



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 report 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/legislator/faces/codes_displayText.xhtml?lawCode=CIV&division=3.&title=5.&part=4.&chapter=2.7.&article

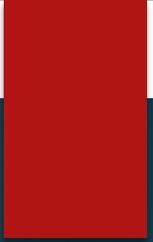
⁴ <https://www.citylab.com/life/2019/01/zoning-reform-house-costs-urban-development-gentrification/581677/>

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



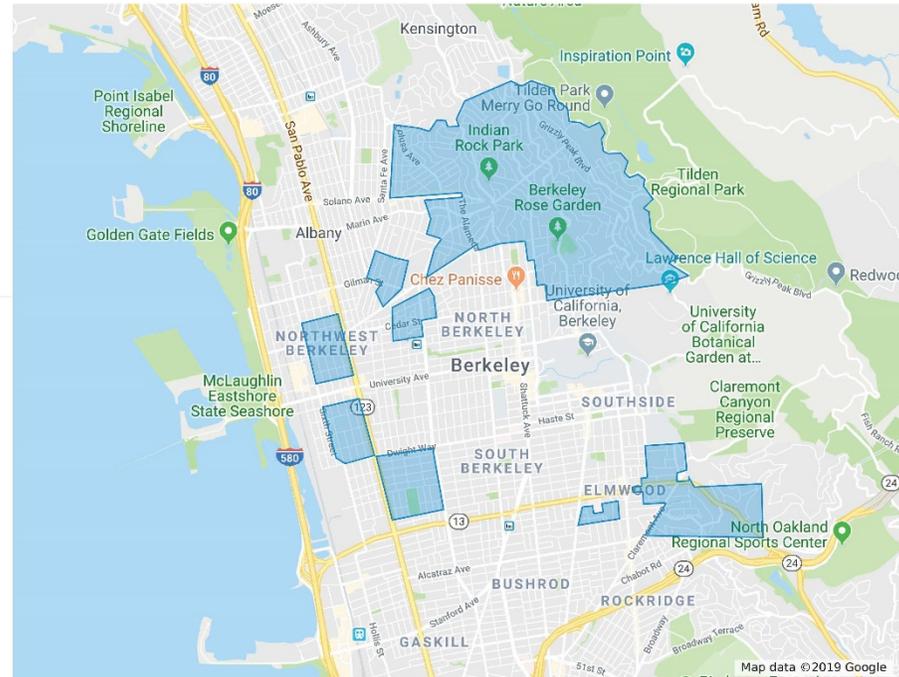
Impacts of Limiting Missing Middle

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

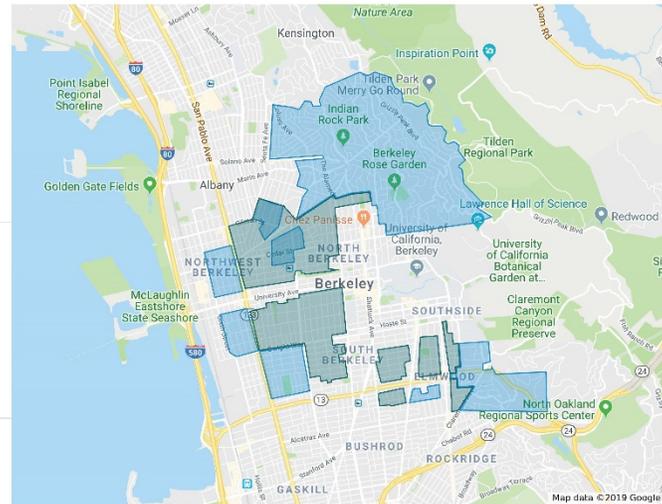
Untitled map

Zoning R-1

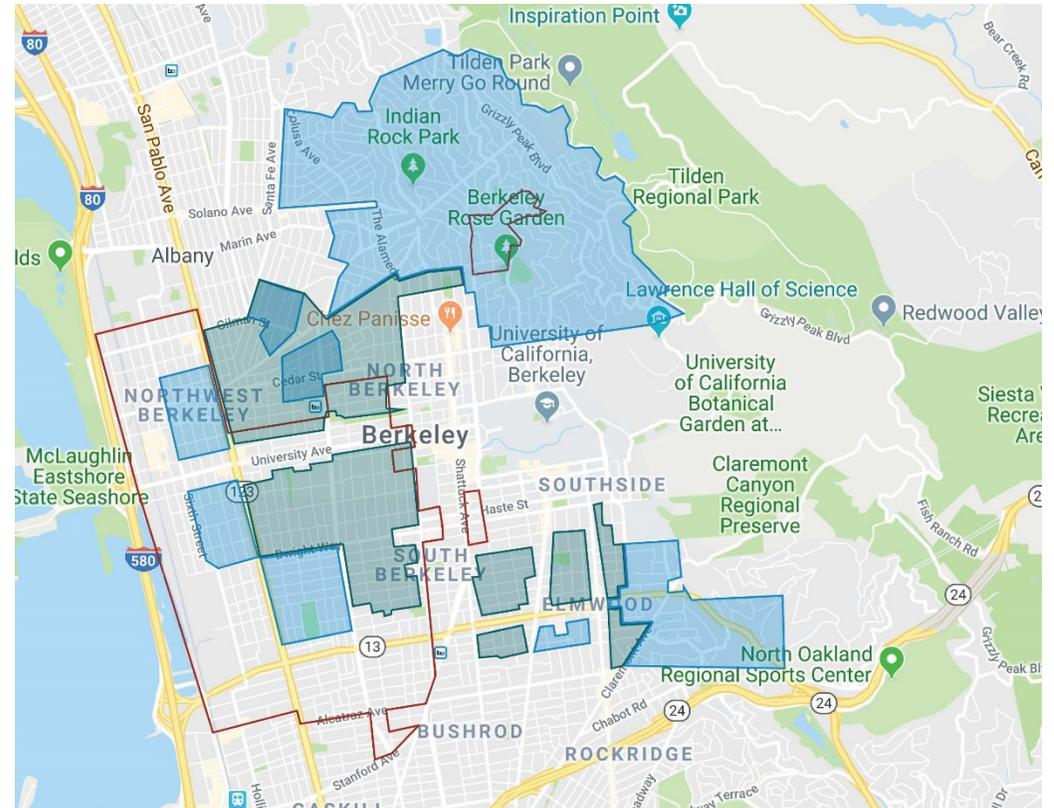
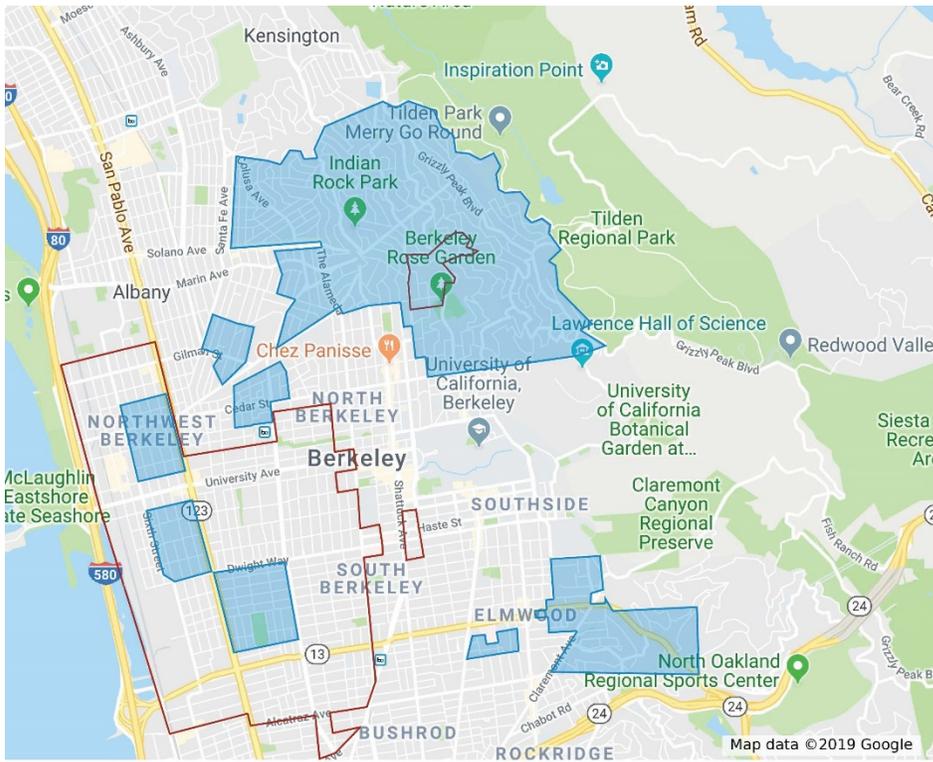
- D2 square one
- D2 Square two
- D1 square one
- D1 square two
- D1 square 3
- D8 square one
- D8 two
- D6 and D6

Zoning R-2

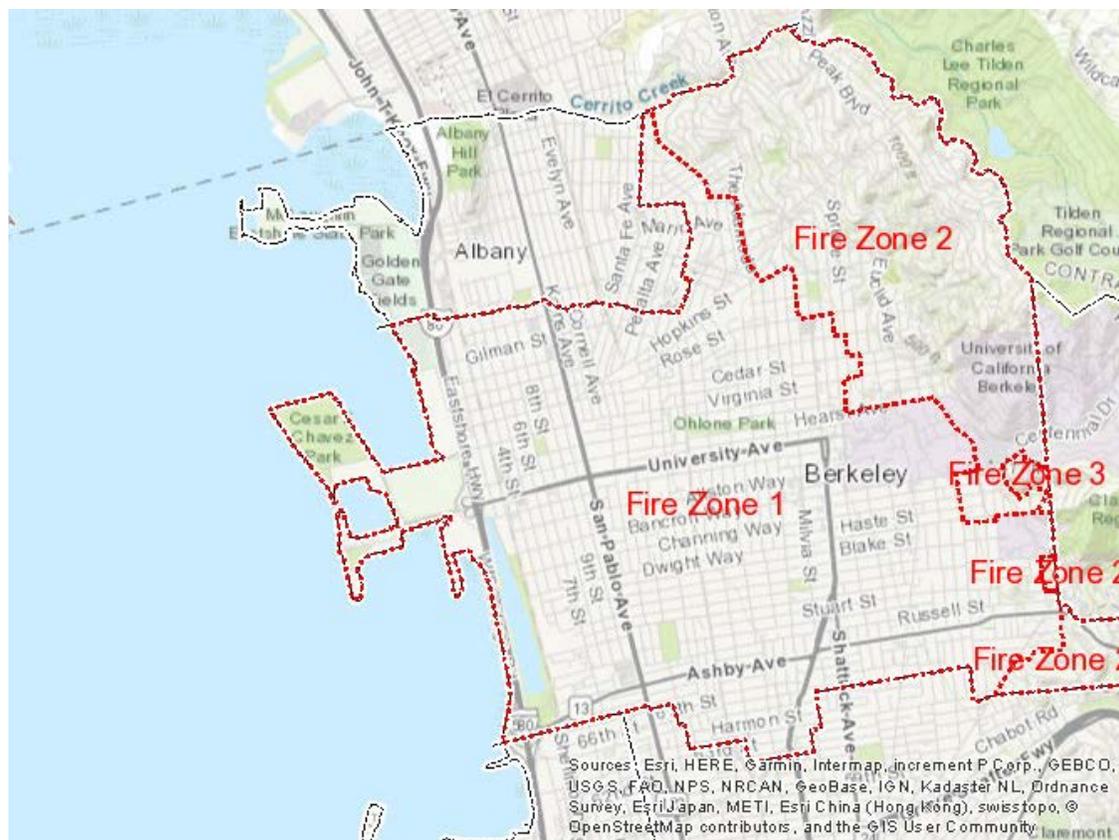
- D1-5
- D3 4 and 5
- D3
- D7
- D8 Square 1
- D8 square 2
- D8 square 3



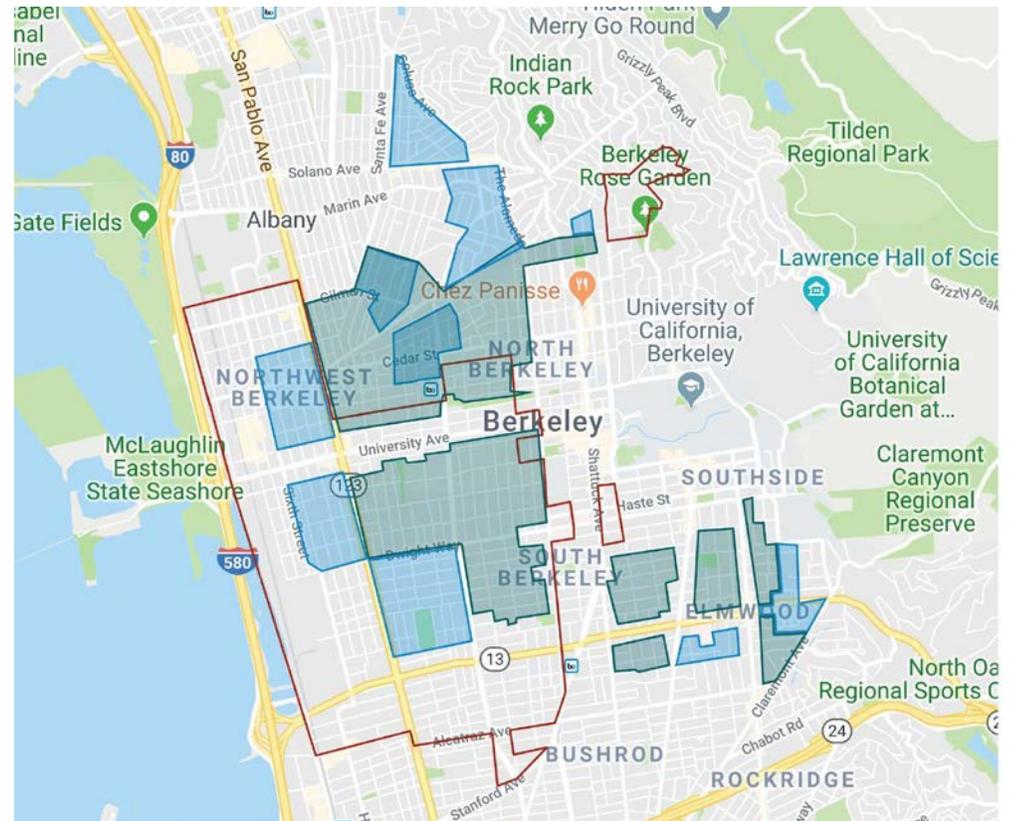
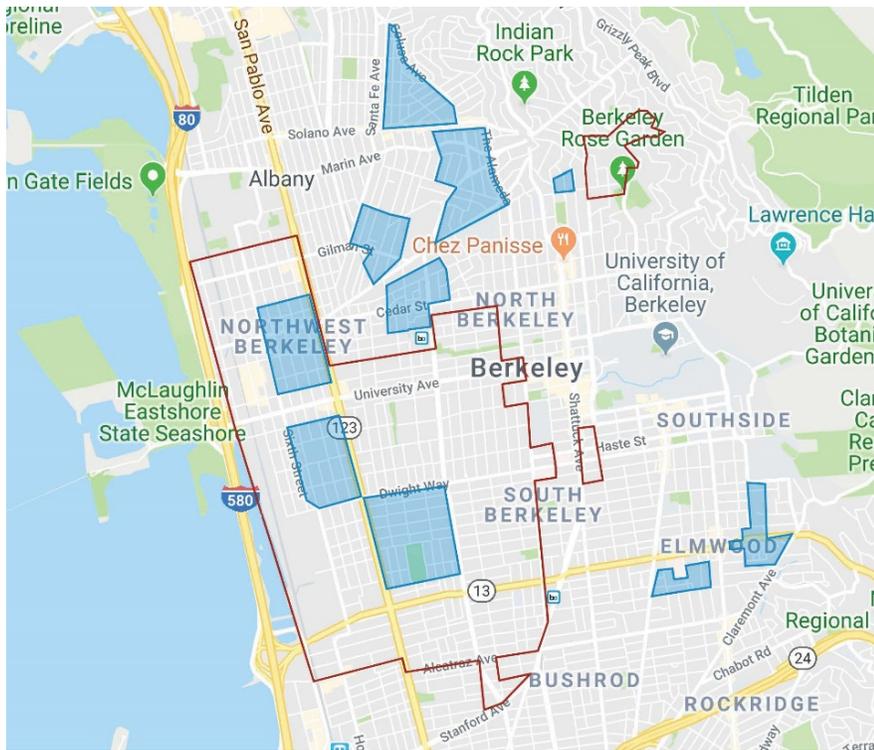
Historic Redlining



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