



City of Arts & Innovation

# Housing and Homelessness Committee Memorandum

**TO: HOUSING AND HOMELESSNESS COMMITTEE MEMBERS**      **DATE: NOVEMBER 27, 2023**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT**      **WARDS: ALL**

**SUBJECT: INFILL HOUSING DEVELOPMENT STRATEGIES UPDATE**

## **ISSUE:**

Update on selected policy options to address infill development and encourage housing production in the City.

## **RECOMMENDATIONS:**

That the Housing and Homelessness Committee:

1. Receive and file the report on small lot subdivision policy, density transfer best practices, and a draft infill development ordinance; and
2. Provide staff with direction on the strategies presented.

## **BACKGROUND:**

On July 24, 2023, Staff presented six infill housing development strategies to the City Council Housing and Homelessness Committee (Committee) for consideration. Staff provided a policy matrix comparing the advantages, disadvantages, and potential for success of each strategy (Attachment 1). After discussion, the Committee asked staff to return with additional information on:

1. A Small Lot Subdivision policy for the Committee's consideration;
2. Best practices from existing Density Transfer Programs within the region for the Committee's consideration; and
3. A draft Infill Development Ordinance for the consideration and recommendation of the City Planning Commission.

On August 17, 2023, Staff presented the same development strategies to the City Planning Commission at a workshop for consideration and feedback. The Planning Commission's feedback was in alignment with Committee discussion and no further direction was provided (Attachment 2).

The discussion below contains additional information gathered on the three identified strategies. Specific direction needed from the committee is summarized at the end of each sub-section.

**DISCUSSION:**

**Small-Lot Subdivision Policy:**

Attachment 3 details the benefits and deficiencies of existing infill development tools for single family zones in Riverside and examples of existing small lot development policies within the Region. The report concludes with two policy options and implementation questions for the Committee to consider. The two options are summarized below, while Attachment 2 provides greater detail.

**Option 1, Small-Lot Subdivision in Single-Family Zones.**

Senate Bill 9 (SB 9, 2021) is an existing statewide infill development tool using Urban Lot Splits/Two-Unit Development to encourage more units on existing single-family properties. Chapter 19.443 of the Riverside Municipal Code (RMC) establishes standards and a ministerial approval process for two-unit development on single family lots. Two-unit developments coupled with urban lot splits can accommodate up to two new parcels and four dwelling units per existing single-family lot, consistent with SB 9.

The Planned Residential Development Permit (PRD) is an existing tool permitted through Chapter 19.780 of the RMC to encourage the development of small-lot subdivisions, (Attachment 4). PRDs allow for bonus density (Table 1) and more flexible development standards like reduced setbacks and increased lot coverage. In exchange, the project must meet at least five of the 11 design criteria under Section 19.780.050.E to ensure superior site design and high-quality common open space and amenities.

*TABLE 1 – PRD Benchmark and Bonus Densities*

<b>Zone</b>	<b>Benchmark Density - Dwellings per Gross Acre</b>	<b>Maximum Density with Bonus - Dwellings Per Gross Acre</b>
RC	0.5	0.63
RR	3.0	3.3
RE	3.0	3.3
R-1-7000	7.3	8.0
R-1-8500	6.3	6.9
R-1-10500	5.5	6.0
R-1-13000	4.8	5.3
R-1-1/2 acre	3.0	3.3

The current PRD requirements lend themselves to larger-scale subdivision development. Of recent PRDs processed in the City, the average project site is 16.8 acres and the average number of units is 70. There are approximately 1,896 lots between one-half (0.5) and one-and-one-half (1.5) acres in the R-1 Zones. While these parcels may be considered “oversized” for a single-family property and therefore good candidates for subdivision, they are not large enough to support a standard PRD due to the design requirements or financial feasibility given their size and relatively small number of lots that can be developed (between four and 12 lots in the R-1-7000 Zone, for example).

To address these development limitations, the Committee may consider expanding the PRD standards to allow an administrative process for PRDs resulting in 4 or fewer lots/units. Removing

the need for discretionary review may make development of 4 units more feasible. The Committee may also consider streamlining or simplifying the density bonus requirements or development standards for PRDs 15 units or fewer, relieving small-scale infill projects from standards more appropriate for traditional, larger subdivision development.

<b>Committee Direction Needed on Small Lot Subdivisions in Single-Family Zones:</b>	
Should small PRDs (4-15 small-lot units) be permitted, or are the existing Two-Unit Development, Urban Lot Split, and standard PRD regulations sufficient? If so:	
Should an administrative PRD process be created for projects with 4 or fewer lots/units?	
Should a streamlined PRD process be created for projects with 15 lots/units or fewer?	
<ul style="list-style-type: none"> <li>○ Should these projects receive the maximum available PRD density bonus without needing to satisfy the criteria in 19.780.050.E?</li> </ul>	
<ul style="list-style-type: none"> <li>○ Should these projects have modified development standards than what exists for PRDs today?</li> </ul>	
Should there be a limitation on the square footage or number of bedrooms for homes created through a small lot subdivision?	

Option 2, Small Lot Subdivision in Multifamily Zones

Allowing small-lot subdivisions in higher-density multifamily zones may result in fewer units if builders opt for single-family home product types instead of multi-family buildings. As of October 11, the Governor signed SB 684 to address this gap, requiring cities to ministerially approve a subdivision and housing development of 10 units or fewer – but only if the project will meet the maximum allowed density in its Zoning district.

The requirement to meet maximum density presents potential challenges. Developing a project to the maximum density can become challenging or cost prohibitive. Often, developers will choose to build multifamily projects to less than allowable density to avoid physical constraints and higher costs. Currently, the Zoning Code does not permit single-family subdivisions (small-lot or otherwise) in the Multifamily Zones; as such, with the implementation of SB 684, small lot developers’ only option is meeting the density standards of the law for multifamily properties.

While projects under SB 684 require the project to be built to the maximum density, the project must result in 10 units/lots or less. The unit cap also presents potential for under-filling larger multifamily properties with fewer units than what the underlying zone would otherwise allow. The Committee may consider creating a process, complementing SB 684, for all small-lot subdivisions of more than 10 units on multifamily sites that can accommodate them.

<b>Committee Direction Needed on Small Lot Subdivisions in Multifamily Zones:</b>	
Should small lot subdivisions apply to multi-family zones, or is the existing Multifamily development process sufficient? If so:	
Should a minimum density be required for small lot subdivisions in multifamily zones?	

Should small-lot subdivisions in multifamily zones be allowed for projects exceeding 10 parcels/units?
--

Should there be a cap on the size or number of units allowed in multifamily small-lot subdivisions?
---

### **Density Transfer Program Characteristics and Best Practices**

To understand density transfer implementation and best practices, Staff surveyed five cities in the region with existing Density Transfer Programs to compare purpose, type, site criteria, number of units transferred and approval process. Findings are summarized below, and further detail can be found in Attachment 5.

#### **Program Purpose**

The survey found three general applications of density transfer amongst the programs studied. Three of the programs (Anaheim, Palm Springs, Santa Clarita) are driven by the need to conserve or preserve open space, agricultural, tourism, and recreational lands within sending sites. The City of Escondido's program is driven to increase density and development opportunity in receiving sites. The City of Carlsbad is unique in its application of density transfer as a density bonus tool for Inclusionary Housing implementation. Should a density transfer program be considered for Riverside, Committee direction would be needed to define the purpose of the program.

#### **Area of Focus**

Three of the programs surveyed focus on density transfer within, to, and from Specific Plan areas. The City of Anaheim only allows density transfer between properties within the same Specific Plan, to redistribute density amongst planned developments to maintain the maximum number of units set by the plan. The City of Palm Springs focuses the program on the Environmentally Sensitive Areas Specific Plan (ESA-SP) Zone. All sending sites must be within the ESA-SP Zone and may send density to any property within or outside of the zone to encourage preservation of environmentally sensitive areas. The City of Escondido requires both sending and receiving sites to be within the Downtown Specific Plan, focusing growth on specific properties in the Downtown.

Two of the programs surveyed do not focus density transfer to one specific plan, but rather allow city-wide transfer. The City of Santa Clarita (in partnership with the County of Los Angeles) requires sending sites to be areas designated open space or agricultural in unincorporated Los Angeles County, and receiving sites to be areas with mixed use, commercial, and transit-oriented development within the City of Santa Clarita. The City of Carlsbad allows city-wide transfer subject to the requirements of the Growth Management Plan.

#### **Bank Model vs. Transactional Model**

Density transfer programs are typically implemented in either a bank model or transactional model. Three of the programs surveyed (Anaheim, Palm Springs, Santa Clarita) are transactional, allowing sending sites to send units directly to receiving sites. Two of the programs surveyed (Carlsbad and Escondido) use a bank model, where sending sites send density to a bank or pool managed by the City. Receiving sites may then apply for increased density using the available density in the pool. The City of Escondido "kick-started" their density pool with unused density from City-owned properties.

Transactional models allow for owner-to-owner negotiation, whereas bank models reduce the negotiation value of density from sending areas, allowing for more intentional application of density in receiving areas. While both models will require some monitoring from the City, administering a density pool increases administrative and accounting tasks not required from a transactional model. Staff is seeking direction from the Committee on which model would be most appropriate for a density transfer program in Riverside.

### Number of Units Transferred

The programs that use bank models (Carlsbad, Santa Clarita, Escondido) do not have a limit on the number of units transferred, and number of units are determined by bank availability. The City of Anaheim limits the number of units that may be transferred to 10% of the total number of units allowed in the Specific Plan. The City of Palm Springs has an opposite approach and offers additional density to incentivize growth outside of the ESA-SP Zone. Properties within the same planning area in the ESA-SP Zone may transfer density (units) on a one-to-one basis. Properties within the ESA-SP Zone may transfer density to properties outside at a ratio of 1.2 units received for every 1 unit sent, thus incentivizing transfers to sites outside of sensitive areas.

### Approval Process

Four of the five programs assessed require City Council review and approval at some point in the density transfer process. In the case of the City of Palm Springs, the density transfer program lends itself to larger scale planned development. The transfer of density is still subject to amendments to Specific Plans or the General Plan and environmental review. The City of Escondido requires a Development Agreement between the receiving site and the City to ensure the additional density results in benefit to the community. The City of Anaheim has the only program surveyed that allows for administrative approval of density transfer, due to the scale and containment in well-defined planning areas. Committee direction on the above criteria will help inform the level of approval appropriate for a density transfer program in Riverside.

<b>Committee Direction Needed on Density Transfer Programs</b>
Is a density transfer program an appropriate tool for the City of Riverside to encourage infill housing development? If so:
Should the program be city wide or focused on a specific zone/area?
Should the program use a bank model or transactional model?
Should there be an unlimited transfer of units or should there be a unit cap?
If more information is required, what specific details would the Committee like to explore?

### Undersized Lot (Infill) Development Draft Ordinance

Staff along with the consulting team have drafted amendments to Title 19 of the Riverside Municipal Code (RMC) to allow the development of undersized lots in residential zones based on prior direction from the Committee. The proposed amendment includes two new sections:

- §19.100.065 – Regulations for infill development on undersized lots in the R-1 Zones
- §19.100.075 – Regulations for infill development on undersized lots in the R-3 and R-4 Zones

Each section provides new development standards appropriate for smaller lots including setbacks, building heights, number of stories, lot coverage, usable open space, and privacy considerations. Also included are amendments to existing sections of the code to ensure landscaping, parking, and design guidelines are consistent with the proposed regulations for undersized lot development. The full text amendment is found in Attachment 6 of this staff report. The Committee also requested a list of surplus City-owned properties that could potentially support infill development; this is included as Attachment 7. Although no specific direction from the Committee is needed currently, the draft is submitted to the Committee for general feedback. The amendments will be presented to the Planning Commission for recommendation, and ultimately to the full City Council for adoption by ordinance.

#### **Committee Direction Needed for Draft Infill Development Ordinance:**

No specific direction required; general feedback is welcomed.

#### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Strategic Priority 2 – Community Well-Being, 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 following Cross-Cutting Threads:

1. **Community Trust** – The housing strategies are presented at an open public meeting and contains 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 fiscal impact related to this report. Research, preparation of memoranda and draft Ordinances were funded by the City's SB 2 Planning Grant.

Prepared by: Jennifer Lilley, Community & Economic Development Director  
Approved by: Rafael Guzman, Assistant City Manager  
Certified as to  
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer  
Approved as to form: Phaedra A. Norton, City Attorney

**Attachments:**

1. July 24, 2023, Housing and Homelessness Committee Report
2. August 17, 2023, City Planning Commission Meeting Minutes
3. Small Lot Subdivision Memo
4. PRD Standards (Riverside Municipal Code Chapter 19.780)
5. Density Transfer Program Best Practices Summary Table
6. Draft Amended Ordinance for Undersized Lot Development
7. Surplus Properties Infill Development Potential
8. Presentation