


# FIXING THE FOUNDATION

*Local Solutions for Infill Housing*





An aerial satellite photograph of a coastal area, likely the San Francisco Peninsula. The image shows a mix of green, brown, and grey terrain, representing forests, agriculture, and urban development. A semi-transparent grey rectangular box is overlaid on the upper portion of the image, containing text. The coastline is visible on the left side, with the dark blue ocean below it.

WILL WE CHOOSE TO PROTECT  
OUR GREENBELT OF NATURAL  
LANDSCAPES, FARMS, AND  
RANCHES AS WE GROW, OR  
SPRAWL EVER OUTWARD?





# TOP 10 BARRIERS TO INFILL HOUSING DEVELOPMENT

There are many challenges to infill housing development that arise in cities across the region, state, and nation. Greenbelt Alliance chose to study 12 key cities across the Bay Area with high potential for infill housing development: Concord, Fremont, Mountain View, Oakland, Palo Alto, Redwood City, Santa Clara, Santa Rosa, San Francisco, San Jose, Sunnyvale, and Walnut Creek.

These are the 10 barriers that rose to the top in three or more cities.\*

- POLITICAL CHALLENGES
- NEW FINANCING CHALLENGES
- TRAFFIC ANALYSES
- LACK OF FUNDING FOR AFFORDABLE HOUSING
- PROLONGED APPROVAL PROCESSES
- LACK OF FUNDING FOR INFRASTRUCTURE
- SMALL AND ODD-SHAPED PARCELS
- DEVELOPMENT FEES AND THE MARKET MISALIGNED
- PARKING REQUIREMENTS
- COMPLEX REGIONAL REGULATORY ENVIRONMENT

\* Order does not indicate relative importance or frequency.

# INTRODUCTION

The San Francisco Bay Area is someplace truly special. Our region's 7 million people are nestled within a stunning landscape of natural beauty and agricultural bounty. Vibrant downtowns and thriving neighborhoods are scattered throughout the Bay Area. Our cities and towns are full of economic opportunity and cultural richness. Put it all together and those of us who call the Bay Area home can say that we are lucky to live in a place like no other on Earth.

But our region faces a challenge. Over the next generation, our population will grow from roughly 7 million people to 9 million. We have a choice: will we choose to protect our greenbelt of natural landscapes, farms, and ranches as we grow, or sprawl ever outward? Will we choose to invest in the vitality of our cities and towns, making neighborhoods throughout our region places where people are proud to call home, or will we neglect our existing communities in order to fuel sprawl?

In many ways, the people and leaders of Bay Area communities have already made their choice. In 2009, with *Grow Smart Bay Area*, Greenbelt Alliance provocatively showed that the Bay Area can accommodate our next generation of growth through infill development that maintains and enhances the quality of our communities. The region-wide Plan Bay Area, adopted by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC), envisions the placement of 100% of the region's next generation of new homes and new jobs within existing urban boundaries, essentially affirming *Grow Smart Bay Area*.

In 2006, with *Smart Infill*, Greenbelt Alliance provided an in-depth, practical guide to help elected officials and local residents invest in their communities to create inviting neighborhoods where people can afford to live. *Smart Infill* covers the most important actions local governments should take to set the stage for successful infill development—from planning to design to development—and includes case studies of some of the best infill from around the region. Local governments all over the region—from big cities like San Jose, to traditional suburbs like Concord, to small towns like Cloverdale and Morgan Hill—have crafted visionary plans for how infill development, not sprawl, will make their communities great for decades to come.

Unfortunately though, there is a problem. Although many visionary plans have been adopted, policy and political barriers in key Bay Area jurisdictions prevent these places from achieving their infill potential. Now is the time to get into the weeds—to understand these barriers, city-by-city, and take action to overcome them. Greenbelt Alliance's *Fixing the Foundation: Local Solutions for Infill*

*Housing* dives into these weeds in 12 key cities across the region with high potential for infill housing development: Concord, Fremont, Mountain View, Oakland, Palo Alto, Redwood City, Santa Clara, Santa Rosa, San Francisco, San Jose, Sunnyvale, and Walnut Creek. This report provides guidance on the top 10 barriers to infill across these 12 cities. By breaking down these top barriers, our region can increase the number of infill homes that are both desirable and affordable and take meaningful steps toward making the vision of vibrant, thriving communities across the region reality. City-specific profiles, giving local context to the main report, are also available at [greenbelt.org/](https://greenbelt.org/) publications.

## METHODOLOGY

Our research involved two main phases—discovery and solutions. In the discovery phase, we interviewed dozens of stakeholders—including infill housing developers, city staff, and local elected officials—to get a complete picture of all the barriers to infill housing development in each target city. Please see the acknowledgments page for a list of stakeholders interviewed. Based on the outcomes of those interviews, we evaluated which issues were cited by the largest number of stakeholders to determine the most commonly cited barriers to infill housing development in each city; these were the challenges we included in the individual city-specific profiles. Next, we compared the commonly cited barriers in each of our 12 target cities to determine whether certain barriers were common across multiple cities. The top 10 barriers cited in this report are those that rose to the top in three or more of our 12 cities.

During the solutions phase, we convened a group of project advisors—experts in the infill housing field—to recommend solutions to overcome the barriers identified within and across cities. Please see the acknowledgments page for a list of project advisors. With our advisors, we developed a set of recommendations for action steps that can be taken by local governments, regional agencies, and infill housing advocates to overcome the identified barriers to infill housing development. Wherever possible, the



recommendations include examples of best practices from other jurisdictions. The recommendations focus primarily on short-term solutions that are feasible to implement in a five-year time span at the local and regional level.



# TOP TEN BARRIER POLITICAL CHALLENGES



Photo: Bureau of Land Management

Almost every barrier to infill housing development—from long entitlement processes to voter-approved height limits to shortages of funding for affordable housing—stems from a lack of local political will to make infill housing succeed.

## CHALLENGES

When trying to develop infill homes, nearly every city faces some level of resident opposition, based on the perception that infill homes will change the character of a neighborhood or negatively impact residents' quality of life. Common concerns include fears about increased traffic, overcrowding in schools, out-of-scale buildings, a shortage of parking, lowered property values, and increased crime. These fears impede infill housing development when residents criticize or actively organize against proposed projects, usually through public hearing processes, legal challenges, and political pressure. Politics can greatly complicate the development process,

particularly in Bay Area cities where city councils are divided on development issues. In South Bay cities like Mountain View and Sunnyvale, important infill decisions are often made in close 4-3 council votes.

Cities often lack a champion who has the political savvy and will to push for a clear, pro-infill direction and who can successfully work toward a compromise between different interests. A strong political champion can do a great deal to promote smart growth. Former Oakland Mayor and current Governor Jerry Brown's leadership and his 10K initiative were successful at greatly increasing the supply of infill homes in Oakland. Similarly, Mayor Tom Bates of Berkeley jumpstarted infill development in Berkeley—where progress had been at a standstill for more than a decade—resulting in thousands of new infill homes being built over the course of just a few years.

## SOLUTIONS

Cities and infill housing developers should take steps to address potential neighborhood concerns and resident needs, including the needs of disadvantaged communities, up front. One proven strategy is to **involve the community in area planning from the start**. For the Contra Costa Centre transit-oriented development, the County conducted a charrette—an intense period of design and planning activity—bringing community members together to collaborate on a vision for the future of the Pleasant Hill BART station. The result: a widely supported mixed-use development on that site.

It is also helpful to **create design guidelines for an area** as part of the community planning process. Redwood City's Downtown Plan includes specific design guidelines for new buildings that delineate the community's desired look and feel. Because these decisions were made upfront based on community input, developments that adhere to the guidelines can be approved by staff without an additional lengthy public approval process by the City Council.

Developers and city staff also need to **recognize that some resident concerns are genuine and legitimate, and to take steps towards addressing those concerns**. New development may indeed bring more local traffic to the neighborhood, in which case it makes sense to explore traffic-calming measures and ways to reduce car trips (e.g. providing free transit passes to new residents). Concerns about school capacity are often valid. **Cities should work proactively with school districts and developers to address this issue. School districts should consider creative strategies that expand capacity on existing school sites**, such as redeveloping parking lots into usable space and utilizing multi-story buildings.

Addressing specific local issues can help reduce opposition to new development. EBL&S Development reached out to neighbors near their proposed Station Park Green development in San Mateo. Neighbors passionately expressed a desire to keep an existing Michaels craft store on the site,

*In 2007, a 69-home infill project was proposed on a 6.4-acre site in central Mountain View. This small vacant lot, which is located within a residential neighborhood, is less than a mile away from three light rail lines and a park, and directly across the street from a major employment hub. The project as proposed fit well within the density limits under the City's adopted plans and zoning policy. Ultimately though, this proposal was rejected as a result of heated opposition from neighbors around the site.*

so EBL&S worked with Michaels and changed the development plan to retain the store.

Finally, it can help build public support if new development includes amenities that the whole community can enjoy, such as affordable homes or parks and plazas. A **public benefits bonus policy** is a useful tool for prioritizing community needs and determining a reasonable amount of public benefits that a developer can be expected to provide. Greenbelt Alliance's Public Benefits Bonus Policy Brief, available at [greenbelt.org/publications](http://greenbelt.org/publications), describes how to craft an effective policy.

While addressing community concerns can help reduce opposition, there will likely still be residents who continue to oppose new homes in their neighborhood. That's why it is essential for supporters of infill homes to make sure positive voices are part of the dialogue.

Cities and developers can do their part by **making it easier for supporters to speak up**. People who are in favor of a

# ALMOST EVERY BARRIER TO INFILL HOUSING DEVELOPMENT STEMS FROM A LACK OF LOCAL POLITICAL WILL TO MAKE INFILL HOUSING SUCCEED


development proposal are unlikely to take time out of their busy schedules to attend public hearings. ***Providing online forums and ways to comment online***, and giving these channels the same weight as in-person comments, is just one of many ways to get these “yes” voices heard.

If resources are available, ***conducting a poll*** can be effective in determining the level of community support. Many highly contentious development proposals that receive loud and vocal neighborhood opposition and are subject to a voter referendum end up receiving the support of a majority of voters at the ballot box. Examples of cases

in which infill developments have been supported by a majority of voters, despite vocal opposition, include the Midtown Village and Santa Clara Gardens and Heritage House joint development in Santa Clara as well as the 800 High Street development in Palo Alto.

Nonprofit organizations can also be extremely helpful in making supportive voices heard. Some nonprofits, such as the Santa Clara County Housing Action Coalition, have ***development endorsement programs*** that evaluate infill development proposals and will provide community support for those that they endorse. Other nonprofits conduct





extensive resident outreach and education on the impacts and potential benefits of infill development. And then they help organize residents to engage in planning processes and support high-quality infill development.

Many nonprofit organizations are restricted from participating in candidate elections. However, organizations that support infill housing can ensure that candidates for office are aware that infill housing is an important issue for our communities. For example, organizations can ***hold candidate forums that highlight infill housing issues***; the League of Women Voters often uses this tactic in advance

of local elections. And of course, individual residents can endorse, volunteer for, and financially support any candidate they choose.

Given the influence of the political realm to infill outcomes, ***advocates must take an active role in supporting good development proposals and engaging in the election process*** to achieve infill housing goals.

# TOP TEN BARRIER NEW FINANCING CHALLENGES



## CHALLENGES

Financial institutions are notoriously conservative as to which types of housing projects they are willing to finance. Some lenders see multi-family products such as condominiums as riskier because all units must be contained within one structure and the market may shift during construction. Conversely, townhomes and single-family homes can be built in phases, and plans can be adjusted if the market shifts.

These conservative lending practices show no sign of loosening even as the Bay Area economy improves. Infill developers in several cities have opted to build lower-density developments than originally planned or than current zoning allows. This is partly due to market demand and partly due to the reluctance of lenders to finance high-density housing. And in places with no current market comparables, prime infill housing sites near urban and transit centers are being developed at lower densities in

lieu of larger, multi-family projects to avoid perceived lender risk. An additional benefit of the fact that townhomes and single family homes can be built in phases, is that completed units can be used as collateral for securing financing of subsequent phases.

Another financing challenge cities face is concern from banks over the marketability of homes with less parking.

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INFILL DEVELOPERS IN SEVERAL CITIES HAVE OPTED TO BUILD LOWER-DENSITY DEVELOPMENTS THAN ORIGINALLY PLANNED OR THAN CURRENT ZONING ALLOWS. THIS IS PARTLY DUE TO THE RELUCTANCE OF LENDERS TO FINANCE HIGH-DENSITY HOUSING.

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*The City of San Jose has made changes to its code to allow for reduced parking ratios in areas near transit and downtown. Many home builders recognize that buyers and renters who choose to live in these areas own fewer cars and would prefer not to pay for a parking space they don't use. Despite this, high-rise and mid-rise residential projects are often unable to secure financing if they propose to provide less than one parking space per unit. Projects affected include the 23-story One South Market apartment tower in downtown as well as the Japantown Corporation Yard, which accommodates 600 apartments in six-story buildings with underground parking, ground floor retail, live-work units, and a creative center for the arts.*

Though many infill developers believe in the design and market value of denser, transit-oriented infill with lower parking ratios, lenders are still using car-centric market analysis in their risk assessments. This often leads to design changes in which dwelling units are compromised for parking spaces.

## **SOLUTIONS**

The infill housing advocacy community should **convene leaders of lending institutions together with public officials and infill housing developers** to create a dialogue about the unique elements of infill housing projects, trends towards urbanization, and market demand for infill homes. Through this forum, the housing advocacy community can work with the development and lending industries to explore changes in underwriting criteria for much-needed infill homes.

Lending institutions such as Sabal Financial of Newport Beach in Southern California that have already adapted to the unique landscape of infill housing are making waves in the industry. **Advocates should hold up leading infill lenders** like Sabal Financial as an example to other lenders. **Advocates should also serve as resources to connect infill developers that struggle with financing through traditional channels with more cutting-edge lenders.**

## TOP TEN BARRIER TRAFFIC ANALYSES



Cities must conduct transportation impact analyses as part of their environmental assessments of significant proposed developments. These analyses use trip counts and traffic modeling to determine the expected vehicle level of service (LOS)—a measure of vehicle delay at key intersections and along key road corridors. Some analyses also evaluate potential impacts to transit, bicyclists, and pedestrians, though this practice varies from place to place and is inconsistent at best. Based on the expected impacts and LOS, the analysis will include proposals for mitigation measures to reduce those impacts. Many cities follow the analysis methodologies provided by their congestion management agency (CMA)—a countywide body in charge of keeping traffic levels manageable. However, cities are free to differ from their CMA's guidelines if they, as the lead agency under California Environmental Quality Act (CEQA), adopt their own thresholds of significance for traffic impacts.

### CHALLENGES

Because transportation impact analyses focus primarily on measuring vehicle delays, the results of the analyses often show increased traffic due to new development, which can lead to increased opposition to the project from nearby residents. These analyses often use national average trip counts and underestimate trip reductions from strategies such as developing near transit, placing shops and other amenities within walking distance of homes and offices, and reducing parking. As a result, the analyses tend to overestimate the likely traffic impacts of proposed infill housing developments. In addition, some cities have begun prioritizing improving the bike and pedestrian environment and do not want to widen streets or intersections. Yet transportation impact analyses are often structured so that only auto-oriented improvements are permitted, leading to costly mitigation requirements and a street environment counter to infill development goals.



## SOLUTIONS

SB 743, which passed in September 2013, directs the Governor's Office of Planning and Research to develop alternative traffic analysis metrics for "transit priority areas"—areas within half a mile of a major transit stop. However, there are additional actions that cities and CMAs can take to improve traffic analysis at the local level.

The City of San Francisco is currently conducting environmental review on a proposal called the Transportation Sustainability Program, which would eliminate LOS as a CEQA metric and instead focus transportation impact analysis on transit system performance, specifically delays and crowding. Developments would then be required to pay a Transportation Sustainability Fee based on the project's projected new impacts on the transportation system. Fees received will be spent on projects that reduce transit travel time, increase transit speed, improve transit reliability, and expand transit capacity. The City of San Jose has adopted a policy that exempts certain "protected intersections" from LOS standards. Protected intersections are places where expansion of the intersection would have an adverse effect upon other transportation modes. In these locations, developer transportation fees are focused on system improvements other than auto infrastructure improvements. The City of Emeryville has eliminated LOS requirements entirely, and other cities such as Petaluma, Morgan Hill, and Mountain View have allowed for greater vehicle delays in their downtowns or other key corridors.

**Other cities should adopt similar policies** that focus transportation analyses on issues other than just vehicle delay.

However, cities must follow the transportation impact analysis methodologies provided by their CMAs unless they conduct extensive (and expensive) technical and environmental analysis, as San Francisco and San Jose did. Such a process may not be feasible for many smaller cities. As such, **congestion management agencies should update their transportation impact analysis guidelines to be more infill-friendly.** If they do not yet have guidelines in place, CMAs should **establish infill-friendly transportation impact analysis guidelines.**

*The 27-acre Mayfield Mall site on the Mountain View-Palo Alto border sits directly adjacent to a Caltrain station. In the early 2000s, a mixed-use development with several hundred homes was proposed for the site. Strong community opposition and worries about increased traffic stalled the project for many years until the economy crashed in 2008. The project was never built.*

Infill-friendly guidelines should use transportation performance indicators other than automobile LOS—options include per capita vehicle miles traveled, auto trips generated, quality of service, or multimodal level of service. In 2010, the state Office of Planning and Research amended the CEQA guidelines to permit varying standards for transportation performance indicators beyond LOS. CMAs should also change LOS thresholds to allow heavy auto traffic levels in some areas, use accurate trip counts and trip reduction rates for infill and transit-oriented locations, and allow and encourage mitigation measures that develop multimodal transportation systems rather than expanding automobile infrastructure.

Another option for cities is to designate "infill opportunity zones" for areas planned for infill development. Infill opportunity zones are exempt from traditional level of service standards; instead, cities can either use an alternative standard that addresses many modes of transportation, including walking, biking, and transit, or can create a list of flexible mitigation measures that go beyond roadway expansion to also fund things like transit and pedestrian infrastructure. **Cities should adopt resolutions to identify their priority infill development areas as "infill opportunity zones."** For example, in 2004 the City of Oakland designated a Caltrans-owned parcel within the West Oakland Transit Village area as an infill opportunity zone in order to expedite mixed-use development on the site.

# TOP TEN BARRIER LACK OF FUNDING FOR AFFORDABLE HOUSING



Photo: Jen Gennari

## CHALLENGES

Housing costs are extremely high in the Bay Area, particularly in the most desirable housing markets. When workers are unable to find affordable places to live near job centers and transit resources, they are forced to seek homes in far-flung, auto-oriented areas. This creates long commutes for many Bay Area workers.

Affordable housing built by nonprofit developers is essential to ensuring the economic, environmental, and social quality of life in the Bay Area. Nonprofit developers face all the same challenges as for-profit developers, but they also face the additional hurdle of securing funding to subsidize development. There is currently a dearth of funding sources for developing affordable housing in the Bay Area.

The dissolution of redevelopment agencies (RDAs) has left many Bay Area jurisdictions without their major funding source for affordable homes. Recent lawsuits against

inclusionary housing policies—programs that require a defined percentage of homes in a given housing development to be affordable to households of certain income levels—have reduced the effectiveness of another key tool for funding and building affordable homes. State funding sources such as Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, are also drying up.

## SOLUTIONS

***A state-level replacement for redevelopment will be absolutely essential*** to meet the state's housing needs. In the meantime, there are several tools emerging in the post-RDA world that local governments can employ directly. Land value recapture, or public benefit bonus zoning, is a mechanism by which cities can benefit from the increase in private land value due to public action such as rezoning. ***As cities rezone land for denser infill housing, they should create policies that allow for higher heights and densities in exchange for community benefits, including funds for***



**affordable housing.** For more information, see Greenbelt Alliance's Public Benefit Bonus Policy Brief, available at [greenbelt.org/publications](http://greenbelt.org/publications).

As an alternative to inclusionary housing, **many jurisdictions are adopting residential housing impact fees.** This process involves conducting a nexus study to evaluate projected income and spending habits of residents of new market-rate housing and subsequent demand for affordable housing based on how many lower-income jobs and residents would be needed to support market-rate use of services. Cities then charge market-rate developers impact fees based on current or projected costs of providing affordable housing. **Many cities also have commercial housing impact fees** based on a similar process estimating the need for affordable homes created by commercial development. Cities should be sure that the fees they establish are consistent with market conditions; for more information, please see the section Development Fees and the Market Misaligned.

Finally, cities should proactively identify sites for affordable housing development and take appropriate measures to move development forward on those sites. **Cities should identify sites—near transit, services, groceries, and other**

*Three separate sites on the Peninsula were designed for multi-family affordable housing projects in the mid-2000s. After the State dissolved redevelopment agencies (RDAs), all three projects have been put on hold until new sources of funding can be found to replace redevelopment funds.*

**amenities—that may be eligible for Low-Income Housing Tax Credits.** For publicly owned sites, **cities should issue a request for proposals or request for qualifications** to identify a nonprofit developer to collaborate with on developing affordable homes for the sites. For privately owned sites, **cities should create an overlay zone** that allows affordable housing as a by-right use. **Cities should also consider waivers or reductions in impact fees** to help encourage affordable housing development.

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WHEN WORKERS ARE UNABLE TO FIND AFFORDABLE PLACES TO LIVE NEAR JOB CENTERS AND TRANSIT, THEY ARE FORCED INTO FAR-FLUNG, AUTO-ORIENTED AREAS—CREATING LONG COMMUTES FOR MANY BAY AREA WORKERS

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# TOP TEN BARRIER PROLONGED APPROVAL PROCESSES

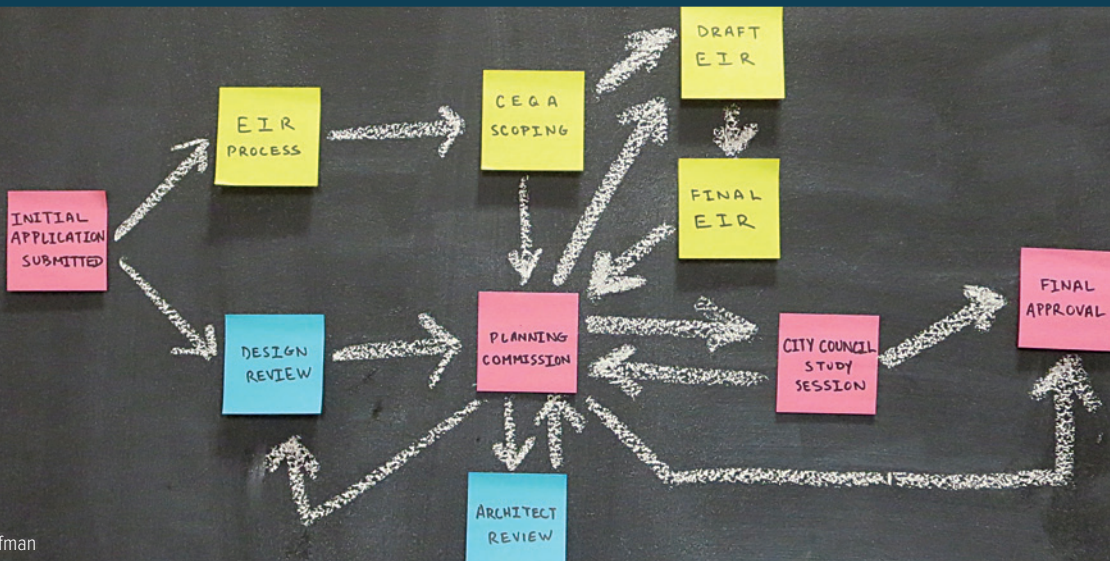


Photo: Adam Hoffman

## CHALLENGES

The municipal development approval process plays an important role in ensuring public participation in development decisions and can help move high-quality developments forward. However, delays and inefficiencies in entitlement processes often result in added time and project costs.

Why does this matter? Rents and home costs in the Bay Area are driven largely by supply and demand—in desirable areas where many people want to live, demand far outstrips supply, leading to very high costs to consumers. Perhaps the most important impacts of increased costs and delays for individual development projects are that, over the long term, fewer homes can be built, the overall supply of homes in desirable areas remains low, and rents and home costs remain high.

In a tight market or with a project that is economically marginal, increased costs and delays can make or break a

housing project. Even if higher costs don't prevent a project from moving forward, it can affect a developer's ability to build future homes, since developers often need to use their own funds to start up their next project. Delays can cause developments to miss a market cycle, putting projects on hold indefinitely until the market returns, or killing the project altogether if the builder is unable to carry their costs for the time it takes the market to recover. And if a city is unable to move forward on a development proposal because another one is delayed, the construction rate of new homes is stunted. Money lost in the entitlement process also means fewer resources available for including community benefits in the project.

Design review and environmental review are the two major potential bottlenecks in the entitlement process. Infill housing developments in the Bay Area often experience long review times for seemingly simple points in the entitlement process. Time-intensive entitlement processes



particularly impact smaller and nonprofit developers who have less financial capacity to overcome the incurred delays.

The design review process can play an important role in ensuring that a development fits the community's vision, preventing backlash against infill projects that might otherwise be perceived as ugly or inconsistent with the neighborhood. However, particularly in cities lacking detailed design guidelines, this process may involve a multitude of meetings with different municipal bodies. Feedback from one committee may directly conflict with the opinion of another body, leading to confusion and delays.

The environmental review process is guided by the California Environmental Quality Act (CEQA), an important tool for identifying and addressing the environmental impacts of development projects.

When infill development projects are proposed, a variety of community stakeholders get engaged in the process. Often among them are community groups—hoping to ensure development includes community benefits such as affordable homes, parks, and childcare centers—and construction trade unions—interested in ensuring the project creates high-quality, middle-income jobs for construction workers. Many cities lack policies and plans that adequately address these legitimate issues. Thus, stakeholders are left to leverage the CEQA process to secure their goals, leading to costly delays.

It is important to note that many of these same community stakeholders also use CEQA to address environmental issues. For example, a trade union may use CEQA to ensure that an infill development project conducts sufficient cleanup of on-site toxic contamination in order to protect worker health and safety. The CEQA process is an appropriate place to address such environmental concerns.

Due to the time-intensive nature of the CEQA process, how the law is applied at the local level can significantly contribute to infill project delays. It is not uncommon for residents who want to stop a development proposal to

*An infill housing project in Walnut Creek went through multiple stages of discretionary review—starting with a preliminary assessment by the Design Review Commission, followed by a full assessment by the Design Review Commission, then an assessment by the Planning Commission, back to the Design Review Commission, and at last, a final assessment before the City Council. The feedback received during this lengthy process varied considerably from one advisory body to the next. While this project was eventually approved, the discretionary review process added months to the project timeline and consequently, increased costs due to the additional time and project redesigns.*

use CEQA as a tool to scuttle the project with delays. There have also been occasions where parties who fear that infill will hurt them economically have used CEQA lawsuits as bargaining chips. In these cases, opponents will file a lawsuit and demand economic concessions, only dropping the lawsuit when demands are met. In one case, a commercial property owner was using the curb of the property next door to access a loading dock. When an affordable housing developer acquired the property and proposed building affordable homes, the commercial property owner leveraged CEQA as a means to impede the project and preserve access to the curb. In the end, the developer wasn't able to build as many affordable homes as originally

# WHY IS EFFECTIVE AND EFFICIENT PROCESS SO IMPORTANT?

RENTS AND HOME COSTS IN  
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MEAN FEWER HOMES CAN  
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HOME COSTS REMAIN HIGH.



proposed for the site because of the land area lost to provide the property owner access to the loading dock.

Finally, concerned about CEQA challenges, developers choose to do a full environmental impact report (EIR), even on projects that would in theory be able to receive a categorical exemption or a Negative Declaration, in order to provide stronger legal coverage against CEQA threats. This adds costs and delays even in the absence of a specific CEQA challenge.

## SOLUTIONS

***Involving the community in planning processes from the start*** is an important strategy to increase community buy-in and decrease the likelihood of delays in the approval process (please see the section Political Challenges for more details).

While essential to engaging public discourse, discretionary review could be more efficient. Once a community plan is in place, ***cities should make design and environmental review relatively simple for projects consistent with the plan.***

Redwood City has developed design guidelines through a thoughtful and robust public engagement process. These guidelines ensure that design decisions are not made in a vacuum in City Hall, but have defensible public input from the Redwood City community, greatly reducing challenges to projects that adhere to the guidelines. Form-based codes, which use physical form—the shape and mass of buildings in relation to one another and the scale and types of streets and blocks—as the organizing principle for the code, can also be a helpful tool in ensuring consistent design while ensuring an efficient process.

***Cities should establish a comprehensive, participatory planning process in which community members are engaged in developing design guidelines and form-based codes for infill housing.*** Projects compliant with these guidelines can be approved by city staff, shortening the process for commission or council approval.

Similarly, ***cities should create streamlined and transparent processes for environmental review of infill housing projects*** that are consistent with an adopted community plan. For Redwood City's Downtown Plan, the City first established the total growth anticipated within the plan area and then took steps to reduce each environmental impact to less-than-significant levels in the final plan. Sometimes this was done through changes to the plan itself. For example, where proposed building heights would have led to significant impacts from shadows, heights in that area were reduced. In other cases, the City included specific mitigation measures in the plan EIR that proposed developments could use to reduce impacts to less-than-significant levels; this approach was used for traffic impacts. When projects are consistent with the community plan and incorporate the mitigation measures identified in the plan EIR, they can move forward with a simple initial study rather than a full project-level EIR.

To address the legitimate concerns of community stakeholders and reduce CEQA-related delay, ***cities should establish policies that set expectations on labor issues and community benefits in private development projects.*** These standards should be determined through inclusive public processes in which all relevant parties are involved. The policies can be citywide or included in specific plans for different areas. They can assert overall city objectives, establish requirements for the sale or lease of public land, or set expectations for situations where a discretionary zoning action is required.

For example, the Reuse Plan for the Concord Naval Weapons Station includes policies that encourage the use of proven apprenticeship programs for youth and veterans, a 40% goal for employing local residents in its construction, and a target of making 25% of the area's housing affordable to low-income families, veterans, seniors, and teachers. Establishing these kinds of policy expectations will provide a level of certainty which will benefit everyone. This will help avoid project-by-project fights and save time and energy. As the market shifts, these policies may need to be revised.

# TOP TEN BARRIER LACK OF FUNDING FOR INFRASTRUCTURE



Photo: Adam Hoffman

## CHALLENGES

Aging infrastructure is an issue in many Bay Area cities. Unlike with sprawl, where infrastructure needs to follow development into the region's open spaces, infill development utilizes existing urban infrastructure including roads, sewer lines, and water lines. However, if infrastructure is outdated or lacks the capacity to serve new development, it needs to be updated.

Many cities plan for infrastructure maintenance, repair, and expansion through a capital improvement plan (CIP) that outlines short-term (4-5 year) infrastructure priorities and allocates money accordingly. While CIPs usually have a dedicated budget outside of a city's general funds, they have limited resources and often have stipulations on how and when funds can be used.

The roller coaster economy does not provide steady sources of income for cities over time, so limited

resources, aging systems, and a growing population rarely allow for new systems to be built to accommodate more urban dwellers. Infrastructure issues will likely become a greater hurdle for cities as systems continue to age and more infill projects—commercial, as well as residential—add strain to existing systems.

In many cities, infill housing projects have been stalled, or abandoned outright, due to high costs for providing public infrastructure. Many cities do not currently have the capital to fund infrastructure projects that would encourage infill housing development. The list of infrastructure that needs improvement includes water lines, sewers, streets, and multimodal transit.

While infill housing developers wish that cities would fund all infrastructure projects, the reality of shared responsibility between public and private sectors is known and accepted. The problem is the lack of policies



*The Roseland neighborhood is a large unincorporated pocket within the urbanized area of Santa Rosa. Part of the neighborhood is within a half mile of the future downtown Santa Rosa train station. The implementation plan for the Downtown Station Area Plan estimates a need for over \$33 million for infrastructure and utility upgrades.*

addressing what each sector's responsibilities are for developing infrastructure during times of new construction. This creates uncertainty in design and budgeting. And these problems have been exacerbated by the shut down of local redevelopment agencies, which helped fund infrastructure improvements. The result is not only aging infrastructure, but also increases to the costs of developing infill housing in an already weak multi-family market.

## **SOLUTIONS**

While cities in the Bay Area are tackling the challenges of replacing and adding capacity to their aging infrastructure, much of the solution will come from the state. More specifically, ***successor policies and agencies to the now extinct redevelopment agencies (RDAs) will be essential*** to improve this situation.

Meanwhile, ***cities should definitively outline public and private sector priorities and responsibilities for developing public infrastructure***. For example, Santa Rosa has put in place a reimbursement agreement structure: if the first developer into an area provides significant infrastructure upgrades, it will be reimbursed through fees paid by future developers in the same area. The dialogue around public and private sector roles may be linked to similar discussions and planning around contributions toward other community benefits (e.g. affordable housing, parks, or community amenities such as child-care centers). Greenbelt Alliance's Public Benefit Bonus Policy Brief, available at [greenbelt.org/publications](http://greenbelt.org/publications), provides examples of such policies.

***Cities should also seek grant funding for infrastructure needs, from both traditional and unexpected sources.***

For example, to support higher densities in the downtown train station area, the city of Santa Rosa received a Transportation for Livable Communities Grant from the Metropolitan Transportation Commission (MTC) to update its water system. MTC's new One Bay Area Grant program is a great opportunity to fund infrastructure needs, particularly in priority development areas (places near transit where cities are planning for more growth).

Short-term funding measures are another option for cities to fund the most needed infrastructure projects. San Francisco recently passed Proposition B, a bond measure that will pay for road repaving and street safety improvements. This measure was successful in part because the City undertook a detailed planning process to discuss planned outcomes of the bond with voters through a series of public meetings. This led to wide support for the measure. ***Cities need to engage citizens in proactive, outcome-based planning to garner public support for bond measures that will finance infrastructure improvements.***

## TOP TEN BARRIER SMALL AND ODD-SHAPED PARCELS



### CHALLENGES

Many older suburban cities have opportunity areas for infill development that are divided into small or oddly shaped parcels. A prime example is the El Camino Real corridor in Santa Clara and San Mateo counties. Small parcels are difficult to develop for several reasons. Certain costs are necessary for infill projects whether a development is on half an acre or on 10 acres. Consequently, the cost of building each residential unit decreases as size and density of the housing development increase. With small parcels, projects can't benefit from the economies of scale. Additionally, mixed-use requirements, parking requirements, and other amenities are harder to design for irregularly shaped lots. Assembling neighboring lots can be a solution to these challenges, but landowners may be reluctant to sell or may ask for a higher price than the market warrants.

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MIXED-USE  
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## SOLUTIONS

One approach to addressing the challenge of small and odd-shaped parcels is to provide landowners with incentives to assemble multiple small parcels into a larger lot. To incentivize property owners to consolidate with their neighbors, ***cities should implement density bonuses that allow for greater density on lots larger than a certain size.***

Another approach is to relax the requirements for small parcel development, making it more feasible to build on these lots. Strategic Economics, a leading Bay Area firm specializing in real estate and urban and regional economics consulting, found that some developers would be interested in building infill housing on smaller parcels if they could bypass vertical mixed-use requirements. It can also be difficult to provide the required number of parking spaces on a small parcel; retail parking requirements for mixed-use developments in particular can be an insurmountable hurdle. ***Cities should reduce requirements for small parcels to encourage infill development.***

Strategic Economics has also researched “through parcels”—which connect one street to another—showing that these types of parcels, even small ones, are easier to develop than other small lots. ***Cities should identify existing through parcel opportunity sites and change zoning codes to incentivize assembling neighboring parcels into through parcels.***

*In the Shoreline West neighborhood of Mountain View, a three-story infill housing project was proposed for a long and narrow lot. This project eventually fell through during the planning and design phase due to difficulties with the small lot size, building orientation, and inability to acquire neighboring lots.*

# TOP TEN BARRIER DEVELOPMENT FEES AND THE MARKET MISALIGNED



Many cities charge impact fees or other fees on development projects to fund community amenities, varying from transportation infrastructure to affordable homes to parks and plazas. Such fees can be an important way to ensure that new infill housing developments contribute to making neighborhoods better places to live, beyond the obvious benefit of providing more housing choices in desirable locations.

## CHALLENGES

Development fees that are not closely tied to the strength of the housing market in a given location can be a problem in both strong and weak markets. In weak markets—where home prices and rents are relatively low, but construction costs are on par with the rest of the region—fees that were created when the market was stronger may no longer be feasible for infill housing projects to bear. On the other hand, in strong markets—where home prices are high and construction is

booming—cities that fail to update their policies and fee structure are missing an opportunity to help fund needed community benefits, including needed affordable homes. This is a barrier to infill housing development in strong markets because, absent the provision of sufficient community benefits, current residents may oppose and stymie future housing growth.

## SOLUTIONS

*Cities should periodically review and revise their fees based on an analysis of market conditions.* In weak housing markets, it may make sense to temporarily reduce fees to spur investment. In strong markets, fees can be restored. *Cities should also vary fee levels to incentivize development in certain areas where development is most desired*, such as transit station areas or downtown.

The City of Fremont has, at numerous times, enacted a tiered system of fee reductions to incentivize infill

development in key areas. These reductions have successfully spurred new infill development in the city's preferred locations. These fee reductions have clear end dates and when they are set to expire, the city council looks at current market conditions and decides whether to restore previous fee levels or extend fee reductions for a longer period.

It can be difficult for cities to consider reducing impact fees when there are significant needs for the benefits these fees provide. Some development fees are more suitable for temporary reductions than others. One way to reduce demand for transportation-related fees is to plan for less road building in transit-focused areas, as Fremont has done. However, some improvements will still be needed as new development comes in. Please see the sections Lack of Funding for Infrastructure and Lack of Funding for Affordable Housing for additional solutions.

*In 2012, a 141-unit apartment project located along the El Camino Real corridor in Redwood City was approved. These apartments are just a few among the thousands of new infill homes proposed for Redwood City in recent years, evidence of a strong housing market. The City did not have a policy or fee structure in place requiring new housing developments to contribute to affordable homes in the area. While the developer voluntarily offered to make five of the new units affordable, this was a missed opportunity for securing a higher level of commitment to affordable housing.*

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# TOP TEN BARRIER PARKING REQUIREMENTS



## CHALLENGES

In many cities, high parking requirements for infill housing developments can add costs for parking spaces that are often underutilized. In addition to parking required by city code, residents adjacent to proposed infill housing often push for higher parking numbers, in fear that cars from multi-family housing will crowd neighboring streets. Parking spaces add a disproportionate cost to developing infill housing; the average cost of a parking space in a parking structure ranges from \$15,000 to \$30,000. Not only are parking construction costs high, but ongoing operation and maintenance of parking structures can also be costly for rental properties. In addition, many potential infill housing sites in the Bay Area are small or oddly shaped parcels that present unique challenges in complying with parking requirements. Meeting city parking quotas on these sites often involves costly structured parking. Design concessions to meet parking requirements

often lead to the reduction of dwelling units in a project and may even make the entire project unfeasible.

Research shows that there often is not demand for the parking spaces that are required by many cities for multi-family housing. A parking study done in Mountain View makes this case, finding that 20-40% of parking spaces at four large apartment complexes stood empty.

## SOLUTIONS

The City of Mountain View is now using lower parking requirements based on a study of how available parking is actually used in multi-family housing projects. This type of study can serve as a defensible document in engaging concerned neighbors. Other cities in the Bay Area should follow Mountain View's example and ***engage in parking surveys and studies to develop appropriate standards for infill housing parking requirements.*** The study in Mountain View and a related study conducted by the Valley

Transportation Authority and San Jose State University for Santa Clara County could be used as models for parking studies in other jurisdictions.

In addition, ***cities should encourage the use of other strategies*** to reduce demand for parking spaces. For example, “unbundling”—charging the cost of a parking space separately from the cost of renting or purchasing a home—can reduce demand for parking spaces while simultaneously making housing more affordable. If a family chooses to only own one car, they can save on the cost of a second parking space rather than having that cost bundled into the cost of their home.

*A proposed housing project along the El Camino Real corridor has experienced considerable delays due to challenges with parking requirements. The amount of land needed to build the required number of parking spaces was compromising the number of homes that could be included in the project, which threatened the economic viability of the project. Though this hurdle has not yet conclusively shelved the project, it is unclear whether it will ever be built.*

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## RESEARCH SHOWS THAT THERE OFTEN IS NOT DEMAND FOR THE PARKING SPACES THAT ARE REQUIRED BY MANY CITIES FOR MULTI-FAMILY HOUSING

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# TOP TEN BARRIER COMPLEX REGIONAL REGULATORY ENVIRONMENT



## CHALLENGES

Regulations to protect air quality, water quality, and public health are essential to our health and quality of life. However, when such regulations from regional agencies are developed in silos they can have consequences for cities trying to meet infill housing goals. When this happens these essential regulatory tools can become an unwieldy maze that is difficult for infill developers to navigate.

For example, the Bay Area Air Quality Management District has new guidelines for reducing health risks from toxic air contaminants, primarily from diesel particulate matter. The way the guidelines are structured can lead to developments having to go through a full EIR rather than a Negative Declaration—even when all signs seem to indicate that the project will not have negative health impacts—leading to delays and increased costs. These guidelines have been suspended due to litigation. Yet cities are using the guidelines because they feel they have no

other legally defensible approach for protecting public health. Another example is stormwater regulations from the Regional Water Quality Control Board. Stormwater regulations for mixed-use projects differ significantly from those for single-use residential projects and can create significant project delays. One proposed mixed-use project saw stormwater costs rise to the point where the project would need to increase density beyond what city plans permit in order to be financially feasible.

Delays and increased costs can affect the overall infill housing supply as well as individual development projects (please see the section Prolonged Approval Processes for details).

## SOLUTIONS

***Regional agencies should provide easy-to-use resources and a clear process for determining required actions.*** For example, the Air District should provide location-specific



maps of tiers of health risk, indicating locations with no risk, moderate risk, and high risk. These maps could be regularly updated to reflect changes in air pollution levels (e.g. from stricter vehicle emissions standards).

Regulations can be developed in a way that both achieves health and safety goals and supports infill development.

***Regional agencies should adopt clear principles to support infill housing development and develop regulations and procedures with those principles in mind.***

For example, water-related development fees should be structured such that development in greenfield areas pays a higher rate than development in infill areas. The city of Sacramento charges markedly lower fees for infill development than for greenfield development. Similarly, the Air District should provide a clear list of mitigation measures that could be taken in moderate-risk areas to allow infill development to move forward.

No single agency keeps a comprehensive list of regional regulations that apply to infill development. ***A trusted regional body should compile such a list and convene the various regulatory agencies to discuss how to ensure air quality, water quality, and other regulations, both to***

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*A proposed apartment project along El Camino Real in Mountain View, along a key transit corridor and close to many large job centers, was significantly delayed due to the complexity of Air District guidelines for addressing toxic air contaminants. The project also incurred additional costs from conducting a full environmental impact report rather than a more streamlined environmental review.*

***protect environmental and public health and support the region's infill development goals.***

Cities also often have the freedom to ***establish their own guidelines*** on how to address issues like air quality. By developing city-level public health guidelines with the community's infill development goals in mind, the municipality has the chance to effectively address both issues. This can be done through documents like a general or specific plan or a plan-level EIR. For example, Oakland's Housing Element EIR addresses air quality issues by requiring either a health risk assessment or the implementation of specific mitigation measures for residential developments built within 1,000 feet of a high volume roadway.

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*“Infill development poses multiple challenges. Greenbelt Alliance’s new report provides a practical and insightful discussion of barriers and solutions for cities and towns.”*

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