

CONCORD

Concord has historically been and continues to be a first-time homebuyers market. With housing mostly built at a low density, the city has a suburban-style urban fabric. Planning in Concord has been influenced greatly by the incorporation of 1970s era mega-blocks and the physical division created by I-680, which severed connections between the denser downtown area and the northwestern quarter of the city. Since the 2009 Great Recession, city planning staff has been pared down, impacting the planning department's capacity.

Concord saw the development of several infill housing projects in the early 2000s, yet few have been built in recent years. Having a downtown BART station provides the transit infrastructure that anchors housing and job growth within the city. The downtown area near the BART station has seen nonconforming uses such as auto dealerships being relocated to make way for housing. If built, the few infill projects in the development pipeline will add nearly 400 multi-family housing units to the market. At least a couple of these projects are on hold due to challenges listed below.

The City is currently undergoing analysis of and planning for the transfer of a 5,028-acre decommissioned weapons station from the Navy that will include a robust multi-family home component near the North Concord BART station—this will greatly change the housing landscape of the largest city in Contra Costa County.

STRENGTHS:

New Planning Processes

Concord is moving forward with new planning projects that will hopefully usher in more infill housing development into the city. In early 2013, the City launched its public engagement process for the new Downtown Specific Plan. Other major planning efforts include more detailed planning for the Concord Naval Weapons Station, a Climate Action Plan, a new Housing Element within the next two years, and a focused update to the General Plan within the next three or four years. All of these major planning projects are intended to include strong components that will hopefully seed infill-style housing in Concord. The City also recently updated its development code, expanding allowances for residential uses in mixed-use districts; creating new development standards for affordable housing, including an innovative affordable housing overlay; and streamlining development processes.

BART Corridor

Concord is extremely well suited for transit-oriented development as it sits along the northeast BART corridor, with two stops in the city. The Downtown Specific Plan will be focused on transit-oriented development. New homes and jobs slated for development at the Naval Weapons Station site will be located adjacent to the existing North Concord/Martinez BART station.

CHALLENGES AND RECOMMENDATIONS:

Current Physical Context

Concord has had difficulty attracting walkable, multi-family development due to the existing, suburban style pattern of single-family housing and the 1970s mega-block build-out of downtown that, along with two free-ways, has resulted in the loss of a cohesive grid and multimodal connectivity. Envisioning a denser urban housing core from these existing patterns requires innovative planning, political leadership, and strong public engagement. **The City should consult with urban design experts on road diets and improving neighborhood connectivity.**

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Lack of Funding for Infrastructure

Concord's largest opportunity site for development, the decommissioned Concord Naval Weapons Station, will need substantial infrastructure investment to create new neighborhoods in an area with very few municipal services. The City is currently developing an infrastructure plan for the site.

Development Fees and the Market Misaligned

On the heels of the Great Recession, Concord saw a swell of foreclosed homes, thus creating a surplus of affordable, single-family units that further deflated the market for new construction. With construction costs in Concord on par with the rest of the Bay Area, developers are reluctant to build multi-family homes in a city where the market cannot support price points linked to the construction costs. The City should consider temporarily reducing fees on infill housing development to spur investment, as it did recently with affordable housing fees.

New Financing Challenges

The majority of the housing stock in Concord exists in a single-family, detached, suburban pattern. Infill housing developers have found it difficult to secure financing for infill housing in Concord because lenders do not have existing multi-family projects with which to compare and assess market risk. Lenders are also more apt to finance single-family or townhome developments in this market since these types of projects can be constructed in phases, allowing developers to borrow directly against early phases of the project.

FREMONT

The housing market in Fremont—the Bay Area’s fourth largest city—is fairly strong and the future looks bright. The foreclosure crisis did not hit the city as hard as many other East Bay communities. Fremont continues to be a more affordable alternative to many Peninsula and South Bay communities, and is attractive for home-buyers and renters alike. Fremont is home to several Silicon Valley employers and is close to other Silicon Valley employment centers, and the city is served by both the BART and ACE transit lines as well as AC Transit and VTA.

In the second half of the 20th century, most new development consisted of greenfield suburban subdivisions. Between 1960 and 2000 the population quadrupled, with most residents living in suburban-style single-family neighborhoods. In recent years the city has placed increasing emphasis on infill housing development and the City’s ambitious Downtown Community Plan envisions downtown Fremont as a vibrant, urban style hub with medium and high-density neighborhoods. Fremont has received MTC grant funding for this plan, and for the Warm Springs/South Fremont BART station area plan, which also includes plans for residential development. The city has also designated other TOD overlay zones, where they hope to develop more housing, among other infill development.

STRENGTHS:

City is Supportive of Infill Housing

In recent years, the city of Fremont has been very proactive in planning for infill housing development. Both the City’s housing element and general plan have been updated in the last few years, with Fremont being the first community in Alameda county to complete their housing element in 2009. In addition, city staff have been very supportive of proposed infill housing developments and upzoning efforts. Fremont’s city council unanimously voted to support the Downtown Community Plan.

Flexible Fee Structure Incentivizes Infill Development

The City of Fremont has, at multiple times, enacted a tiered system of fee reductions to incentivize infill development in key areas. These fee reductions have clear end dates and have, at times, been extended through council approval. Not only have the fee reductions spurred infill development, but the City has also planned to reduce road building in transit-focused areas, decreasing the need for developer fees.

CHALLENGES AND RECOMMENDATIONS:

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Political Challenges

Some projects, particularly in desirable areas such as Mission San Jose, have faced neighborhood opposition due to fears about increased traffic or overcrowding of local, high-performing schools. Residents are concerned that children in new developments might cause their children to lose spots in these high performing schools. There is also concern that this overcrowding would lead to traffic congestion around pick up and drop off times at schools. The City, school district and development community are working cooperatively to maintain excellent school quality in Fremont. For example, in the Warm Springs area, developers will likely agree to pay additional fees to support schools. In the past, neighbor concerns about upzoning have also arisen. Residents in single-family areas have felt that proposed higher density housing didn't mesh well with the rest of the neighborhood.

New Financing Challenges

In recent years, there has been little investment in infill housing developments, due to perceived financial risk. This problem is not limited to Fremont; most Bay Area cities saw a decrease in new development as a result of the 2008 recession. There is also a belief that there is little demand for higher-density, infill housing in Fremont and that residents prefer single-family style suburban subdivisions. This uncertainty about market demand, coupled with the overall tightening of the lending market, makes it difficult for developers to finance infill housing in Fremont.

MOUNTAIN VIEW

Mountain View's location in the heart of Silicon Valley, serving as home to Google and many other high-tech companies, combined with other attributes such as a lively downtown, makes it a highly desirable place to live. There is very strong market demand for new infill housing.

Mountain View was an early leader in transit-oriented development with The Crossings at the San Antonio Caltrain station. The city approved a significant amount of infill development in downtown and other key areas in the 1990s. This led to a resident backlash against development in the early 2000s. In the past 2-3 years, infill housing development has picked up again, particularly along the El Camino Real corridor.

STRENGTHS:

Policy

Mountain View's new General Plan 2030 (adopted July 2012) highlights nine "focus areas" for growth, primarily along transit corridors and near transit stations. These areas are identified for multi-family housing development. The City also recently undertook a parking study and determined that many higher-density housing projects were over-parked. The Environmental Planning Commission has recommended a model parking standard which calls for one parking space per bedroom.

Planning processes

The city is in the process of developing precise plans for each of these nine focus areas, and has sought and received grants to develop these plans. City staff have been proactive about working constructively with the development community to facilitate higher-density housing particularly along the El Camino Real corridor. For example, staff met with key developers to determine the densities at which they would need to build to make higher-density development feasible; the city then changed their zoning to accommodate these requirements.

Politics

There are several infill housing champions on the City Council and Environmental Planning Commission. The Mountain View Coalition for Sustainable Planning, a group of active residents, has been very successful in supporting sustainable infill development in the city.

CHALLENGES AND RECOMMENDATIONS:

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Complex Regional Regulatory Environment

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. For example, the new Bay Area Air Quality Management District guidelines for reducing health risks from air pollution as well as regional stormwater regulations make it more difficult to develop in infill focused, transit-oriented areas.

Traffic Analyses

Traffic studies are costly and can point to outcomes that are contrary to the city's desire for smart growth. Also, traffic studies often use national averages, not accurate trip counts for transit-oriented development, so the studies overstate the traffic impacts.

Political Challenges

The City Council and Environmental Planning Commission are both very bifurcated, with several no-growth members as well as several pro-infill housing members. Neighborhood opposition, mostly on account of heights and traffic, can be an issue.

Prolonged Approval Processes

The environmental review process, guided by the California Environmental Quality Act (CEQA) is an important tool for identifying and addressing the environmental impacts of development projects. When infill developments are proposed, a variety of community stakeholders get engaged in the process. Often among them are construction trade unions, interested in ensuring the project creates high-quality, middle-class jobs for construction workers. Many cities lack policies to address this legitimate issue, leaving unions to leverage the environmental review process to secure their goals, leading to costly delays. On a different note, it is not uncommon for residents who want to stop a development proposal to use CEQA as a tool to scuttle the project with delays.

Small and odd-shaped parcels

Many of the infill parcels in Mountain View are small and/or odd-shaped. Infill housing is difficult to develop on these sites given current regulatory and market realities. For a developer to put together a feasible project, they need to assemble a multiple of adjoining parcels or to design buildings not allowed by current policy (e.g. parking requirements). Many times, landowners in places like along El Camino Real (which is full of small, shallow, and odd-shaped lots) are often unwilling to sell.

OAKLAND

Like the two other major cities in the Bay Area (San Francisco and San Jose), Oakland provides many of the regional needs for its neighboring cities. The city is a major industrial hub for the entire region with its port—one of the busiest in the country—its railways, and web of freeways. Compared to the other two flagship cities, Oakland has much lower median incomes and median housing prices.

Oakland has policies that are meant to encourage infill housing in the city, such as districts zoned at much higher densities than market trends and the absence of impact fees on residential development, yet there does not seem to be a clear vision for infill housing in the East Bay's flagship city. The current economic reality, along with what developers perceive as an uncoordinated set of policies that guide infill housing development, create an environment where the amount of infill housing being built is nowhere near the potential. There have been a few landmark infill housing projects that have been built in the recent past, most of which were a result of then-Mayor Brown's 10K program. Others, mostly around BART stations, have also become good examples of infill housing in Oakland.

Oakland went through a steep infill housing spike during the second mayoral term of Jerry Brown (2003-2007). The Mayor streamlined the development of infill housing in Oakland's downtown district with the goal of wooing 10,000 new residents to the deserted downtown area. While this initiative was very successful (new developments included Broadway Grand, Landmark Place, The Uptown), the momentum gained by the 10K initiative has essentially ground to a halt. There has yet to be a successor in terms of an effective infill housing champion or initiative in this city.

STRENGTHS:

Infill Housing Potential

Oakland has a vast supply of potential infill housing sites. Plan Bay Area, the region's plan for growth over the next generation, shows Oakland adding over 50,000 new homes by 2040. With such high potential, the East Bay's flagship city could become a leader in regional infill housing in the next few decades.

Transit Availability

Access to public transportation has long been known and lauded as a harbinger for infill development. Oakland is well served by local and regional transit. This transit service, overlaid with the many potential sites identified above, provides great opportunities for new infill homes in locations that will only be more desirable as housing and transportation costs continue to intensify.

Policies that Promote Infill Housing

The City in general is supportive of infill housing. It has established policies with infill housing development in mind, including very low residential development fees and rezoning. Oakland would like to see more multi-family housing in certain areas, so they have zoned many districts to allow for much higher densities than

many believe the market can support. This essentially eliminates developers' needs for seeking variances or density bonuses. Oakland also has very few residential development fees aside from a permit fee and one for schools.

CHALLENGES AND RECOMMENDATIONS:

No Clear Vision for Infill Housing

While the City has done plenty of admirable planning in terms of creating priority development areas in Oakland, developers do not sense clear guidance or an appeal from the City to develop infill housing. Many developers and community advocates were excited by the former Mayor Brown's 10K initiative. Yet as it expired, so did the enthusiasm and momentum for infill housing in Oakland. The City has had many years to evaluate the pros and cons of Brown's 10K plan. **The City would benefit from a strong champion who would lead the charge on creating infill housing in Oakland.**

Uncoordinated Policies Towards Community Benefits

While Oakland has established many policies that have infill housing development in mind, the City does not have a standard fee schedule or process for developing public infrastructure, providing community benefits, funding affordable housing, or negotiating these assets with community groups and developers. One notable exception is Oakland's Labor Compliance Program, which details requirements regarding prevailing wages and apprenticeship programs for projects, including infill residential projects, which receive public funding. Applying community benefits case-by-case basis leaves infill housing developers uncertain when putting together their pro formas and designs for projects. In the absence of standardized policies, negotiations may become tense regarding community advocates' desire for socially responsible development projects and developers' desire for fair and reasonable project expenses. This adds time and costs for both developers and the City. Moreover, an unclear participation process may also lead to the disenfranchisement of community advocates. The City is currently investigating the creation of a citywide Development Incentive Program to allow for development at higher heights and density in exchange for the provision of community benefits. Greenbelt Alliance's *Public Benefits Bonus Policy Brief*, available at www.greenbelt.org/publications, can be a helpful resource in establishing such a program. However, this program is still in question given that much of the city is already zoned for significant height and density. **The City should continue to investigate a comprehensive citywide Development Incentive Program. In addition, the City should establish a detailed process with guidelines towards community benefit agreements that address needs of community advocates, the City, and infill housing developers.**

Solutions and additional information for the following challenge are available in the section of the same name in the full *Fixing the Foundation* report.

Lack of Funding for Infrastructure

The City of Oakland and developers face two major physical constraints: cleanup of toxic waste and aging infrastructure. Addressing both of these barriers is negotiated on a project-by-project basis with the City and the developer, each wanting more accountability from the other. Many of the potential infill housing sites in Oakland are located on brownfields due to the City's extensive history as an industrial hub for the West Coast. The infrastructure that serves much of the city—including sewer and water lines—is nearly 100 years-old and does not have the capacity to serve the many thousands of residents who will live there in the next 50 years. The City is currently working to create a traffic impact fee structure for developers to pay into a fund for street improvements. The City also has a program run by the EPA and East Bay Municipal Utilities District that requires property owners applying for a building permit over \$100,000 to demonstrate that their sewer laterals are intact (and replace them if not). However, this does not solve the problem of the larger sewer mains.

PALO ALTO

Palo Alto, home to Stanford University and arguably the birthplace of Silicon Valley, has a very strong housing market. There is high demand for all housing, and for sale housing often sells for more than the list price. As of January 2013, one-bedroom apartments in Palo Alto can command \$2,800 a month or more in rent.

Over the past decade several different residential infill projects have been built in Palo Alto, including 800 High Street, which went forward despite a referendum sponsored by project opponents. There are currently infill housing developments in construction both along the El Camino Real corridor and elsewhere in the city, and the City is debating raising the 50 foot height limit that currently exists for residential development in downtown or plan areas. Palo Alto is particularly focused on creating more senior housing in central, transit-rich areas.

However, despite many plans to create more infill housing, the City is also in the process of appealing to the Association of Bay Area Governments to lower their Regional Housing Needs Allocation (RHNA) requirement. In addition, a recent draft housing element put forth by the City was deemed inadequate by the state's Department of Housing and Community Development in 2012. Some residents feel that the city is "built-out" and that more development either isn't possible or would drastically change the character of the town, further highlighting Palo Alto's ambiguous relationship with residential infill projects.

STRENGTHS:

Affordable Housing

Palo Alto had never relied on redevelopment funds for affordable housing, and didn't experience the same shock from the loss of redevelopment that affordable housing did elsewhere. Instead, much of the money for low-income housing comes either from funds set aside by Stanford University, from a commercial impact fee, and from below market-rate fees on market-rate developments. This multifaceted approach has succeeded in providing the community with affordable housing. Palo Alto has been a model on the Peninsula for affordable housing for many years.

CHALLENGES AND RECOMMENDATIONS:

Zoning Code Challenges

Palo Alto also has a "planned community" zone type, which has presented a unique set of challenges. Although "planned community" zoning ideally allows for greater flexibility in density in exchange for provision of community benefits, it also requires a public review where developers have to demonstrate why they merit building higher density housing. Developers are rarely able to successfully push for higher density and proposals are often rejected due to uncertain criteria and also political and residential opposition. **The City should modify its planned community zoning to provide more clarity, both for builders and for residents.**

Greenbelt Alliance’s *Public Benefits Bonus Policy Brief*, available at www.greenbelt.org/publications, provides examples of other cities who have clearer policies for allowing greater density in exchange for community benefits. In addition, Palo Alto has recently expanded the minimum width of private streets from 24 feet to 32 feet, making configuration of larger scale developments within “planned community” zones more difficult. **The City should reduce its street width requirements to conform to best practices for infill development.**

High Land Costs

Land costs in Palo Alto are extremely high, and this has been sometimes cited by developers as a reason for not building in Palo Alto. Despite high land costs, several housing developments are currently in the works, indicating that building residential developments is nonetheless profitable. There is considerable demand for luxury apartments and condos that command very high rents. High land costs are almost certainly a greater hardship for smaller developers and nonprofit developers. However, larger developers can afford to invest in expensive lots, knowing that they will make a profit in the current booming housing market. Smaller developers may not have the resources to compete with larger companies in this market. High land costs are just one part of the total development cost picture. **The City should reduce overall development costs through mechanisms such as streamlining the entitlement process or further reducing parking requirements.**

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Prolonged Approval Processes

Some have expressed that getting a project entitled is a lengthy and often difficult process. City staff, though very reliable, have been known to stick to planning rules somewhat rigidly, and to spend more time on technicalities than on qualitative statements. The Architectural Review Board in Palo Alto often holds multiple meetings on a given project, and plans must be revised—sometimes multiple times—in order to get projects approved. This can end up costing a lot of time and money. The City has begun to address this by putting in place a pre-screening with the Architectural Review Board, allowing developers to get initial feedback at early stages before putting in significant design work.

Political Challenges

Historically, many Palo Alto residents have been vocal opponents of new residential developments. This anti-development sentiment is often also expressed by Palo Alto’s elected officials. Additionally, some residents are not supportive of upzoning efforts in general, and oppose measures like lifting the 50-foot height maximum on residential developments in downtown areas and along the El Camino corridor.

REDWOOD CITY

Redwood City's location between San Jose and San Francisco, its role as a Silicon Valley job center, and its proximity to other job centers in nearby Palo Alto and Mountain View make it an increasingly desirable place to live. An ongoing City-led effort to revitalize downtown Redwood City is also transforming the downtown area into a regional destination. Because of this, the infill housing market in Redwood City is very strong and, as of 2013, there are several residential infill projects currently under construction.

Redwood City has a history of encouraging infill housing development, specifically in and around the city's downtown and along key corridors such as El Camino Real and Veterans Boulevard. From the late 1990s to the late 2000s several residential housing developments were built. However, after the 2008 economic downturn and a lawsuit against the downtown precise plan, new development slowed significantly. After revising the downtown precise plan in 2011 and updating its mixed-use zoning for key corridors, the city is currently experiencing a boom of new residential infill developments with approximately 2300 new housing units under construction or in the development pipeline.

STRENGTHS:

Entitlement Process

City staff is very supportive of infill development, and as a result, the entitlement process is streamlined, often taking less than six months. Within the downtown precise plan area, developers can opt out of the time-consuming and costly design review process by following the standards and guidelines set forth in the form-based code for downtown. Fee structures are clear. The City has also done significant up-front work in its planning and environmental review processes to make the CEQA process straightforward and expeditious (for more details, please see *Top 10 Barrier - Prolonged Approval Processes*).

Politics

City staff and council are very supportive of infill projects, and there are several proponents of infill housing who have not only created or supported innovative infill projects within Redwood City, but have also brought some of these strategies to a wider audience (for example, planner Dan Zack has spoken about the city's progressive parking policies in many venues). The recently updated general plan (2010) and downtown precise plan (2011) both reflect the city's goals to continue to develop more infill housing. Redwood City's support for infill housing has resulted in a turnaround for the city's downtown area, and has gained regional attention.

Planning and Zoning

Redwood City has been a leader in planning for higher densities and heights in key nodes and corridors; projects have been built at up to 170 du/acre in downtown.

CHALLENGES AND RECOMMENDATIONS:

Solutions and additional information for the following challenges are available in the sections of the same name in the full *Fixing the Foundation* report.

Lack of Funds for Affordable Housing / Development Fees not Consistent with Market

While Redwood City has built many affordable homes in the past, the City does not have an inclusionary housing ordinance or housing impact fee to promote affordable housing. Since the state of California Redevelopment Agencies, affordable housing has taken a hit, and policies like inclusionary housing are all the more important. Now that development is taking off downtown and the market is proven, it will be important for Redwood City to find a system-wide approach to affordable housing. **The City should add an inclusionary ordinance, housing impact fee, or other policies to encourage and fund affordable housing development.**

Parking Requirements

One of the main physical constraints in Redwood City's downtown area is the relatively high water table. Because of this, it's often not possible to build underground parking structures more than one level deep. This poses a challenge to city staff and developers alike. Working to configure parking so that downtown parking isn't all sprawling surface parking requires innovative planning and often, additional costs—for example, if above-grade parking adds height to a building and pushes a development from less-costly wood-frame construction to more-costly steel-frame. Additionally, parking sometimes emerges as an issue in the downtown precise plan area, as many of the lots are small. For these lots, required parking spaces can make designing a high-density residential building more difficult and costly. **The City should reduce residential parking requirements in walkable and transit-accessible areas.**

SAN FRANCISCO

San Francisco has a highly competitive housing market, both in terms of for-sale and rental units. The scarcity of land and the intense competition to build on it further intensifies the housing environment. The economics of such a competitive market result in a polarized new construction field wherein moderately priced homes are unfeasible to build. The end result is often either luxury or highly subsidized, permanently affordable units. The combination of extreme patience and long-term money is the key to getting either of these two types of housing built in San Francisco.

STRENGTHS:

Zoning

Many parts of San Francisco are already zoned for medium- and high-density multi-family housing and the City has already completed several area-planning processes with significant community input.

Infrastructure Funding

San Francisco voters have a history of adopting ballot measures to fund city needs. Proposition B, a 2011 bond measure for funding road repaving and street safety improvements, 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 before the election. Voters also adopted Proposition C in November 2012, establishing a Housing Trust Fund for affordable homes.

Affordable Housing

San Francisco has a history of producing significant numbers of deed-restricted affordable homes, helped along by both a strong culture of support for affordable housing and a series of funding commitments, including 2012's Proposition C. Despite this strong history of production, there remains a significant unmet need for affordable homes for San Francisco's residents and workforce.

CHALLENGES AND RECOMMENDATIONS:

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Political Challenges

Infill housing proposals face challenges from well-organized and resourceful neighborhood associations, a strong network of equity advocates, a strong labor community, and business associations. In addition, the Board of Supervisors is split, with some members less inclined to support market-rate infill housing.

Prolonged Approval Processes

San Francisco has a complex and lengthy entitlement and approval process with many iterations of discretionary review that create an unpredictable development process. The City's discretionary review process allows a project to be brought back to the Planning Commission for review by anyone for any reason. Small infill projects are subject to the same review as large high-rise developments. The added time and costs of this lengthy process may cause the failure of a project by creating uncertain risk for a project's financiers. In some cases, lenders have pulled money out of a project in the middle of the approval process for this reason, killing the project.

In addition, when infill developments are proposed, a variety of community stakeholders get involved in the process. These can include community groups with legitimate concerns who wish to ensure new development includes community benefits such as affordable homes, parks and childcare centers. San Francisco has a strong policy infrastructure around affordable housing. However, it is not uncommon for residents who simply want to stop a development proposal to use the California Environmental Quality Act (CEQA) as a tool to scuttle a project with delays. San Francisco does a good job of allowing projects that are consistent with the development density established by existing zoning—a community or general plan for which an environmental impact report (EIR) was certified—to move through the process quickly. Despite this proactive approach from the City, opponents of a project may still appeal environmental review decisions to the Planning Commission, the Board of Supervisors, or the courts. Many infill housing projects in the city choose to do a full EIR even when one is not required to establish a defensible document that may reduce the possibility of a legal challenge by a project's opponent under the California Environmental Quality Act (CEQA). This leads to increased costs and delays, which raise the overall cost of housing in the city.

New Financing Challenges

Securing financing for housing in San Francisco can be challenging when lenders balk at development proposals with less than one parking space per housing unit.

SAN JOSE

San Jose, with its nearly 1 million residents, is the tenth largest city in the country. It has a history, as a prominent city in the Silicon Valley region, of supporting top technology employers, such as Cisco Systems, IBM, and eBay. San Jose hosts 40% of Silicon Valley's population and one-third of Silicon Valley's employment. The population grew dramatically from 1970 through the end of the century, resulting in a skewed growth pattern that led to more housing than jobs located within San Jose. By 1990, San Jose had a jobs-to-housing ratio of 0.78. This established the City's apprehension of becoming a bedroom community and future planning efforts focused strongly on job growth. In 1994, the city approved San Jose 2020, a General Plan that established higher density development around planned light rail. In November 2011, San Jose adopted Envision 2040, a General Plan update that designates over 70 urban villages—areas targeted for infill development—throughout the city. San Jose has historically been a strong leader in planning for, funding, and building affordable housing.

STRENGTHS:

Policy

After a four-year process, San Jose approved its new General Plan, Envision 2040, which plans for 120,000 new homes over the next generation. The City intends to make truly livable neighborhoods by creating over 70 urban villages that are high-density, mixed-use, and walkable.

Controlling and Directing Growth

With a long history of strong policy measures that control or limit growth on greenfield land, San Jose has effectively set the stage for an infill future. In 1996, San Jose established an urban growth boundary (UGB) that clearly established where future growth should and should not go in order to prevent further encroachment of urban development onto the natural and agricultural lands surrounding the city. The UGB includes all lands within the city's urban service area and its two urban reserves, one in Coyote Valley and the other in the South Almaden Valley. The new General Plan calls for no new development in either of the urban reserves for the duration of the plan.

Community Involvement

Programs such as San Jose's Strong Neighborhoods Initiative set the standard for the City to have community involvement in its planning processes. The Strong Neighborhoods Initiative invites interested neighbors to meetings to talk about current land-use issues, as well as listen to community concerns and suggestions. Unfortunately, this program has been downsized due to the loss of redevelopment agencies, the primary funding source for the program.

CHALLENGES AND RECOMMENDATIONS:

Employment Lands Policies

San Jose has a long history of policies around preserving "employment lands"—industrially and commercially zoned areas. The City feels that preserving these areas is vital to future job growth and will generate income

for the city. These policies were crafted based on legitimate budget concerns since city revenue is primarily generated by employment uses. For example, San Jose wants to have plans in place for its Urban Village neighborhoods before approving development projects, although the City provides some exceptions for “signature projects” that bring a significant economic benefit to the city. The signature project criteria basically prevent all-residential projects from being approved in these areas. In addition, developers reported that many of the most desirable sites for development are reserved for commercial development, making housing development more challenging. Another policy, requiring no net loss of jobs for redevelopment of commercial sites to include a residential component, is an insurmountable barrier for many residential developers.

There are clear reasons to seek additional employment uses in San Jose. Unlike its neighboring cities, San Jose has more employed residents than jobs, which has placed the city’s municipal budget under strain. However, the narrow employment lands focus misses the opportunity for new infill housing projects to create the exciting communities that draw new employers to San Jose. In north San Jose, an area that already has a number of housing developments with more in the pipeline, new office development is moving forward. Many companies in the area recognize that their employees like having the opportunity to live near work in developments like the North Park Apartments complex. **The City should allow infill housing developments earlier in the process in order to catalyze development and attract employment uses. Moreover, the City should use other financing tools such as public benefits bonus policies to prevent infill housing from being a financial net loss.** More information is available in Greenbelt Alliance’s *Strategies for Fiscally Sustainable Infill Housing* report and *Public Benefit Bonus Policy Brief*, available at greenbelt.org/publications.

Planning Delays

While the big picture for the planned growth laid out in Envision 2040 is indeed visionary, the long implementation process could discourage good infill housing development. San Jose wants to put plans in place before approving development projects in the urban village areas. However, the eight years San Jose has slated to finish all 70-plus specific Urban Villages plans deters developers from proposing—and lenders from financially backing—projects in these locations. In addition, challenges related to staff turnover put the proposed Urban Village timeline at risk of even further delays. **The City should consider establishing interim policies to allow development that generally achieves Urban Village goals to proceed while plans are being created.**

Transportation Impact Fees

Transportation and congestion are real issues within San Jose. New development projects are often expected to provide automobile circulation and traffic mitigation for areas with pre-existing traffic issues. Sometimes, new projects are asked pay huge traffic-based impact fees for updating roadways that are located miles away from the project site as a way to address pre-existing traffic issues. **The City should limit traffic improvements from a project to the impacts directly generated by the project.** Compared to other cities, San Jose sometimes expects developers to cover a greater portion of traffic improvements than it expects the public sector to cover. **The City should share the burden of traffic improvements more equitably between developer fees and public funding.** In addition, San Jose’s Protected Intersections policy is a good model for how to focus transportation improvements on pedestrian, bicycle, and transit needs through a fixed-rate fee. **The City should apply its Protected Intersections policy more broadly in key development areas.**

SANTA CLARA

Santa Clara was originally an agricultural-based community, and it was not until post-World War II that it developed into a suburban-style city. Then, in the 1970s, Santa Clara captured a slice of the technology boom in Silicon Valley, and now hosts the headquarters of several high tech companies including Intel, Applied Materials, and NVIDIA.

The 2008 Housing Element reports that over 97% of Santa Clara's land area is developed as low-density, suburban form. The City's new General Plan, adopted in 2010, identifies areas for infill development, including several older industrial areas, which will be redeveloped to include residential uses. Given this history of land use in Santa Clara, and a progressive plan for future land use, the next decade brings the opportunity for many infill projects.

STRENGTHS:

Collaborative Planning

Staff within the Planning Department are friendly and helpful. Santa Clara has a clear and progressive vision for infill development and developers are able to call staff to discuss and get feedback on a potential project. This open style of communication allows the city to influence proposed projects and respond to constraints from current economic conditions.

Long-Term Vision

The City of Santa Clara has a solid grasp of its long-term vision and the interim steps needed to get there. One developer explained the process of developing an affordable housing project that resulted in a creative solution for long-term, mixed-use planning: in this project, the affordable housing funding specified that the ground floor not be commercial space, but the city wanted to see commercial uses on the ground floor. As a solution, the developer planned for an affordable housing services organization to be located there, one that was at the time being housed at Santa Clara's expense. Fifteen years later, when the conditions of the funding expired, the space would be used commercially, creating a vertical mixed-use project.

CHALLENGES AND RECOMMENDATIONS:

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Political Challenges

In Santa Clara, the properties on El Camino Real, characterized by low-density commercial retail, are the focus of redevelopment and revitalization. One of the main challenges facing developers proposing projects in this area are concerns from neighbors whose single-family homes line the back side of these parcels. For example, a 2008 project proposal slated for development on an El Camino Real parcel died when it could not overcome neighbor concerns around traffic impacts, aesthetics of such a dense and tall development, and school capacity with what neighbors considered low estimates of projected school children living in new units.

Lack of Funding for Infrastructure

As with many Bay Area cities, Santa Clara has places that need infrastructure improvements to support new infill development.

SANTA ROSA

The majority of Santa Rosa's housing stock consists of single-family subdivisions. The city's housing market was hit hard by the Great Recession. The subsequent rise in foreclosures flooded the market with single-family homes, making Santa Rosa a tough market for new market-rate residential development. And while sales of infill homes have been down in the past five years, infill rental housing seems to be doing well in Santa Rosa. Financing for new developments—for rental or for sale—can be hard to come by, and as a whole, there is little residential development underway.

A few infill housing projects—mostly rental projects—have moved forward during the economic downturn, while other large infill housing projects have hit obstacles. The City is looking forward to the completion of Sonoma-Marín Area Rail Transit (SMART), a regional rail system that could potentially contribute to changing this situation. The City has adopted policies that encourage transit-oriented job and housing growth in Santa Rosa, particularly in the future station areas.

STRENGTHS:

Controlling and Directing Growth

A key prerequisite to encouraging infill development is to first take clear policy steps to discourage sprawl. In 1990, Santa Rosa voters took the key step of approving an urban growth boundary (UGB) to clearly define where growth should and should not happen. Voters passed a 20-year UGB measure in 1996 and have since renewed the policy through 2035. Building on undeveloped land can often be faster and less expensive than building infill. By putting most undeveloped land off limits, Santa Rosa effectively leveled the playing field for infill development.

City's Vision for Infill Development

The City has demonstrated a commitment to creating a vibrant downtown, improving multimodal circulation, and creating diverse, healthy neighborhoods. City staff members have ensured that plans and policies are in place for higher density mixed-use development, particularly around the downtown and North Santa Rosa SMART rail station areas. For instance, the City will permit densities of up to 15 units per acre in low-density zones (currently zoned for 8 units per acre) for infill housing developments that also set aside one to two units for every 10 units built for low-income residents.

CHALLENGES AND RECOMMENDATIONS:

Non-Conforming Uses Near Infill Housing Sites

There are certain areas for which the City has a vision for infill housing, but existing non-conforming businesses, such as an asphalt plant, are thriving in these areas. This creates a conflict in which the City is caught between its vision for infill housing development and holding on to valuable tax revenue from the existing industry. And with current plans that may allow for existing non-conforming uses to remain, housing developers find it hard to market housing next to such industries and do not envision future residents wanting to live next to such uses. **The City should investigate options for negotiating a land swap with the existing non-conforming uses in potential infill-rich sites and more appropriate industrial lands within city limits.** This would ensure long-term tax revenue from the industrial uses, while freeing up prime infill housing sites in the city's urban core.

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Development Fees and the Market Misaligned

The recent housing market crash deflated home prices in Santa Rosa while current costs of new construction are more in line with high-end, regional markets like San Francisco. Developers are wary of developing a multi-family product that could likely end up priced at, or above, rates for existing single-family detached homes in Santa Rosa. Also, Santa Rosa's development fees have risen steadily in the past couple of decades, in parallel to the pre-recession housing boom and single-family home prices. These fees are currently prohibitive to building infill housing in the city, partly because most home values have declined across Santa Rosa and partly because construction costs for infill housing can exceed those of single-family dwellings.

Lack of Funding for Affordable Housing

Nonprofit housing developers find it particularly difficult to propose projects given the current lack of funds for affordable housing. The small pool of funding options once available for affordable housing has shrunk even more since the state's dissolution of redevelopment agencies. The City recently produced a nexus-based affordable housing study to analyze its current affordable housing fee allocation and possible changes for that program.

Lack of Funding for Infrastructure

In recent years, the high costs of providing public infrastructure and environmental remediation of contaminated sites have arisen as threats to infill housing development. For example, plans for infill housing along the Sebastopol Road corridor in the Roseland District, an unincorporated pocket inside Santa Rosa, have run into challenges of high costs of toxic remediation. While the City does not have a full and dedicated funding source for expanding infrastructure to accommodate higher planned densities, it is proactively analyzing costs for providing infrastructure in its two station area plans.

SUNNYVALE

Sunnyvale is a historically suburban city, located within Santa Clara County and the Silicon Valley region. Incorporated in 1912, Sunnyvale is home to a population of 142,000 residents. Similar to other cities located in the South Bay of the San Francisco Bay Area, it contains a portion of the El Camino Real roadway and two stops along the Caltrain commuter railway.

With several infill projects being built in the last couple of years—such as Via Apartments at Tasman and Fair Oaks and Lawrence Station at Lawrence Expressway—and with more currently in the development pipeline—including two at the former Town & Country site downtown—Sunnyvale is establishing an infill housing record. And although Sunnyvale is suburban in character, the city contains a nearly equal mix of single-family and multi-family housing units: in 2008, of the 55,394 housing units in Sunnyvale, 48% were single-family and 45% were multi-family.

STRENGTHS

Policy

Within its 2011 consolidated General Plan, Sunnyvale mentions that providing incentives for mixed-use and multi-family housing will be key to the future revitalization of downtown Sunnyvale. Moreover, the Specific and Precise Plans for the downtown, El Camino Real, and the Moffett Lake areas all include land-use planning to accommodate mixed-use infill development.

Collaborative Planning

Staff within the Planning Department are friendly and helpful. Developers are able to call staff to discuss and get feedback on a potential project. This open style of communication allows the city to influence proposed projects and respond to constraints from current economic conditions.

CHALLENGES AND RECOMMENDATIONS

Mixed-Use Requirements

There are challenges surrounding financing a mixed-use development with current financial lending restraints. Within the El Camino Specific Plan, Sunnyvale is focused on revitalizing the commercial character of the area, and a project is required to include at least a 25% floor area ratio (FAR) for commercial use in most areas, although that requirement is reduced to 20% for four key nodes corresponding to future Bus Rapid Transit stops that are appropriate for a higher percentage of residential development. Many banks and lending institutions will not, at present, finance the commercial component of mixed-use projects. This results in developers having to absorb the cost of doing commercial components in their pro forma. **Sunnyvale should consider**

amending their mixed-use requirements to reflect market realities. This might include talking with developers, lenders, and retail market experts to learn what is economically feasible, and considering **a corridor-wide 25% requirement, focusing commercial elements on key nodes along the corridor rather than in every project.**

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Political Challenges

The main challenge to building multi-family residential infill in Sunnyvale is its existing suburban character. It is challenging for an infill housing project, often the first in an area, to mesh with the surrounding neighborhood character. And it's equally challenging for the suburban area to provide infrastructure and services that support multi-use and transit-oriented development. Along with these physical and aesthetic barriers, neighbors are often outspoken against projects based on their concerns that infill development will increase traffic, overflow school capacity, and decrease open space.

Lack of Funding for Infrastructure

As with many cities, Sunnyvale is in need of capital to fund infrastructure updates that would support infill.

WALNUT CREEK

Walnut Creek is situated in the northeast BART corridor and serves as a cultural and entertainment hub for surrounding cities along the I-680 corridor and Highway 24. The BART station is located near Walnut Creek's walkable downtown, which includes upscale retailers such as Neiman Marcus, Tiffany & Co., and Nordstrom.

The City's General Plan calls for substantial infill housing, specifically in its downtown core and nearby neighborhoods. The city planning staff has been proactive in engaging infill housing developers and the public in planning processes. Recently, new condominium projects have added hundreds of luxury dwelling units to the downtown area. With nearly 1,000 units of infill housing in the pipeline, Walnut Creek is likely to be among the most successful cities in providing new infill housing in the East Bay. However, land in Walnut Creek can be very expensive and the fees for developing infill housing are some of the highest in the entire Bay Area.

STRENGTHS:

New Planning Processes

In addition to individual housing projects, the City has recently undertaken two large planning processes—the West Downtown Specific Plan and the BART Transit Village—that will most likely result in many more infill housing units being built. Both efforts have ambitious goals for creating livable, vibrant urban hubs as well as supporting new homes near regional transit.

Knowledgeable and Supportive Staff

Infill housing developers report having positive experiences working with Walnut Creek staff and planning commissioners, and describe having intelligent discussions and thoughtful consideration about projects requirements, with opportunities for meaningful input. Also, certain infill housing projects that are consistent with adopted plans can be approved by the Planning Commission with staff recommendation without needing City Council approval.

CHALLENGES AND RECOMMENDATIONS:

Height Limits

Walnut Creek voters passed Measure A in 1985, which froze height limits across the city at the maximum heights of allowed uses in that year, prohibited buildings more than six stories high, and required a citywide vote for any variance above the defined limits. While Measure A is not currently a significant impediment in the core downtown and BART station areas—primarily because there is not political will to develop beyond six stories—this policy could become more of a limitation in the future. More challenging today are the height limits in areas outside the core that could still benefit from redevelopment. For example, the old Safeway

shopping center is ripe for redevelopment, but currently has a height limit of 20 feet. There are some parcels in the city that would offer significantly greater potential for infill housing if height limits were raised. **The City should consider going to the voters to repeal or amend Measure A, either citywide or in certain areas.**

Solutions and additional information for the following challenges are available in the section of the same name in the full *Fixing the Foundation* report.

Prolonged Approval Process

While the City of Walnut Creek has done much to provide meaningful and intelligent feedback to infill housing developers during the approval process and some developers praise the City's approval process, the process can be unpredictable, disorderly, and lengthy for others. There have been infill housing developments that have been put through a streamlined process approved by the Planning Commission based on compliance with adopted plans and staff recommendations, while others have circulated between the Design Review Commission, Planning Staff, Planning Commission, and City Council for up to two years. Planning for the BART Transit Village has taken considerably longer. The City would benefit from establishing a predictable entitlement process for infill housing, including clear design guidelines for multi-family development.

Lack of Funding for Affordable Housing

Recent infill development in Walnut Creek has leaned heavily toward luxury housing and high-end retail. As the city continues to plan for and develop infill housing, it remains to be seen how it will ensure long-term housing affordability for its residents. While the City has in place a strong affordable housing program, including an inclusionary housing ordinance and a commercial linkage fee, market-rate development has only just begun to take off after the economic downturn. Funds are just beginning to come in the door for affordable housing. Sufficient production of affordable homes remains a challenge, particularly in key development areas near regional transit.