

General Plan Four-Year Review

Opportunity Housing

December 14, 2021

Presenter: Jerad Ferguson, Housing Catalyst, OED



*Planning, Building and
Code Enforcement*



What is Opportunity Housing?

- Allows 2-4 units of housing on properties with the Residential Neighborhood land use designation (typically applied to single family neighborhoods).
- Also called “Missing Middle Housing.”
- Delivers more housing choices in the form and scale of existing single-family neighborhoods.

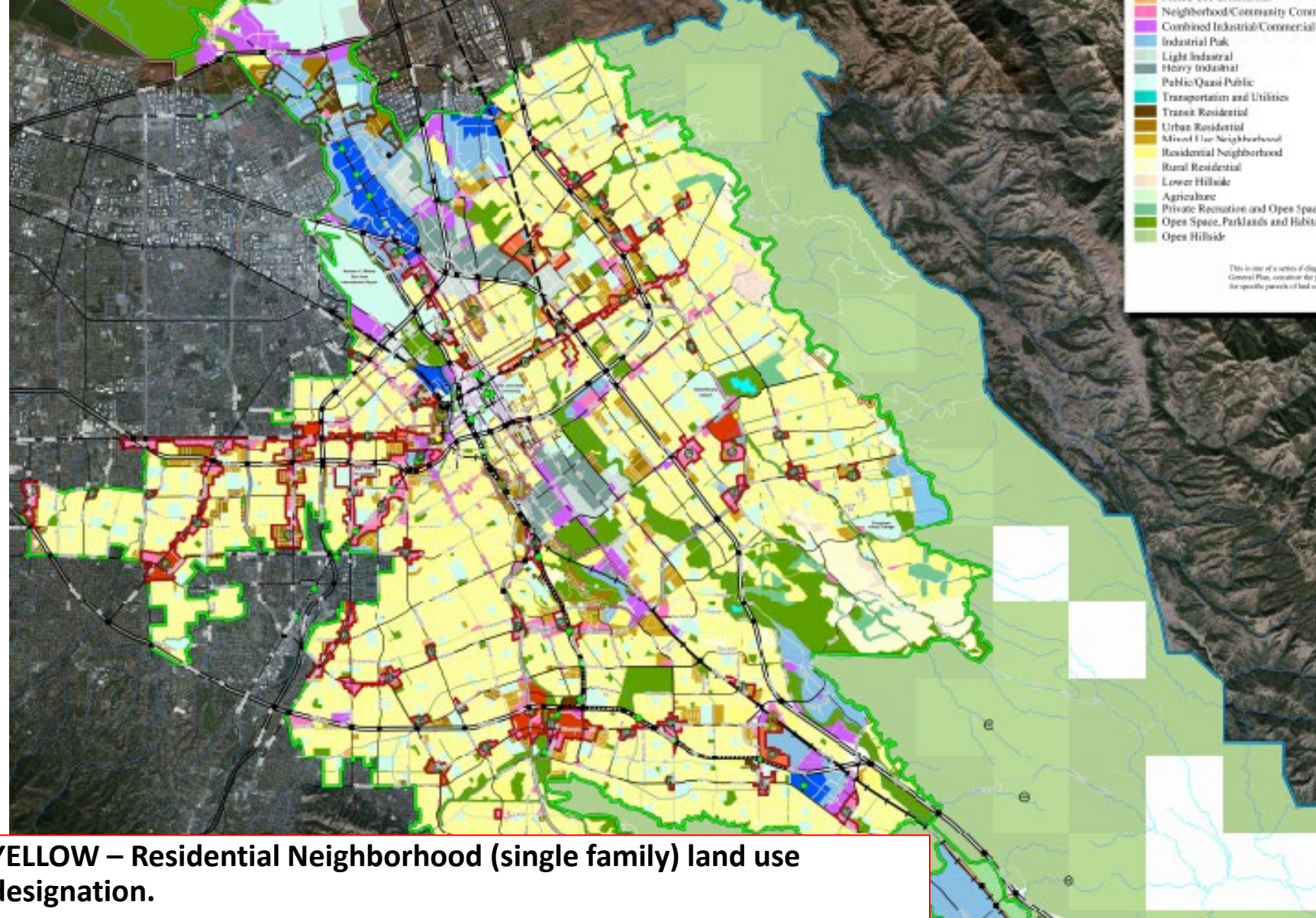


Why Opportunity Housing?

San José – 94% of residential land is designated for single-family homes

Nationally – 75% of residential land in big cities is zoned single-family

Median SJ home price: \$1.25 million



YELLOW – Residential Neighborhood (single family) land use designation.

PURPLE, ORANGE, BROWNS – Multifamily allowed in Downtown, Urban Villages, and Transit-, Urban- and Mixed-Use Residential land use designations.

General Plan Four-Year Review

1. *Opportunity Housing: Explore allowing single-family parcels currently designated “Residential Neighborhood” to redevelop to 2-4 units per parcel with the following parameters from the outset:*
 - a. *Limit to parcels proximate to transit-oriented Urban Villages or immediately adjacent to residential parcels with existing medium-density building types, e.g., duplexes or triplexes.*
 - b. *Develop a set of design guidelines that would maintain current allowed heights and keep setbacks comparable to existing single-family homes to ensure development would be well integrated into neighborhoods.*
 - c. *Allow flexibility on the number of units allowed per parcel that would vary based on lot size, location, and other factors.*
 - d. *Clarify that any redevelopment remains within the discretion of the property owner.*
 - e. *Specify that this would be sensitive to historic neighborhoods.*
 - f. *Validate that opportunity housing projects are cost effective.*



General Plan Task Force Meetings

- December 19, 2019 – Background information on Opportunity Housing
- February 27, 2020 – Staff Analysis and Initial Recommendation
- July 30, 2020 – Staff modified recommendation to policy framework
- August 20, 2020 – Staff & Task Force Recommendations



Staff and Task Force Recommendations

Staff Recommendation to Task Force	Task Force Recommendation
<ul style="list-style-type: none">• Explore allowing up to four units on parcels with Residential Neighborhood land use designation in areas generally a half-mile walking distance around Transit Urban Villages and properties adjacent to multifamily properties.• Policy framework of additional actions including community engagement, affordable housing incentives, displacement risk analysis, design standards, explore allowing in historic areas.	<ul style="list-style-type: none">• Approval of Staff Recommendation but on sites with a Residential Neighborhood land use designation <u>citywide</u>. (Vote: 28 approved, 6 opposed)• Recommend to staff to prioritize Urban Village implementation. (Vote: 27 approved, 6 opposed, 1 abstention)

Financial Feasibility Analysis

- *SCOPE: 1.f – Validate that opportunity housing projects are cost effective*
- Staff engaged a consultant, *Strategic Economics* to complete analysis
 - Full report contained in staff report as **Exhibit A**



STRATEGICECONOMICS

SAN JOSÉ OPPORTUNITY HOUSING

FEASIBILITY OF MISSING MIDDLE HOUSING IN RESIDENTIAL AREAS

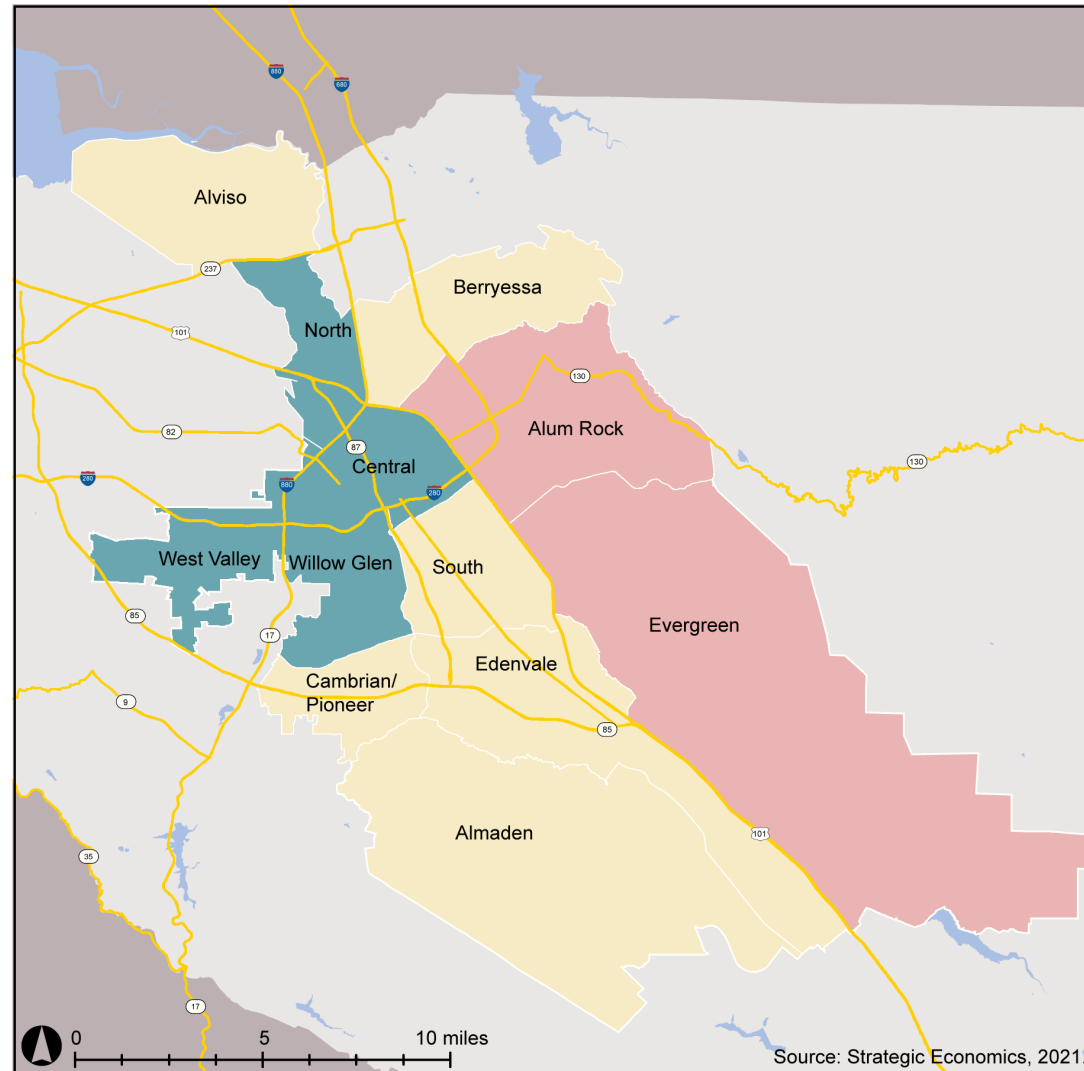
Prepared for:

The City of San José
October 4, 2021

Subareas: Rental

San Jose Opportunity Housing: Multifamily Rental Subareas by Tier

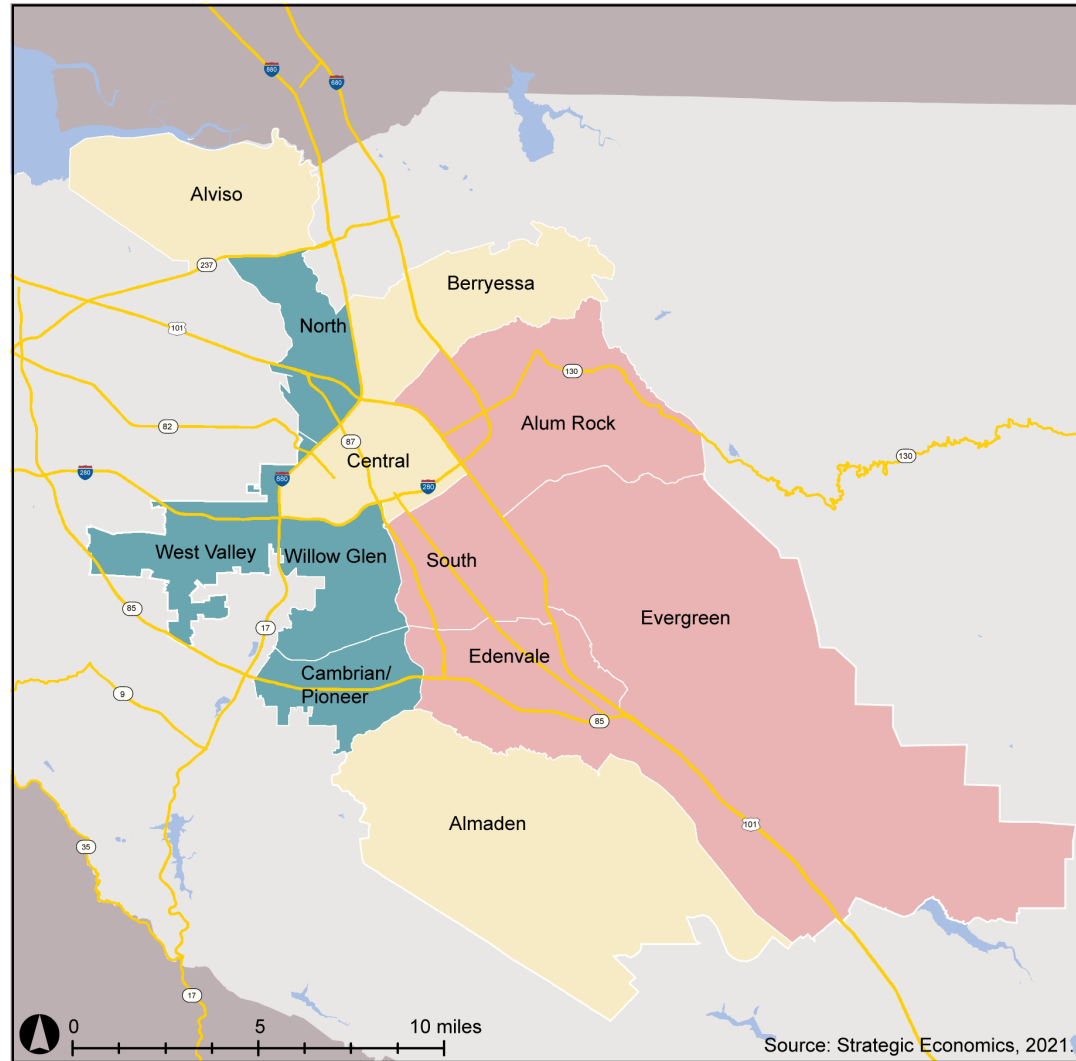
-  Tier 1 (West Valley, Central, Willow Glen, North)
-  Tier 2 (South, Berryessa, Alviso, Cambrian/Pioneer, Edenvale, Almaden)
-  Tier 3 (Alum Rock, Evergreen)



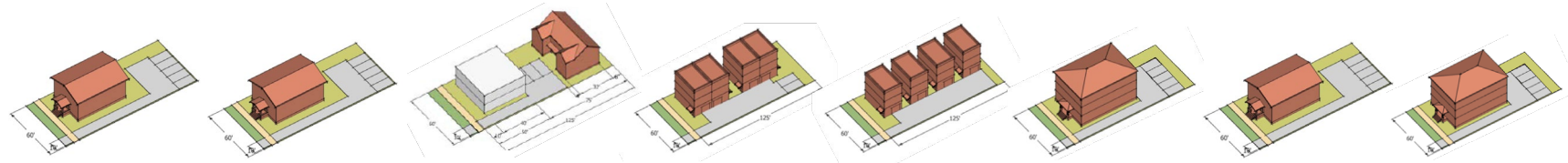
Subareas: Condo/For-Sale

San Jose Opportunity Housing: Condo/Townhome Subareas by Tier

-  Tier 1 (West Valley, North, Willow Glen, Cambrian/Pioneer)
-  Tier 2 (Central, Alviso, Berryessa, Almaden)
-  Tier 3 (Alum Rock, South, Edenvale, Evergreen)



Prototypes Overview



	Stacked Fourplex	Side-by-side Large Duplex	Side-by-side Duplex in Rear Yard	Attached Townhomes	Small-Lot Single Family	Stacked Sixplex	Two-Story Eightplex	Three-Story Eightplex
Tenure	Rental and Condo	Condo	Rental and Condo	Condo	Condo	Rental and Condo	Rental	Rental and Condo
Number of Units	4	2	2 (3 with existing home)	4	4	6	8	8
Gross Building Sq. Ft.	4,800	4,800	4,172	6,840	6,840	7,200	4,800	7,200
Stories	2	2	2	3	3	3	2	3
Unit Sq. Ft.	1,080 (2-BR)	2,400 (4-BR)	1,286 (3-BR)	1,480 (3-BR)	1,480 (3-BR)	1,080 (2-BR)	510 (1-BR)	680 (1-BR) ; 1,020 (2-BR)
Parking Spaces	5	5	3	6	4	5	5	5
Units per Acre	23	12	17	23	23	35	46	46

Feasibility Analysis Summary

	Tier 1	Tier 2	Tier 3
Side-by-Side Large Duplex Condo	Feasible	Feasible	Not Feasible
Side-by-Side Duplex Condo in Rear Yard	Feasible	Not Feasible	Not Feasible
Side-by-Side Duplex Rental in Rear Yard	Not Feasible	Not Feasible	Not Feasible
Stacked Fourplex Rental	Not Feasible	Not Feasible	Not Feasible
Stacked Fourplex Condo	Not Feasible	Not Feasible	Not Feasible
Small Lot Single Family	Feasible	Feasible	Not Feasible
Attached Townhomes	Feasible	Not Feasible	Not Feasible
Three-Story Sixplex Condo	Feasible	Not Feasible	Not Feasible
Three-Story Eightplex Condo	Feasible	Not Feasible	Not Feasible
Three-Story Eightplex Rental	Feasible	Not Feasible	Not Feasible
Three-Story Sixplex Rental	Not Feasible	Not Feasible	Not Feasible
Two-Story Eightplex Rental	Not Feasible	Not Feasible	Not Feasible

Affordability in Tier 1

	Income Needed to Afford Unit	Affordable to Household at:
1 to 4 Units		
Stacked Fourplex Rental (2-BR)	\$153,320	125% AMI
Stacked Fourplex Condo (2-BR)	\$183,198	135% AMI
Side-by-Side Large Duplex Condo (4-BR)	\$339,550	195% AMI
Side-by-Side Duplex Rental in Rear Yard (3-BR)	\$172,000	105-115% AMI
Side-by-Side Duplex Condo in Rear Yard (3-BR)	\$210,224	130-140% AMI
Small Lot Single Family (3-BR)	\$237,702	145-155% AMI
Attached Townhome (3-BR)	\$237,291	145-155% AMI
6 to 8 Units		
Three-Story Sixplex Rental (2-BR)	\$153,320	125% AMI
Three-Story Sixplex Condo (2-BR)	\$183,198	135% AMI
Two-Story Eightplex Rental (1-BR)	\$94,840	80-90% AMI
Three-Story Eightplex Rental		
1-BR	\$115,840	95-110% AMI
2-BR	\$146,120	105% AMI
Three-Story Eightplex Condo		
1-BR	\$128,809	105-120% AMI
2-BR	\$173,869	130% AMI
Average Single-Family	\$456,900	280-300% AMI

*Prototypes highlighted in green are feasible in Tier 1

Key Findings

- Several configurations are financially feasible within specific sub-markets within the City
- Many situations where redevelopment is not financially feasibility or where site constraints would prevent redevelopment.
- Extensive or sweeping redevelopment of single-family neighborhoods unlikely given findings of analysis.
- Consistent with statewide analysis of SB 9 released by Turner Center for Housing Innovation at UC Berkeley

SB 9 Design Standards

- SB 9 requires city to allow two units of 800 square feet each on a single parcel
- Includes mandatory development standards
- City may adopt additional objective design standards
 - Example: Front doors must be street facing
 - Example: Limit front façade taken up by garage doors.



R-2 Zoning Districts & Historic Properties

- SB 9 only applies to properties zoned R-1
 - Many single-family properties are zoned R-2 that already allow duplexes but do not qualify for SB 9
- SB 9 does not apply to sites within a historic district, or a site designated historic
 - Explore allowing limited SB 9 type projects on historic properties that will NOT have a negative impact on the historic resource.



Opportunity Housing and Senate Bill 9

	Opportunity Housing	SB 9	Feasibility	Notes
Stacked Fourplex Rental & Condo	Considered	Not allowed	Not Feasible	
Side-by-Side Duplex Condo	Considered	Allowed	Tier 1 & Tier 2	
Side-by-Side Duplex Condo in Rear Yard	Considered	Allowed with lot split	Tier 1	
Side-by-Side Duplex Rental in Rear Yard	Considered	Allowed with lot split	Not Feasible	Owner occupancy is required under SB9.
Small Lot Single Family	Not Considered	Allowed with lot split	Tier 1 & Tier 2	Owner occupancy is required under SB9
Attached Townhomes	Not Considered	Allowed with lot split; slight variation would be needed.	Tier 1	Under SB 9 lot split owner occupancy is required with lot split. Not all units could be attached. Small Lot Single Family more likely.

Reasons for Recommendation

- Feasible Opportunity Housing configurations allowed under SB 9.
- SB 9 effectively implements Opportunity Housing.
- Opportunity Housing in addition to SB 9 unlikely to enable more housing.

Planning Commission / Staff Recommendation

1. Decline to move forward with the City's Opportunity Housing effort at the present time in order to focus on implementation of Senate Bill 9 (SB 9), which requires the City to allow most of the Opportunity Housing types contemplated as part of the Four-Year Review of the General Plan process.
2. Direct staff to develop citywide design standards for implementation of SB 9.
3. Direct staff to explore allowance for "SB 9-type" housing projects within R-2 Zoning Districts and on historic properties that do not qualify under SB 9.
4. Direct staff to explore options for creating affordable housing units as part of SB 9 implementation.

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Opportunity Housing / SB 9 Implementation

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