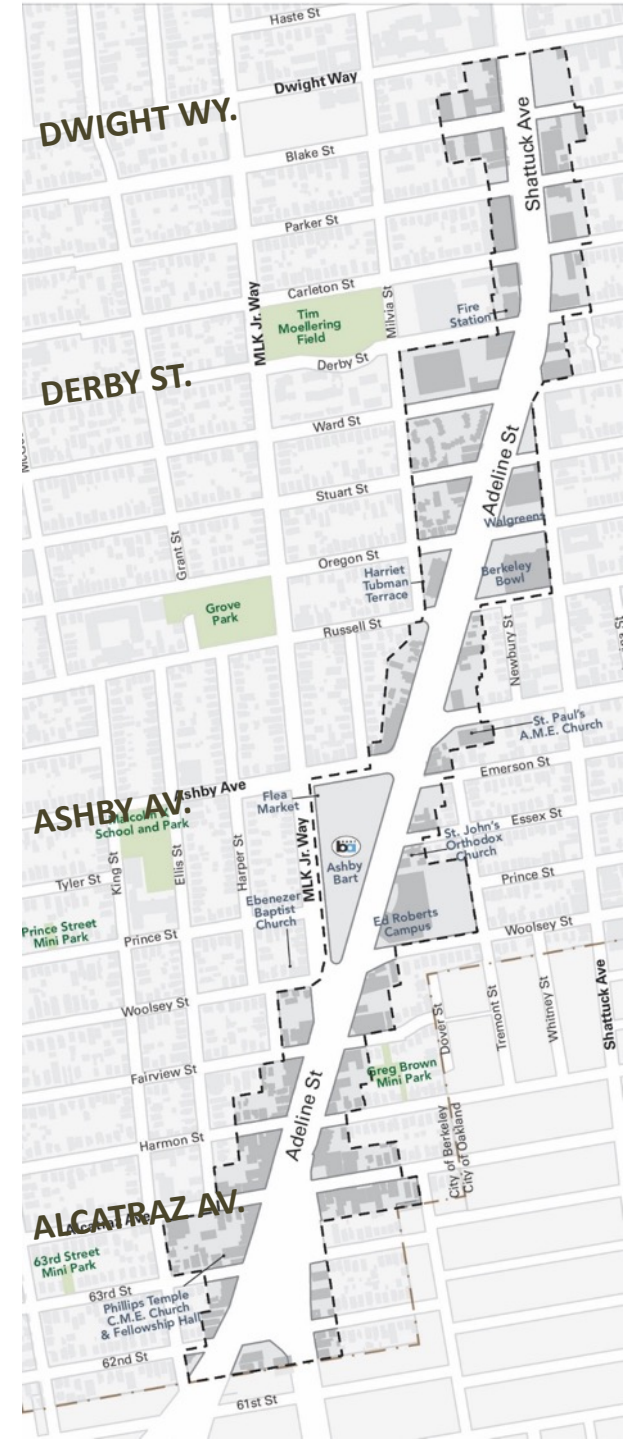


Adeline Corridor Specific Plan General Plan and Zoning Amendments and Environmental Impact Report



PRESENTATION TO:
CITY OF BERKELEY PLANNING COMMISSION
09.16.20



DOCUMENTS UNDER REVIEW

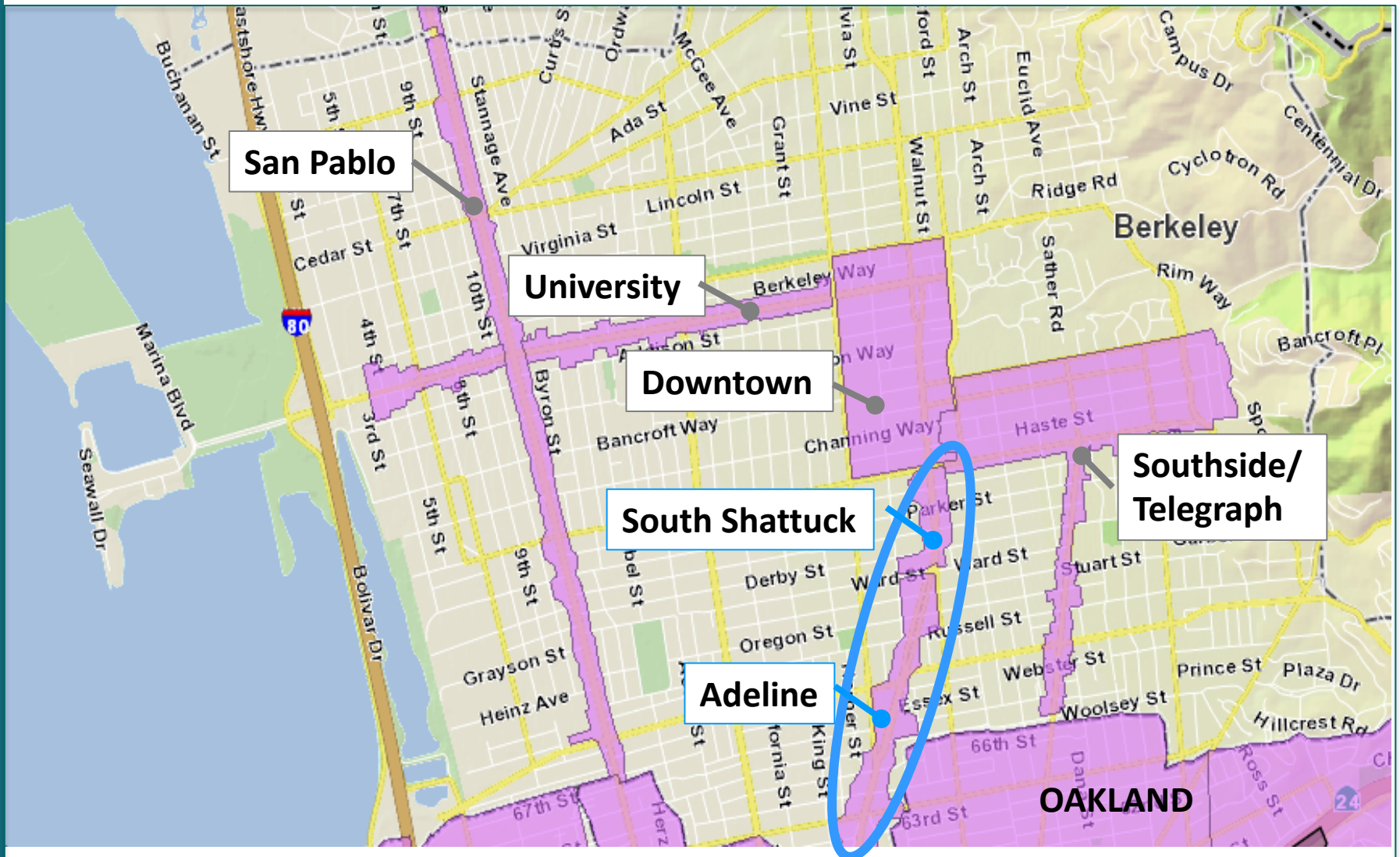
Document	Staff Memo
Revised Draft Adeline Corridor Specific Plan (ACSP) <ul style="list-style-type: none"> May 2019 Public Review Draft*, superseded by excerpted sections with revisions shown in strikeout/underline text 	Attachment A (revisions only)
Amendments to the General Plan and General Plan	Attachment B
Amendments to the Zoning Ordinance and Zoning Map	Attachment C
Environmental Impact Report (EIR) * <ul style="list-style-type: none"> Draft EIR (May 2019), Response to Comments/FEIR (Dec. 2019) 	
California Environmental Quality Act (CEQA) Findings and Mitigation Monitoring Report Program	Attachment D, Attachment E
“Companion Recommendation” from the Planning Commission’s Adeline Corridor Subcommittee	Attachment F

*May 2019 ACSP and EIR available online at: www.cityofberkeley.info/adelinecorridor

TONIGHT'S PRESENTATION

- Background: Planning Process
- Specific Plan and General Plan and Zoning Amendments
 - Overview
 - Key Issues for Discussion
- Environmental Documents
- PC Subcommittee “Companion Recommendation”

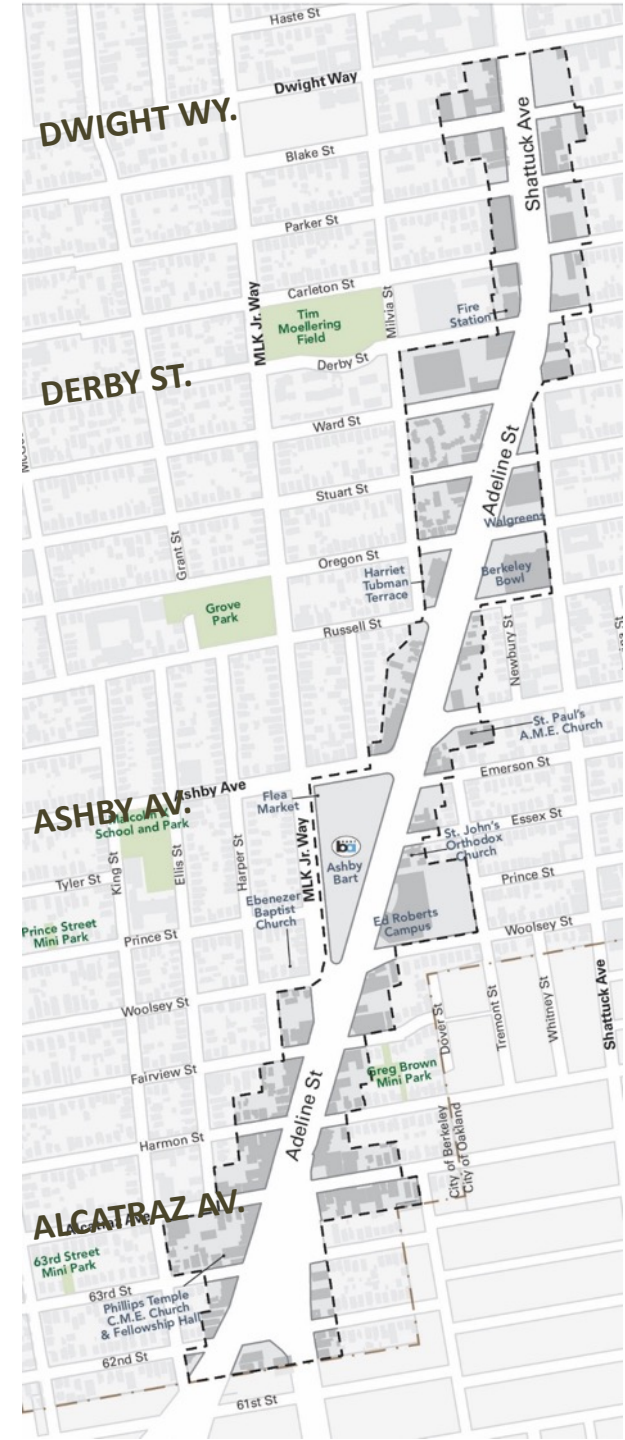
BACKGROUND: PLANNING PROCESS



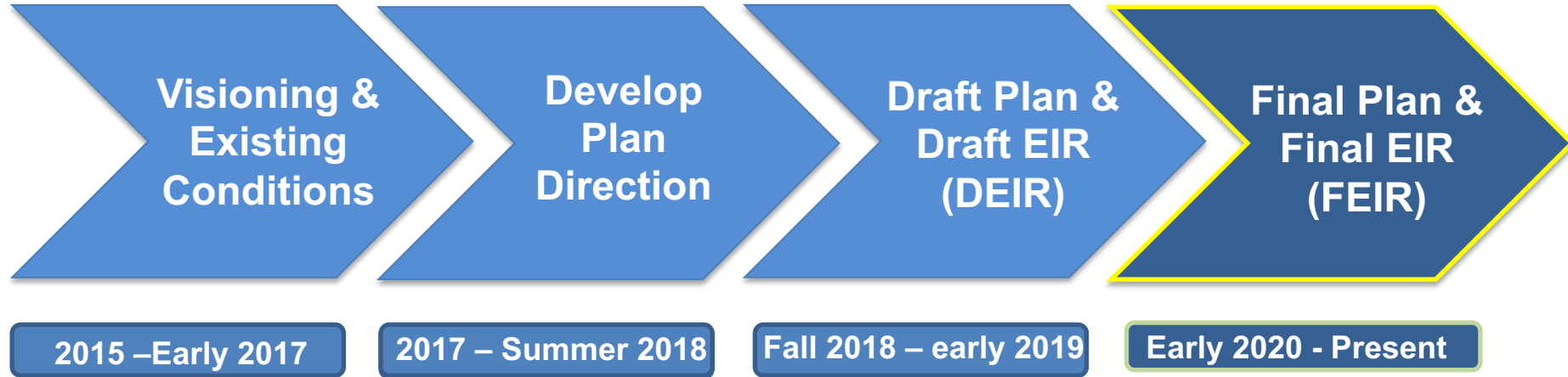
Six Council-designated “Priority Development Areas” (PDAs) - 2007

BACKGROUND: PLAN AREA

- Funded by a grant from the Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG)
- Planning process initiated in 2015



BACKGROUND: PLANNING PROCESS

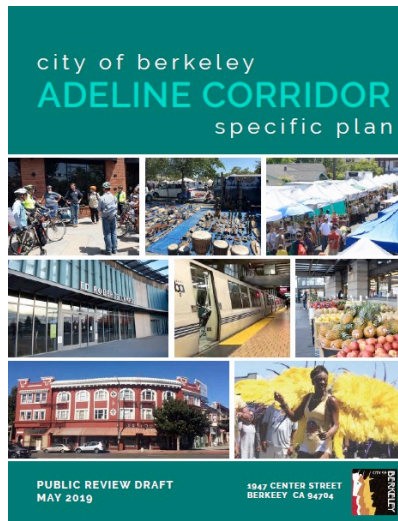


BACKGROUND: PLANNING PROCESS

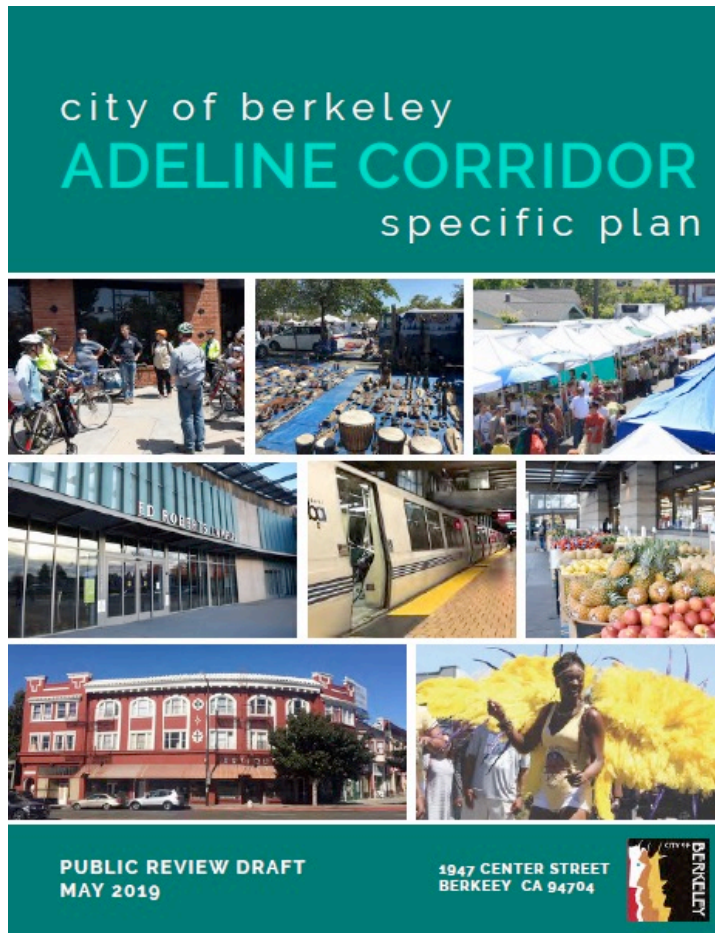
Date	Planning Commission Subcommittee
May 21, 2019	Subcommittee Kick-Off Meeting
June 18, 2019	Land Use and Housing Affordability
July 31, 2019	Land Use and Housing Affordability (cont'd)
August 8, 2019	Transportation and Public Space
August 19, 2019	Economic Opportunity and Workforce Development
November 21, 2019	Overview of Proposed General Plan and Zoning Amendments
December 12, 2019	Overview of Responses to Plan and EIR Comments
January 29, 2020	Additional Information on Plan and Associated Documents
February 1, 2020	Finalize Subcommittee Recommendation
July 15, 2020	Finalize Subcommittee Recommendation (cont'd)
July 20, 2020	Finalize Subcommittee Recommendation (cont'd)
August 19, 2020	Finalize Subcommittee Recommendation

OVERVIEW: PLAN AND RELATED DOCUMENTS

- Adeline Corridor Specific Plan (as revised)
- Draft General Plan and Zoning Amendments
- Environmental Review Documents

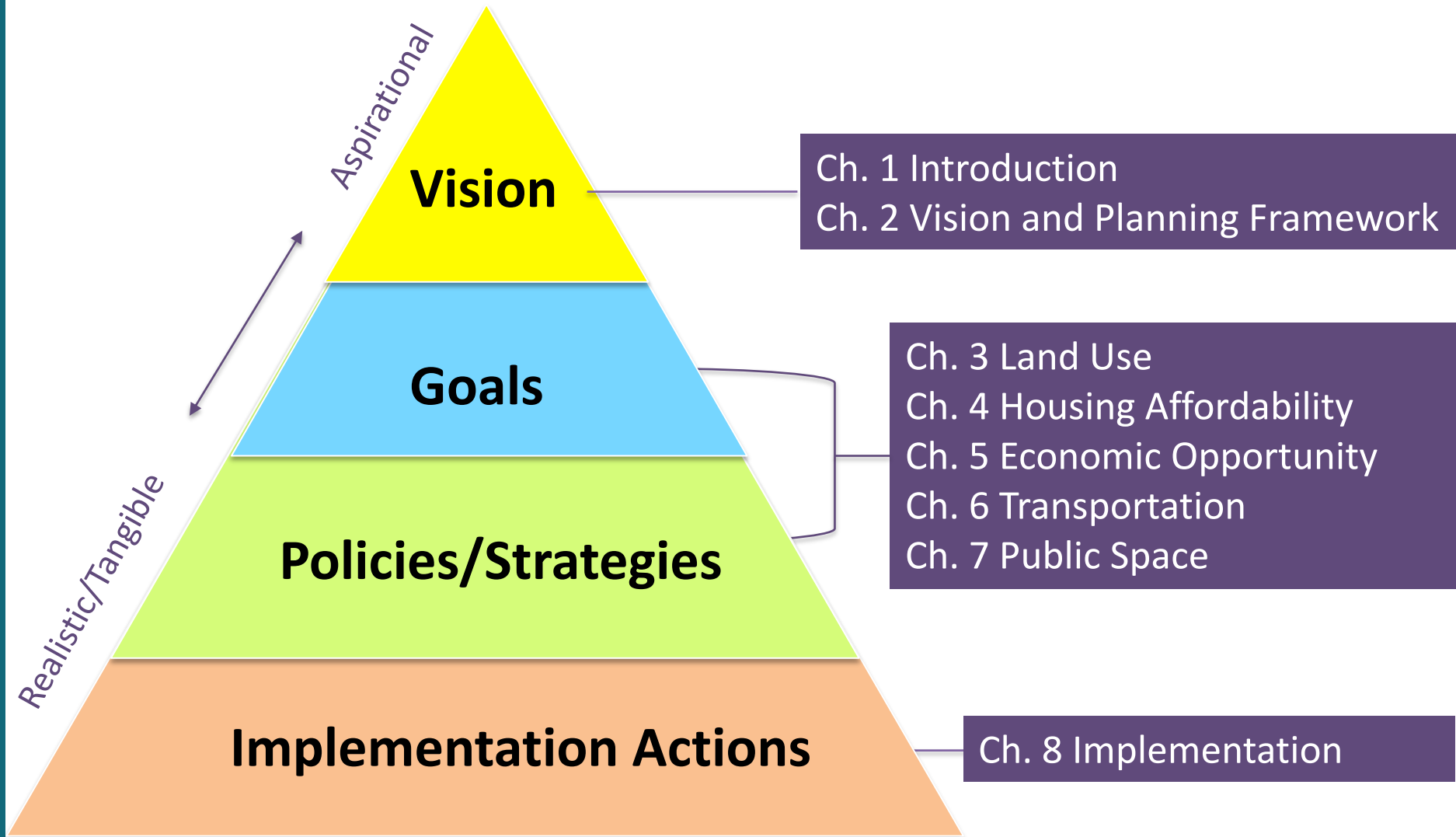


PLAN OVERVIEW




- Public Review Draft Plan (May 2019) as superseded by proposed Revisions shown in ~~strikeout~~/underline (9/16/20 Staff Memorandum Attachment A)

PLAN OVERVIEW



VISION AND PLANNING FRAMEWORK (CH.2)



Over the next 20 years, the Adeline Corridor will become a national model for equitable development. Existing affordable housing will be preserved, while **new affordable and market rate housing** for a range of income levels will be added.

The corridor will provide **local economic opportunity** through independent businesses, community non-profits, arts organizations, community markets, and an array of merchants and service providers.

It will feature public spaces that are **walkable, bikeable, green, and accessible** to persons of all ages and abilities. It will be the center of a **healthy community** that cares for its most vulnerable residents, cherishes its elders, nurtures its youth, and welcomes households of all types. It will be a place where the people, places, and institutions that have made South Berkeley what it is today are recognized and celebrated.

It will be a **place where all people can thrive.**

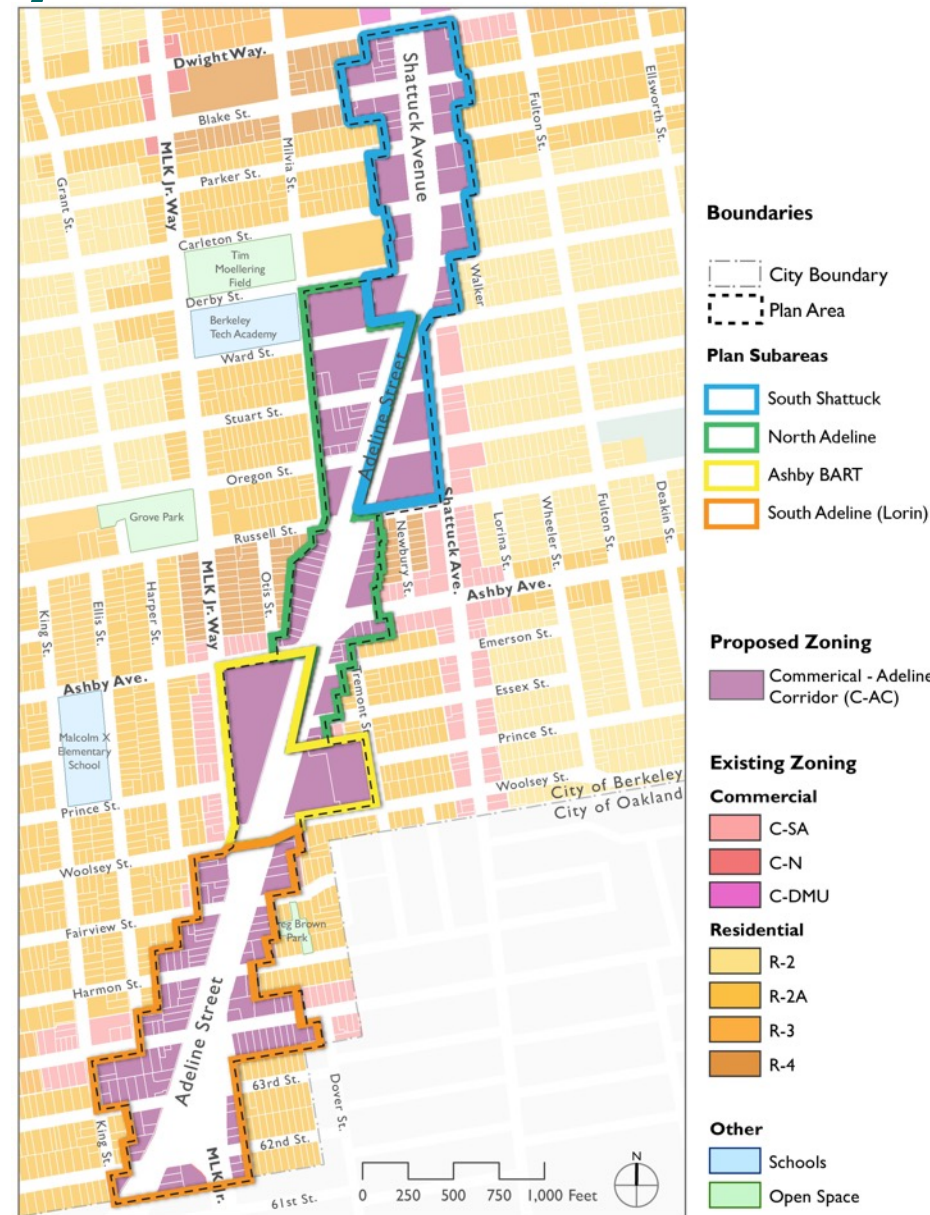
VISION AND PLANNING FRAMEWORK (CH.2)

FIVE STRATEGIC GOALS

LAND USE	Preserve the unique character and cultural legacy of the Adeline Corridor, sustaining the community as a place where all people can live, work, play, learn, worship, dine, shop, and thrive.
HOUSING AFFORDABILITY	Promote equitable access to housing by producing new affordable housing, preserving existing affordable housing, and preventing displacement.
ECONOMIC OPPORTUNITY	Foster economic opportunity for South Berkeley residents and businesses by facilitating job training and workforce development, active community spaces, and a thriving environment for commerce along the Adeline Street/South Shattuck Corridor.
TRANSPORTATION	Provide safe, equitable transportation options that meet the mobility needs of all residents, regardless of age, means, and abilities, and that further the attainment of the City's greenhouse gas emission reduction goals.
PUBLIC SPACE	Provide safe, sustainable, beautiful, healthy, and inclusive public spaces that encourage social interaction, provide opportunities for recreation and environmental health, and support active community life in South Berkeley.

PLAN SUBAREAS (CH.2)

- South Shattuck
 - Dwight Way to Derby St.
- North Adeline
 - Derby St. to Ashby Av.
- Ashby BART
 - Ashby Av. to Woolsey St.
- South Adeline
 - Woolsey St. to 62nd St.



LAND USE (CH. 3)

Policies Address:

- “Complete Neighborhoods”
- Historic Preservation
- Development Standards and Design Guidelines
- Affordable housing
- Ashby BART Future Development Objectives
- Sustainable Building Design and Energy Use (new)



HOUSING AFFORDABILITY (CH. 4)

Policies Address:

- Strategies to achieve goal of Plan area goal of 50% new affordable housing at a range of types and affordability levels
- Preserving existing Affordable Housing
- Tenant protections and other anti-displacement measures
- Citywide efforts to address homelessness



ECONOMIC OPPORTUNITY (CH. 5)

Policies Address:

- Supporting existing businesses and community institutions
- Attraction of new businesses
- Creation of a new business improvement district or similar entity
- Placemaking strategies that rely on the area's culture and history
- Exploring targeted workforce hiring policy (new)



TRANSPORTATION (CH. 6)

Policies Address:

- “Complete Streets”
- Right-of-Way Improvements (interim and long-term)
- Universal Accessibility
- Pedestrian and Bicycle Circulation and Facilities
- Transit and Shuttles
- Parking and Transportation Demand Management



PUBLIC SPACE (CH. 7)

Policies Address:

- Public Space Types and Programming
- Public Space Opportunity Sites
- Streetscape Amenities and Wayfinding
- “Green infrastructure”
- Safety and Maintenance
- Public Art and Other Ways to Activate and Beautify Public Space



IMPLEMENTATION ACTIONS (CH. 8)

- Provides specific next steps, identifies responsible parties and potential funding
- Designed to promote transparency and accountability

TABLE 8.1 Implementation Actions

ACTION DESCRIPTION	LEAD RESPONSIBILITY	PARTNERS	POTENTIAL FUNDING SOURCE	TIME FRAME
PLAN ADMINISTRATION				
PA-1. Establish quarterly meetings with implementation team to review progress, challenges, and next steps.	PLNG	HHCS, OED, PW Eng, PW Trans, PR&W	General Fund	S
PA-2. Provide annual progress update to the City Council and community, including performance metrics, challenges, and next steps.	PLNG	HHCS, OED, PW Eng, PW Trans, PR&W	General Fund	S
PA-3. Coordinate and monitor grant and other funding opportunities that relate to Specific Plan priorities.	PLNG	HHCS, OED, PW Eng, PW Trans, PR&W	General Fund	S
LAND USE				
LU-1. Amend the City's General Plan, zoning regulations and zoning map including changes to development standards to promote on-site affordable housing, to implement the Specific Plan. <i>See Policies/Strategies: LU-3.1 – 3.7 and HA-4.2, HA- 4.4 and HA-4.5.</i>	PLNG		General Fund	S (Amendments will be considered in parallel with Specific Plan)

IMPLEMENTATION: RELATED PLANNING EFFORTS UNDERWAY

- Ashby and North Berkeley BART station area
- Community Preference for Affordable Housing and Tenant Opportunity to Purchase Act
- Citywide Affordable Housing Requirements Update
- Other zoning updates: parking, small business support, Zoning Ordinance Revision Project

PROPOSED GENERAL PLAN AND ZONING AMENDMENTS



- New General Plan Land Use Policy and Classification: Adeline Corridor Mixed Use
- New Commercial Adeline Corridor (C-AC) Zoning District

PROPOSED GENERAL PLAN AND ZONING AMENDMENTS

Intent:

- Incentivize on-site affordable housing
- Increase predictability of development standards and streamline process
- Promote uses that align with Plan vision

PROPOSED GENERAL PLAN AMENDMENTS

Existing

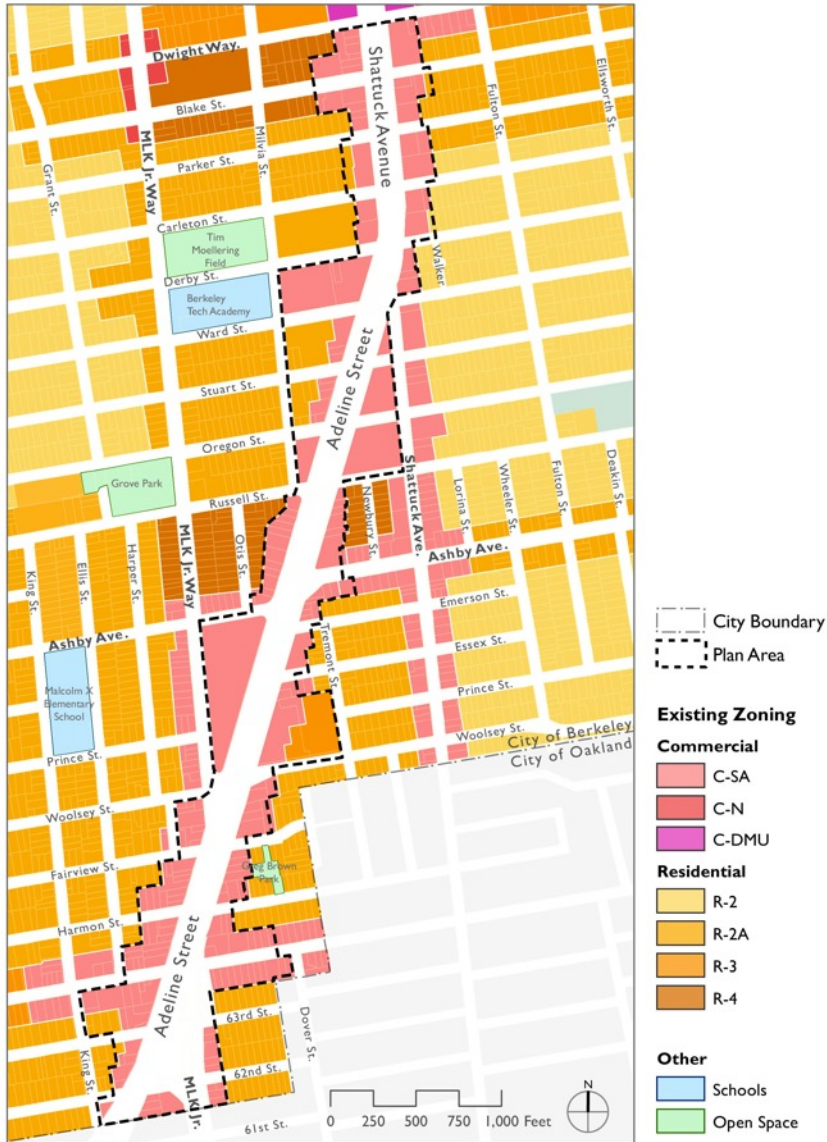


Proposed

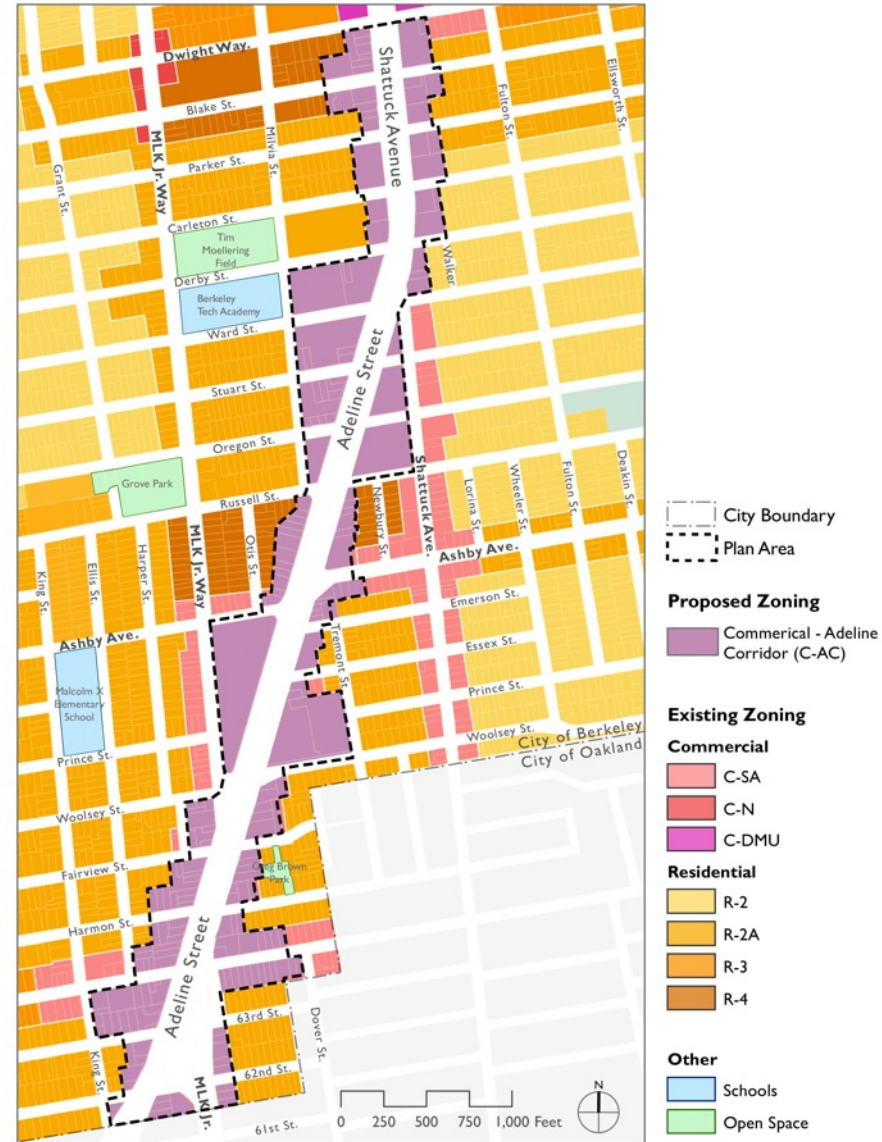


PROPOSED ZONING AMENDMENTS:

Existing

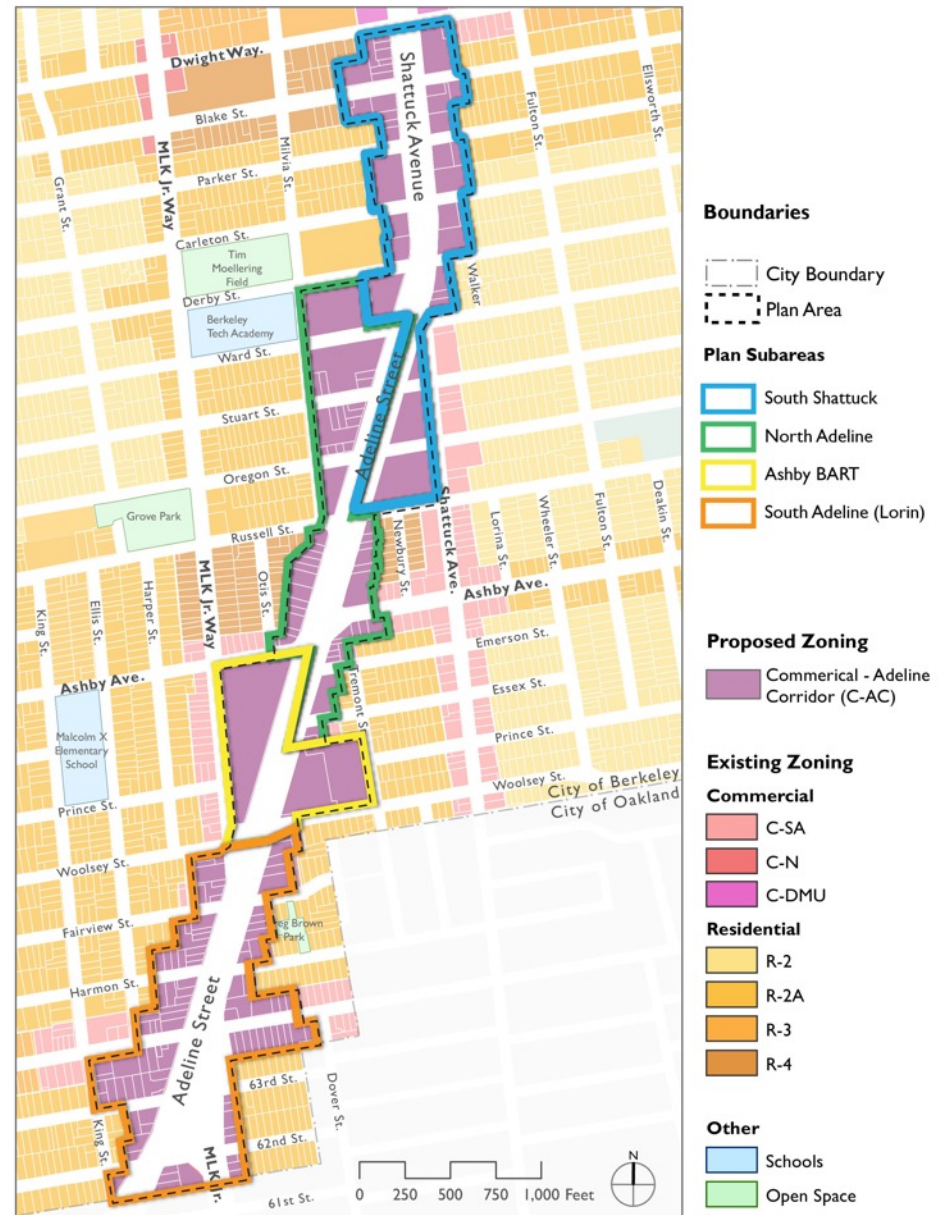


Proposed C-AC District



C-AC DISTRICT ZONING: SUBAREAS

- Location-specific development standards
- Established tiers of increasing density, FAR and height tied to provision of on-site affordable housing



C-AC DISTRICT: SOUTH SHATTUCK

Minimum On-Site Affordable Housing Requirement*	Max height		Max FAR	Max density (du/acre)	Max lot coverage		Useable open space (sf/unit)
	Stories	Ft**			Interior lot	Corner lot	
0% (Tier 1)	4	45'	2.5	120	<u>60%</u>	<u>70%</u>	40
14% (Tier 2)	5	55'	3.5	170	80%	90%	40
21% (Tier 3)	6	65'	4.3	200	85%	90%	40
25% (Tier 4)	7	75'	5.0	240	90%	95%	40



Can combine with State Density Bonus and opt to pay in-lieu fees



Cannot combine with State Density Bonus nor opt to pay in-lieu fees

*On-site affordable housing is expressed as % of total project units and must be provided at 50% Very Low and 50% Low Income

**Plus up to 5 feet to top of parapet (same as C-DMU District)

C-AC DISTRICT: NORTH ADELINE AND SOUTH ADELINE

Minimum On-Site Affordable Housing Requirement*	Max height		Max FAR	Max density (du/acre)	Max lot coverage		Useable open space (sf/unit)
	Stories	Ft**			Interior lot	Corner lot	
0% (Tier 1)	3	45'	2.0	100	<u>60%</u>	<u>70%</u>	40
14% (Tier 2)	4	55'	2.8	140	80%	90%	40
21% (Tier 3)	5	65'	3.4	170	85%	90%	40
25% (Tier 4)	6	75'	4.0	200	90%	95%	40



Can combine with State Density Bonus and opt to pay in-lieu fees



Cannot combine with State Density Bonus nor opt to pay in-lieu fees

*On-site affordable housing is expressed as % of total project units and must be provided at 50% Very Low and 50% Low Income

**Plus up to 5 feet to top of parapet (same as C-DMU District)

EXISTING C-SA ZONE: DEVELOPMENT STANDARDS

Allowed without Use Permits:

- Height (ft)/Stories (#) based on three height areas
- R-4 Multifamily Residential District standards for lot coverage, setbacks (“required yards”), density, and off-street parking

With Use Permits

- Any development standards may be modified up to a maximum FAR of 4.0

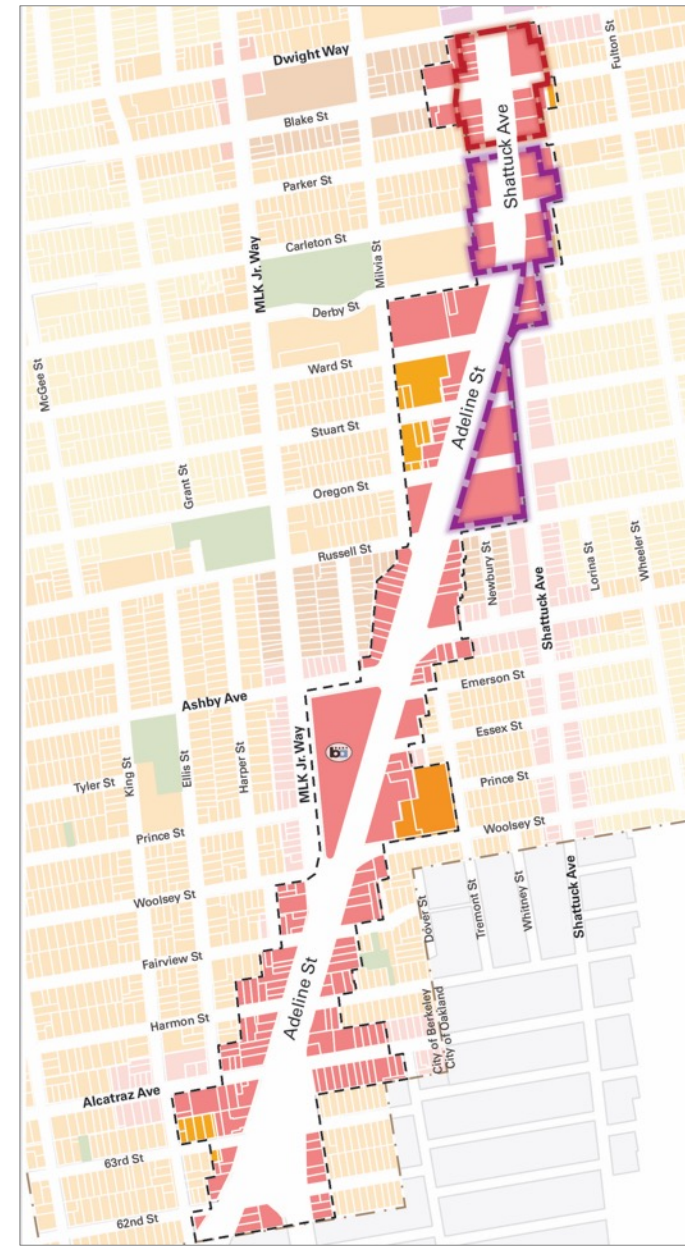


EXISTING C-SA ZONE: DEVELOPMENT STANDARDS

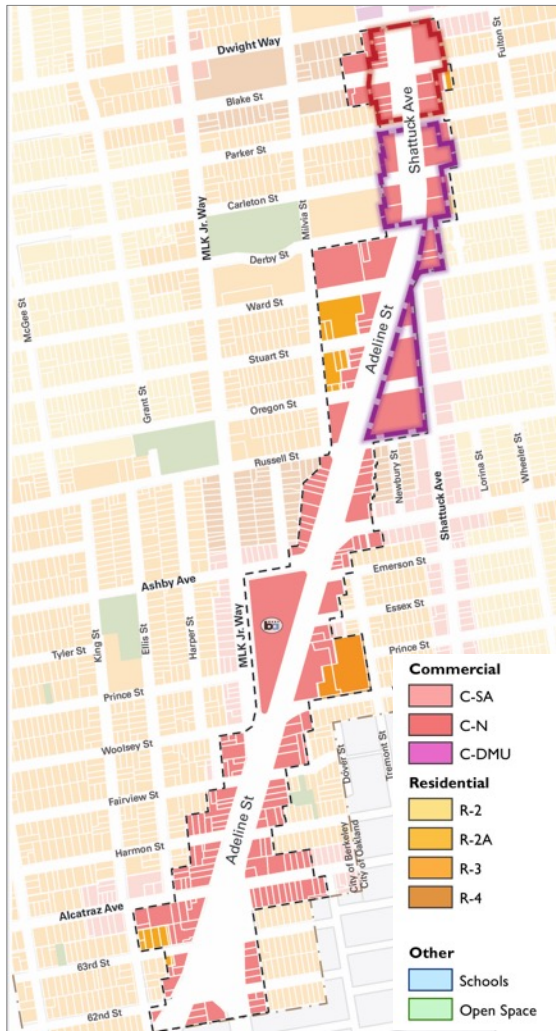
Allowed without Use Permits:

- Height (ft)/Stories (#) for mixed-use

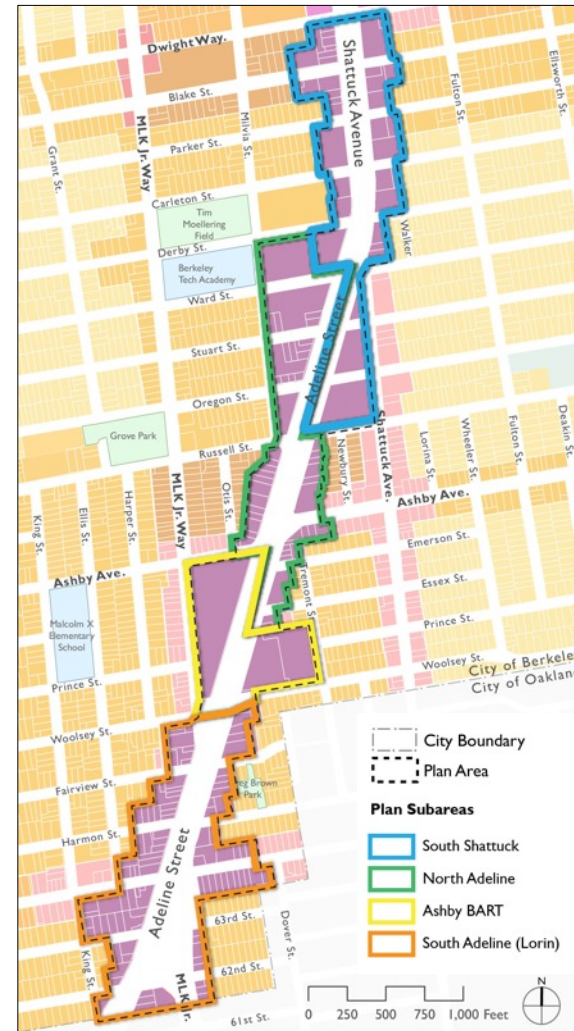
<u>Height Area</u>	<u>Height</u>	<u>Stories</u>
Height Area #1: Parcels adjacent to Shattuck between Dwight way and Parker St.	60 ft	5
Height Area #2: Adjacent to Shattuck Ave. from Parker St. to Ward St. or within area bounded by Adeline St./Shattuck Ave./Russell St.	50 ft	4
Height Area #3: ALL OTHER AREAS	36 ft	3



COMPARISON: C-SA AND C-AC ZONING



**Existing C-SA zoning
(Height areas)**



**Proposed C-AC zoning
(Subareas)**

Standards applicable to State Density Bonus (Allowed ***without*** Use Permits or Tier 1)

	Existing C-SA	Proposed Adeline Zoning
Location	Approximately Height Areas 1 and 2	South Shattuck Subarea
Height (ft/# stories)	60 ft./5 stories 50 ft./4 stories	45 ft./4 stories (up to 5 feet additional for roof/parapet)
Lot Coverage	35% (for a 4-6 story building)	60% interior lot, 70% corner lot*
Required Yards	Front: 15 ft. Rear: 15 ft. - 21 ft. Side: 4 ft. - 12 ft.	Rear: 10 ft. (additional rear/side only if project abuts/confronts residentially-zoned parcel)
Density (Maximum)	No set numeric standard	120 units/acre
Floor Area Ratio (FAR)	<i>Maximum 4.0 with Use Permit (UP) (Effective FAR is 1.75 for a 5-story building without UP)</i>	<i>Maximum 2.5 (up to 3.5, 4.3 or 5.0 with specified amount of on-site affordable housing per Tiers 2 - 4)</i>

C-AC ZONING DISTRICT: RECAP

- New density standard results in higher number of affordable units than existing zoning
- Creates known standards that align with development standards for mixed-use commercial corridor
- Restructuring of development potential in C-SA and modest upzoning to recapture value for on-site affordable housing requirements

C-AC ZONING DISTRICT

Additional changes aligned with Plan Vision with respect to land uses, building form, design and community character

- Requirements for ground floor commercial and/or “active ground floor commercial uses”
- Development standards and design guidelines related to building design and transitions to adjacent residentially-zoned areas
- Design guidelines for the minimum ground-to-floor ceiling height, percent ground floor facade transparency and average entrance frequency
- Historic Preservation Zoning Incentives
- Prohibition on new auto and motorcycle sales

C-AC DISTRICT: GROUND FLOOR REQUIREMENTS

Active Commercial Uses:

- Uses that generate regular and frequent foot traffic, are physically oriented to the street and have a high degree of transparency
- Required in first 30 feet of depth of the ground floor



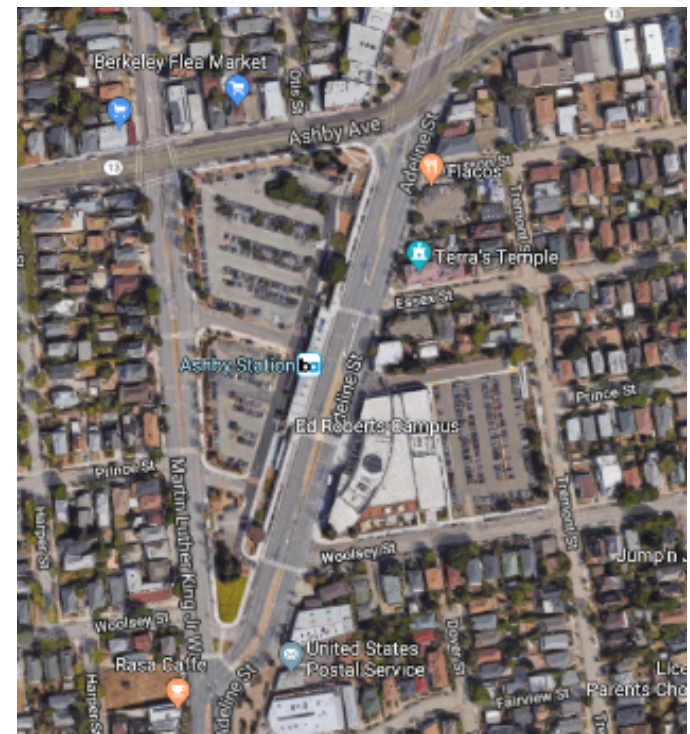
KEY ISSUES

- Economic and Workforce Development
- Additional Roadway Redesign Options
- Public Space and Parks



KEY ISSUES

- Zoning: Alcohol Beverage Sales, Parking and Lot Coverage Requirements
- Affordable Housing Goals and Requirements for the Plan Area, Ashby BART and proposed zoning



ECONOMIC AND WORKFORCE DEVELOPMENT

- Revised Policy 5.3 and implementation action EO-3 to emphasize broader engagement to explore formation of a Business Improvement District or similar entity
- New policy/implementation action to explore development of targeted workforce policy
- Implementation actions address more detailed outcomes business community stakeholders desire regarding placemaking initiatives, marketing and business attraction

ADDITIONAL ROADWAY OPTIONS

- Extensive feedback to include more specific language in Plan to study other roadway reconfigurations
- Options would need additional design feasibility and CEQA review
- Policy 6.2 and Actions T-2, T-7, PS-1 and PS-2 address further analysis and stakeholder engagement
- Ashby and North Berkeley Station area planning underway and State and federal grants secured by BART will undertake some preliminary analysis

PUBLIC SPACE AND PARKS

- Community feedback emphasized the need for new park space and that the Plan should include more specificity about location and size of potential park space
- A new figure 7.1 was added to illustrate opportunity sites described in Policy 6.1
- Many variables must be studied to narrow down the options for design and programming of opportunity sites
- BART station area planning is a first step that is funded and underway
- Actions PS-1 and PS-2 also address next steps to refine options

ALCOHOLIC BEVERAGE SALES

- Existing restriction in C-SA prohibits sales of distilled alcoholic beverages “along Adeline south of Ashby Avenue”
- Originally targeted at nuisance activity from specific liquor stores
- Restriction would also prohibit new grocery stores from selling distilled spirits
- All other zoning districts in the City allow with Use Permit
- Could have unintended effects to business attraction for desired uses

ALCOHOLIC BEVERAGE SALES

For Planning Commission consideration:

- Keep prohibition on sales of distilled alcoholic beverages along Adeline and south of Ashby Avenue or allow with a Use Permit?

PARKING REQUIREMENTS

- New C-AC District proposes no parking minimum and parking maximum of 1 space per unit for residential uses
- Citywide Parking Reform proposals will be considered by Council by end of 2020

For Planning Commission consideration:

- Parking requirement that is specific to Adeline Corridor or consistent with citywide requirements?

LOT COVERAGE REQUIREMENTS

- New C-AC District originally proposed maximum lot coverage for Tier 1 of Subareas to be 80% for interior and 90% corner lots
- Subcommittee proposed reducing Tier 1 maximum lot coverage to 60% for interior and 70% corner lots; no consensus on this topic.

For Planning Commission consideration:

- To confirm maximum lot coverage for Tier 1 zoning

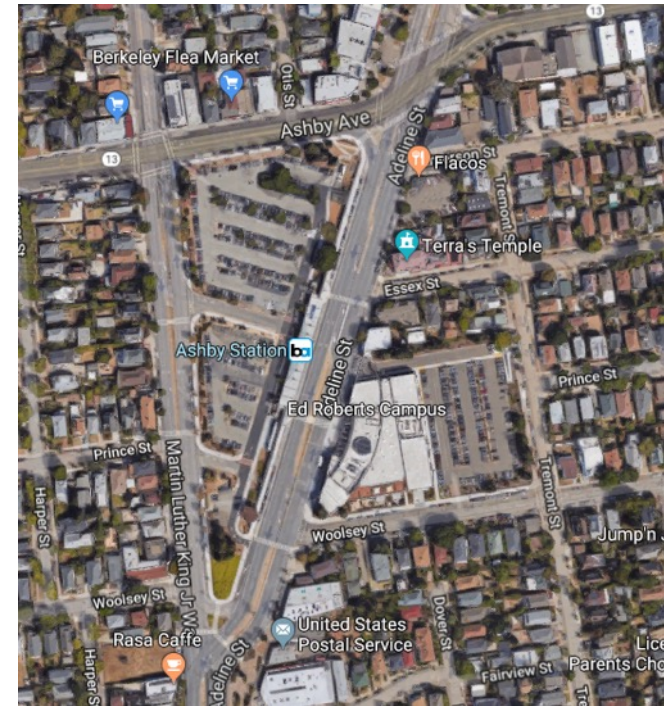
AFFORDABLE HOUSING REQUIREMENTS

- Plan Area Goal of 50% of all new housing units affordable to a range of income levels
- Zoning On-site affordable housing incentive
- Ashby BART (Policy 3.7, Objective 1)

AFFORDABLE HOUSING REQUIREMENTS

Ashby BART Station Area Objectives

1. Affordable Housing
2. Public Space
3. Additional Development Parameters
4. Public Art
5. Pedestrian and Bicycle Connections
6. Parking and Transportation Demand Management
7. Process and Engagement



See Specific Plan Policy 3.7 and Policy 4.3

AFFORDABLE HOUSING REQUIREMENTS

Ashby BART: City – BART MOU

- Community Advisory Group (CAG) and Community Engagement
- Zoning and Development Parameters
- BART Implementation of Assembly Bill 2923
- City of Berkeley affordable housing funding
- Developer(s) solicitation
- Station access studies

*Adopted unanimously by the City Council (Dec. '19) and BART Board (Jan. '20)

Table 1. Policy 3.7 Ashby BART, Objective 1 Options

May 2019 Draft Plan (ORIGINAL LANGUAGE):

OBJECTIVE 1. AFFORDABLE HOUSING. For any future development in the BART subarea, at least 50% of the total housing units produced should be comprised of deed-restricted affordable housing, which could also include supportive services or other spaces associated with the affordable housing. This goal for at least 50% affordable housing at a range of income levels (e.g. Extremely Low, Very Low, Low and Moderate) would be calculated across the entire Ashby BART subarea and could be accomplished through multiple phases of development. Any future development agreement should commit to deliver at least this level of affordable housing, and provide a plan to do so. Amounts of affordable housing exceeding 50% of the total square footage and number of units are encouraged.

Subcommittee proposed revised language:

The City's goal for the Ashby BART subarea is phased development, over the life of the Plan, of 100% below market, deed restricted affordable housing. Following the process outlined in the City and BART Memorandum of Understanding (MOU), the City will work with BART to achieve this goal. This housing should be affordable to moderate, low-, very low- and extremely-low income households at an approximately even distribution. Housing in this subarea could also include supportive services or other spaces associated with affordable housing. Reserving the Ashby BART site for 100% affordable housing development will help achieve the Plan's housing affordability goal that calls for at least 50% of all new housing built in the Adeline Corridor over the next years to be income restricted permanently affordable housing.

Staff-prepared revised language:

Future development in the Ashby BART subarea shall consist of well-designed, high-quality, transit-oriented development that maximizes the total number of deed-restricted affordable homes, serving a range of income levels (e.g. Extremely Low, Very Low, Low and Moderate) and could also include supportive services or other spaces associated with the affordable housing and other desired community benefits. The opportunity to leverage public land for a mix of uses, including significant amounts of affordable housing, will help to safeguard the socio-economic and cultural diversity treasured by the community, as well as have correlated benefits of contributing to the neighborhood's economic prosperity and improving health outcomes.

The City and BART should strive for a goal of 100% deed-restricted affordable housing that could be accomplished through multiple phases of development. The amount of housing and levels of affordability shall be determined through the process outlined in the Memorandum of Understanding (MOU) unanimously adopted by the City Council and the BART Board of Directors (Dec. 2019 and Jan. 2020, respectively) to work together to develop the Ashby BART and North Berkeley BART station areas. This process will involve additional land use and economic feasibility studies, including analysis of 100% affordable housing, to inform further conversation with the Community Advisory Group (CAG), Planning Commission and broader community (see Objective 7).

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AFFORDABLE HOUSING REQUIREMENTS

Ashby BART Station Area

For Planning Commission consideration:

- Recommend language that balances aspirational goals and also supports the process outlined in the recently adopted City – BART MOU, including additional land use, engineering, economic feasibility and funding studies to inform the Community Advisory Group and community wide discussion.

Background: Affordable Housing goals and zoning tiers economic analysis

- Presentation by Rick Jacobus, Street Level Advisors

ENVIRONMENTAL REVIEW DOCUMENTS



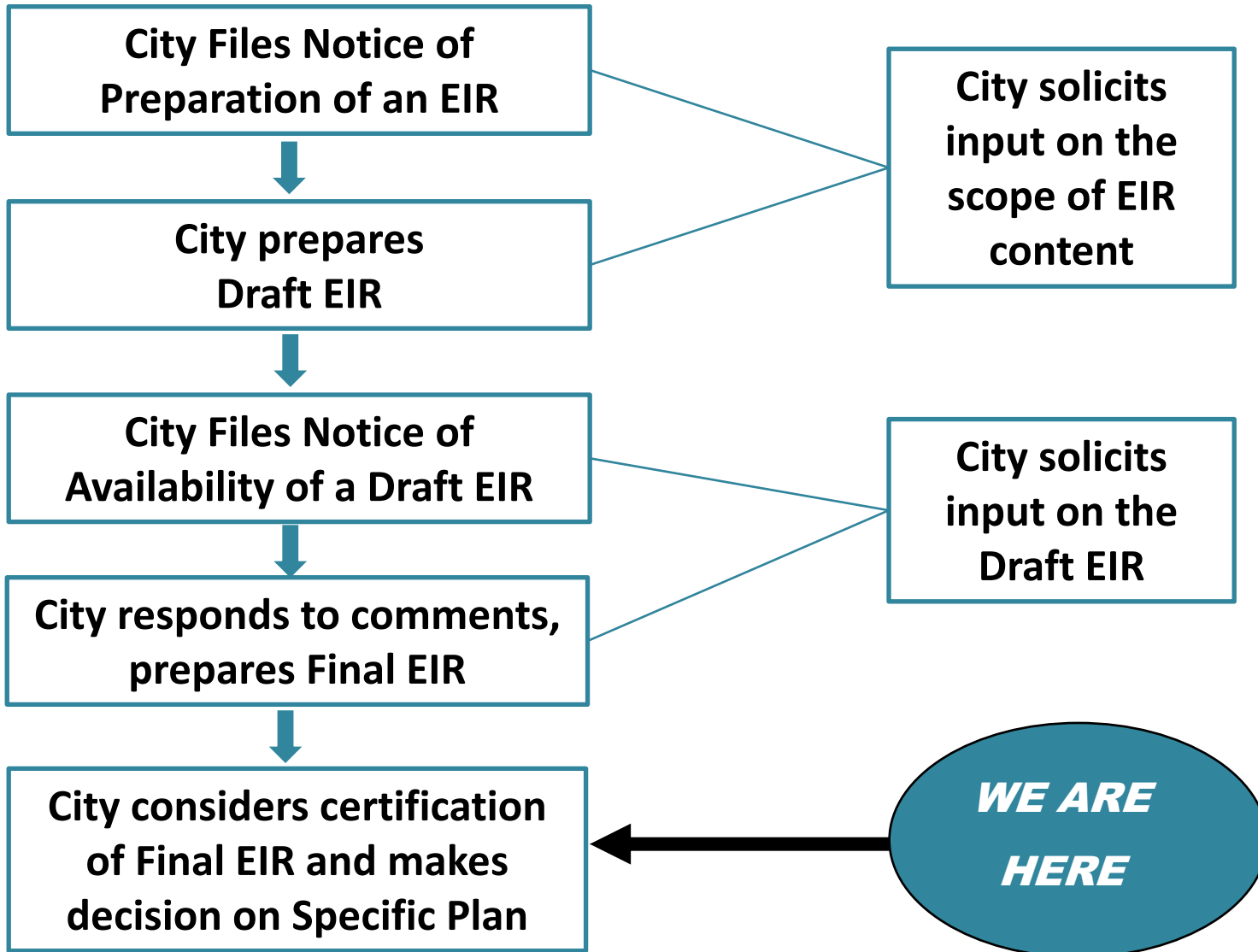
- EIR
 - Draft EIR
 - Response to Comments Document/FEIR
- CEQA Findings and Statement of Overriding Considerations
- Mitigation Monitoring and Reporting Program

Environmental Impact Report (EIR) Overview

PURPOSE OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

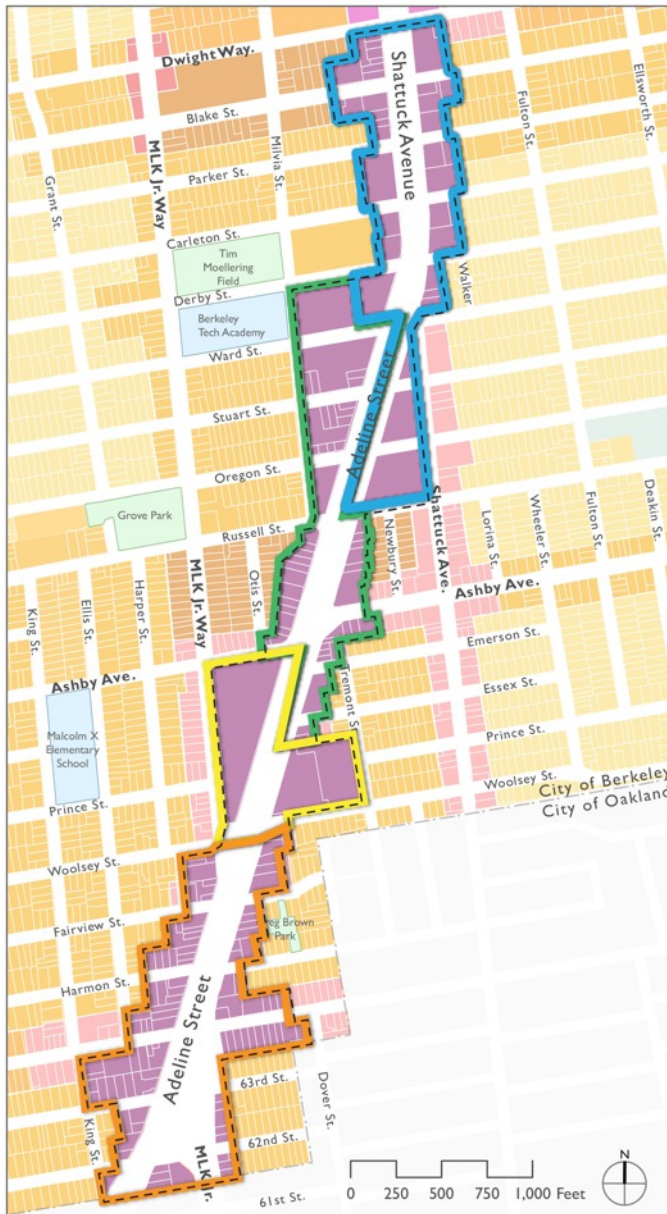
- Disclose the potential significant environmental effects of proposed actions
- Identify ways to avoid or reduce adverse environmental effects
- Consider feasible alternatives to proposed actions
- Foster interagency coordination in the review of projects
- Enhance public participation in the planning process

EIR PROCESS



EIR: PROJECTED BUILDOUT

Reasonably foreseeable maximum development through plan horizon year of 2040



<u>Plan Subarea</u>	<u>Residential</u>	<u>Commercial</u>
South Shattuck	300 units	20,000 sf
North Adeline	200 units	-5,000 sf
Ashby BART	850 units	50,000 sf
South Adeline	100 units	0 sf
TOTAL	1,450 units	65,000 sf

DRAFT ENVIRONMENTAL IMPACT REPORT

EIR analyzes physical environmental impacts to the environment based on thresholds defined by CEQA Guidelines Appendix G. Environmental topics analyzed in depth in the EIR include:

- 4.1 Air Quality
- 4.2 Biological Resources
- 4.3 Cultural Resources
- 4.4 Geology and Soils
- 4.5 Greenhouse Gases
- 4.6 Hazards and Hazardous Materials
- 4.7 Hydrology and Water Quality
- 4.8 Land Use and Planning
- 4.9 Noise
- 4.10 Population and Housing
- 4.11 Public Services
- 4.12 Transportation and Traffic
- 4.13 Utilities and Service Systems

DRAFT ENVIRONMENTAL IMPACT REPORT

- Issues found to potentially significant, mitigation measures required
 - 4.1 Air Quality
 - 4.2 Biological Resources
 - 4.5 Greenhouse Gases

- Issues found to have significant and unavoidable impacts
 - 4.9 Noise
 - 4.12 Transportation and Traffic

ADDITIONAL CEQA DOCUMENTS

- Response to Comments (RTC) document for EIR-related comments
- Responses to Plan-Related Comments - December 12, 2019 Adeline Subcommittee Meeting Staff Memo
- CEQA Findings and Statement of Overriding Considerations
- Mitigation Monitoring Reporting Program

RESPONSE TO COMMENTS –FEIR

- Updated GHG-Mitigation MM-1 to reflect Code and other Ordinances adopted
- CEQA Findings and Statement of Overriding Considerations
- Mitigation Monitoring Reporting Program



Adeline Corridor

Affordable Housing Incentives

September 16m



Rick Jacobus
Street Level Advisors



Agenda

1. Recap Prior Findings on Feasibility
2. Changes in Market

Recap of Findings



A close-up photograph of a red excavator bucket filled with dirt and gravel. The bucket is positioned in front of a stone building with large, rectangular blocks. The excavator's arm and bucket are the central focus, with the background showing the corner of the building.

Land Value Capture

When we change the rules to allow more building, land becomes more valuable. Where does that money go?



Example Project
1/3 acre

C-SA Zoning

Roughly 27 units

~80 units per acre

\$977,000 Housing Fee

Yield on Cost: 5.3%

Yield on Cost

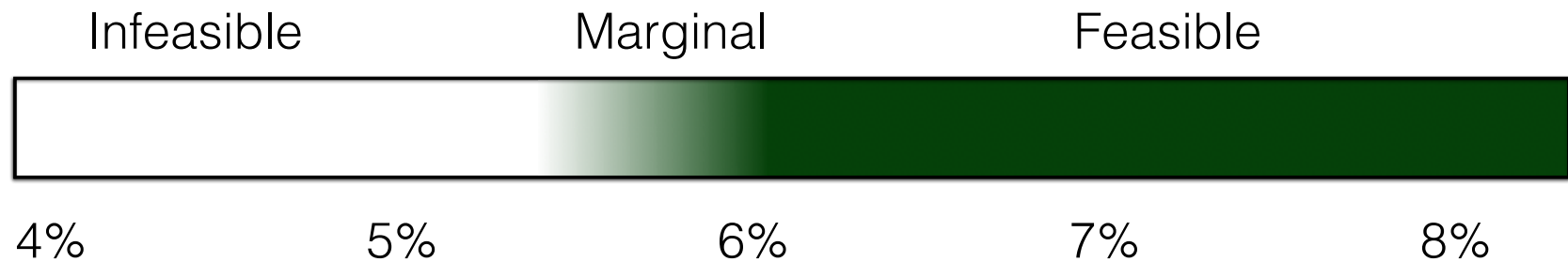
Yield on Cost is a simple measure commonly used to compare the profitability of real estate investments

Example:

Total Development Cost (TDC)	\$1,000,000
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Annual Net Operating Income (NOI)	\$60,000
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Yield on Cost (NOI/TDC)	6.0%
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Example Project

1/3 acre

C-SA Zoning

Roughly 27 units

~80 units per acre

\$977,000 Housing Fee

Yield on Cost: 5.3%

C-SA + Use Permit + State Bonus

Up to 72 units

~215 units per acre

3* VLI Units +\$1,814,000

Yield on Cost: 5.8%

** Per state law this is 11% of 'base' units only 4% of total units*

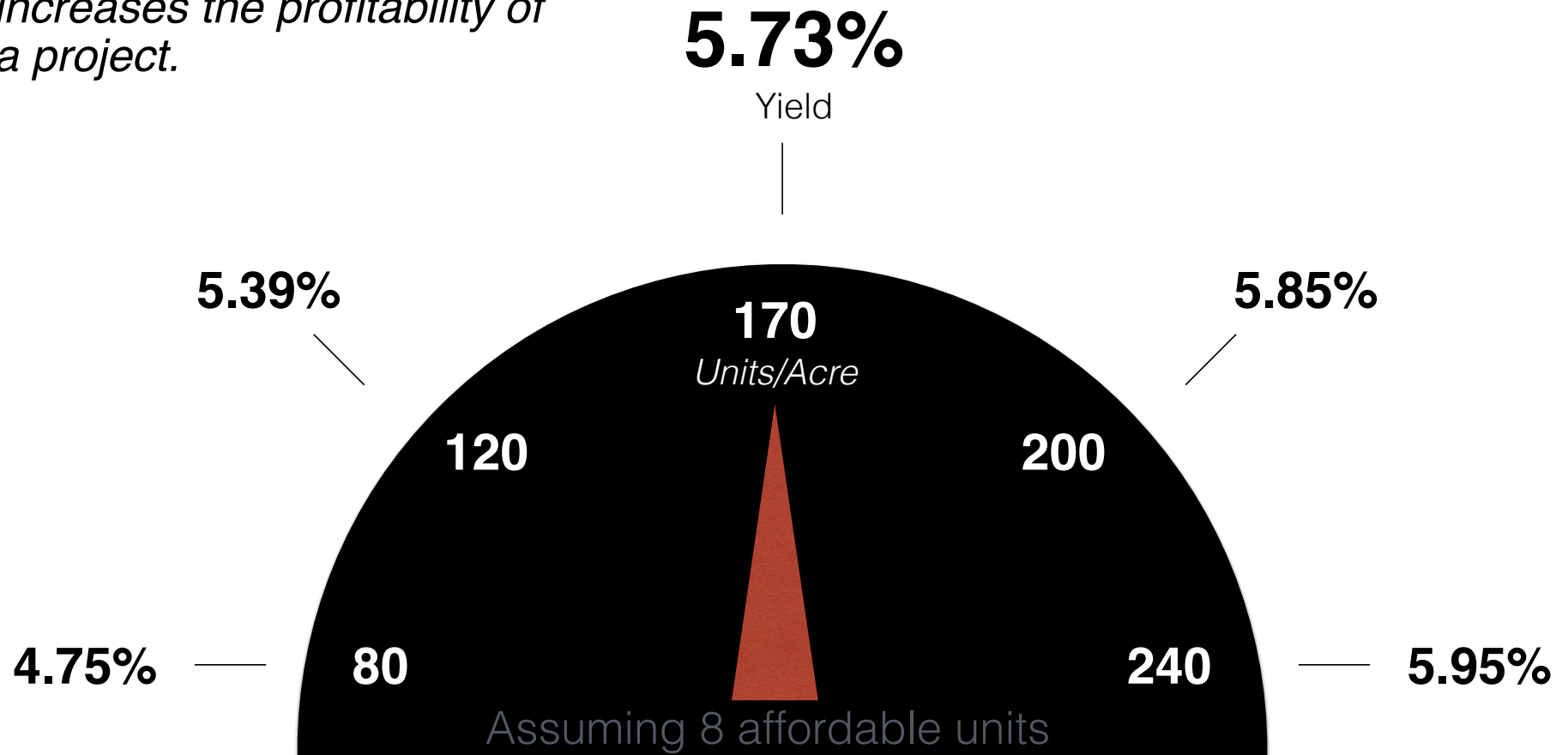
Updated Project Feasibility - Jan 2020

South Shattuck Example

	Units/Acre	Affordable Housing	Yield
Tier 1	120	\$1.36M	5.57%
Tier 2 (+40%)	170	8 Units + \$977K	5.61%
Tier 3 (+70%)	200	14 Units + \$558K	5.57%
Tier 4 (+100%)	240	20 Units	5.49%

Increasing the allowable density (without adding affordable housing) increases the profitability of a project.

How much does density matter?



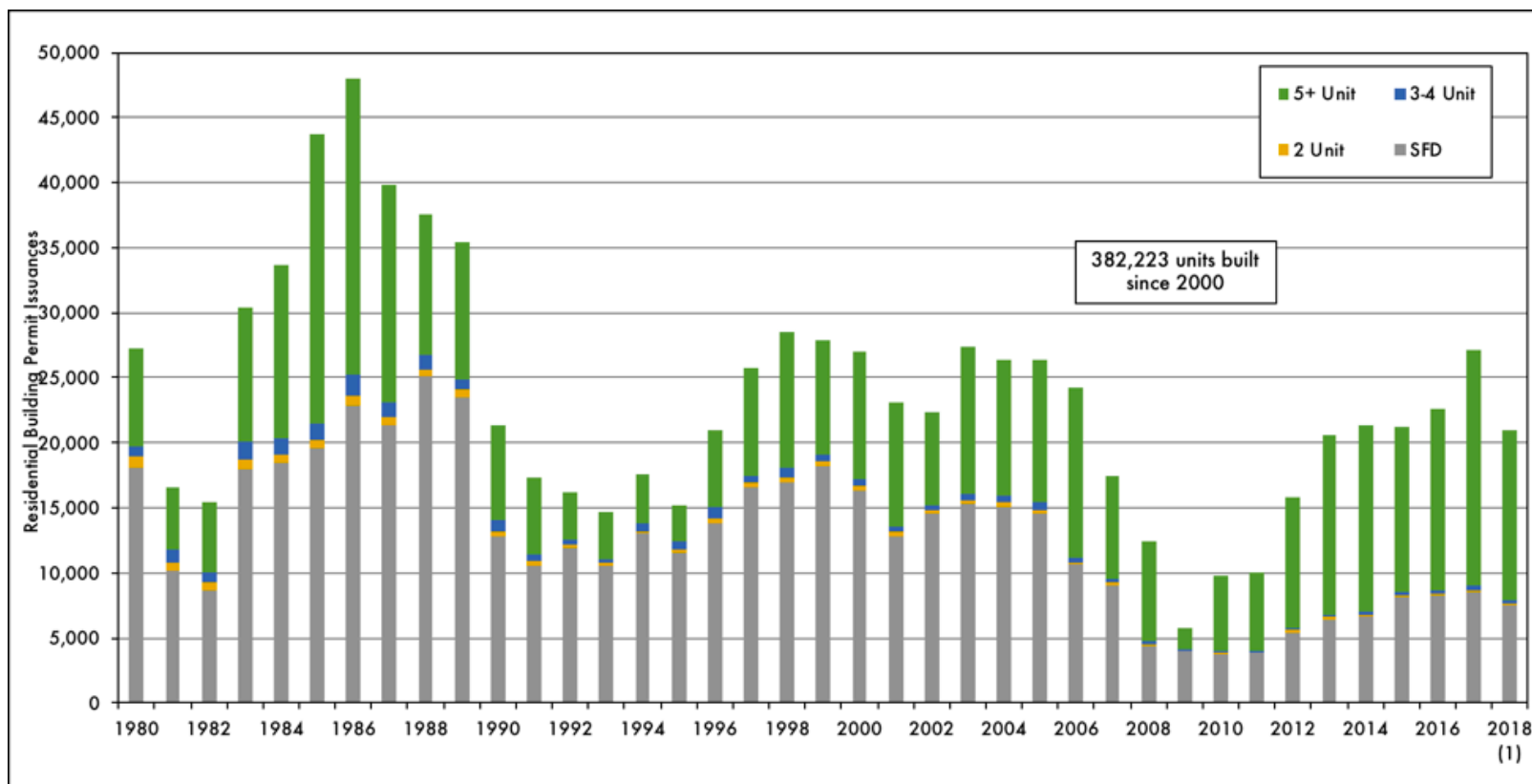
Changes in the Market



No one knows what will happen next

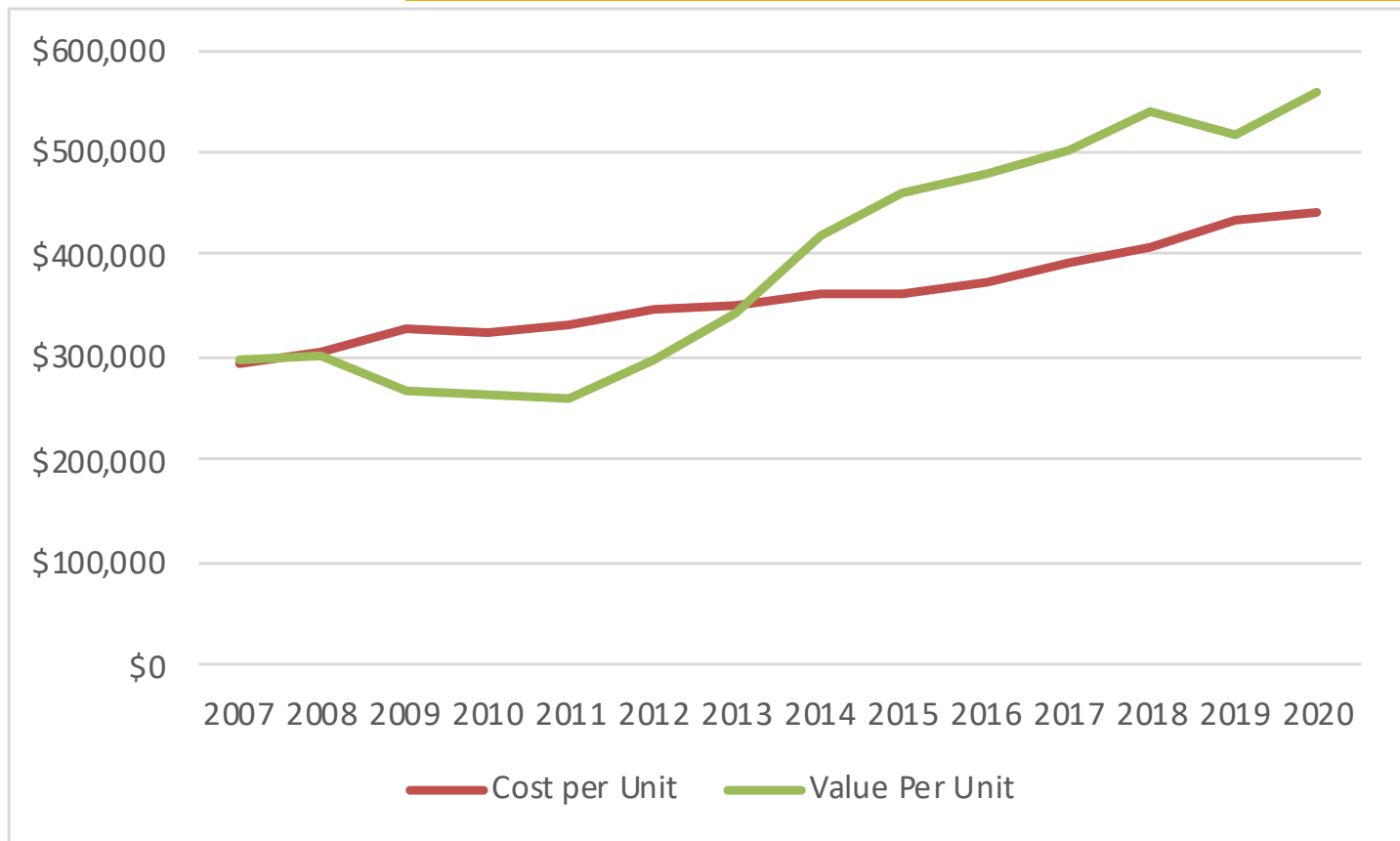
- COVID 19 has created enormous uncertainty
- Rents have come down
- Construction costs have not been reduced (yet)
- Expected yields have come down
- Developers express doubt that new projects will be moving forward next year
- Projects are generally continuing (for now)

Bay Area Housing Production



Source: spur.org

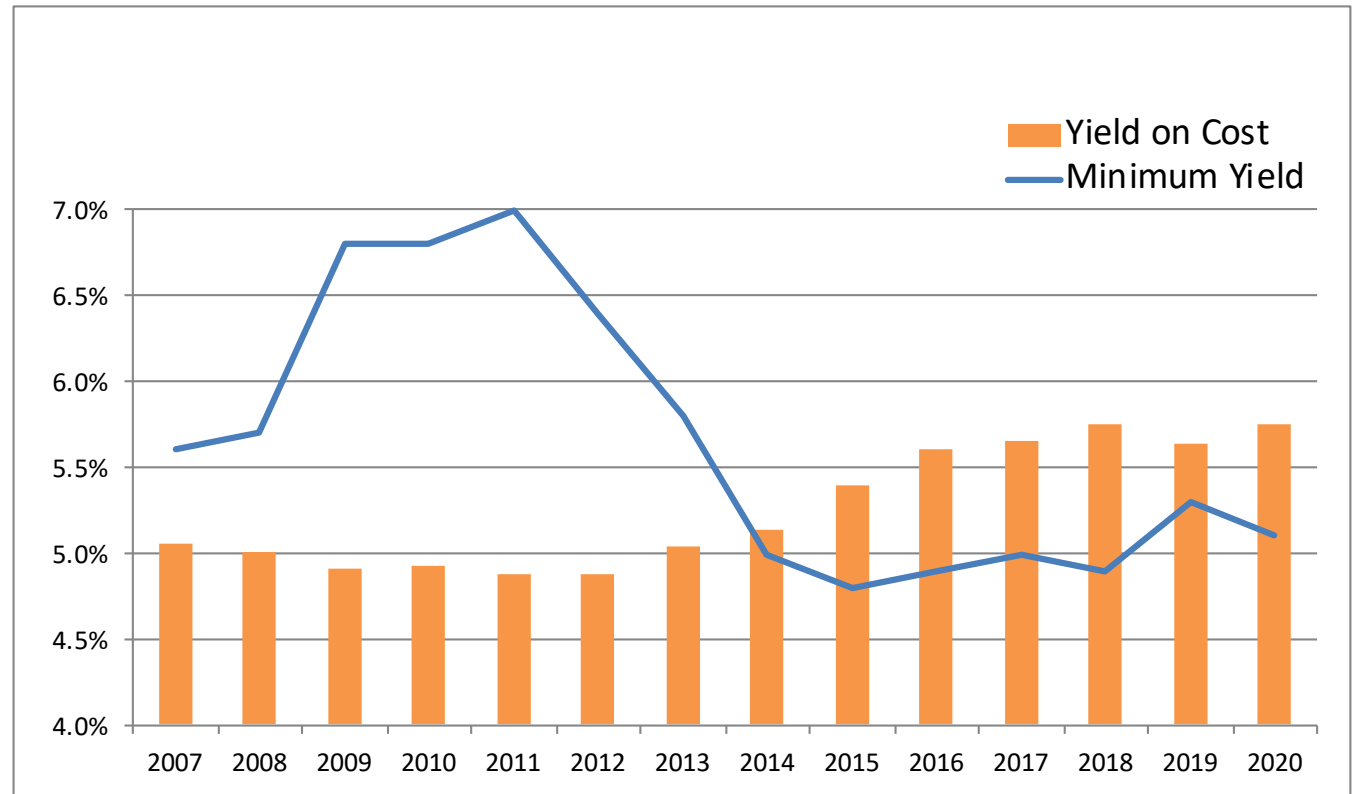
Historical Trends



Source: Street Level Advisors Calculations

Historical Feasibility Estimates

During the last recession, the returns that investors required rose at the same time that project profitability was falling



Source: Street Level Advisors Calculations

Adjusting requirements later

Street Level Advisors Scope of Work

- Citywide update to “Affordable Housing Requirements”
 - Onsite units vs Fees
 - Incentivizing onsite units (Density bonus tiers)
 - Different requirements in different zones
 - Incentivizing Family sized units and ELI Units
- Public Feedback sessions on Policy Options
- Financial Feasibility Analysis - *fall 2020*
- Housing Economics Study Group - *Winter*
- Develop options for Hardship Waiver Process
- Recommended changes to Affordable Housing Mitigation Fee and Inclusionary Housing Ordinances - *Feb 2021*

Thank You

