



City of Arts & Innovation

Housing and Homelessness Committee Memorandum

**TO: HOUSING AND HOMELESSNESS
COMMITTEE MEMBERS**

DATE: JULY 24, 2023

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT
DEPARTMENT**

WARDS: ALL

SUBJECT: INFILL HOUSING DEVELOPMENT STRATEGIES

ISSUE:

Summary of policy options to address infill development and encourage housing production in the City of Riverside.

RECOMMENDATIONS:

That the Housing and Homelessness Committee:

1. Receive and file the report on infill development strategies and policy options; and
2. Provide staff with direction to pursue one or more of the strategies presented.

BACKGROUND:

In October 2021, the City adopted the 6th Cycle Update of the General Plan 2025 Housing Element, which identifies infill development as a mechanism to address the region's housing shortage by increasing housing opportunities on existing and underutilized lots. The Housing Element defines infill development as the "addition of housing, businesses, or other new uses on existing sites within developed, urbanized areas as opposed to outlying or undeveloped areas, where the efficient use of existing in-place infrastructure and services can be realized."

The policies and programs of the Housing Element support increasing housing supply through infill development. This is to be accomplished through the specific implementation measures included in the Action Plan, which include the preparation of Zoning Code Amendments to encourage and incentivize building the maximum number of homes allowed (Action HE-4.2), encourage mixed use development through a potential density transfer program (Action HE-5.6), and the preparation of an infill development ordinance to streamline and increase housing production (Action HE-EJ-7.5). The current General Plan Land Use and Urban Design Element also includes policies that promote affordable infill development (Policy LU-43.1), discourage the premature development of nonurbanized areas (Policy LU-10.1), and ensure infill development and allow for increased density along established transportation corridors (Policy LU-8.1).

In September 2019, the City of Riverside applied for and received a package of Senate Bill (SB) 2

Planning Grant Program (PGP) funds from the California Department of Housing and Community Development (HCD) to facilitate projects that will assist with the implementation of Housing Element policies and actions. Specifically, these funds are intended to support projects that will:

1. Streamline approvals for housing for both owners and renters at all income levels;
2. Facilitate housing affordability for all income groups;
3. Promote development consistent with the State Planning Priorities; and
4. Ensure geographic equity in the distribution and expenditure of allocated funds.

Among other projects, the PGP funds allowed Staff to partner with Sagecrest Planning as a consultant to examine potential infill housing development, as outlined in the Housing Strategy Options Report (Attachment 1). The report details different strategies to increase housing production and address the infill development policy goals and objectives outlined in the General Plan. These strategies are presented for the Committee's review, consideration, and discussion to provide staff with direction for facilitating infill housing development in the City.

DISCUSSION:

Staff and the consultant team identified six strategies that could serve to facilitate and streamline infill residential development:

1. Infill Development Ordinance;
2. Small Lot Subdivision Ordinance;
3. SB 10 Implementation;
4. Density Transfer Program;
5. Minimum Density Requirements; and
6. Increased General Plan Densities.

Each identified strategy was then evaluated based on the following criteria to compare the advantages, disadvantages, and potential success of each:

1. Impact on Increasing Residential Density. Does the option increase the residential density levels beyond what is approved in the General Plan?
2. Impact on Increasing Housing Unit Production. Does the option increase the City's capacity for residential development?
3. Level of Community Interest. How likely is the community to support the option?
4. Impact on City Financial/Staffing Resources. Would additional City resources be required to develop and/or implement the option?
5. Consistency with Adopted Plans/Regulations. Would the option require amendments to adopted plans and regulations.
6. Impact on Development Feasibility. Would the option increase financial feasibility of housing development based on either decreased costs or increased value?
7. Impact on Established Single-Family Neighborhoods. Would the option change the character of established single family residential neighborhoods?
8. Impact on Housing Mix. Would the option promote an expanded mix of housing types available to the City?
9. Timing. How long would it take to implement the option?
10. CEQA Requirements. What type of California Environmental Quality Act (CEQA) review would the option require?

A detailed breakdown of this evaluation is available in Attachment 1. Additionally, the ten criteria have been arranged in a matrix to easily compare each policy option in Attachment 2. A brief description of each option, their potential benefits, and impacts are provided below.

Strategy 1: Infill Development Ordinance

An infill development ordinance would streamline the development of existing residential lots that do not meet the minimum dimensions required by the current Zoning Code. The ordinance would create a simplified process and realistic development standards that allow for the efficient development of substandard lots. Revisions to the Zoning Code may include reduced minimum lot sizes, reduced setbacks, greater building heights, or less required parking to eliminate the need for variances. It is not likely that an infill development ordinance will generate significant community opposition as the existing allowed density, zoning and General Plan Land Use designation would remain the same. However, it is not likely to result in a substantial increase in the number of housing units as there are a limited number of existing substandard lots available for development.

An infill development ordinance would require a Zoning Text Amendment. It would not require a General Plan amendment as it would maintain the existing density limit. This option is considered short-term as the ordinance would take less than a year to draft. Input would be sought from architects, engineers and builders specializing in infill development in addition to stakeholders and the general public. CEQA environmental review would not be required under Government Code Sections 15060(c)(2) and 15061(b)(3).

Strategy 2: Small Lot Subdivision Ordinance

A small lot subdivision ordinance would allow for existing residential lots to be subdivided into multiple smaller lots which may be offered for purchase to individual homebuyers. Housing developed through small lot subdivisions often results in a cluster of detached units with the ability for residents to own the actual land that the unit sits on. Although this development type is typically compatible with single-family neighborhoods in terms of building scale and appearance, it may generate some community opposition due to the perceived intensification of the existing property. In multifamily residential neighborhoods, small lot subdivisions could result in fewer housing units should developers prefer to construct small lot single-family homes instead of conventional higher-density multifamily projects, which could have a negative effect on the City's ability to meet its housing obligations. For this reason, this option may pair well with one or more other strategies (such as SB 10 implementation, density transfer or minimum densities).

A small lot subdivision ordinance would create a process for review and approval of small lot subdivisions, including the required Tract or Parcel Map, and may also include reduced minimum lot sizes, reduced setbacks, greater building heights, or less parking to accommodate small lot development. The ordinance would require the approval of a Zoning Text Amendment but would not require any General Plan amendment if the existing density limits of the General Plan are maintained. This option is considered short-term as the ordinance would take less than a year to draft. On its own, it would be exempt from CEQA review under Government Code Sections 15060(c)(2) and 15061(b)(3) and would not need further environmental analysis. Alternatively, the ordinance could be paired with increased General Plan densities to accommodate additional development, but this would substantially add to the required time, resources and receive potential opposition.

Strategy 3: SB 10 Implementation

In 2021 Governor Newsom signed Senate Bill (SB) 10, which authorizes cities to adopt an ordinance to zone any parcel for up to 10 units, 2 ADUs, and 2 JADUs if the parcel is in a transit-rich area or an urban infill site (as defined in Section 65913.5 of the Government Code). The ordinance would allow for up to 14 units per parcel and could potentially create a sizable increase

in the City's housing stock. Although the City has complete local control in deciding where SB 10 is implemented (if at all), the bill has been controversial and seen as a further usurpation of local land use authority. Consequently, very few jurisdictions have adopted and assessed the outcomes of SB 10, resulting in no known successful case studies or best practices. As of the writing of this report, the City of San Diego is the only known jurisdiction to be actively pursuing implementation of SB 10 as part of its "Housing Action Package 2.0", and it has chosen to pair SB 10 implementation with a 15% affordability requirement. Should Riverside choose to adopt an SB 10 ordinance, it would be one of the first jurisdictions in the State to do so.

Local governments have until January 1, 2029, to adopt an SB 10 implementation ordinance (though the ordinance operative period may extend beyond that). The ordinance may be implemented through an overlay zone, clearly demarcating the areas that are subject to the ordinance as required by State law. Findings must be made demonstrating the ordinance is consistent with the City's obligation to affirmatively further fair housing. Although this option has the potential to substantially increase the housing stock, it also requires more time than other strategies for stakeholder and community engagement, site identification, and establishment of best practices and minimum standards for development. It will also require both a Zoning Text Amendment and, potentially, establishment of a new overlay zone for review by the Planning Commission and approval by the City Council.

An ordinance adopted pursuant to SB 10 is not considered a project for the purposes of CEQA, but the resulting development projects themselves are still subject to CEQA review. Some categorical exemptions may apply; however, applicants would need to substantiate exemptions through technical studies. To avoid CEQA processing delay, the City may consider making residential developments of up to 10 units "by-right" or subject only to ministerial approval as part of an SB 10 implementation ordinance.

Strategy 4: Density Transfer Program

Housing Element Program HE-EJ 7-2 identifies a density transfer program as a tool to facilitate housing by increasing densities on vacant or underutilized lots. A site that is not built to the maximum density allowed by its General Plan or Zoning designation would be eligible to transfer the unused density to be built on other properties within the City or within a specific geographic area, without resulting in a net increase in overall allowed residential development. This strategy would require development of a method of tracking of unrealized residential units from developments built below the maximum density allowed, and any transaction of those units to other properties/projects. Although some properties may see densities increase beyond what is prescribed by the General Plan, the overall density transferred would not exceed the planned density within the General Plan.

The maintenance of a density transfer pool or equivalent system could require the long-term need for supplementary staffing, technical and financial resources, in addition to one-time costs for program development and CEQA analysis. The Riverside Action Plan assigns a goal of program implementation by 2025. This option's impact on increasing housing production depends on how permissive or restrictive the requirements are for parcels receiving a density increase. This strategy may be paired with one or more other approaches to facilitate increased infill residential development, such as small lot subdivisions or minimum densities.

Strategy 5: Require Minimum Densities

Amending the General Plan and Zoning Code to require a minimum percentage of allowed densities for housing development allows for a more efficient use of land and ensures capacity to

accommodate anticipated growth. Requiring a baseline density discourages inefficient site planning and encourages transit and pedestrian oriented development. Density minimums would only apply to multifamily residential and mixed-use projects, which may serve to reduce neighborhood opposition. However, stakeholder opposition is likely, as density minimums may be seen as overly prescriptive and economically infeasible if set too high or are not sensitive to market conditions. The impact on increasing housing production is subject to several variables and could risk discouraging development over the long term if not appropriately designed.

This option would require community and stakeholder engagement and amendments to the Zoning Code. Program development is anticipated to take one to two years. However, there are potential opportunities to streamline program development with the Phase II General Plan Update which would establish a more long-term timeline.

Strategy 6: Increase Maximum Densities

This option amends the maximum allowable densities in the General Plan and Zoning Code, and could be limited to certain land use designations or zones. This option is most likely to create a large increase in residential capacity, demonstrating the City's commitment to increasing the overall housing stock. Stakeholder support is likely, as increasing the maximums allows the market to respond to changing housing demand. This option is also likely to garner significant community opposition, as increasing the maximum allowed density is often seen as a threat to existing neighborhoods.

Increasing the maximum densities would require a substantial public process with extensive community engagement to ensure the identified maximum meets the needs and expectations of the community. Additionally, it would require review and analysis of existing development standards to ensure the additional density can be achieved and an environmental impact report to assess potential environmental impacts of increasing densities across several land use designations. This results in a long-term project timeline and associated costs. However, there are opportunities to align program development with the planned Phase II General Plan Update at the direction of the Committee. This would result in a more resource-efficient, but longer-term, process.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 2 – Community Well-Being** and **Goal 2.1** – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels, and **Goal 2.3** – Strengthen neighborhood identities and improve community health and the physical environment through amenities and programs that foster an increased sense of community and enhanced feelings of pride and belonging citywide.

This Project aligns with the each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The housing strategies are presented at an open public meeting and contain transparent information on City processes and regulations.
2. **Equity** – The housing strategies seek to promote equity so that housing development responds to the needs of residents within environmental justice neighborhoods.
3. **Fiscal Responsibility** – The potential housing strategies may have some fiscal impact, depending on the policy pursued.

4. **Innovation** – The housing strategies seek best practices that will innovate how the City addresses plans for and accommodates housing.
5. **Sustainability & Resiliency** – The housing strategies seek to minimize environmental impacts on surrounding neighborhoods.

FISCAL IMPACT:

There is no immediate fiscal impact related to this report. Development and implementation of infill housing strategies would be absorbed by Community & Economic Development Department staff. Depending on the infill strategies pursued, outside consultant support may be required for CEQA environmental review, which could range from \$30,000 for an Initial Study and Negative/Mitigated Negative Declaration to \$200,000 for an Environmental Impact Report.

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Attachments:

1. Housing Strategy Options Report
2. Housing Options Comparison Table
3. Presentation