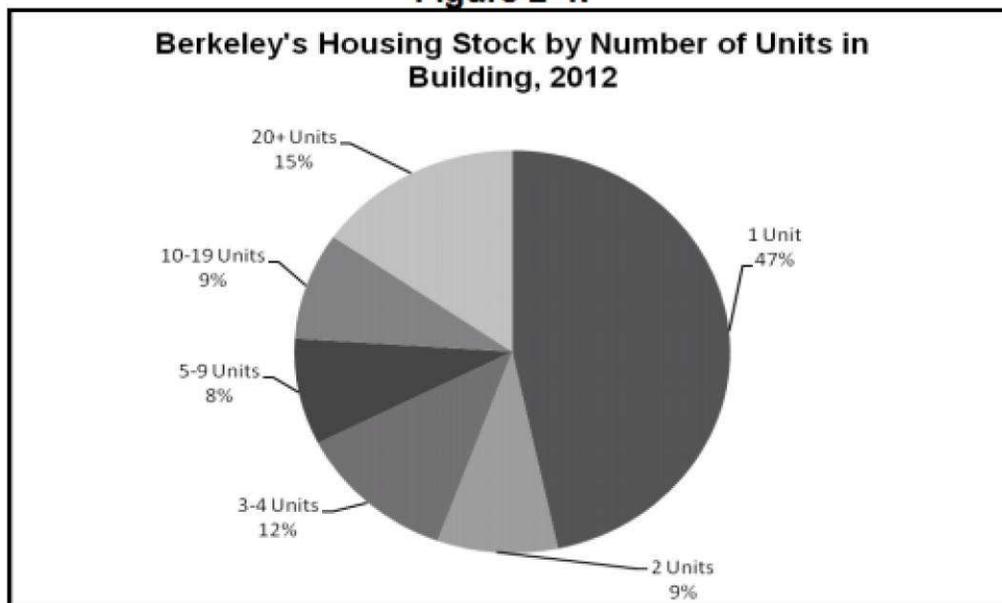
²⁵ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

²⁶ City of Berkeley 2015 -2023 Housing Element.

https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Commissions/Commission_for_Planning/2015-2023%20Berkeley%20Housing%20Element_FINAL.pdf

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 in Berkeley.

Figure 2-4:



Source: US Census, ACS 2008-2012 5-Year Estimate., Table B25024

Missing middle housing includes duplexes, triplexes, courtyard apartments, bungalow courts, and multiplexes that often house people with a variety of incomes. These housing types generally have small- to medium-sized footprints and are often three stories or less, allowing them to blend into the existing neighborhood while still encouraging greater socioeconomic diversity. These types of homes exist in every district of Berkeley, having been built before they were banned in districts only allowing single family homes. Missing middle homes were severely limited in other districts by zoning changes initiated in 1973.

The current housing market has led to “barbell” housing delivery. That is, new units tend to high-priced (market rate or luxury) or highly subsidized (affordable). Consequently, the majority of the population can't access new units because of the dearth of funding, scarcity of land, and high construction costs impose challenges on viability. One study found that individuals trying to create missing middle housing cannot compete financially with larger projects in areas zoned for higher density, noting “many smaller developers have difficulty obtaining the necessary resources (including the competitive funding) required to offset the high initial per-unit development costs, and larger developers with deeper pockets and more experience navigating complex regulatory systems will almost always opt to build projects that are large enough to achieve the

bulk per-unit development rate.”²⁷ Additionally, many types of missing middle housing-is are not permitted in areas zoned R1 (single family family only), R1A (limited two family), and R2 (restricted two family). Other factors that may prevent the creation of missing middle housing include onerous lot coverage ratios and excessive setback and parking requirements.²⁸

History of Exclusionary Zoning, Racial and Economic Segregation and Current Zoning

Prior to the 1970s, a variety of missing middle housing was still being produced and made available to families throughout the Bay Area, particularly in Berkeley. Many triplexes, etc exist in areas now zoned for single family residential (R-1), limited two-family residential (R-1A), and restricted two-family residential (R-2). These areas are now some of the most expensive parts of our city—especially on a per-unit basis.

Until 1984, Martin Luther King Jr Way was known as Grove Street. For decades, Grove Street created a wall of segregation down the center of Berkeley. Asian-Americans and African-Americans could not live east of Grove Street due to race-restrictive covenants that barred them from purchasing or leasing property.²⁹ While many people are aware of this sordid piece of Berkeley history, less know about Mason-McDuffie Company’s use of zoning laws and racially-restrictive property deeds and covenants to prevent people of color from living in east Berkeley.

Mason-McDuffie race-restrictive covenants state: “if prior to the first day of January 1930 any person of African or Mongolian descent shall be allowed to purchase or lease said property or any part thereof, then this conveyance shall be and become void...”³⁰ In 1916, McDuffie began lobbying for the exclusionary zoning ordinances in Berkeley to protect against the “disastrous effects of uncontrolled development”³¹ and restrict Chinese laundromats and African American dance halls, particularly in the Elmwood and Claremont neighborhoods.³²

After *Buchanan v Wareley* in 1917, explicit racially restrictive zoning became illegal. However, consideration to maintaining the character of districts became paramount and Mason-McDuffie contracts still stipulated that property owners must be white.

²⁷ The Montgomery Planning Dept., “The Missing Middle Housing Study,” September 2018. http://montgomeryplanning.org/wp-content/uploads/2018/09/MissingMiddleHousingStudy_9-2018.pdf

²⁸ Ibid.

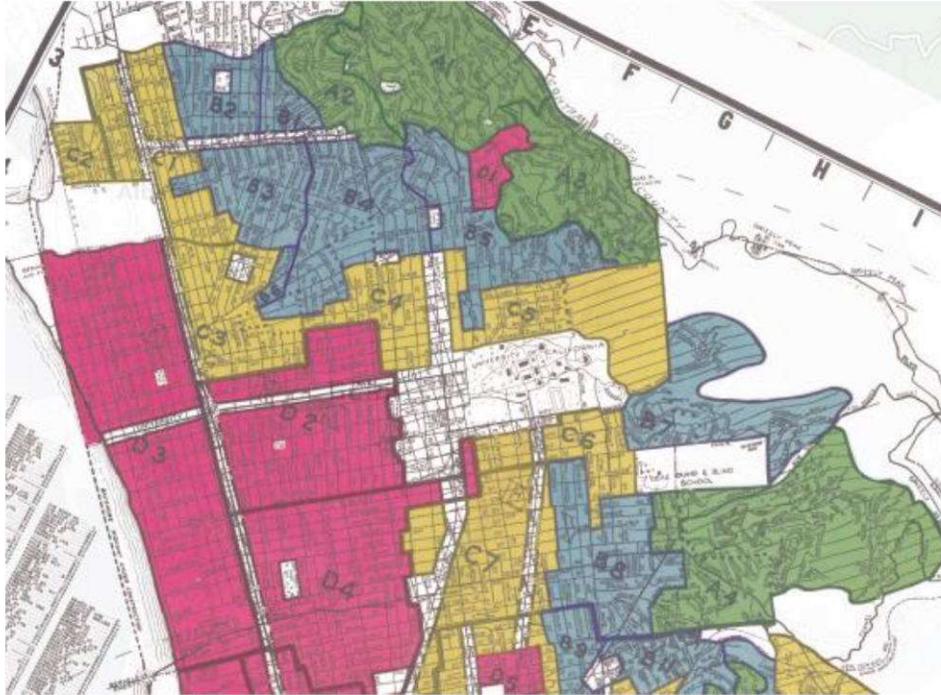
²⁹ Wollenberg, *Berkeley, A City in History*, 2008.

³⁰ Claremont Park Company Indenture, 1910

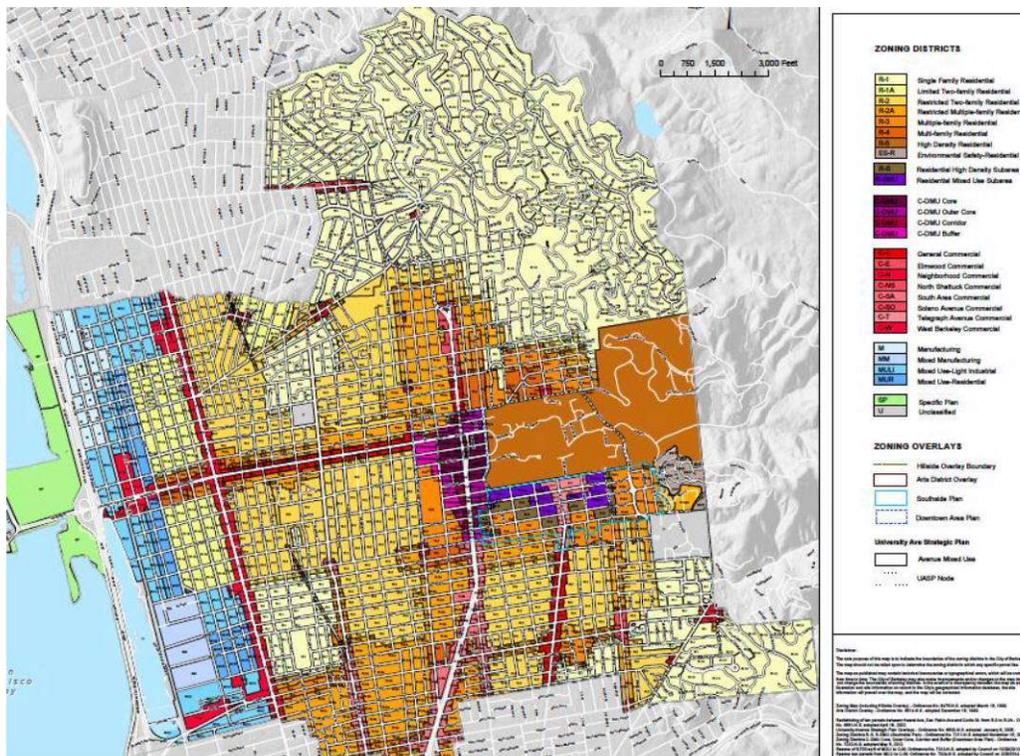
³¹ Lory, Maya Tulip. “A History of Racial Segregation, 1878–1960.” *The Concord Review*, 2013. <http://www.schoolinfosystem.org/pdf/2014/06/04SegregationinCA24-2.pdf>

³² Weiss, M. A. (1986). Urban Land Developers and the Origins of Zoning Laws: The Case of Berkeley. *Berkeley Planning Journal*, 3(1). Retrieved from <https://escholarship.org/uc/item/26b8d8zh>

In 1933, the federal government created a Home Owners Loan Corporation (HOLC), which produced residential maps of neighborhoods to identify mortgage lending risks for real estate agents, lenders, etc. These maps were based on racial composition, quality of housing stock, access to amenities, etc. and were color coded to identify best (green), still desirable (blue), definitely declining (yellow), and hazardous (red) neighborhoods. These maps enabled discriminatory lending practices (later called 'redlining') and allowed lenders to enforce local segregation standards.³³



³³ NCRC Opening Doors to Economic Opportunity, "HOLC "REDLINING" MAPS: The persistent structure of segregation and economic inequality." Bruce Mitchell and Juan Franco. https://ncrc.org/wp-content/uploads/dlm_uploads/2018/02/NCRC-Research-HOLC-10.pdf



The images above compare a HOLC-era (Thomas Bros Map) map of Berkeley with a current zoning map. Neighborhoods identified as “best” in green on the HOLC-era map typically remain zoned as single family residential areas today. Red ‘hazardous’ neighborhoods in the first map are now largely zoned as manufacturing, mixed use, light industrial, or limited two family residential.³⁴

Most cities still retain the vestiges of exclusionary zoning practices. By restricting desirable areas to single-family homes (and banning less expensive housing options, such as duplexes, tri-/four-plexes, courtyard apartments, bungalow courts, and townhouses), the current zoning map dictates that only wealthier families will be able to live or rent in Berkeley. Today, with the median sale price at \$1.2 million, this de-facto form of segregation is even more pronounced.

According to the data mapped by the Urban Displacement Project, most of the low-income tracts in Berkeley are at-risk or have ongoing displacement and gentrification. Higher-income tracts in Berkeley are classified as ‘at-risk of exclusion’, currently feature ‘ongoing exclusion’, or are at stages of ‘advanced exclusion’. Degrees of exclusion are measured by a combination of data: the loss of low-income households over time, presence of high income households, being considered in a ‘hot housing market,’ and migration patterns. The Urban Displacement Project’s findings indicate that exclusion is more prevalent than gentrification in the Bay Area.³⁵ While Berkeley has created

³⁴ Robert K. Nelson, LaDale Winling, Richard Marciano, Nathan Connolly, et al., “Mapping Inequality,” American Panorama, ed. Robert K. Nelson and Edward L. Ayers,

<https://dsl.richmond.edu/panorama/redlining/#loc=10/37.8201/-122.4399&opacity=0.8&sort=17&city=oakland-ca&adview=full>

³⁵ Zuk, M., & Chapple, K. (2015). Urban Displacement Project. <http://www.urbandisplacement.org/map/sf>

policies and designated funding to prevent gentrification, policies that focus on preventing exclusion have lagged.

University of California-Berkeley Professor Karen Chapple, anti-displacement expert and director of the Urban Displacement Project, stated that “the Urban Displacement Project has established a direct connection between the neighborhood designations by the Home Owners Loan Corporation (HOLC), and 75% of today’s exclusionary areas in the East Bay...Thus, this historic legacy, compounded by Berkeley’s early exclusionary zoning practices, continues to shape housing opportunity and perpetuate inequities today.”³⁶

Historic Redlining

Redlining was a practice (still mirrored today, in some respects) whereby certain neighborhoods or areas were designated as being high-risk for investment. These high-risk designations were literally marked on maps using red coloring or lines, hence “redlining.” The designations were typically applied to areas with large non-white and/or economically disadvantaged populations, and resulted in people who lived in or wanted to move to these areas being denied loans, or only being provided loans on much worse terms than their counterparts who could access non-redlined areas, due to their ethnicity or higher economic status.

Because redlining practices were contemporaneous with segregationist race-restricted deeds that largely locked minorities out of non-redlined neighborhoods, most non-white households were effectively forced to live in areas where buying and/or improving residential property was extremely difficult. Consequently, low-income and minority families were locked out of homeownership, and all the opportunities for stability and wealth-building that entails. Therefore redlining tended to reinforce the economic stagnation of the areas to which it was applied, further depressing property values and leading to disinvestment. Although redlining is no longer formally practiced in the fashion it was historically, its effects continued to be felt in wealth disparities, educational opportunity gaps, and other impacts.

One way in which the practice of redlining continues to be felt is through the continuation of exclusionary zoning. By ensuring that only those wealthy enough to afford a single family home with a relative large plot of land could live in certain areas, exclusionary zoning worked hand in hand with redlining to keep low-income families out of desirable neighborhoods with good schools and better economic opportunity. Cities, including Berkeley, adopted zoning that effectively prohibited multi-family homes in the

³⁶ Karen Chapple’s February 25, 2019 letter to Berkeley City Council in support of this proposal. See Attachments.

same areas that relied on race restrictive deeds to keep out non-whites, meaning that other areas, including redlined areas, were more likely to continue allowing multi-family buildings.

Ironically, because these patterns of multi-family zoning versus exclusionary zoning have persisted, many areas that were historically redlined are now appealing areas for new housing development precisely because they have continued to allow multi-family homes. Any area which sees its potential housing capacity increase will become more appealing for new housing development. When these changes are made in historically redlined areas where lower-income and minority households tend to be more concentrated, it is especially important to ensure those policies do not result in involuntary displacement or the loss of rent-controlled or naturally-affordable housing units.

TENANT AND ANTI-DISPLACEMENT STRATEGIES

The types of zoning modifications that may result from the requested report could significantly increase Berkeley's housing stock with units that are more affordable to low- and middle-income residents. However, staff's report should consider possible side effects and ways that policy can be crafted to prevent and mitigate negative externalities which could affect tenants and low-income homeowners. Steps must be taken to address the possibility that altering, demolishing, remodeling, or moving existing structures doesn't result in the widespread displacement of Berkeley tenants or loss of rent-controlled units. Staff should consider what measures are needed in conjunction with these zoning changes (e.g. strengthening the demolition ordinance, tenant protections or assistance, no net loss requirements or prohibiting owners from applying if housing was occupied by tenants five years preceding the date of application).

ALTERNATIVE ACTIONS CONSIDERED

We considered an urgency ordinance but after consultation with City of Berkeley staff, we are recommending a report on fostering a variety of housing types to inform future policy decisions, as opposed to zoning revisions.

IMPLEMENTATION, ADMINISTRATION, AND ENFORCEMENT

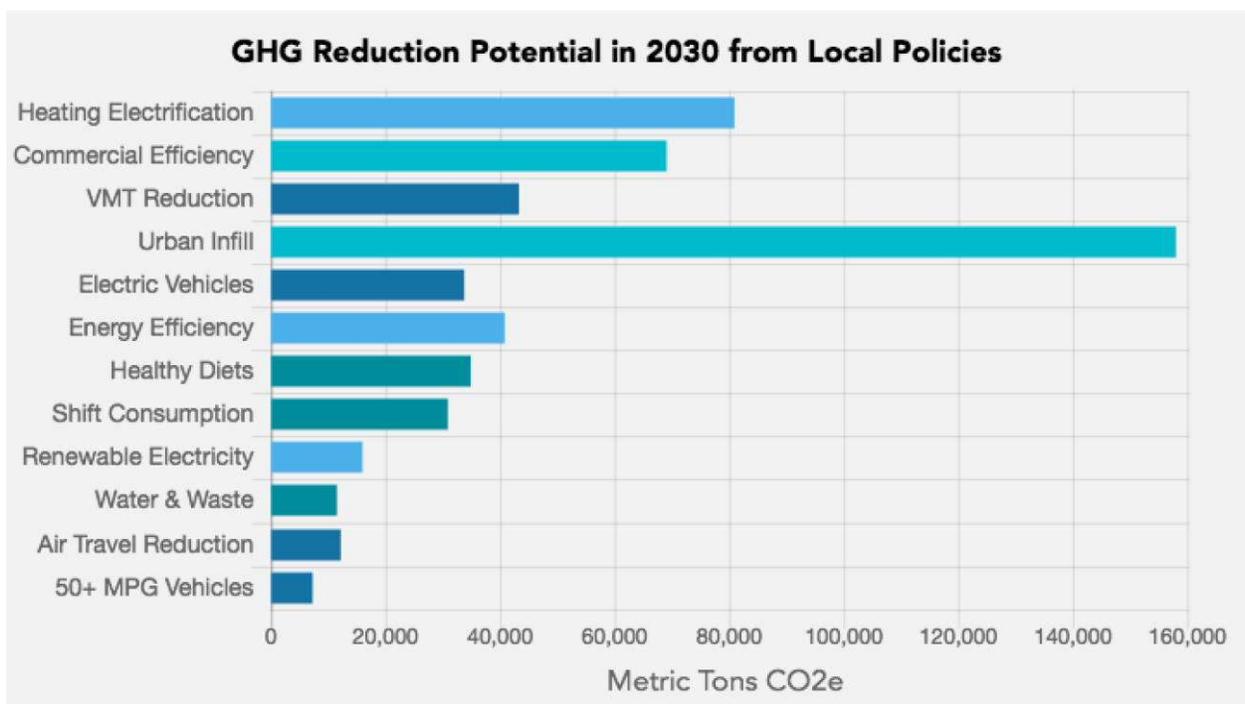
Not applicable as this item requests an analytical report.

FINANCIAL IMPLICATIONS

Costs for consultants to provide a missing middle scan or an in-depth analysis range from \$25,000-\$65,000. 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.

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.



CONTACT PERSON(S):

Lori Droste, 510-981-7180

ATTACHMENTS/LINKS:

Minneapolis Plan:

https://minneapolis2040.com/media/1428/pdf_minneapolis2040_with_appendices.pdf

³⁷ “Carbon Footprint Planning: Quantifying Local and State Mitigation Opportunities for 700 California Cities.” Christopher M. Jones, Stephen M. Wheeler, and Daniel M. Kammen. *Urban Planning* (ISSN: 2183–7635) 2018, Volume 3, Issue 2. <https://rael.berkeley.edu/wp-content/uploads/2018/04/Jones-Wheeler-Kammen-700-California-Cities-Carbon-Footprint-2018.pdf>

Seattle' Plan:

<http://www.seattle.gov/Documents/Departments/SeattlePlanningCommission/SPCNeighborhoodsForAllFINAL121318digital.pdf>

Berkeleyside

Opinion: We can design our way out of Berkeley's housing crisis with 'missing middle' buildings

A Berkeley architect argues that Berkeley should build more small-scale, multi-unit buildings such as duplexes, bungalow courts, fourplexes, and small mansion apartments.

By Daniel Parolek

Dec. 19, 2017

Berkeley's housing problems have gone national recently, as The New York Times' Conor Dougherty highlighted in a thought-provoking article, "The Great American Single-Family Home Problem." Dougherty examines the conflicting interests and regulations that threatened to halt the development of one lot on Haskell Street, and shows how those conflicting forces are contributing to the affordable housing crisis we are seeing in our state – and across the country.

As an architect and urban designer based in Berkeley for the past 20 years, I agree that California municipalities have an urgent need to deliver more housing. That said, just delivering more housing is not enough. We need to think about how this housing reinforces a high quality built environment and how to provide a range of housing for all segments of the market, including moderate and low-income households. More small-scale, multi-unit buildings such as duplexes, bungalow courts, fourplexes, and small mansion apartments, or what I call "Missing Middle Housing," should be a key focus of that housing.

Unfortunately, the design proposed for the Haskell Street site in Berkeley does not deliver on reinforcing a high quality built environment or affordability and, as the NYT article makes clear, does not deliver on any level of affordability. There are better design solutions that deliver a more compatible form, that have more and a broader range of housing units, and that can be more effective at building local support for this and similar infill projects.

For example, the 50' x 150' lot at 310 Haskell Street is big enough to accommodate a traditional fourplex, with two units down and two units above in a building that is the scale of a house (see image attached from our Missing Middle research). The units would typically be between 750-900 square feet each. An important characteristic of this housing type is that they do not go deeper onto the lot than a traditional house, thus eliminating the concern about privacy and shading and providing high-quality outdoor living spaces. These fourplex housing types exist all over Berkeley and are often successfully integrated onto blocks with single-family homes.

So how do we get there? Berkeley and most cities across the country need to sharpen their pencils on their outdated zoning codes, first to remove barriers for better solutions and secondly, to create a set of regulations that ensure that inappropriate design solutions like the one proposed for Haskell Street or even worse are not allowed on these sites. Lower densities do not equal better design solutions and higher densities do not need to mean larger or more buildings. This is a delicate balance that few zoning codes achieve and few code writers fully

understand.

We also need to change the way we communicate about housing needs in our communities. If we are using George Lakoff's rules for effective communication we would never go into a housing conversation with a community and use terms like "increasing density, adding multi-family, or upzoning a neighborhood." I can think of few neighborhoods that would feel good about saying yes to any of those options if they were framed in that way, but which can mostly get on board with thinking about aging within a neighborhood, or ensuring their kids or grandkids can afford to move back to the city they grew up in. Beginning this conversation by simply showing photographic and/or local existing documented examples of good Missing Middle housing types often disarms this conversation and leads to more fruitful results.

Berkeley's challenges related to housing are not going to go away anytime soon. We need to thoughtfully remove barriers to enable a broad range of solutions like the fourplex that have been a core part of choices provided in our communities already and learn how to effectively build consensus and support for good design solutions such as Missing Middle housing types.

Daniel Parolek is an architect and urban designer who co-authored the book "Form-Based Codes," coined the term Missing Middle Housing (www.missingmiddlehousing.com) and speaks and consults nationally on these topics.



February 25, 2019

Honorable Mayor and City Council members:

I am writing to convey my strong support for the "Missing Middle Report" on your 2/26 Council meeting.

As the Council item co-authored by Councilmembers Droste, Bartlett, Kesarwani, and Robinson points out, Berkeley's housing crisis today is a legacy of its past racist and exclusionary practices. I commend their effort to push Berkeley to confront its history in order to build a more inclusive future.

Our research at the Urban Displacement Project has established a direct connection between the neighborhood designations by the Home Owners Loan Corporation (HOLC) and today's patterns of residential displacement and exclusion.¹ Overall, 83% of today's gentrifying areas in the East Bay were rated as "hazardous" (red) or "definitely declining" (yellow) by the HOLC, and 75% of today's exclusionary areas in the East Bay were rated as "best" (green) or "still desirable" (blue) by HOLC. Thus, this historic legacy, compounded by Berkeley's early exclusionary zoning practices, continues to shape housing opportunity and perpetuate inequities today.

Should Berkeley elect to proceed to study the potential for zoning reform, it will be in good company. As the item authors note, Minneapolis and Seattle are already experimenting with ways to open up single-family zones, and Berkeley should be leading the charge as well.² Zoning reform has the potential not just to address the housing crisis but also to become a form of restorative or even transformative justice. There is no more important issue for planners to tackle today.

I urge you to vote yes on Item 22 to request a Missing Middle report. Please do not hesitate to call on me if any research on zoning impacts or alternatives is needed.

Sincerely,

Karen Chapple
Professor, City and Regional Planning
Carmel P. Friesen Chair in Urban Studies
Faculty Director, The Urban Displacement Project

¹ See <http://www.urbandisplacement.org/redlining>

² Interestingly, leading the charge in Minneapolis is City Council President Lisa Bender, a graduate of UC-Berkeley's Department of City and Regional Planning.



Lori Droste
Councilmember, District 8

ACTION CALENDAR

March 26, 2019

To: Honorable Mayor and Members of the City Council

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

Subject: Missing Middle *Housing* Report

RECOMMENDATION

Refer to the City Manager to ~~bring back to Council~~ prepare a report to the Council of examining methods, including potential revisions to the zoning code, ~~to that may~~ foster a broader range of 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 and providing assistance to first time homebuyers so that the benefits of the additional housing are equitably distributed.

The report(s) should include, but is (are) not limited to, examining how other cities approached and recommending alternatives to:

1. Identifying where missing middle housing is *may be* optimal/could be permitted and the increase in density
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 unit³⁸

3. ~~Excluding very high fire severity zones as defined by Cal Fire and/or City of Berkeley. *Evaluating Berkeley's residential areas –including Berkeley hillsides– while also unique geological features, such as hillsides and high fire severity zones, and 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 strategy³⁹
5. Creating incentives to maintain family-friendly housing stock 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*~~ provide for Considering provision of tenant and vulnerable low-income *individuals* homeowner protections,
 - c. *control* demolition controls, *and*
 - d. *ensure* no net loss provisions, *and*
 - e. increase affordability *with* provisions that align with our land value recapture policy objectives ~~to maximize affordability in Berkeley.~~
8. Evaluating whether changes –or lack of changes– would
 - a. place particular *economic or gentrifying* pressure on *low-income neighborhoods with historic redlining*
 - 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

³⁸ City of Portland, <https://www.portlandoregon.gov/bps/article/711691>.

³⁹ Form-Based Codes Institute at Smart Growth America, 1152 15th Street NW Ste. 450 Washington, DC 20005. <https://formbasedcodes.org/definition/>

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.

CURRENT PROBLEM AND ITS EFFECTS

The nine-county Bay Area region is facing an extreme shortage of homes that are affordable for working families. The Metropolitan Transportation Commission illustrates the job-housing imbalance in a recently released a report showing that only one home is added for every 3.5 jobs created in the Bay Area region.⁴⁰ Governor Gavin Newsom has called for a “Marshall Plan for affordable housing” and has pledged to create millions of more homes in California to tackle the state’s affordability and homelessness crisis.

In Berkeley, the median sale price of a home is \$1.2 million (as of December 2018)—an increase of 65% over the median sale price in December 2013 of \$727,000. Similarly, Berkeley’s median rent index is \$3,663/month—a 54% increase since December 2013.⁴¹ The escalating rents coincided with an increase of 17% in Berkeley’s homeless population as documented in the 2015 and 2017 point-in-time counts.⁴² These skyrocketing housing costs put extreme pressure on low-, moderate- and middle-income households, as they are forced to spend an increasing percentage share of their income on housing (leaving less for other necessities like food and medicine), live in overcrowded conditions, or endure super-commutes of 90 minutes or more in order to make ends meet.

Low-Income Households

Recently, low-income households experienced the greatest increases in rent as a portion of their monthly income. According to the Urban Displacement Project, households are considered to be “rent burdened” when more than a third of their income goes toward housing costs. In Alameda County, “Although rent burden increased across all income groups, it rose most substantially for low- and very low-income households. In both 2000 and 2015, extremely low-income renters were by far the most likely to experience severe rent burden, with nearly three quarters spending more than half their income on rent.”⁴³

⁴⁰ Metropolitan Transportation Commission, 2018. <http://www.vitalsigns.mtc.ca.gov/>

⁴¹ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

⁴² Berkeley Homeless Point-in-Time Count and Survey Data, 2017. https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx

⁴³ Zuk, M., & Chapple, K. (2015). Urban Displacement Project. http://www.urbandisplacement.org/sites/default/files/images/alameda_final.pdf

Although residents of Berkeley recently passed Measure O which will substantially increase funding for affordable housing, low-income units are increasingly expensive to create. Low-income housing units typically cost well over \$500,000 to create and the demand for this type of affordable/subsidized housing exceeds the supply.⁴⁴ In Berkeley, roughly 700 seniors applied for the 42 affordable/subsidized units at Harpers Crossings.⁴⁵ Without a substantial additional increase in funding for affordable housing, the vast majority of low-income individuals have to rely on the market.

Middle-Income Households

In the Bay Area, those earning middle incomes are facing similar challenges in finding affordable homes. The Pew Research Center classifies middle income households as those with “adults whose annual household income is two-thirds to double the national median.” In 2016, middle income households were those earning approximately \$45,000 to \$136,000 for a household of three.⁴⁶ However, in Berkeley, a similarly-sized family earning up to \$80,650 (80% Area Median Income) is considered low-income according to the U.S. Department of Housing and Urban Development.⁴⁷

In the Bay Area, a family currently has to earn \$200,000 annually to afford the principal, interest, taxes and insurance payments on a median-priced home in the Bay Area (assuming they can pay 20 percent of the median home price of nearly \$1,000,000 up front).⁴⁸ This means that many City of Berkeley employees couldn’t afford to live where they work: a community health worker (making \$63,600) and a janitor (making \$58,300) wouldn’t be able to afford a home. Neither would a fire captain (making \$142,000) with a stay at home spouse. Even a police officer (making \$122,600) and a groundskeeper (making \$69,300), or two librarians (making \$71,700) couldn’t buy a house.⁴⁹

Berkeley Unified School District employees have recently been advocating for teacher housing. Unfortunately, the housing options for teachers are insufficient for the overwhelming need. According to a recent Berkeley Unified School District (BUSD)

⁴⁴ “The Cost of Building Housing” *The Turner Center* <https://turnercenter.berkeley.edu/construction-costs-series>

⁴⁵ Flood, Lucy. (1/18/2018). “Berkeley low-income seniors get a fresh start at Harper Crossing.” <https://www.berkeleyside.com/2018/01/18/berkeley-low-income-seniors-get-fresh-start-harper-crossing>

⁴⁶ Kochhar, Rakesh. “The American middle class is stable in size, but losing ground financially to upper-income families,” 9/16/2018, Pew Research Center. <http://www.pewresearch.org/fact-tank/2018/09/06/the-american-middle-class-is-stable-in-size-but-losing-ground-financially-to-upper-income-families/>

⁴⁷ Berkeley Housing Authority, HUD Income Guidelines, effective April 1, 2018. https://www.cityofberkeley.info/BHA/Home/Payment_Standards_Income_Limits_and_UTILITY_Allowance.aspx

⁴⁸ “The salary you must earn to buy a home in the 50 largest metros” (10/14/2018). HSH.com <https://www.hsh.com/finance/mortgage/salary-home-buying-25-cities.html#>

⁴⁹ City of Berkeley Human Resources, “Job Descriptions” <http://agency.governmentjobs.com/berkeley/default.cfm?action=agencyspecs&agencyID=1568>

survey, 69% of teachers or staff who rent believe that high housing costs will impact their ability to retain their BUSD positions.⁵⁰ Since individual K-12 teacher salaries average ~\$75,962,⁵¹ the majority of teachers are not classified as low-income (<\$62,750), according to Housing and Urban Development guidelines. As a result, many cannot qualify for affordable housing units.

Since middle income individuals and families can't qualify for affordable housing units and very few subsidies are available to help, most have to rely on non-governmental subsidized methods and the private market to live in the Bay Area.

Families

Many families are fleeing the Bay Area due to the high cost of living. According to a recently released study by the Turner Center for Housing Innovation, the income and racial patterns out-migration and in-migration indicate that “the region risks backsliding on inclusion and diversity and displacing its economically vulnerable and minority residents to areas of more limited opportunity.”⁵² Rent for a two bedroom apartment in Berkeley costs approximately \$3,200/month⁵³ while the median child care cost in Alameda County is \$1,824 a month, an increase of 36% in the past four years.⁵⁴ Consequently, many families are paying well over \$60,000 for living and childcare expenses alone.

Homelessness

High housing costs also lead to California having among the highest rates of poverty in the nation at 19%.⁵⁵ Consequently, homelessness is on the rise throughout California. The Bay Area has one of the largest and least-sheltered homeless populations in North America.⁵⁶ 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

⁵⁰ **Berkeley Unified School District, “Recommendation for District-Owned Rental Housing for Employees”**, <https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Aascds%3AUS%3Adfd74865-9541-4ff8-b6a6-4dcbd30acdc3>

⁵¹ *Education Data Partnership, “Teacher Salaries”* <http://www.ed-data.org/district/Alameda/Berkeley-Unified>

⁵² Romem, Issa and Elizabeth Kneebone, 2018. “Disparity in Departure: Who Leaves the Bay Area and Where Do They Go?” <https://turnercenter.berkeley.edu/disparity-in-departure>

⁵³ Berkeley Rentals, <https://www.zillow.com/berkeley-ca/home-values/>

⁵⁴ D’Souza, Karen, 2/3/19. “You think Bay Area housing is expensive? Child care costs are rising, too.” <https://www.mercurynews.com/2019/02/03/you-think-bay-area-housing-is-expensive-childcare-costs-are-rising-too/amp/>

⁵⁵ The U.S. Census The Supplemental Poverty Measure adjusts thresholds based on cost of living indexes.

⁵⁶ SPUR: Ideas and Action for a Better City. “Homelessness in the Bay Area: Solving the problem of homelessness is arguably our region’s greatest challenge.” Molly Turner, Urbanist Article, October 23, 2017 <https://www.spur.org/publications/urbanist-article/2017-10-23/homelessness-bay-area>

count, Berkeley had approximately 972 individuals experiencing homelessness on any given night.⁵⁷ 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.⁵⁸ 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.⁵⁹ *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%.⁶⁰ 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."*

BACKGROUND

Missing Middle

What is missing middle housing?

Missing middle housing is a term used to describe:

3. a range of clustered or multi-unit housing types compatible in scale with single family homes⁶¹ and/or
4. 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 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

⁵⁷ Berkeley Homeless Point-in-Time Count and Survey Data, 2017.

https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspxn

⁵⁸ United States Interagency Council on Homelessness "The Evidence behind Approaches that Drive an End to Homelessness" December 2017, https://www.usich.gov/resources/uploads/asset_library/evidence-behind-approaches-that-end-homelessness.pdf

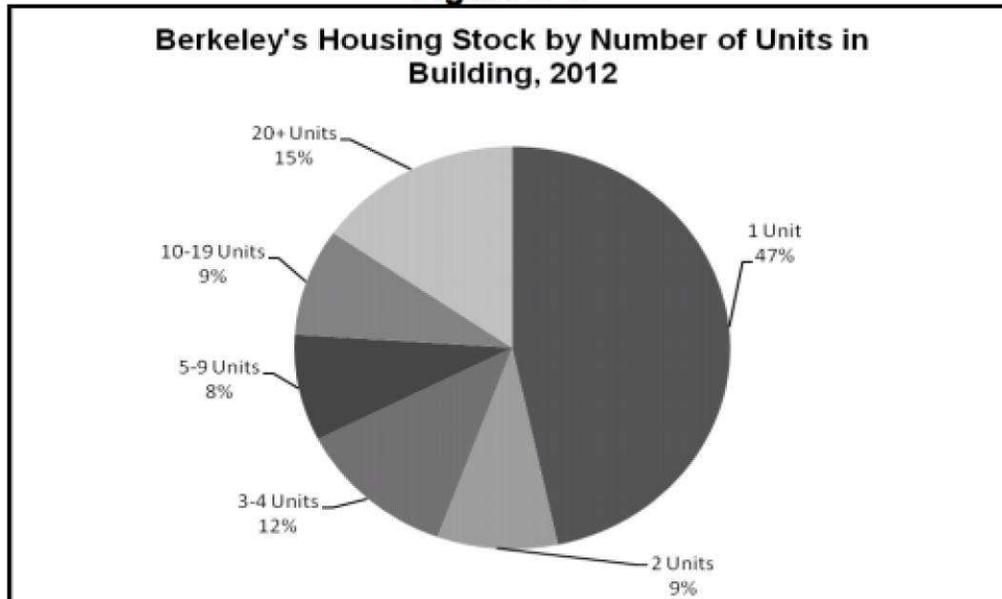
⁵⁹ *Homeless in America, Homeless in California*. John M. Quigley, Steven Raphael, and Eugene Smolensky. The Review of Economics and Statistics, February 2001, 83(1): 37–51 © 2001 by the President and Fellows of Harvard College and the Massachusetts Institute of Technology. https://urbanpolicy.berkeley.edu/pdf/grs_restat01pb.pdf

⁶⁰ *California's High Housing Costs, Causes and Consequences*, Legislative Analyst Office, March 17, 2015. <https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.pdf>

⁶¹ Parolek, Dan. Opticos Design. <http://missingmiddlehousing.com/>

people.⁶² Approximately half of Berkeley's housing stock consists of single family units⁶³ 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 in Berkeley.

Figure 2-4:



Source: US Census, ACS 2008-2012 5-Year Estimate., Table B25024

Missing middle housing includes duplexes, triplexes, courtyard apartments, bungalow courts, and multiplexes that often house people with a variety of incomes. These housing types generally have small- to medium-sized footprints and are often three stories or less, allowing them to blend into the existing neighborhood while still encouraging greater socioeconomic diversity. These types of homes exist in every district of Berkeley, having been built before they were banned in districts only allowing single family homes. Missing middle homes were severely limited in other districts by zoning changes initiated in 1973.

The current housing market has led to “barbell” housing delivery. That is, new units tend to high-priced (market rate or luxury) or highly subsidized (affordable). Consequently, the majority of the population can’t access new units because of the dearth of funding, scarcity of land, and high construction costs impose challenges on viability. One study found that individuals trying to create missing middle housing cannot compete

⁶² Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

⁶³ City of Berkeley 2015 -2023 Housing Element.

https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Commissions/Commission_for_Planning/2015-2023%20Berkeley%20Housing%20Element_FINAL.pdf

financially with larger projects in areas zoned for higher density, noting “many smaller developers have difficulty obtaining the necessary resources (including the competitive funding) required to offset the high initial per-unit development costs, and larger developers with deeper pockets and more experience navigating complex regulatory systems will almost always opt to build projects that are large enough to achieve the bulk per-unit development rate.”⁶⁴ Additionally, *many types of missing middle housing are not permitted in areas zoned R1 (single family family only), R1A (limited two family), and R2 (restricted two family)*. Other factors that may prevent the creation of missing middle housing include onerous lot coverage ratios and excessive setback and parking requirements.⁶⁵

History of Exclusionary Zoning, Racial and Economic Segregation and Current Zoning

Prior to the 1970s, a variety of missing middle housing was still being produced and made available to families throughout the Bay Area, particularly in Berkeley. Many triplexes, etc exist in areas now zoned for single family residential (R-1), limited two-family residential (R-1A), and restricted two-family residential (R-2). These areas are now some of the most expensive parts of our city—especially on a per-unit basis.

Until 1984, Martin Luther King Jr Way was known as Grove Street. For decades, Grove Street created a wall of segregation down the center of Berkeley. Asian-Americans and African-Americans could not live east of Grove Street due to race-restrictive covenants that barred them from purchasing or leasing property.⁶⁶ While many people are aware of this sordid piece of Berkeley history, less know about Mason-McDuffie Company’s use of zoning laws and racially-restrictive property deeds and covenants to prevent people of color from living in east Berkeley.

Mason-McDuffie race-restrictive covenants state: “if prior to the first day of January 1930 any person of African or Mongolian descent shall be allowed to purchase or lease said property or any part thereof, then this conveyance shall be and become void...”⁶⁷ In 1916, McDuffie began lobbying for the exclusionary zoning ordinances in Berkeley to protect against the “disastrous effects of uncontrolled development”⁶⁸ and restrict

⁶⁴ The Montgomery Planning Dept., “The Missing Middle Housing Study,” September 2018. http://montgomeryplanning.org/wp-content/uploads/2018/09/MissingMiddleHousingStudy_9-2018.pdf

⁶⁵ Ibid.

⁶⁶ Wollenberg, *Berkeley, A City in History*, 2008.

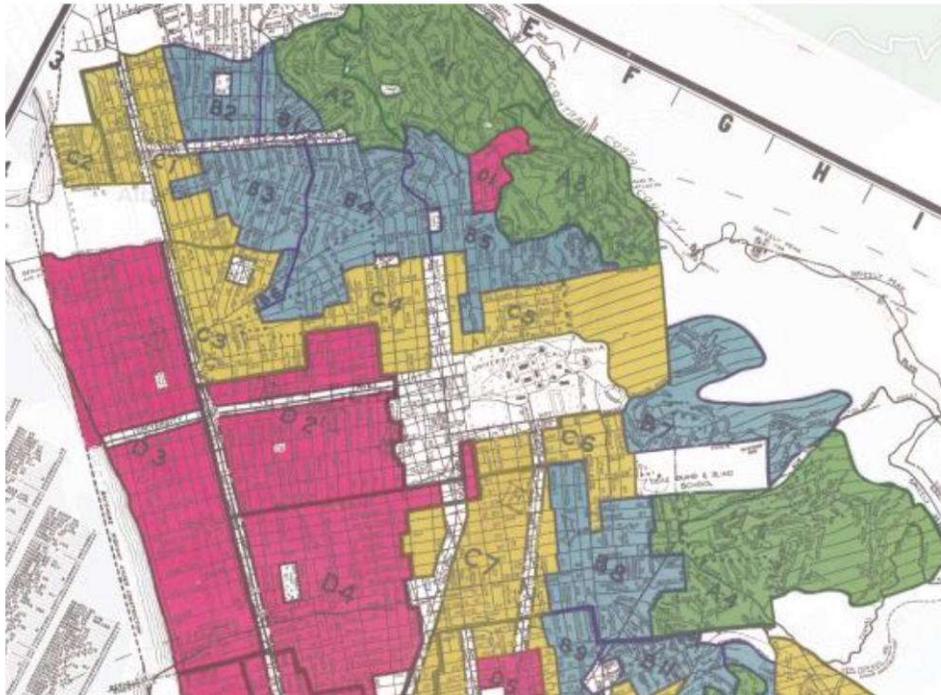
⁶⁷ Claremont Park Company Indenture, 1910

⁶⁸ Lory, Maya Tulip. “A History of Racial Segregation, 1878–1960.” *The Concord Review*, 2013. <http://www.schoolinfosystem.org/pdf/2014/06/04SegregationinCA24-2.pdf>

Chinese laundromats and African American dance halls, particularly in the Elmwood and Claremont neighborhoods.⁶⁹

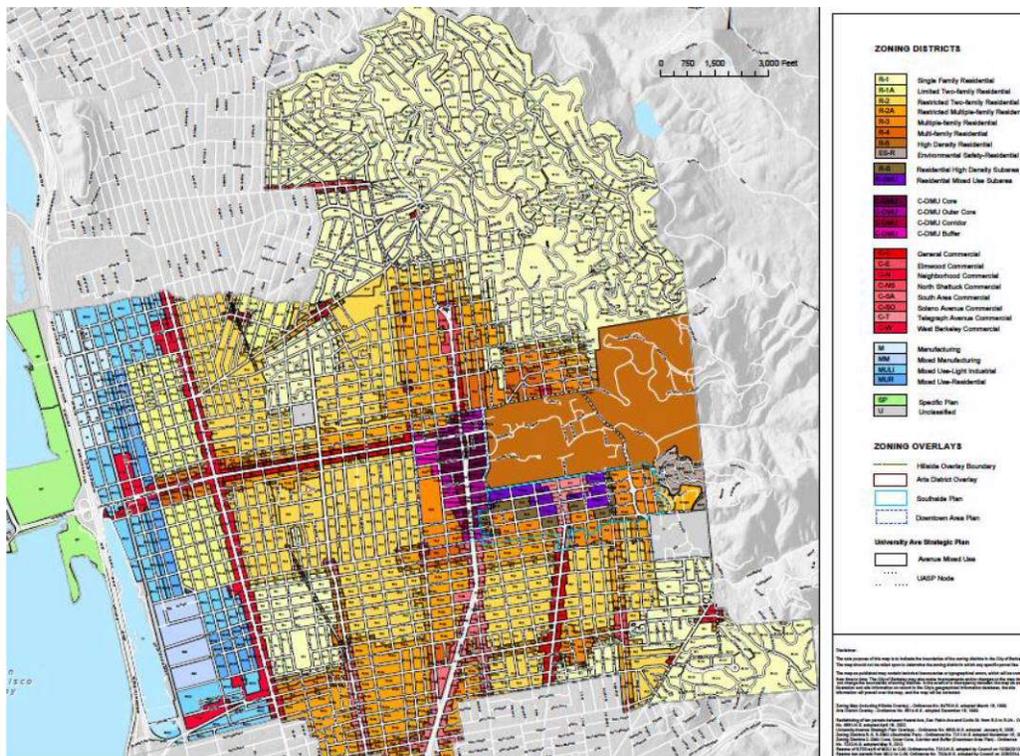
After *Buchanan v Wareley* in 1917, explicit racially restrictive zoning became illegal. However, consideration to maintaining the character of districts became paramount and Mason-McDuffie contracts still stipulated that property owners must be white.

In 1933, the federal government created a Home Owners Loan Corporation (HOLC), which produced residential maps of neighborhoods to identify mortgage lending risks for real estate agents, lenders, etc. These maps were based on racial composition, quality of housing stock, access to amenities, etc. and were color coded to identify best (green), still desirable (blue), definitely declining (yellow), and hazardous (red) neighborhoods. These maps enabled discriminatory lending practices (later called 'redlining') and allowed lenders to enforce local segregation standards.⁷⁰



⁶⁹ Weiss, M. A. (1986). Urban Land Developers and the Origins of Zoning Laws: The Case of Berkeley. *Berkeley Planning Journal*, 3(1). Retrieved from <https://escholarship.org/uc/item/26b8d8zh>

⁷⁰ NCRC Opening Doors to Economic Opportunity, "HOLC "REDLINING" MAPS: The persistent structure of segregation and economic inequality." Bruce Mitchell and Juan Franco. https://ncrc.org/wp-content/uploads/dlm_uploads/2018/02/NCRC-Research-HOLC-10.pdf



The images above compare a HOLC-era (Thomas Bros Map) map of Berkeley with a current zoning map. Neighborhoods identified as “best” in green on the HOLC-era map typically remain zoned as single family residential areas today. Red ‘hazardous’ neighborhoods in the first map are now largely zoned as manufacturing, mixed use, light industrial, or limited two family residential.⁷¹

Most cities still retain the vestiges of exclusionary zoning practices. By restricting desirable areas to single-family homes (and banning less expensive housing options, such as duplexes, tri-/four-plexes, courtyard apartments, bungalow courts, and townhouses), the current zoning map dictates that only wealthier families will be able to live or rent in Berkeley. Today, with the median sale price at \$1.2 million, this de-facto form of segregation is even more pronounced.

According to the data mapped by the Urban Displacement Project, most of the low-income tracts in Berkeley are at-risk or have ongoing displacement and gentrification. Higher-income tracts in Berkeley are classified as ‘at-risk of exclusion’, currently feature ‘ongoing exclusion’, or are at stages of ‘advanced exclusion’. Degrees of exclusion are measured by a combination of data: the loss of low-income households over time, presence of high income households, being considered in a ‘hot housing market,’ and migration patterns. The Urban Displacement Project’s findings indicate that exclusion is more prevalent than gentrification in the Bay Area.⁷² While Berkeley has created

⁷¹ Robert K. Nelson, LaDale Winling, Richard Marciano, Nathan Connolly, et al., “Mapping Inequality,” American Panorama, ed. Robert K. Nelson and Edward L. Ayers,

<https://dsl.richmond.edu/panorama/redlining/#loc=10/37.8201/-122.4399&opacity=0.8&sort=17&city=oakland-ca&advview=full>

⁷² Zuk, M., & Chapple, K. (2015). Urban Displacement Project. <http://www.urbandisplacement.org/map/sf>

policies and designated funding to prevent gentrification, policies that focus on preventing exclusion have lagged.

University of California-Berkeley Professor Karen Chapple, anti-displacement expert and director of the Urban Displacement Project, stated that “the Urban Displacement Project has established a direct connection between the neighborhood designations by the Home Owners Loan Corporation (HOLC), and 75% of today’s exclusionary areas in the East Bay... Thus, this historic legacy, compounded by Berkeley’s early exclusionary zoning practices, continues to shape housing opportunity and perpetuate inequities today.”⁷³

Historic Redlining

Redlining was a practice (still mirrored today, in some respects) whereby certain neighborhoods or areas were designated as being high-risk for investment. These high-risk designations were literally marked on maps using red coloring or lines, hence “redlining.” The designations were typically applied to areas with large non-white and/or economically disadvantaged populations, and resulted in people who lived in or wanted to move to these areas being denied loans, or only being provided loans on much worse terms than their counterparts who could access non-redlined areas, due to their ethnicity or higher economic status.

Because redlining practices were contemporaneous with segregationist race-restricted deeds that largely locked minorities out of non-redlined neighborhoods, most non-white households were effectively forced to live in areas where buying and/or improving residential property was extremely difficult. Consequently, low-income and minority families were locked out of homeownership, and all the opportunities for stability and wealth-building that entails. Therefore redlining tended to reinforce the economic stagnation of the areas to which it was applied, further depressing property values and leading to disinvestment. Although redlining is no longer formally practiced in the fashion it was historically, its effects continued to be felt in wealth disparities, educational opportunity gaps, and other impacts.

One way in which the practice of redlining continues to be felt is through the continuation of exclusionary zoning. By ensuring that only those wealthy enough to afford a single family home with a relative large plot of land could live in certain areas, exclusionary zoning worked hand in hand with redlining to keep low-income families out of desirable neighborhoods with good schools and better economic opportunity. Cities, including Berkeley, adopted zoning that effectively prohibited multi-family homes in the

⁷³ Karen Chapple’s February 25, 2019 letter to Berkeley City Council in support of this proposal. See Attachments.

same areas that relied on race restrictive deeds to keep out non-whites, meaning that other areas, including redlined areas, were more likely to continue allowing multi-family buildings.

Ironically, because these patterns of multi-family zoning versus exclusionary zoning have persisted, many areas that were historically redlined are now appealing areas for new housing development precisely because they have continued to allow multi-family homes. Any area which sees its potential housing capacity increase will become more appealing for new housing development. When these changes are made in historically redlined areas where lower-income and minority households tend to be more concentrated, it is especially important to ensure those policies do not result in involuntary displacement or the loss of rent-controlled or naturally-affordable housing units.

TENANT AND ANTI-DISPLACEMENT STRATEGIES

The types of zoning modifications that may result from the requested report could, ~~as discussed above,~~ significantly increase Berkeley's housing stock with units that are more affordable to low- and middle-income residents. However, staff's report should consider possible side effects and ways that policy can be crafted to prevent and mitigate negative externalities which could affect tenants and low-income homeowners. Steps must be taken to address the possibility that altering, demolishing, remodeling, or moving existing structures doesn't result in the widespread displacement of Berkeley tenants or loss of rent-controlled units. Staff should consider what measures are needed in conjunction with these zoning changes (e.g. strengthening the demolition ordinance, tenant protections or assistance, no net loss requirements or prohibiting owners from applying if housing was occupied by tenants five years preceding *the* date of application).

ALTERNATIVE ACTIONS CONSIDERED

We considered an urgency ordinance but after consultation with City of Berkeley staff, we are recommending a report on *fostering a variety of housing types* potential zoning changes to inform future policy decisions, as opposed to ~~immediate~~ zoning revisions.

IMPLEMENTATION, ADMINISTRATION, AND ENFORCEMENT

Not applicable as this item requests an analytical report.

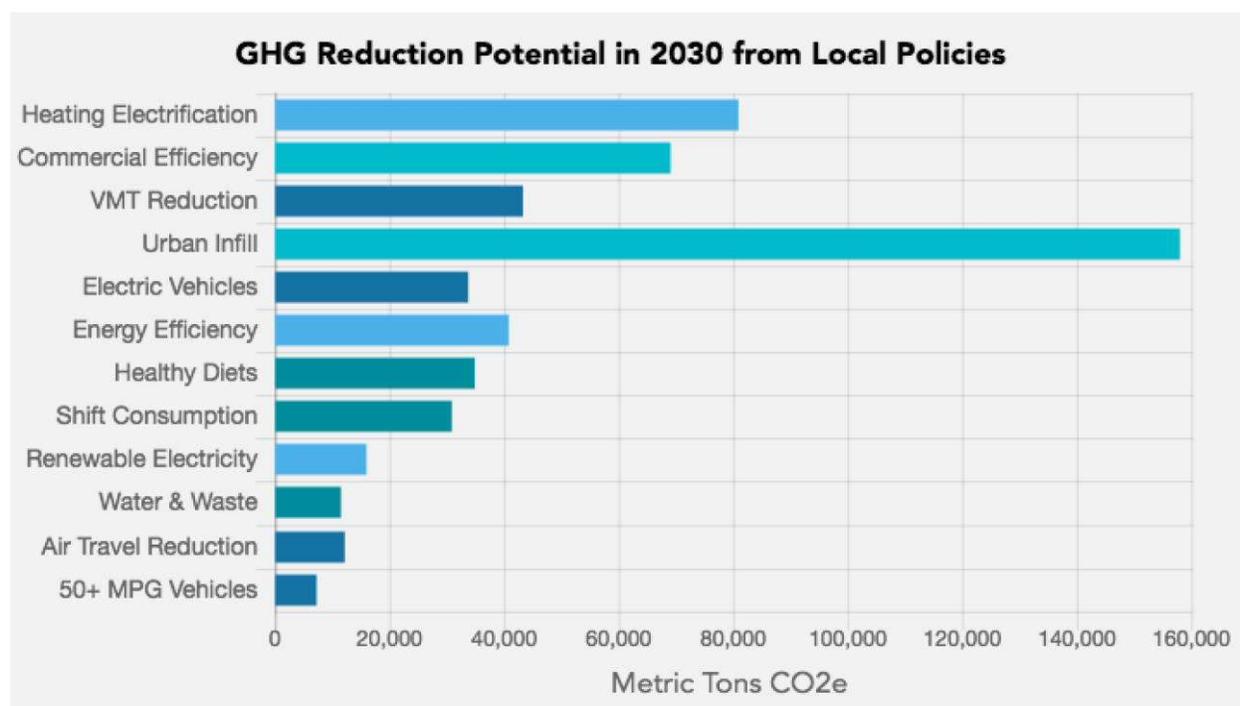
FINANCIAL IMPLICATIONS

~~Staffing or consulting costs to analyze zoning code and produce the report.~~ *Costs for consultants to provide a missing middle scan or an in-depth analysis range from \$25,000-\$65,000. 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.

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.”⁷⁴ 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.



CONTACT PERSON(S):

Lori Droste, 510-981-7180

ATTACHMENTS/*LINKS*:

Minneapolis Plan:

⁷⁴ “Carbon Footprint Planning: Quantifying Local and State Mitigation Opportunities for 700 California Cities.” Christopher M. Jones, Stephen M. Wheeler, and Daniel M. Kammen. *Urban Planning* (ISSN: 2183-7635) 2018, Volume 3, Issue 2. <https://rael.berkeley.edu/wp-content/uploads/2018/04/Jones-Wheeler-Kammen-700-California-Cities-Carbon-Footprint-2018.pdf>

https://minneapolis2040.com/media/1428/pdf_minneapolis2040_with_appendices.pdf

Seattle' Plan:

<http://www.seattle.gov/Documents/Departments/SeattlePlanningCommission/SPCNeighborhoodsForAllFINAL121318digital.pdf>

Berkeleyside

Opinion: We can design our way out of Berkeley's housing crisis with 'missing middle' buildings

A Berkeley architect argues that Berkeley should build more small-scale, multi-unit buildings such as duplexes, bungalow courts, fourplexes, and small mansion apartments.

By Daniel Parolek

Dec. 19, 2017

Berkeley's housing problems have gone national recently, as The New York Times' Conor Dougherty highlighted in a thought-provoking article, "The Great American Single-Family Home Problem." Dougherty examines the conflicting interests and regulations that threatened to halt the development of one lot on Haskell Street, and shows how those conflicting forces are contributing to the affordable housing crisis we are seeing in our state – and across the country.

As an architect and urban designer based in Berkeley for the past 20 years, I agree that California municipalities have an urgent need to deliver more housing. That said, just delivering more housing is not enough. We need to think about how this housing reinforces a high quality built environment and how to provide a range of housing for all segments of the market, including moderate and low-income households. More small-scale, multi-unit buildings such as duplexes, bungalow courts, fourplexes, and small mansion apartments, or what I call "Missing Middle Housing," should be a key focus of that housing.

Unfortunately, the design proposed for the Haskell Street site in Berkeley does not deliver on reinforcing a high quality built environment or affordability and, as the NYT article makes clear, does not deliver on any level of affordability. There are better design solutions that deliver a more compatible form, that have more and a broader range of housing units, and that can be more effective at building local support for this and similar infill projects.

For example, the 50' x 150' lot at 310 Haskell Street is big enough to accommodate a traditional fourplex, with two units down and two units above in a building that is the scale of a house (see image attached from our Missing Middle research). The units would typically be between 750-900 square feet each. An important characteristic of this housing type is that they do not go deeper onto the lot than a traditional house, thus eliminating the concern about privacy and shading and providing high-quality outdoor living spaces. These fourplex housing types exist all over Berkeley and are often successfully integrated onto blocks with single-family homes.

So how do we get there? Berkeley and most cities across the country need to sharpen their pencils on their outdated zoning codes, first to remove barriers for better solutions and secondly, to create a set of regulations that ensure that inappropriate design solutions like the one proposed for Haskell Street or even worse are not allowed on these sites. Lower densities do not equal better design solutions and higher densities do not need to mean larger or more buildings. This is a delicate balance that few zoning codes achieve and few code writers fully

understand.

We also need to change the way we communicate about housing needs in our communities. If we are using George Lakoff's rules for effective communication we would never go into a housing conversation with a community and use terms like "increasing density, adding multi-family, or upzoning a neighborhood." I can think of few neighborhoods that would feel good about saying yes to any of those options if they were framed in that way, but which can mostly get on board with thinking about aging within a neighborhood, or ensuring their kids or grandkids can afford to move back to the city they grew up in. Beginning this conversation by simply showing photographic and/or local existing documented examples of good Missing Middle housing types often disarms this conversation and leads to more fruitful results.

Berkeley's challenges related to housing are not going to go away anytime soon. We need to thoughtfully remove barriers to enable a broad range of solutions like the fourplex that have been a core part of choices provided in our communities already and learn how to effectively build consensus and support for good design solutions such as Missing Middle housing types.

Daniel Parolek is an architect and urban designer who co-authored the book "Form-Based Codes," coined the term Missing Middle Housing (www.missingmiddlehousing.com) and speaks and consults nationally on these topics.



February 25, 2019

Honorable Mayor and City Council members:

I am writing to convey my strong support for the "Missing Middle Report" on your 2/26 Council meeting.

As the Council item co-authored by Councilmembers Droste, Bartlett, Kesarwani, and Robinson points out, Berkeley's housing crisis today is a legacy of its past racist and exclusionary practices. I commend their effort to push Berkeley to confront its history in order to build a more inclusive future.

Our research at the Urban Displacement Project has established a direct connection between the neighborhood designations by the Home Owners Loan Corporation (HOLC) and today's patterns of residential displacement and exclusion.¹ Overall, 83% of today's gentrifying areas in the East Bay were rated as "hazardous" (red) or "definitely declining" (yellow) by the HOLC, and 75% of today's exclusionary areas in the East Bay were rated as "best" (green) or "still desirable" (blue) by HOLC. Thus, this historic legacy, compounded by Berkeley's early exclusionary zoning practices, continues to shape housing opportunity and perpetuate inequities today.

Should Berkeley elect to proceed to study the potential for zoning reform, it will be in good company. As the item authors note, Minneapolis and Seattle are already experimenting with ways to open up single-family zones, and Berkeley should be leading the charge as well.² Zoning reform has the potential not just to address the housing crisis but also to become a form of restorative or even transformative justice. There is no more important issue for planners to tackle today.

I urge you to vote yes on Item 22 to request a Missing Middle report. Please do not hesitate to call on me if any research on zoning impacts or alternatives is needed.

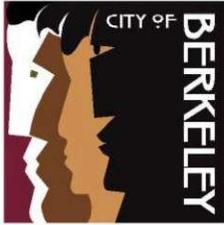
Sincerely,

A handwritten signature in blue ink that reads "Karen Chapple".

Karen Chapple
Professor, City and Regional Planning
Carmel P. Friesen Chair in Urban Studies
Faculty Director, The Urban Displacement Project

¹ See <http://www.urbandisplacement.org/redlining>

² Interestingly, leading the charge in Minneapolis is City Council President Lisa Bender, a graduate of UC-Berkeley's Department of City and Regional Planning.



Kate Harrison
Councilmember District 4

REVISED AGENDA MATERIAL for Supplemental Packet 1

Meeting Date: March 26, 2019

Item Number: 22

Item Description: Missing Middle Report

Submitted by: Councilmembers Kate Harrison and Sophie Hahn and Mayor Jesse Arreguin

In the report on Missing Middle housing, we ask that the City Manager consider 1) the process by which other cities considered these type of changes and 2) for those that moved forward, how these changes were effectuated. Cities such as Houston, Chicago, Portland, and Minneapolis, among others, have undergone this process in a variety of ways and to varying degrees of success. Berkeley should learn from these cities to guarantee that any Missing Middle housing is built with equity as a key consideration.

The report warrants further examination of how fire impacts our zoning needs. Ingress and egress are critical issues citywide as fire has the potential to spread throughout the City extremely quickly in Berkeley,¹ especially as climate change makes fires stronger and faster. We ask that the report look at how other cities incorporated these concerns and disaster preparedness in all areas of their cities.

No zoning changes should exacerbate gentrification or displacement; it is especially important that the effects of past redlining not be compounded. Automatically excluding all high-fire zones will result in eliminating 70% of the R-1 and R-1A zoning² that could be considered for upzoning and result in increased pressure on the areas of the historic redline and in low-income areas. Much of the proposed rezoning aligns with the historic redline; if not done carefully, rezoning can lead to displacement through demolished housing stock and rising rents. San Francisco has recognized that it is losing affordable housing more quickly than it is constructing it. Berkeley is in an affordable housing crisis and must retain the affordable housing we already have.

¹ <https://www.berkeleyside.com/2018/05/21/wildfire-story>

² The fire zones make up approximately 50% of the square mileage of all R1, R1-A, and R2 zoned areas.
2180 Milvia Street, Berkeley, CA 94704 Tel: 510.981.7140 TDD: 510.981.6903
E-Mail: kharrison@CityofBerkeley.info

When considering changes to the zoning code, we must also consider the Costa-Hawkins Rental Housing Act's³ exemption of new units from rent control. Even if current tenants guaranteed a first right to lease at prior rents, these units will lose affordability over time. Existing tenants are likely to leave during the construction period with new tenants facing exorbitant market-rate rental prices. For example, in Chicago,⁴ the *particular lots* that were upzoned experienced increases in housing prices and early indications are that no net new housing was produced.⁵ Much of the particular lots that were affected in Chicago and would be impacted here are in historically black and brown neighborhoods.

We are also facing a crisis in homeownership. As Councilmember Bartlett examines in his Open Doors Initiative, Berkeley's stock of starter homes is dwindling every year. Missing Middle housing is well-suited for these starter homes, provided that there is sufficient assurance that the housing will be owner-occupied. We ask that the study examine how home ownership rates changed upon implementing Missing Middle in other cities, and whether Berkeley can provide loan or other assistance to guarantee that families are able to own new housing.

Recommendation:

Refer to the City Manager to ~~bring back to~~ prepare a report to the Council ~~a report of examining methods that may~~ foster a broader range of 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, Chicago, and Portland, did so including mitigating potential side effects, particularly on displacement and increases in rental prices in the surrounding area and providing assistance to first time homebuyers so that the benefits of the additional housing are equitably distributed.

The rReport should include, but is not limited to, examining how other cities approached and recommending alternatives to:

- Identifying where Missing Middle housing is optimal/~~should~~ could be permitted and the increase in density.
- 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 programs such that homes ~~that~~ are more affordable, saving and lightly modifying an older structure as part of internally dividing it into more than one unit.
- Excluding very high fire severity zones as defined by the Cal Fire and/or City of Berkeley. Incorporating unique geological features, such as hillsides and high fire severity zones, and considering fire and disaster preparedness service needs.

³https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=CIV&division=3.&title=5.&part=4.&chapter=2.7.&article

⁴ <https://www.citylab.com/life/2019/01/zoning-reform-house-costs-urban-development-gentrification/581677/>

⁵ "Upzoning Chicago: Impacts of a Zoning Reform on Property Values and Housing Construction", Yonah Freemark, Urban Affairs Review, 2019. Department of Urban Studies and Planning, Massachusetts Institute of Technology, Cambridge, MA.

- Considering form-based zoning as a potential strategy.
- Creating incentives to maintain family-friendly housing stock while adding more diversity and range of smaller units.
- Creating incentives for building more than one unit on larger than average lots.
- Evaluating whether changes would place particular pressure on neighborhoods with historic redlining (see attached PowerPoint); -provide suggestions to protect existing housing stock, provide for tenant protections, demolition controls and, no net loss provisions and increase affordability.
- Considering provisions that align with our land value recapture policy objectives to maximize affordability in Berkeley.
- Evaluating methods for promoting first time home ownership of these units.
- Incorporating design elements, including green features, and impacts on historic preservation.
- Examining how different cities effectuated these changes (e.g., changes to their General Plan, zoning changes, etc.)
- Evaluating the public process used in the course of considering these changes.

ATTACHMENTS

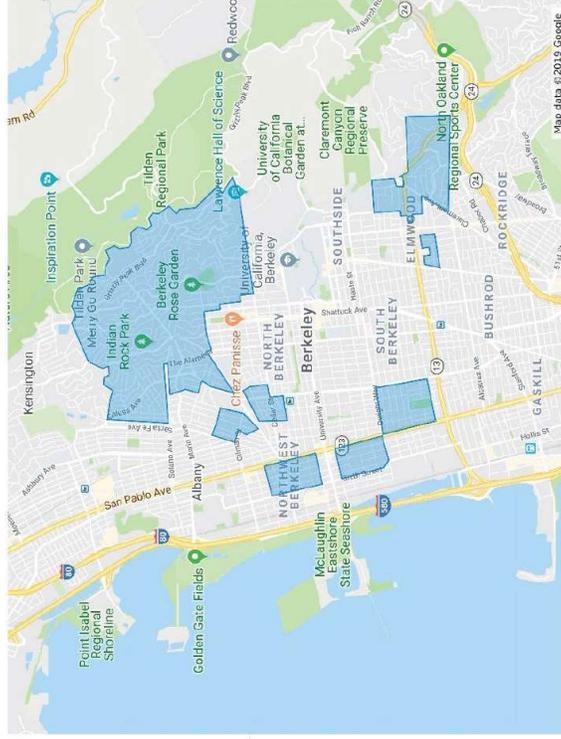
1: Impacts of Limiting Missing Middle Powerpoint

Impacts of Limiting Missing Middle

R-1 and R-1A Zoning in Berkeley

Untitled map

- Zoning R-1
- D2 square one
- D2 Square two
- D1 square one
- D1 square two
- D1 square 3
- D5 and D6
- D8 square one
- D8 two



Adding in R-2

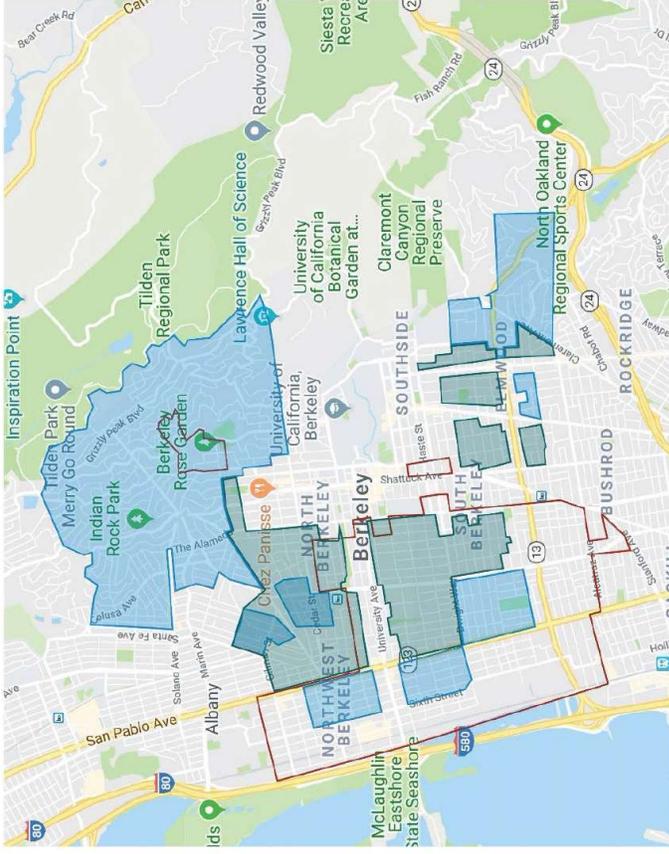
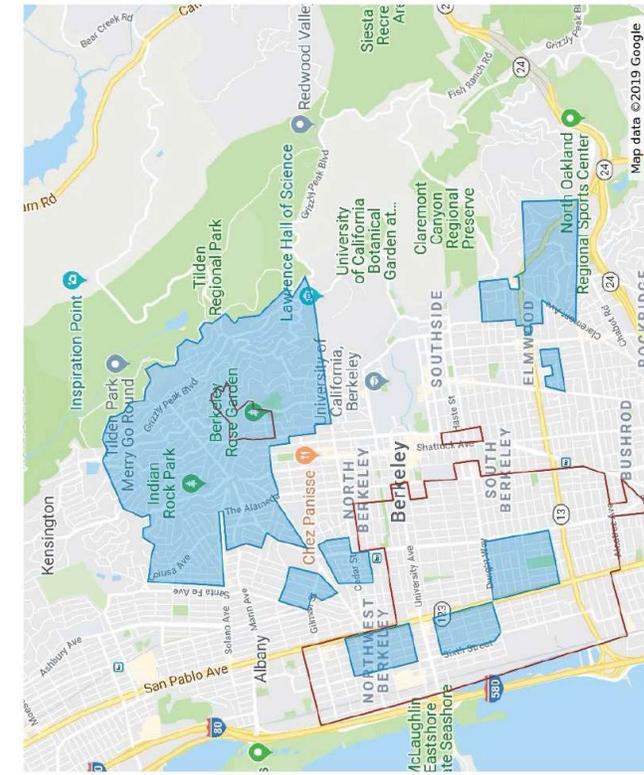
Untitled map



- Zoning P-1
- D2 square one
 - D2 square two
 - D1 square one
 - D1 square two
 - D1 square three
 - D3 square one
 - D3 square two
 - D3 and D3

- Zoning P-2
- D1-5
 - D3-4 and 5
 - D3
 - D7
 - D3 square 1
 - D3 square 2
 - D3 square 3

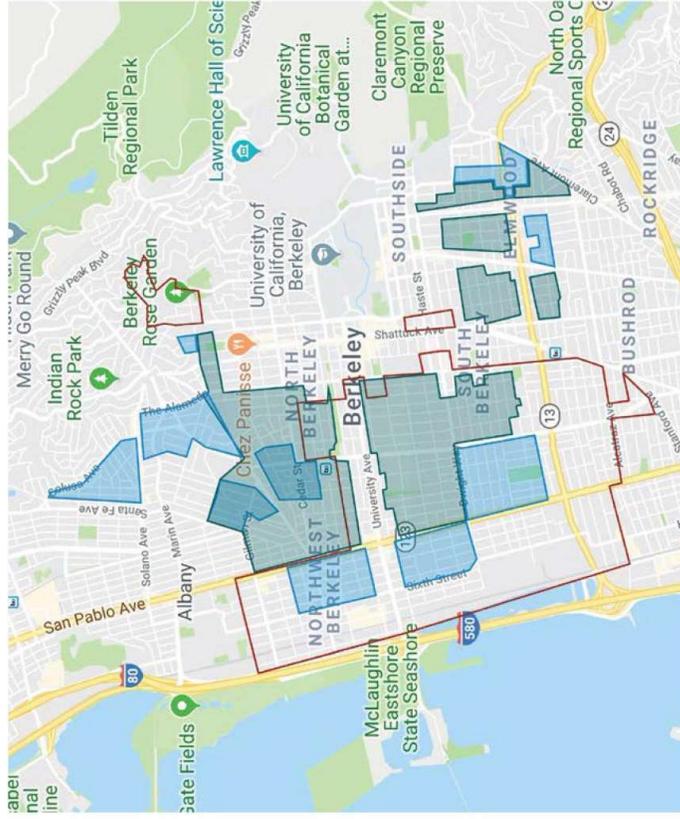
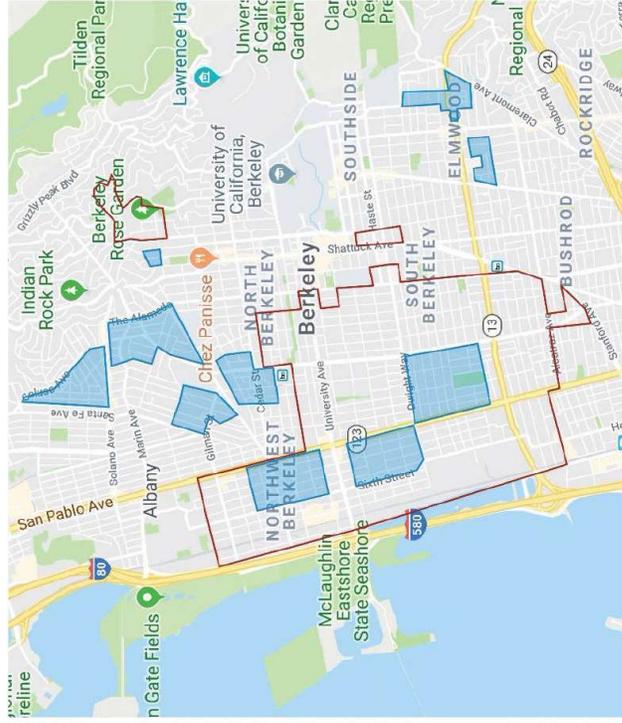
Historic Redlining



Fire Zones



R1, R1-A, and R2 Excluding Fire Zones



Why Does Redlining Matter?

- ▶ Potential of rising rents
 - ▶ <https://www.citylab.com/life/2019/01/zoning-reform-house-costs-urban-development-gentrification/581677/>
 - ▶ In Chicago, the particular lots that were upzoned experienced increases in housing prices. Many of the particular lots that would be upzoned in Berkeley are in historic communities of color that already see the effects of gentrification
- ▶ Potential demolition of existing housing stock
 - ▶ Existing stock should not be demolished in a housing crisis
 - ▶ Under Costa-Hawkins, rent-controlled duplexes demolished and replaced with triplexes or fourplexes will be exempt from rent control and lose affordability over time

Additional Considerations to the Report

- ▶ Incorporating considerations of extreme climate and geological features, such as high fire zones
- ▶ Evaluate how changes may put specific pressures on communities already affected by redlining and discriminatory zoning practices
- ▶ Examine demolition rates in cities that incorporated these changes
- ▶ Examine rent increases or decreases in cities that incorporated these changes
- ▶ Examine home ownership price increases or decreases in cities that incorporated these changes
- ▶ Consider how these changes may affect historic preservation efforts



Lori Droste
Councilmember, District 8

REVISED AGENDA MATERIAL for Supplemental Packet 2

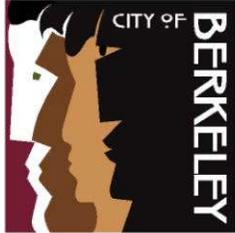
Meeting Date: February 26, 2019

Item Number: 21

Item Description: **Missing Middle Report**

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

This item has been revised to include considerations for scaling of floor to area ratios, land value recapture.



Lori Droste
Councilmember, District 8

ACTION CALENDAR

February 26, 2019

To: Members of the City Council

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

Subject: Missing Middle Report

RECOMMENDATION

Refer to the City Manager to bring back to Council a report of potential revisions to the zoning code to foster a broader range of 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.

Report should include, but is not limited to:

- Identifying where missing middle housing is optimal
- 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.¹
- Excluding very high fire severity zones as defined by Cal Fire and/or City of Berkeley.

¹ City of Portland, <https://www.portlandoregon.gov/bps/article/711691>.

- Considering form-based zoning, which addresses the appropriate form, scale and massing of buildings as they relate to one another, as a potential strategy²,
- Creating incentives to maintain family-friendly housing stock while adding more diversity and range of smaller units
- Creating incentives for building more than one unit on larger than average lots,
- Considering provision of tenant and vulnerable low-income homeowner protections, demolition controls, and no net loss provisions
- Considering provisions that align with our land value recapture policy objectives to maximize affordability in Berkeley.

CURRENT PROBLEM AND ITS EFFECTS

The nine-county Bay Area region is facing an extreme shortage of homes that are affordable for working families. The Metropolitan Transportation Commission illustrates the job-housing imbalance in a recently released a report showing that only one home is added for every 3.5 jobs created in the Bay Area region.³ Governor Gavin Newsom has called for a “Marshall Plan for affordable housing” and has pledged to create millions of more homes in California to tackle the state’s affordability and homelessness crisis.

In Berkeley, the median sale price of a home is \$1.2 million (as of December 2018)—an increase of 65% over the median sale price in December 2013 of \$727,000. Similarly, Berkeley’s median rent index is \$3,663/month—a 54% increase since since December 2013.⁴ The escalating rents coincide with an increase of 17% in Berkeley’s homeless population as documented in the 2015 and 2017 point-in-time counts.⁵ These skyrocketing housing costs put extreme pressure on low-, moderate- and middle-income households, as they are forced to spend an increasing percentage share of their income on housing (leaving less for other necessities like food and medicine), live in overcrowded conditions, or endure super-commutes of 90 minutes or more in order to make ends meet.

Low-Income Households

Recently, low-income households experienced the greatest increases in rent as a portion of their monthly income. According to the Urban Displacement Project, households are considered to be “rent burdened” when more than a third of their income goes toward housing costs. In Alameda County, “Although rent burden

² Form-Based Codes Institute at Smart Growth America, 1152 15th Street NW Ste. 450 Washington, DC 20005. <https://formbasedcodes.org/definition/>

³ Metropolitan Transportation Commission, 2018. <http://www.vitalsigns.mtc.ca.gov/>

⁴ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

⁵ Berkeley Homeless Point-in-Time Count and Survey Data, 2017. https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx

increased across all income groups, it rose most substantially for low- and very low-income households. In both 2000 and 2015, extremely low-income renters were by far the most likely to experience severe rent burden, with nearly three quarters spending more than half their income on rent.”⁶

Although residents of Berkeley recently passed Measure O which will substantially increase funding for affordable housing, low-income units are increasingly expensive to create. Low-income housing units typically cost well over \$500,000 to create and the demand for this type of affordable/subsidized housing exceeds the supply.⁷ In Berkeley, roughly 700 seniors applied for the 42 affordable/subsidized units at Harpers Crossings.⁸ Without a substantial additional increase in funding for affordable housing, the vast majority of low-income individuals have to rely on the market.

Middle-Income Households

In the Bay Area, those earning middle incomes are facing similar challenges in finding affordable homes. The Pew Research Center classifies middle income households as those with “adults whose annual household income is two-thirds to double the national median.” In 2016, middle income households were those earning approximately \$45,000 to \$136,000 for a household of three.⁹ However, in Berkeley, a similarly-sized family earning up to \$80,650 (80% Area Median Income) is considered low-income according to the U.S. Department of Housing and Urban Development.¹⁰

In the Bay Area, a family currently has to earn \$200,000 annually to afford the principal, interest, taxes and insurance payments on a median-priced home in the Bay Area (assuming they can pay 20 percent of the median home price of nearly \$1,000,000 up front).¹¹ This means that many City of Berkeley employees couldn’t afford to live where they work: a community health worker (making \$63,600) and a janitor (making \$58,300) wouldn’t be able to afford a home. Neither would a fire captain (making \$142,000) with a

⁶ Zuk, M., & Chapple, K. (2015). Urban Displacement Project.

http://www.urbandisplacement.org/sites/default/files/images/alameda_final.pdf

⁷ “The Cost of Building Housing” *The Turner Center* <https://turnercenter.berkeley.edu/construction-costs-series>

⁸ Flood, Lucy. (1/18/2018). “Berkeley low-income seniors get a fresh start at Harper Crossing.”

<https://www.berkeleyside.com/2018/01/18/berkeley-low-income-seniors-get-fresh-start-harper-crossing>

⁹ Kochhar, Rakesh. “The American middle class is stable in size, but losing ground financially to upper-income families,” 9/16/2018, Pew Research Center. <http://www.pewresearch.org/fact-tank/2018/09/06/the-american-middle-class-is-stable-in-size-but-losing-ground-financially-to-upper-income-families/>

¹⁰ Berkeley Housing Authority, HUD Income Guidelines, effective April 1, 2018. https://www.cityofberkeley.info/BHA/Home/Payment_Standards,_Income_Limits,_and_Utility_Allowance.aspx

¹¹ “The salary you must earn to buy a home in the 50 largest metros” (10/14/2018). HSH.com <https://www.hsh.com/finance/mortgage/salary-home-buying-25-cities.html#>

stay at home spouse. Even a police officer (making \$122,600) and a groundskeeper (making \$69,300), or two librarians (making \$71,700) couldn't buy a house.¹²

Families

Many families are fleeing the Bay Area due to the high cost of living. According to a recently released study by the Turner Center for Housing Innovation, the income and racial patterns out-migration and in-migration indicate that “the region risks backsliding on inclusion and diversity and displacing its economically vulnerable and minority residents to areas of more limited opportunity.”¹³ Rent for a two bedroom apartment in Berkeley costs approximately \$3,200/month¹⁴ while the median child care cost in Alameda County is \$1,824 a month, an increase of 36% in the past four years.¹⁵ Consequently, many families are paying well over \$60,000 for living and childcare expenses alone.

Homelessness

High housing costs also lead to California having among the highest rates of poverty in the nation at 19%.¹⁶ Consequently, homelessness is on the rise throughout California. The Bay Area has one of the largest and least-sheltered homeless populations in North America.¹⁷ 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.¹⁸ In order to 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.¹⁹

¹² City of Berkeley Human Resources, “Job Descriptions” accessed 2.4.2019

<http://agency.governmentjobs.com/berkeley/default.cfm?action=agencyspecs&agencyID=1568>

¹³ Romem, Issa and Elizabeth Kneebone, 2018. “Disparity in Departure: Who Leaves the Bay Area and Where Do They Go?” <https://turnercenter.berkeley.edu/disparity-in-departure>

¹⁴ Berkeley Rentals, <https://www.zillow.com/berkeley-ca/home-values/>

¹⁵ D'Souza, Karen, 2/3/19. “You think Bay Area housing is expensive? Child care costs are rising, too.” <https://www.mercurynews.com/2019/02/03/you-think-bay-area-housing-is-expensive-childcare-costs-are-rising-too/amp/>

¹⁶ The U.S. Census The Supplemental Poverty Measure adjusts thresholds based on cost of living indexes.

¹⁷ SPUR: Ideas and Action for a Better City. “Homelessness in the Bay Area: Solving the problem of homelessness is arguably our region's greatest challenge.” Molly Turner, Urbanist Article, October 23, 2017 <https://www.spur.org/publications/urbanist-article/2017-10-23/homelessness-bay-area>

¹⁸ Berkeley Homeless Point-in-Time Count and Survey Data, 2017. https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspxn

¹⁹ *Homeless in America, Homeless in California*. John M. Quigley, Steven Raphael, and Eugene Smolensky. The Review of Economics and Statistics, February 2001, 83(1): 37–51 © 2001 by the

BACKGROUND

Missing Middle

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 homes²⁰ 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 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.²¹ Approximately half of Berkeley's housing stock consists of single family units²² 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 in Berkeley.

President and Fellows of Harvard College and the Massachusetts Institute of Technology.
https://urbanpolicy.berkeley.edu/pdf/grs_restat01pb.pdf

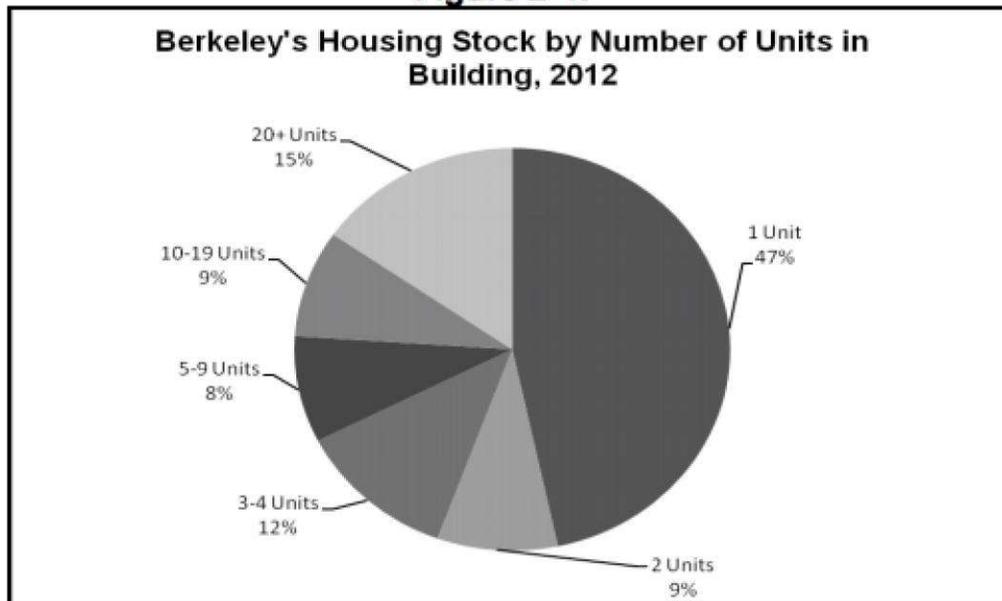
²⁰ Parolek, Dan. Opticos Design. <http://missingmiddlehousing.com/>

²¹ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

²² City of Berkeley 2015 -2023 Housing Element.

https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Commissions/Commission_for_Planning/2015-2023%20Berkeley%20Housing%20Element_FINAL.pdf

Figure 2-4:



Source: US Census, ACS 2008-2012 5-Year Estimate., Table B25024

Missing middle housing includes duplexes, triplexes, courtyard apartments, bungalow courts, and multiplexes that often house people with a variety of incomes. These housing types generally have small- to medium-sized footprints and are often three stories or less, allowing them to blend into the existing neighborhood while still encouraging greater socioeconomic diversity. These types of homes exist in every district of Berkeley, having been built before they were banned in districts only allowing single family homes. Missing middle homes were severely limited in other districts by zoning changes initiated in 1973.

One study found that individuals trying to create missing middle housing cannot compete financially with larger projects in areas zoned for higher density, noting “many smaller developers have difficulty obtaining the necessary resources (including the competitive funding) required to offset the high initial per-unit development costs, and larger developers with deeper pockets and more experience navigating complex regulatory systems will almost always opt to build projects that are large enough to achieve the bulk per-unit development rate.”²³ Additionally, missing middle housing is not permitted in areas zoned R1 (single family family only). Other factors that may prevent the creation of missing middle housing include onerous lot coverage ratios and excessive setback and parking requirements.²⁴

²³ The Montgomery Planning Dept., “The Missing Middle Housing Study,” September 2018. http://montgomeryplanning.org/wp-content/uploads/2018/09/MissingMiddleHousingStudy_9-2018.pdf

²⁴ Ibid.

History of Exclusionary Zoning, Racial and Economic Segregation and Current Zoning

Prior to the 1970s, a variety of missing middle housing was still being produced and made available to families throughout the Bay Area, particularly in Berkeley. Many triplexes, etc exist in areas now zoned for single family residential (R-1), limited two-family residential (R-1A), and restricted two-family residential (R-2). These areas are now some of the most expensive parts of our city—especially on a per-unit basis.

Until 1984, Martin Luther King Jr Way was known as Grove Street. For decades, Grove Street created a wall of segregation down the center of Berkeley. Asian-Americans and African-Americans could not live east of Grove Street due to race-restrictive covenants that barred them from purchasing or leasing property.²⁵ While many people are aware of this sordid piece of Berkeley history, less know about Mason-McDuffie Company's use of zoning laws and racially-restrictive property deeds and covenants to prevent people of color from living in east Berkeley.

Mason-McDuffie race-restrictive covenants state: "if prior to the first day of January 1930 any person of African or Mongolian descent shall be allowed to purchase or lease said property or any part thereof, then this conveyance shall be and become void..."²⁶ In 1916, McDuffie began lobbying for the exclusionary zoning ordinances in Berkeley to protect against the "disastrous effects of uncontrolled development"²⁷ and restrict Chinese laundromats and African American dance halls, particularly in the Elmwood and Claremont neighborhoods.²⁸

After *Buchanan v Wareley* in 1917, explicit racially restrictive zoning became illegal. However, consideration to maintaining the character of districts became paramount and Mason-McDuffie contracts still stipulated that property owners must be white.

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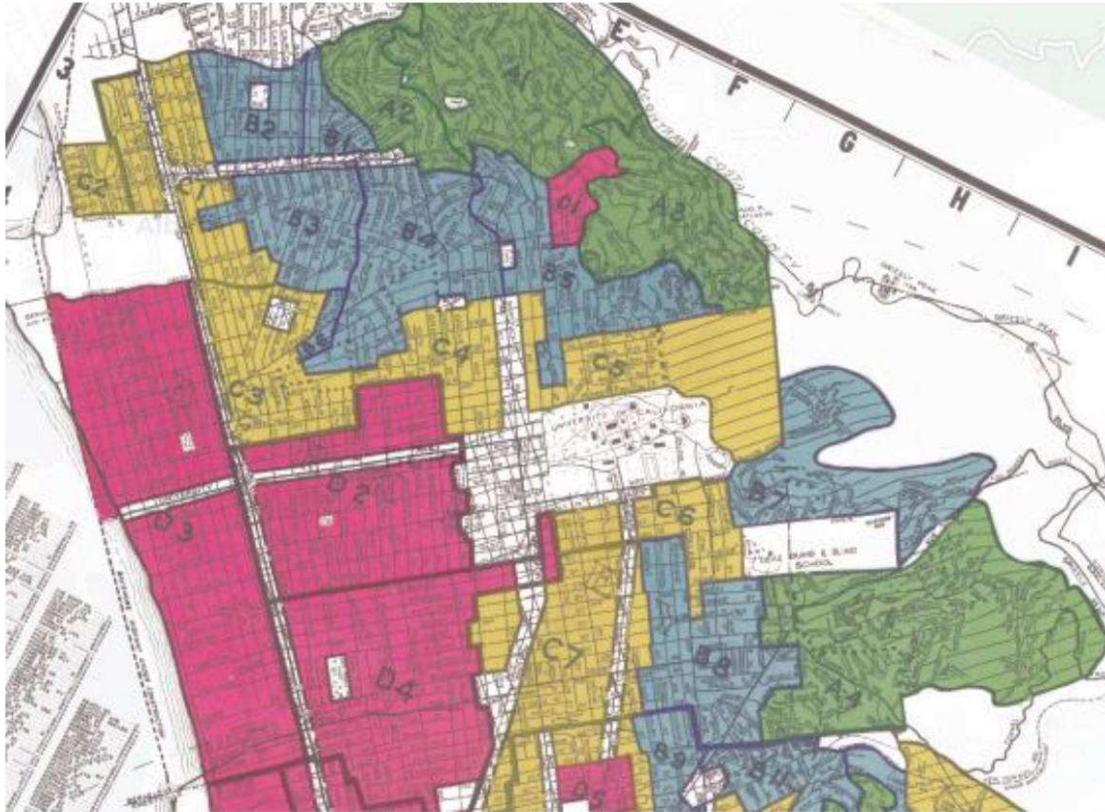
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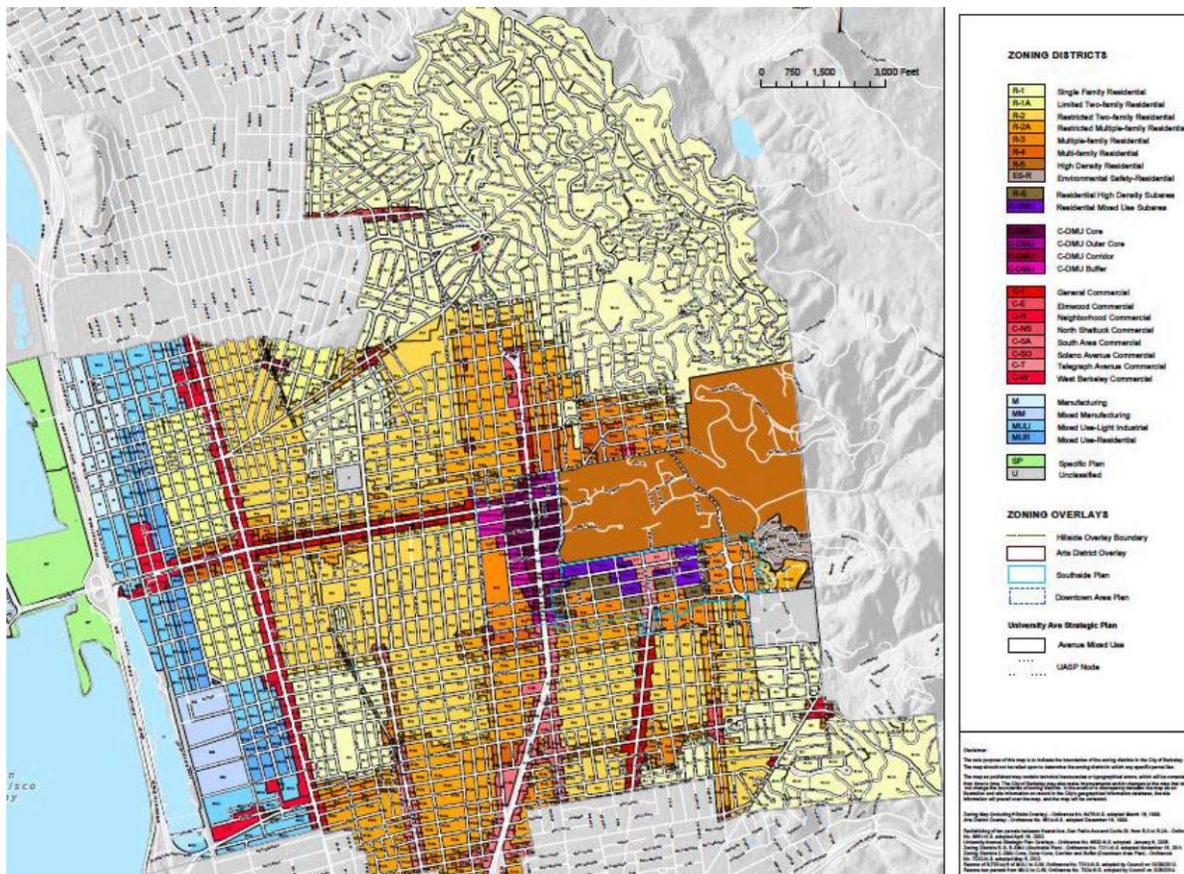
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neighborhoods. These maps enabled discriminatory lending practices (later called 'redlining') and allowed lenders to enforce local segregation standards.²⁹



Thomas Bros Map of Oakland, Berkeley, Alameda, San Leandro, Piedmont Emeryville Albany.
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²⁹ NCRC Opening Doors to Economic Opportunity, "HOLC "REDLINING" MAPS: The persistent structure of segregation and economic inequality." Bruce Mitchell and Juan Franco. https://ncrc.org/wp-content/uploads/dlm_uploads/2018/02/NCRC-Research-HOLC-10.pdf



[The images above compare a HOLC-era map of Berkeley with a current zoning map. Neighborhoods identified as “best” in green on the HOLC-era map typically remain zoned as single family residential areas today. Red ‘hazardous’ neighborhoods in the first map are now largely zoned as manufacturing, mixed use, light industrial, or limited two family residential.]

Most cities still retain the vestiges of exclusionary zoning practices. By restricting desirable areas to single-family homes (and banning less expensive housing options, such as duplexes, tri-/four-plexes, courtyard apartments, bungalow courts, and townhouses), the current zoning map dictates that only wealthier families will be able to live or rent in Berkeley. Today, with the median sale price at \$1.2 million, this de-facto form of segregation is even more pronounced.

According to the data mapped by the Urban Displacement Project, most of the low-income tracts in Berkeley are at-risk or have ongoing displacement and gentrification. Higher-income tracts in Berkeley are classified as ‘at-risk of exclusion’, currently feature ‘ongoing exclusion’, or are at stages of ‘advanced exclusion’. Degrees of exclusion are measured by a combination of data: the loss of low-income households over time, presence of high income households, being considered in a ‘hot housing market,’ and migration patterns. The Urban Displacement Project’s findings indicate that exclusion is

more prevalent than gentrification in the Bay Area.³⁰ While Berkeley has created policies and designated funding to prevent gentrification, policies that focus on preventing exclusion have lagged.

TENANT AND ANTI-DISPLACEMENT STRATEGIES

The types of zoning modifications that may result from the requested report could, as discussed above, significantly increase Berkeley's housing stock with units that are more affordable to low- and middle-income residents. However, staff's report should consider possible side effects and ways that policy can be crafted to prevent and mitigate negative externalities which could affect tenants and low-income homeowners. Steps must be taken to address the possibility that altering, demolishing, remodeling, or moving existing structures doesn't result in the widespread displacement of Berkeley tenants or loss of rent-controlled units. Staff should consider what measures are needed in conjunction with these zoning changes (e.g. strengthening the demolition ordinance, tenant protections or assistance, no net loss requirements or prohibiting owners from applying if housing was occupied by tenants five years preceding date of application).

ALTERNATIVE ACTIONS CONSIDERED

We considered an urgency ordinance but after consultation with City of Berkeley staff, we are recommending a report on potential zoning changes to inform future policy decisions, as opposed to immediate zoning revisions.

IMPLEMENTATION, ADMINISTRATION, AND ENFORCEMENT

Not applicable as this item requests an analytical report.

FINANCIAL IMPLICATIONS

Staffing or consulting costs to analyze zoning code and produce the report.

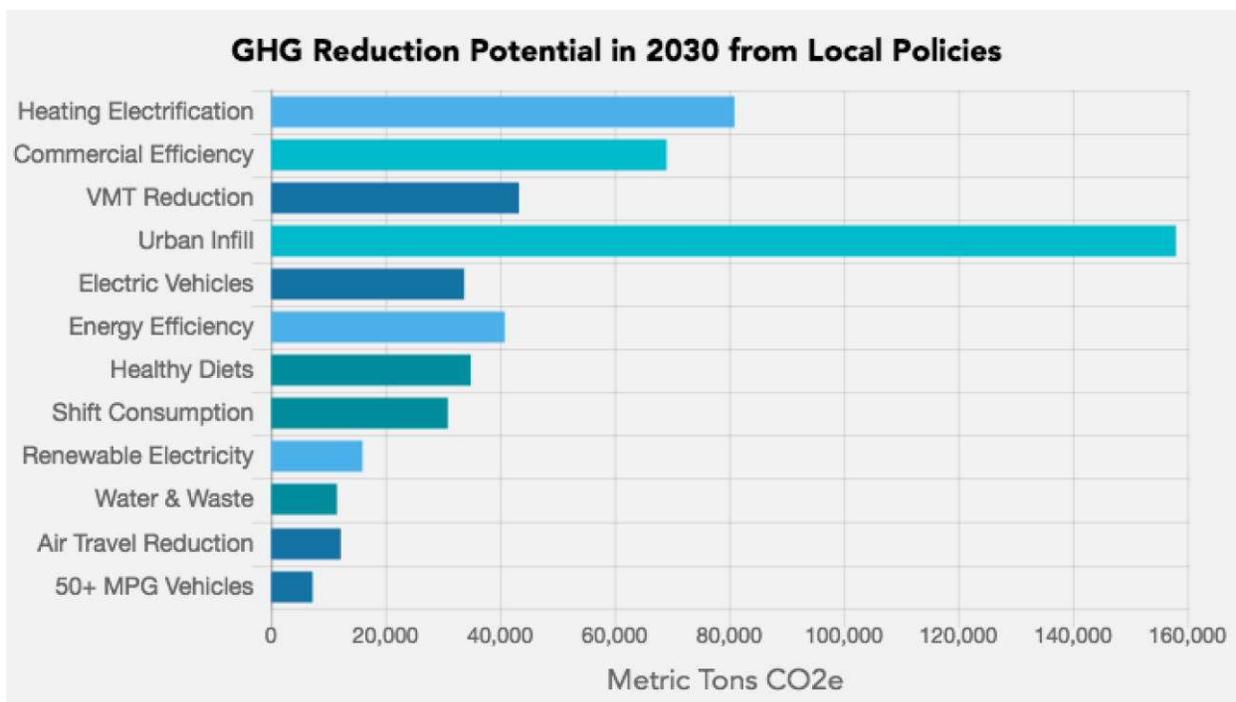
ENVIRONMENTAL SUSTAINABILITY

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."³¹ The most impactful local policy to potentially reduce greenhouse gas consumption by 2030 is urban infill. In short,

³⁰ Zuk, M., & Chapple, K. (2015). Urban Displacement Project. <http://www.urbandisplacement.org/map/sf>

³¹ "Carbon Footprint Planning: Quantifying Local and State Mitigation Opportunities for 700 California Cities." Christopher M. Jones, Stephen M. Wheeler, and Daniel M. Kammen. Urban Planning (ISSN: 2183-7635) 2018, Volume 3, Issue 2. <https://rael.berkeley.edu/wp-content/uploads/2018/04/Jones-Wheeler-Kammen-700-California-Cities-Carbon-Footprint-2018.pdf>

Berkeley can meaningfully address climate change if we allow the production of more homes near job centers and transit.



CONTACT PERSON(S):

Lori Droste, 510-981-7180

ATTACHMENTS:

Minneapolis Plan:

https://minneapolis2040.com/media/1428/pdf_minneapolis2040_with_appendices.pdf

Seattle' Plan:

<http://www.seattle.gov/Documents/Departments/SeattlePlanningCommission/SPCNeighborhoodsForAllFINAL121318digital.pdf>

Berkeleyside

Opinion: We can design our way out of Berkeley's housing crisis with 'missing middle' buildings

A Berkeley architect argues that Berkeley should build more small-scale, multi-unit buildings such as duplexes, bungalow courts, fourplexes, and small mansion apartments.

By Daniel Parolek

Dec. 19, 2017

Berkeley's housing problems have gone national recently, as The New York Times' Conor Dougherty highlighted in a thought-provoking article, "The Great American Single-Family Home Problem." Dougherty examines the conflicting interests and regulations that threatened to halt the development of one lot on Haskell Street, and shows how those conflicting forces are contributing to the affordable housing crisis we are seeing in our state – and across the country.

As an architect and urban designer based in Berkeley for the past 20 years, I agree that California municipalities have an urgent need to deliver more housing. That said, just delivering more housing is not enough. We need to think about how this housing reinforces a high quality built environment and how to provide a range of housing for all segments of the market, including moderate and low-income households. More small-scale, multi-unit buildings such as duplexes, bungalow courts, fourplexes, and small mansion apartments, or what I call "Missing Middle Housing," should be a key focus of that housing.

Unfortunately, the design proposed for the Haskell Street site in Berkeley does not deliver on reinforcing a high quality built environment or affordability and, as the NYT article makes clear, does not deliver on any level of affordability. There are better design solutions that deliver a more compatible form, that have more and a broader range of housing units, and that can be more effective at building local support for this and similar infill projects.

For example, the 50' x 150' lot at 310 Haskell Street is big enough to accommodate a traditional fourplex, with two units down and two units above in a building that is the scale of a house (see image attached from our Missing Middle research). The units would typically be between 750-900 square feet each. An important characteristic of this housing type is that they do not go deeper onto the lot than a traditional house, thus eliminating the concern about privacy and shading and providing high-quality outdoor living spaces. These fourplex housing types exist all over Berkeley and are often successfully integrated onto blocks with single-family homes.

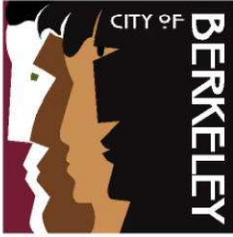
So how do we get there? Berkeley and most cities across the country need to sharpen their pencils on their outdated zoning codes, first to remove barriers for better solutions and secondly, to create a set of regulations that ensure that inappropriate design solutions like the one proposed for Haskell Street or even worse are not allowed on these sites. Lower densities do not equal better design solutions and higher densities do not need to mean larger or more buildings. This is a delicate balance that few zoning codes achieve and few code writers fully

understand.

We also need to change the way we communicate about housing needs in our communities. If we are using George Lakoff's rules for effective communication we would never go into a housing conversation with a community and use terms like "increasing density, adding multi-family, or upzoning a neighborhood." I can think of few neighborhoods that would feel good about saying yes to any of those options if they were framed in that way, but which can mostly get on board with thinking about aging within a neighborhood, or ensuring their kids or grandkids can afford to move back to the city they grew up in. Beginning this conversation by simply showing photographic and/or local existing documented examples of good Missing Middle housing types often disarms this conversation and leads to more fruitful results.

Berkeley's challenges related to housing are not going to go away anytime soon. We need to thoughtfully remove barriers to enable a broad range of solutions like the fourplex that have been a core part of choices provided in our communities already and learn how to effectively build consensus and support for good design solutions such as Missing Middle housing types.

Daniel Parolek is an architect and urban designer who co-authored the book "Form-Based Codes," coined the term Missing Middle Housing (www.missingmiddlehousing.com) and speaks and consults nationally on these topics.



Lori Droste
Councilmember, District 8

REVISED AGENDA MATERIAL for Supplemental Packet 1

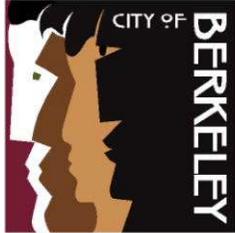
Meeting Date: February 26, 2019

Item Number: 22

Item Description: **Missing Middle Report**

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

This item has been revised to include considerations for scaling of floor to area ratios, land value recapture.



Lori Droste
Councilmember, District 8

ACTION CALENDAR
February 26, 2019

To: Members of the City Council

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

Subject: Missing Middle Report

RECOMMENDATION

Refer to the City Manager to bring back to Council a report of potential revisions to the zoning code to foster a broader range of 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.

Report should include, but is not limited to:

- Identifying where missing middle housing is optimal/~~should be permitted~~
- 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.¹
- Excluding very high fire severity zones as defined by ~~the~~ Cal Fire and/or City of Berkeley.

¹ City of Portland, <https://www.portlandoregon.gov/bps/article/711691>.

- Considering form-based zoning as a potential strategy²,
- Creating incentives to maintain family-friendly housing stock while adding more diversity and range of smaller units
- Creating incentives for building more than one unit on larger than average lots,
- Considering provision of tenant protections, demolition controls, and no net loss provisions
- Considering provisions that align with our land value recapture policy objectives to maximize affordability in Berkeley.

CURRENT PROBLEM AND ITS EFFECTS

The nine-county Bay Area region is facing an extreme shortage of homes that are affordable for working families. The Metropolitan Transportation Commission illustrates the job-housing imbalance in a recently released a report showing that only one home is added for every 3.5 jobs created in the Bay Area region.³ Governor Gavin Newsom has called for a “Marshall Plan for affordable housing” and has pledged to create millions of more homes in California to tackle the state’s affordability and homelessness crisis.

In Berkeley, the median sale price of a home is \$1.2 million (as of December 2018)—an increase of 65% over the median sale price in December 2013 of \$727,000. Similarly, Berkeley’s median rent index is \$3,663/month—a 54% increase since since December 2013.⁴ The escalating rents coincide with an increase of 17% in Berkeley’s homeless population as documented in the 2015 and 2017 point-in-time counts.⁵ These skyrocketing housing costs put extreme pressure on low-, moderate- and middle-income households, as they are forced to spend an increasing percentage share of their income on housing (leaving less for other necessities like food and medicine), live in overcrowded conditions, or endure super-commutes of 90 minutes or more in order to make ends meet.

Low-Income Households

Recently, low-income households experienced the greatest increases in rent as a portion of their monthly income. According to the Urban Displacement Project, households are considered to be “rent burdened” when more than a third of their income goes toward housing costs. In Alameda County, “Although rent burden increased across all income groups, it rose most substantially for low- and very low-

² Form-Based Codes Institute at Smart Growth America, 1152 15th Street NW Ste. 450 Washington, DC 20005. <https://formbasedcodes.org/definition/>

³ Metropolitan Transportation Commission, 2018. <http://www.vitalsigns.mtc.ca.gov/>

⁴ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

⁵ Berkeley Homeless Point-in-Time Count and Survey Data, 2017. https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx

income households. In both 2000 and 2015, extremely low-income renters were by far the most likely to experience severe rent burden, with nearly three quarters spending more than half their income on rent.”⁶

Although residents of Berkeley recently passed Measure O which will substantially increase funding for affordable housing, low-income units are increasingly expensive to create. Low-income housing units typically cost well over \$500,000 to create and the demand for this type of affordable/subsidized housing exceeds the supply.⁷ In Berkeley, roughly 700 seniors applied for the 42 affordable/subsidized units at Harpers Crossings.⁸ Without a substantial additional increase in funding for affordable housing, the vast majority of low-income individuals have to rely on the market.

Middle-Income Households

In the Bay Area, those earning middle incomes are facing similar challenges in finding affordable homes. The Pew Research Center classifies middle income households as those with “adults whose annual household income is two-thirds to double the national median.” In 2016, middle income households were those earning approximately \$45,000 to \$136,000 for a household of three.⁹ However, in Berkeley, a similarly-sized family earning up to \$80,650 (80% Area Median Income) is considered low-income according to the U.S. Department of Housing and Urban Development.¹⁰

In the Bay Area, a family currently has to earn \$200,000 annually to afford the principal, interest, taxes and insurance payments on a median-priced home in the Bay Area (assuming they can pay 20 percent of the median home price of nearly \$1,000,000 up front).¹¹ This means that many City of Berkeley employees couldn’t afford to live where they work: a community health worker (making \$63,600) and a janitor (making \$58,300) wouldn’t be able to afford a home. Neither would a fire captain (making \$142,000) with a

⁶ Zuk, M., & Chapple, K. (2015). Urban Displacement Project.

http://www.urbandisplacement.org/sites/default/files/images/alameda_final.pdf

⁷ “The Cost of Building Housing” *The Turner Center* <https://turnercenter.berkeley.edu/construction-costs-series>

⁸ Flood, Lucy. (1/18/2018). “Berkeley low-income seniors get a fresh start at Harper Crossing.”

<https://www.berkeleyside.com/2018/01/18/berkeley-low-income-seniors-get-fresh-start-harper-crossing>

⁹ Kochhar, Rakesh. “The American middle class is stable in size, but losing ground financially to upper-income families,” 9/16/2018, Pew Research Center. <http://www.pewresearch.org/fact-tank/2018/09/06/the-american-middle-class-is-stable-in-size-but-losing-ground-financially-to-upper-income-families/>

¹⁰ Berkeley Housing Authority, HUD Income Guidelines, effective April 1, 2018. https://www.cityofberkeley.info/BHA/Home/Payment_Standards,_Income_Limits,_and_Utility_Allowance.aspx

¹¹ “The salary you must earn to buy a home in the 50 largest metros” (10/14/2018). HSH.com <https://www.hsh.com/finance/mortgage/salary-home-buying-25-cities.html#>

stay at home spouse. Even a police officer (making \$122,600) and a groundskeeper (making \$69,300), or two librarians (making \$71,700) couldn't buy a house.¹²

Families

Many families are fleeing the Bay Area due to the high cost of living. According to a recently released study by the Turner Center for Housing Innovation, the income and racial patterns out-migration and in-migration indicate that “the region risks backsliding on inclusion and diversity and displacing its economically vulnerable and minority residents to areas of more limited opportunity.”¹³ Rent for a two bedroom apartment in Berkeley costs approximately \$3,200/month¹⁴ while the median child care cost in Alameda County is \$1,824 a month, an increase of 36% in the past four years.¹⁵ Consequently, many families are paying well over \$60,000 for living and childcare expenses alone.

Homelessness

High housing costs also lead to California having among the highest rates of poverty in the nation at 19%.¹⁶ Consequently, homelessness is on the rise throughout California. The Bay Area has one of the largest and least-sheltered homeless populations in North America.¹⁷ 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.¹⁸ In order to 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.¹⁹

¹² City of Berkeley Human Resources, “Job Descriptions” accessed 2.4.2019

<http://agency.governmentjobs.com/berkeley/default.cfm?action=agencyspecs&agencyID=1568>

¹³ Romem, Issa and Elizabeth Kneebone, 2018. “Disparity in Departure: Who Leaves the Bay Area and Where Do They Go?” <https://turnercenter.berkeley.edu/disparity-in-departure>

¹⁴ Berkeley Rentals, <https://www.zillow.com/berkeley-ca/home-values/>

¹⁵ D'Souza, Karen, 2/3/19. “You think Bay Area housing is expensive? Child care costs are rising, too.” <https://www.mercurynews.com/2019/02/03/you-think-bay-area-housing-is-expensive-childcare-costs-are-rising-too/amp/>

¹⁶ The U.S. Census The Supplemental Poverty Measure adjusts thresholds based on cost of living indexes.

¹⁷ SPUR: Ideas and Action for a Better City. “Homelessness in the Bay Area: Solving the problem of homelessness is arguably our region's greatest challenge.” Molly Turner, Urbanist Article, October 23, 2017 <https://www.spur.org/publications/urbanist-article/2017-10-23/homelessness-bay-area>

¹⁸ Berkeley Homeless Point-in-Time Count and Survey Data, 2017. https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx

¹⁹ *Homeless in America, Homeless in California*. John M. Quigley, Steven Raphael, and Eugene Smolensky. The Review of Economics and Statistics, February 2001, 83(1): 37–51 © 2001 by the

BACKGROUND

Missing Middle

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 homes²⁰ 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 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.²¹ Approximately half of Berkeley's housing stock consists of single family units²² 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 in Berkeley.

President and Fellows of Harvard College and the Massachusetts Institute of Technology.
https://urbanpolicy.berkeley.edu/pdf/grs_restat01pb.pdf

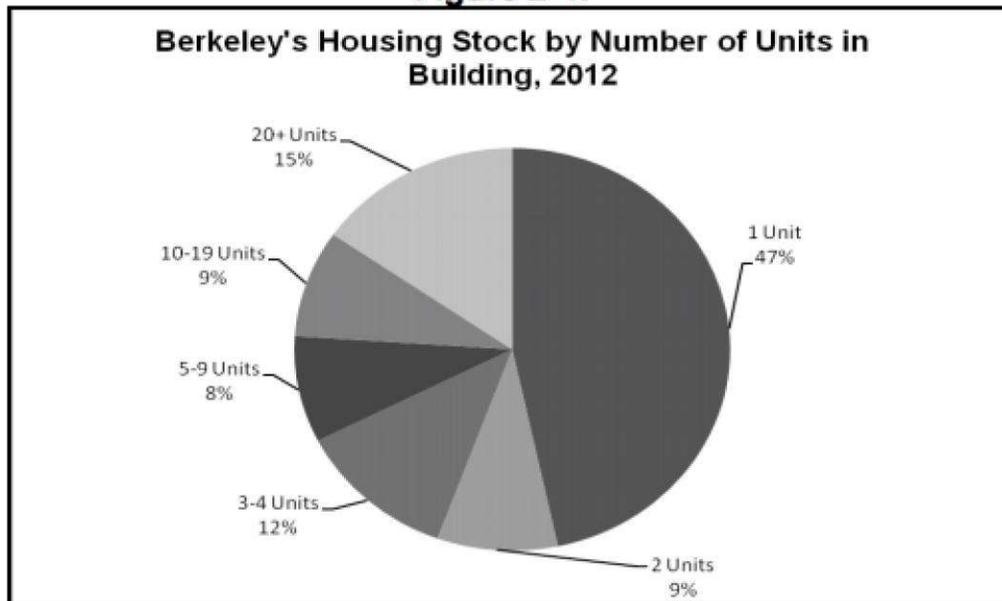
²⁰ Parolek, Dan. Opticos Design. <http://missingmiddlehousing.com/>

²¹ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

²² City of Berkeley 2015 -2023 Housing Element.

https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Commissions/Commission_for_Planning/2015-2023%20Berkeley%20Housing%20Element_FINAL.pdf

Figure 2-4:



Source: US Census, ACS 2008-2012 5-Year Estimate., Table B25024

Missing middle housing includes duplexes, triplexes, courtyard apartments, bungalow courts, and multiplexes that often house people with a variety of incomes. These housing types generally have small- to medium-sized footprints and are often three stories or less, allowing them to blend into the existing neighborhood while still encouraging greater socioeconomic diversity. These types of homes exist in every district of Berkeley, having been built before they were banned in districts only allowing single family homes. Missing middle homes were severely limited in other districts by zoning changes initiated in 1973.

One study found that individuals trying to create missing middle housing cannot compete financially with larger projects in areas zoned for higher density, noting “many smaller developers have difficulty obtaining the necessary resources (including the competitive funding) required to offset the high initial per-unit development costs, and larger developers with deeper pockets and more experience navigating complex regulatory systems will almost always opt to build projects that are large enough to achieve the bulk per-unit development rate.”²³ Additionally, missing middle housing is not permitted in areas zoned R1 (single family family only). Other factors that may prevent the creation of missing middle housing include onerous lot coverage ratios and excessive setback and parking requirements.²⁴

²³ The Montgomery Planning Dept., “The Missing Middle Housing Study,” September 2018. http://montgomeryplanning.org/wp-content/uploads/2018/09/MissingMiddleHousingStudy_9-2018.pdf

²⁴ Ibid.

History of Exclusionary Zoning, Racial and Economic Segregation and Current Zoning

Prior to the 1970s, a variety of missing middle housing was still being produced and made available to families throughout the Bay Area, particularly in Berkeley. Many triplexes, etc exist in areas now zoned for single family residential (R-1), limited two-family residential (R-1A), and restricted two-family residential (R-2). These areas are now some of the most expensive parts of our city—especially on a per-unit basis.

Until 1984, Martin Luther King Jr Way was known as Grove Street. For decades, Grove Street created a wall of segregation down the center of Berkeley. Asian-Americans and African-Americans could not live east of Grove Street due to race-restrictive covenants that barred them from purchasing or leasing property.²⁵ While many people are aware of this sordid piece of Berkeley history, less know about Mason-McDuffie Company's use of zoning laws and racially-restrictive property deeds and covenants to prevent people of color from living in east Berkeley.

Mason-McDuffie race-restrictive covenants state: "if prior to the first day of January 1930 any person of African or Mongolian descent shall be allowed to purchase or lease said property or any part thereof, then this conveyance shall be and become void..."²⁶ In 1916, McDuffie began lobbying for the exclusionary zoning ordinances in Berkeley to protect against the "disastrous effects of uncontrolled development"²⁷ and restrict Chinese laundromats and African American dance halls, particularly in the Elmwood and Claremont neighborhoods.²⁸

After *Buchanan v Wareley* in 1917, explicit racially restrictive zoning became illegal. However, consideration to maintaining the character of districts became paramount and Mason-McDuffie contracts still stipulated that property owners must be white.

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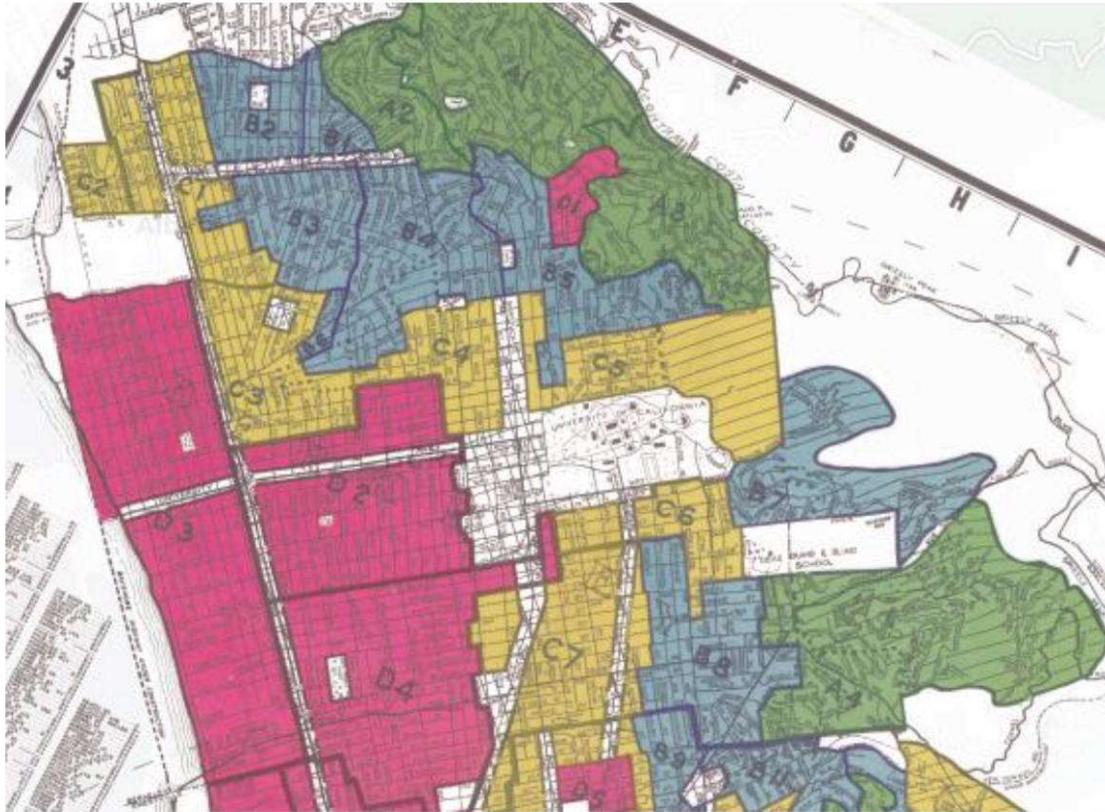
²⁵ Wollenberg, *Berkeley, A City in History*, 2008.

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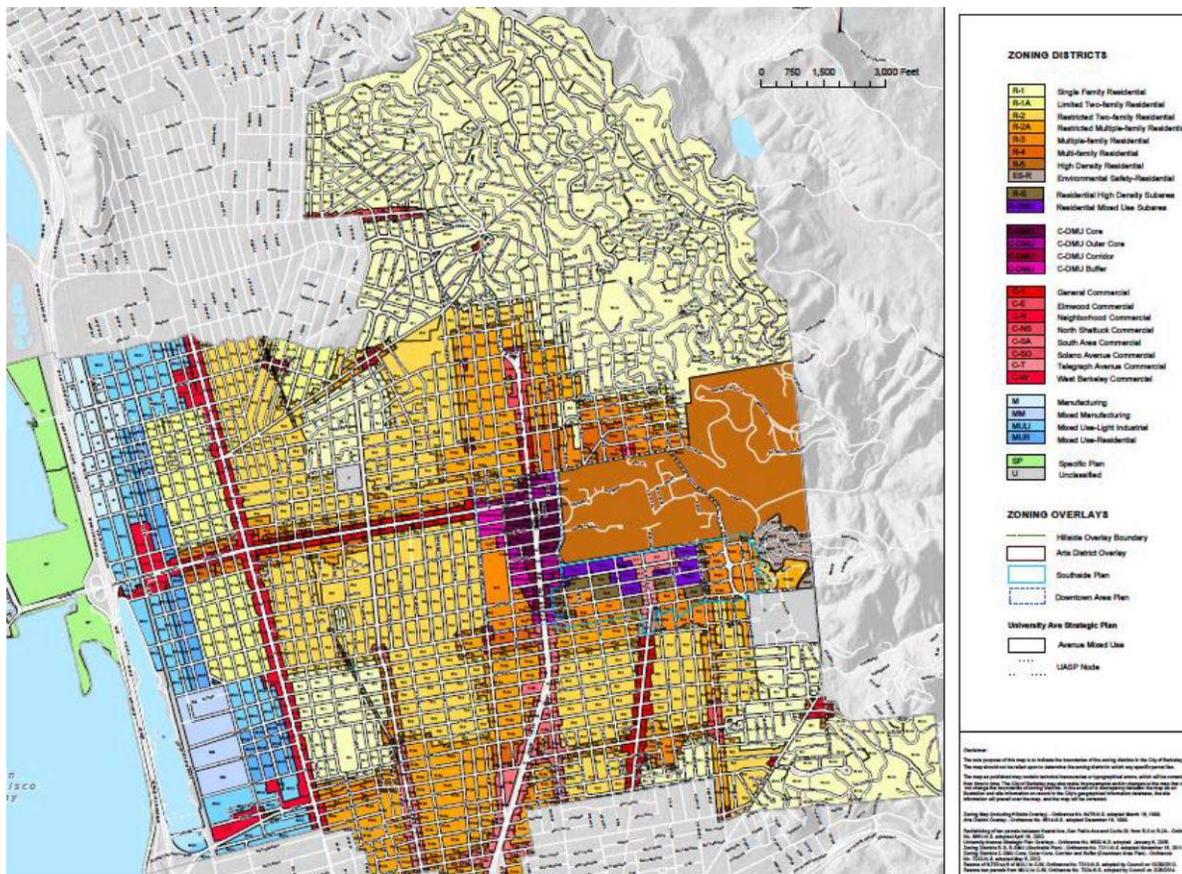
²⁸ Weiss, M. A. (1986). Urban Land Developers and the Origins of Zoning Laws: The Case of Berkeley. *Berkeley Planning Journal*, 3(1). Retrieved from <https://escholarship.org/uc/item/26b8d8zh>

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Thomas Bros Map of Oakland, Berkeley, Alameda, San Leandro, Piedmont Emeryville Albany.
<https://dsl.richmond.edu/panorama/redlining/#loc=10/37.8201/-122.4399&opacity=0.8&sort=17&city=oakland-ca&adview=full> in Robert K. Nelson, LaDale Winling, Richard Marciano, Nathan Connolly, et al., "Mapping Inequality," *American Panorama*, ed. Robert K. Nelson and Edward L. Ayers, accessed January 24, 2019.

²⁹ NCRC Opening Doors to Economic Opportunity, "HOLC "REDLINING" MAPS: The persistent structure of segregation and economic inequality." Bruce Mitchell and Juan Franco. https://ncrc.org/wp-content/uploads/dlm_uploads/2018/02/NCRC-Research-HOLC-10.pdf



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more prevalent than gentrification in the Bay Area.³⁰ While Berkeley has created policies and designated funding to prevent gentrification, policies that focus on preventing exclusion have lagged.

TENANT AND ANTI-DISPLACEMENT STRATEGIES

The types of zoning modifications that may result from the requested report could, as discussed above, significantly increase Berkeley’s housing stock with units that are more affordable to low- and middle-income residents. However, staff’s report should consider possible side effects and ways that policy can be crafted to prevent and mitigate negative externalities which could affect tenants and low-income homeowners. Steps must be taken to address the possibility that altering, demolishing, remodeling, or moving existing structures doesn’t result in the widespread displacement of Berkeley tenants or loss of rent-controlled units. Staff should consider what measures are needed in conjunction with these zoning changes (e.g. strengthening the demolition ordinance, tenant protections or assistance, no net loss requirements or prohibiting owners from applying if housing was occupied by tenants five years preceding date of application).

ALTERNATIVE ACTIONS CONSIDERED

We considered an urgency ordinance but after consultation with City of Berkeley staff, we are recommending a report on potential zoning changes to inform future policy decisions, as opposed to immediate zoning revisions.

IMPLEMENTATION, ADMINISTRATION, AND ENFORCEMENT

Not applicable as this item requests an analytical report.

FINANCIAL IMPLICATIONS

Staffing or consulting costs to analyze zoning code and produce the report.

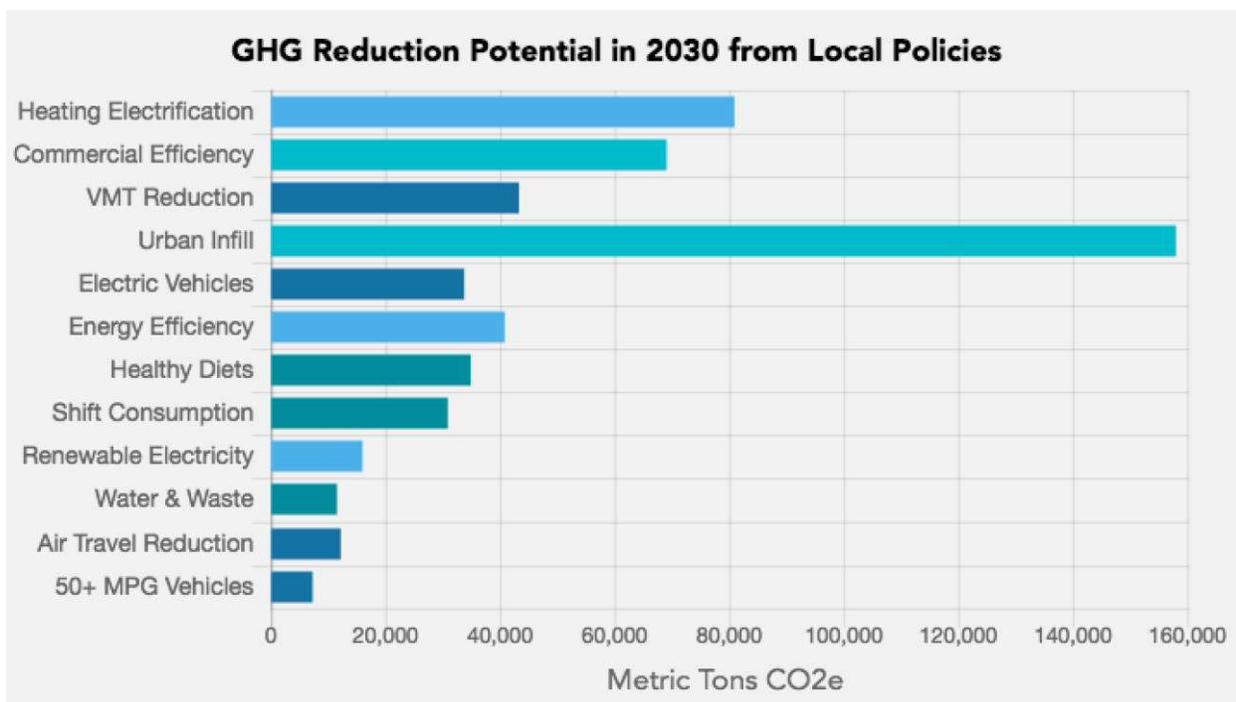
ENVIRONMENTAL SUSTAINABILITY

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.”³¹ The most impactful local policy to potentially reduce greenhouse gas consumption by 2030 is urban infill. In short,

³⁰ Zuk, M., & Chapple, K. (2015). Urban Displacement Project. <http://www.urbandisplacement.org/map/sf>

³¹ “Carbon Footprint Planning: Quantifying Local and State Mitigation Opportunities for 700 California Cities.” Christopher M. Jones, Stephen M. Wheeler, and Daniel M. Kammen. Urban Planning (ISSN: 2183–7635) 2018, Volume 3, Issue 2. <https://rael.berkeley.edu/wp-content/uploads/2018/04/Jones-Wheeler-Kammen-700-California-Cities-Carbon-Footprint-2018.pdf>

Berkeley can meaningfully address climate change if we allow the production of more homes near job centers and transit.



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Lori Droste, 510-981-7180

ATTACHMENTS:

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https://minneapolis2040.com/media/1428/pdf_minneapolis2040_with_appendices.pdf

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Berkeleyside

Opinion: We can design our way out of Berkeley's housing crisis with 'missing middle' buildings

A Berkeley architect argues that Berkeley should build more small-scale, multi-unit buildings such as duplexes, bungalow courts, fourplexes, and small mansion apartments.

By Daniel Parolek

Dec. 19, 2017

Berkeley's housing problems have gone national recently, as The New York Times' Conor Dougherty highlighted in a thought-provoking article, "The Great American Single-Family Home Problem." Dougherty examines the conflicting interests and regulations that threatened to halt the development of one lot on Haskell Street, and shows how those conflicting forces are contributing to the affordable housing crisis we are seeing in our state – and across the country.

As an architect and urban designer based in Berkeley for the past 20 years, I agree that California municipalities have an urgent need to deliver more housing. That said, just delivering more housing is not enough. We need to think about how this housing reinforces a high quality built environment and how to provide a range of housing for all segments of the market, including moderate and low-income households. More small-scale, multi-unit buildings such as duplexes, bungalow courts, fourplexes, and small mansion apartments, or what I call "Missing Middle Housing," should be a key focus of that housing.

Unfortunately, the design proposed for the Haskell Street site in Berkeley does not deliver on reinforcing a high quality built environment or affordability and, as the NYT article makes clear, does not deliver on any level of affordability. There are better design solutions that deliver a more compatible form, that have more and a broader range of housing units, and that can be more effective at building local support for this and similar infill projects.

For example, the 50' x 150' lot at 310 Haskell Street is big enough to accommodate a traditional fourplex, with two units down and two units above in a building that is the scale of a house (see image attached from our Missing Middle research). The units would typically be between 750-900 square feet each. An important characteristic of this housing type is that they do not go deeper onto the lot than a traditional house, thus eliminating the concern about privacy and shading and providing high-quality outdoor living spaces. These fourplex housing types exist all over Berkeley and are often successfully integrated onto blocks with single-family homes.

So how do we get there? Berkeley and most cities across the country need to sharpen their pencils on their outdated zoning codes, first to remove barriers for better solutions and secondly, to create a set of regulations that ensure that inappropriate design solutions like the one proposed for Haskell Street or even worse are not allowed on these sites. Lower densities do not equal better design solutions and higher densities do not need to mean larger or more buildings. This is a delicate balance that few zoning codes achieve and few code writers fully

understand.

We also need to change the way we communicate about housing needs in our communities. If we are using George Lakoff's rules for effective communication we would never go into a housing conversation with a community and use terms like "increasing density, adding multi-family, or upzoning a neighborhood." I can think of few neighborhoods that would feel good about saying yes to any of those options if they were framed in that way, but which can mostly get on board with thinking about aging within a neighborhood, or ensuring their kids or grandkids can afford to move back to the city they grew up in. Beginning this conversation by simply showing photographic and/or local existing documented examples of good Missing Middle housing types often disarms this conversation and leads to more fruitful results.

Berkeley's challenges related to housing are not going to go away anytime soon. We need to thoughtfully remove barriers to enable a broad range of solutions like the fourplex that have been a core part of choices provided in our communities already and learn how to effectively build consensus and support for good design solutions such as Missing Middle housing types.

Daniel Parolek is an architect and urban designer who co-authored the book "Form-Based Codes," coined the term Missing Middle Housing (www.missingmiddlehousing.com) and speaks and consults nationally on these topics.



Lori Droste
Berkeley City Councilmember, District 8

ACTION CALENDAR

April 23, 2019

(Continued from March 26, 2019)

To: Members of the City Council

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

Subject: Missing Middle Report

RECOMMENDATION

Refer to the City Manager to bring back to Council a report of potential revisions to the zoning code to foster a broader range of 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.

Report should include, but is not limited to:

- Identifying where missing middle housing is optimal/should be permitted
- Allowing the possibility of existing houses/footprints/zoning envelopes to be divided up to 4 units
- Excluding very high fire severity zones as defined by the CalFire and/or the City of Berkeley
- Considering form-based zoning as a potential strategy¹

¹ Form-Based Codes Institute at Smart Growth America, 1152 15th Street NW Ste. 450 Washington, DC 20005. <https://formbasedcodes.org/definition/>

- Creating incentives to maintain family-friendly housing stock while adding more diversity and range of smaller units
- Creating incentives for building more than one unit on larger than average lots
- Provision of tenant protections, demolition controls, and no net loss provisions

CURRENT PROBLEM AND ITS EFFECTS

The nine-county Bay Area region is facing an extreme shortage of homes that are affordable for working families. The Metropolitan Transportation Commission illustrates the job-housing imbalance in a recently released a report showing that only one home is added for every 3.5 jobs created in the Bay Area region.² Governor Gavin Newsom has called for a “Marshall Plan for affordable housing” and has pledged to create millions of more homes in California to tackle the state’s affordability and homelessness crisis.

In Berkeley, the median sale price of a home is \$1.2 million (as of December 2018)—an increase of 65% over the median sale price in December 2013 of \$727,000. Similarly, Berkeley’s median rent index is \$3,663/month—a 54% increase since since December 2013.³ The escalating rents coincide with an increase of 17% in Berkeley’s homeless population as documented in the 2015 and 2017 point-in-time counts.⁴ These skyrocketing housing costs put extreme pressure on low-, moderate- and middle-income households, as they are forced to spend an increasing percentage share of their income on housing (leaving less for other necessities like food and medicine), live in overcrowded conditions, or endure super-commutes of 90 minutes or more in order to make ends meet.

Low-Income Households

Recently, low-income households experienced the greatest increases in rent as a portion of their monthly income. According to the Urban Displacement Project, households are considered to be “rent burdened” when more than a third of their income goes toward housing costs. In Alameda County, “Although rent burden increased across all income groups, it rose most substantially for low- and very low-income households. In both 2000 and 2015, extremely low-income renters were by far the most likely to experience severe rent burden, with nearly three quarters spending more than half their income on rent.”⁵

² Metropolitan Transportation Commission, 2018. <http://www.vitalsigns.mtc.ca.gov/>

³ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

⁴ Berkeley Homeless Point-in-Time Count and Survey Data, 2017. https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx

⁵ Zuk, M., & Chapple, K. (2015). Urban Displacement Project. http://www.urbandisplacement.org/sites/default/files/images/alameda_final.pdf

Although residents of Berkeley recently passed Measure O which will substantially increase funding for affordable housing, low-income units are increasingly expensive to create. Low-income housing units typically cost well over \$500,000 to create and the demand for this type of affordable/subsidized housing exceeds the supply.⁶ In Berkeley, roughly 700 seniors applied for the 42 affordable/subsidized units at Harpers Crossings.⁷ Without a substantial additional increase in funding for affordable housing, the vast majority of low-income individuals have to rely on the market.

Middle-Income Households

In the Bay Area, those earning middle incomes are facing similar challenges in finding affordable homes. The Pew Research Center classifies middle income households as those with “adults whose annual household income is two-thirds to double the national median.” In 2016, middle income households were those earning approximately \$45,000 to \$136,000 for a household of three.⁸ However, in Berkeley, a similarly-sized family earning up to \$80,650 (80% Area Median Income) is considered low-income according to the U.S. Department of Housing and Urban Development.⁹

In the Bay Area, a family currently has to earn \$200,000 annually to afford the principal, interest, taxes and insurance payments on a median-priced home in the Bay Area (assuming they can pay 20 percent of the median home price of nearly \$1,000,000 up front).¹⁰ This means that many City of Berkeley employees couldn’t afford to live where they work: a community health worker (making \$63,600) and a janitor (making \$58,300) wouldn’t be able to afford a home. Neither would a fire captain (making \$142,000) with a stay at home spouse. Even a police officer (making \$122,600) and a groundskeeper (making \$69,300), or two librarians (making \$71,700) couldn’t buy a house.¹¹

Families

⁶ “The Cost of Building Housing” *The Turner Center* <https://turnercenter.berkeley.edu/construction-costs-series>

⁷ Flood, Lucy. (1/18/2018). “Berkeley low-income seniors get a fresh start at Harper Crossing.” <https://www.berkeleyside.com/2018/01/18/berkeley-low-income-seniors-get-fresh-start-harper-crossing>

⁸ Kochhar, Rakesh. “The American middle class is stable in size, but losing ground financially to upper-income families,” 9/16/2018, Pew Research Center. <http://www.pewresearch.org/fact-tank/2018/09/06/the-american-middle-class-is-stable-in-size-but-losing-ground-financially-to-upper-income-families/>

⁹ Berkeley Housing Authority, HUD Income Guidelines, effective April 1, 2018. https://www.cityofberkeley.info/BHA/Home/Payment_Standards,_Income_Limits,_and_Utility_Allowance.aspx

¹⁰ “The salary you must earn to buy a home in the 50 largest metros” (10/14/2018). HSH.com <https://www.hsh.com/finance/mortgage/salary-home-buying-25-cities.html#>

¹¹ City of Berkeley Human Resources, “Job Descriptions” accessed 2.4.2019 <http://agency.governmentjobs.com/berkeley/default.cfm?action=agencyspecs&agencyID=1568>

Many families are fleeing the Bay Area due to the high cost of living. According to a recently released study by the Turner Center for Housing Innovation, the income and racial patterns out-migration and in-migration indicate that “the region risks backsliding on inclusion and diversity and displacing its economically vulnerable and minority residents to areas of more limited opportunity.”¹² Rent for a two bedroom apartment in Berkeley costs approximately \$3,200/month¹³ while the median child care cost in Alameda County is \$1,824 a month, an increase of 36% in the past four years.¹⁴ Consequently, many families are paying well over \$60,000 for living and childcare expenses alone.

Homelessness

High housing costs also lead to California having among the highest rates of poverty in the nation at 19%.¹⁵ Consequently, homelessness is on the rise throughout California. The Bay Area has one of the largest and least-sheltered homeless populations in North America.¹⁶ 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.¹⁷ In order to 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.¹⁸

BACKGROUND

Missing Middle

¹² Romem, Issa and Elizabeth Kneebone, 2018. “Disparity in Departure: Who Leaves the Bay Area and Where Do They Go?” <https://turnercenter.berkeley.edu/disparity-in-departure>

¹³ Berkeley Rentals, <https://www.zillow.com/berkeley-ca/home-values/>

¹⁴ D’Souza, Karen, 2/3/19. “You think Bay Area housing is expensive? Child care costs are rising, too.” <https://www.mercurynews.com/2019/02/03/you-think-bay-area-housing-is-expensive-childcare-costs-are-rising-too/amp/>

¹⁵ The U.S. Census The Supplemental Poverty Measure adjusts thresholds based on cost of living indexes.

¹⁶ SPUR: Ideas and Action for a Better City. “Homelessness in the Bay Area: Solving the problem of homelessness is arguably our region’s greatest challenge.” Molly Turner, Urbanist Article, October 23, 2017 <https://www.spur.org/publications/urbanist-article/2017-10-23/homelessness-bay-area>

¹⁷ Berkeley Homeless Point-in-Time Count and Survey Data, 2017. https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspxn

¹⁸ *Homeless in America, Homeless in California*. John M. Quigley, Steven Raphael, and Eugene Smolensky. The Review of Economics and Statistics, February 2001, 83(1): 37–51 © 2001 by the President and Fellows of Harvard College and the Massachusetts Institute of Technology. https://urbanpolicy.berkeley.edu/pdf/qrs_restat01pb.pdf

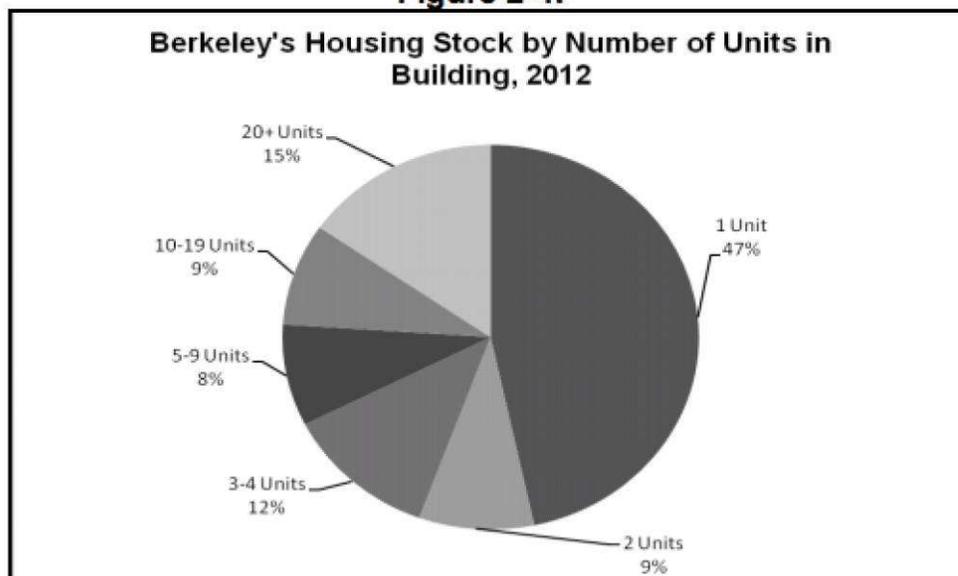
What is missing middle housing?

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 homes¹⁹ 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 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.²⁰ Approximately half of Berkeley's housing stock consists of single family units²¹ 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 in Berkeley.

Figure 2-4:



Source: US Census, ACS 2008-2012 5-Year Estimate., Table B25024

Missing middle housing includes duplexes, triplexes, courtyard apartments, bungalow courts, and multiplexes that often house people with a variety of incomes. These housing types generally have small- to medium-sized footprints and are often three

¹⁹ Parolek, Dan. Opticos Design. <http://missingmiddlehousing.com/>

²⁰ Berkeley Home Prices and Values, <https://www.zillow.com/berkeley-ca/home-values/>

²¹ City of Berkeley 2015 -2023 Housing Element.

https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_Commissions/Commission_for_Planning/2015-2023%20Berkeley%20Housing%20Element_FINAL.pdf

stories or less, allowing them to blend into the existing neighborhood while still encouraging greater socioeconomic diversity. These types of homes exist in every district of Berkeley before they were banned in districts only allowing single family homes and missing middle homes were severely limited in other districts by zoning changes initiated in 1973.

One study found that individuals trying to create missing middle housing cannot compete financially with larger projects in areas zoned for higher density, noting “many smaller developers have difficulty obtaining the necessary resources (including the competitive funding) required to offset the high initial per-unit development costs, and larger developers with deeper pockets and more experience navigating complex regulatory systems will almost always opt to build projects that are large enough to achieve the bulk per-unit development rate.”²² Additionally, missing middle housing is not permitted in areas zoned R1 (single family family only). Other factors that may prevent the creation of missing middle housing include onerous lot coverage ratios and excessive setback and parking requirements.²³

History of Exclusionary Zoning, Racial and Economic Segregation and Current Zoning

Prior to the 1970s, a variety of missing middle housing was still being produced and made available to families throughout the Bay Area, particularly in Berkeley. Many triplexes, etc exist in areas now zoned for single family residential (R-1), limited two-family residential (R-1A), and restricted two-family residential (R-2). These areas are now some of the most expensive parts of our city—especially on a per-unit basis.

Until 1984, Martin Luther King Jr Way was known as Grove Street. For decades, Grove Street created a wall of segregation down the center of Berkeley. Asian-Americans and African-Americans could not live east of Grove Street due to race-restrictive covenants that barred them from purchasing or leasing property.²⁴ While many people are aware of this sordid piece of Berkeley history, less know about Mason-McDuffie Company’s use of zoning laws and racially-restrictive property deeds and covenants to prevent people of color from living in east Berkeley.

Mason-McDuffie race-restrictive covenants state: “if prior to the first day of January 1930 any person of African or Mongolian descent shall be allowed to purchase or lease said property or any part thereof, then this conveyance shall be and become void...”²⁵ In

²² The Montgomery Planning Dept., “The Missing Middle Housing Study,” September 2018. http://montgomeryplanning.org/wp-content/uploads/2018/09/MissingMiddleHousingStudy_9-2018.pdf

²³ Ibid.

²⁴ Wollenberg, *Berkeley, A City in History*, 2008.

²⁵ Claremont Park Company Indenture, 1910

1916, McDuffie began lobbying for the exclusionary zoning ordinances in Berkeley to protect against the “disastrous effects of uncontrolled development”²⁶ and restrict Chinese laundromats and African American dance halls, particularly in the Elmwood and Claremont neighborhoods.²⁷

After *Buchanan v Wareley* in 1917, explicit racially restrictive zoning became illegal. However, consideration to maintaining the character of districts became paramount and Mason-McDuffie contracts still stipulated that property owners must be white.

In 1933, the federal government created a Home Owners Loan Corporation (HOLC), which produced residential maps of neighborhoods to identify mortgage lending risks for real estate agents, lenders, etc. These maps were based on racial composition, quality of housing stock, access to amenities, etc. and were color coded to identify best (green), still desirable (blue), definitely declining (yellow), and hazardous (red) neighborhoods. These maps enabled discriminatory lending practices (later called ‘redlining’) and allowed lenders to enforce local segregation standards.²⁸

The images below compare a HOLC-era map of Berkeley with a current zoning map. Neighborhoods identified as “best” in green on the HOLC-era map typically remain zoned as single family residential areas today. Red ‘hazardous’ neighborhoods in the first map are now largely zoned as manufacturing, mixed use, light industrial, or limited two family residential.

²⁶ Lory, Maya Tulip. “A History of Racial Segregation, 1878–1960.” *The Concord Review*, 2013. <http://www.schoolinfosystem.org/pdf/2014/06/04SegregationinCA24-2.pdf>

²⁷ Weiss, M. A. (1986). Urban Land Developers and the Origins of Zoning Laws: The Case of Berkeley. *Berkeley Planning Journal*, 3(1). Retrieved from <https://escholarship.org/uc/item/26b8d8zh>

²⁸ NCRC Opening Doors to Economic Opportunity, “HOLC “REDLINING” MAPS: The persistent structure of segregation and economic inequality.” Bruce Mitchell and Juan Franco. https://ncrc.org/wp-content/uploads/dlm_uploads/2018/02/NCRC-Research-HOLC-10.pdf

Most cities still retain the vestiges of exclusionary zoning practices. By restricting desirable areas to single-family homes (and banning less expensive housing options, such as duplexes, tri-/four-plexes, courtyard apartments, bungalow courts, and townhouses), the current zoning map dictates that only wealthier families will be able to live or rent in Berkeley. Today, with the median sale price at \$1.2 million, this de-facto form of segregation is even more pronounced.

According to the data mapped by the Urban Displacement Project, most of the low-income tracts in Berkeley are at-risk or have ongoing displacement and gentrification. Higher-income tracts in Berkeley are classified as ‘at-risk of exclusion’, currently feature ‘ongoing exclusion’, or are at stages of ‘advanced exclusion’. Degrees of exclusion are measured by a combination of data: the loss of low-income households over time, presence of high income households, being considered in a ‘hot housing market,’ and migration patterns. The Urban Displacement Project’s findings indicate that exclusion is more prevalent than gentrification in the Bay Area.³⁰ While Berkeley has created policies and designated funding to prevent gentrification, policies that focus on preventing exclusion have lagged.

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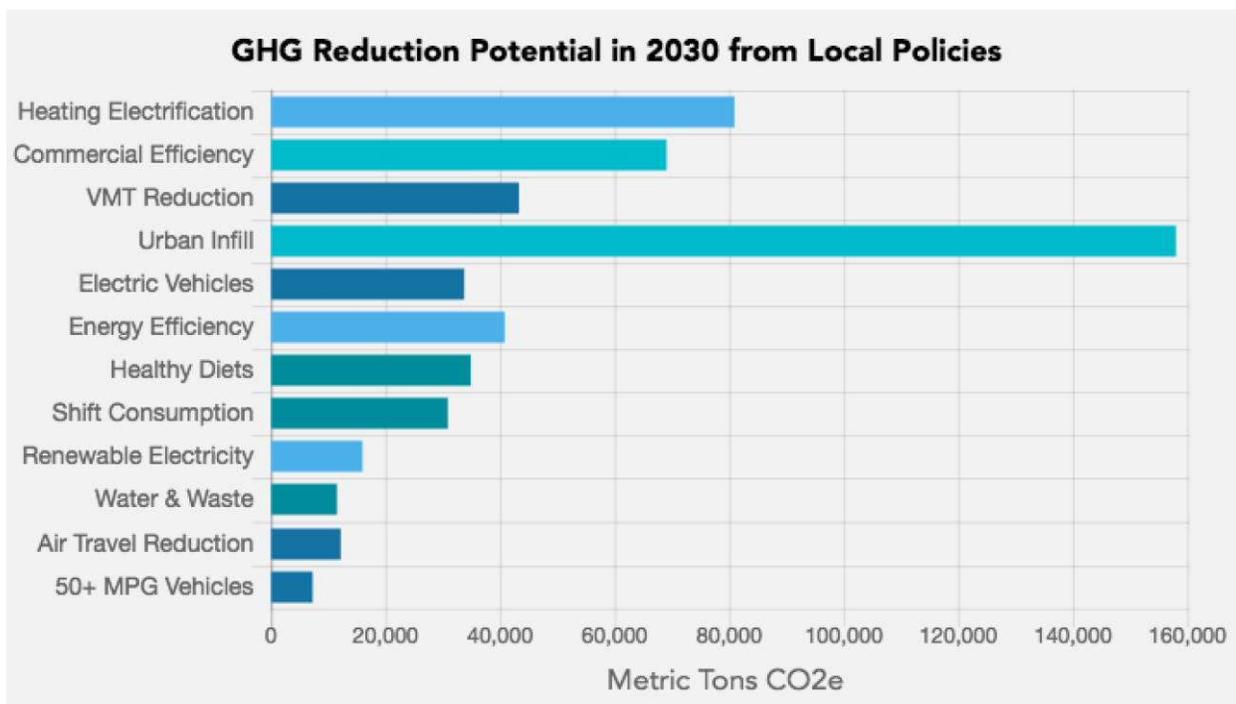
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potentially reduce greenhouse gas consumption by 2030 is urban infill. In short, Berkeley can meaningfully address climate change if we allow the production of more homes near job centers and transit.



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Berkeleyside

Opinion: We can design our way out of Berkeley's housing crisis with 'missing middle' buildings

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Dec. 19, 2017

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Daniel Parolek is an architect and urban designer who co-authored the book "Form-Based Codes," coined the term Missing Middle Housing (www.missingmiddlehousing.com) and speaks and consults nationally on these topics.