

## 5 HOUSING OPPORTUNITIES

### INTRODUCTION AND BACKGROUND

According to the state Housing Element Law, the housing element of the general plan will include “an inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites (Section 65583(a)(3)).” The following section describes the opportunities for housing development on residentially and commercially zoned property in the city.

In 2001 the City used its Geographic Information System to determine the availability of vacant land and land that can be redeveloped in these zoning districts. Appendices E-1 and E-2 summarize all the available land identified in the city. The appendices also provide the number of units that can be expected to be developed on those sites. Parcels with significant size and/or shape constraints were not included in the inventory unless they could be combined with adjacent parcels to yield an appropriate site.

Redwood City is almost entirely built-out with little remaining vacant land; therefore, many of the opportunity sites are located on land to be re-utilized. The zoning ordinance of Redwood City describes six zoning districts where the permitted use is primarily residential and four commercial zoning districts where residential uses are permitted. Opportunities for housing are principally planned in the area bounded by Whipple, El Camino Real, Woodside Road, and Veterans Boulevard as set forth in the Downtown Area Plan. In addition, programs to provide additional opportunities for housing - density bonuses, “in-law” units, duplex parcels with reduced lot width requirements, rezoned mixed-use districts and increased densities for transit-oriented housing – are described in Appendix E-1. While existing public services will likely accommodate new development, existing public facilities/ infrastructure improvements may need to be augmented depending on the size of development. Necessary public facilities/ infrastructure enhancements are determined on a case by case basis at the time of plan submittal. The following paragraphs describe the zones where opportunities exist for additional housing.

### RESIDENTIALLY ZONED PROPERTY

This section describes the residential zones and their respective housing opportunities. Although the zoning ordinance has six zoning districts where the permitted use is primarily residential, vacant/ infill land is located in the RH, R-1 and R-2 districts, which are described in the following paragraphs. These vacant/infill sites are in these three districts and can accommodate approximately 68 units. While some of these sites are located within the RH and R-1 single-family residential districts, most of the 68 unit sites are located in the R-2 district. This would include underutilized duplex sites that currently only contain a single-family residence and underutilized triplex sites that only contain single-family or duplex units. In-law units are permitted in all residentially zoned (RH through R-5) properties that contain single-family homes.

#### **RH Residential Hillside District**

The purpose of the district is to provide a place in which the hilly land in Redwood City can be developed for residential densities commensurate with the natural topography of the area and with the type of semi-rural living best suited to relatively low density family living in the hills. The minimum lot size is 10,000 sq. ft. depending on slope. Housing built in this district is expected to be market rate because construction on hillside land is more costly than on flat land and because larger minimum lot sizes are needed to accommodate development. The planning tool, Planned Development, is available to cluster housing to respond to land constraints and to increase the feasibility of development.

#### **R-1 Single Family Residential District (Low Density)**

The purpose of the district is to stabilize and protect the residential character of the district and to promote and encourage a suitable environment for family life on a neighborhood basis. The minimum lot size is 6,000 sq. ft., which results in 7 units an acre. Homes (not including in-law units) built on vacant land in this district are expected to be market rate housing. The planning tool, Planned Development, is available to cluster housing to respond to land constraints and to increase the feasibility of development.

## **R-2 Residential Duplex District**

The purpose of the district is to stabilize and maintain the residential character of the district and permit a suitable environment for family living on a smaller scale by permitting a higher density with two to three families to the lot while maintaining individual privacy, open space, and facilities. The minimum lot sizes are: 5,000 sq. ft. for a single-family house; 7,500 sq. ft. for a duplex; and 10,000 sq. ft. for a triplex. The minimum lot sizes translate into the following maximum densities: single family – 8.7 units per acre; duplex – 11.6 units per acre; and triplex 12.9 units per acre. Multifamily units built on infill sites in this district are expected to be primarily moderate-income, rental units with some lower income units depending on the location/neighborhood. The planning tool, Planned Development, is available to cluster housing to respond to land constraints and to increase the feasibility of development.

The City also created additional two-unit housing opportunities within duplex parcels. This was accomplished by reducing the minimum lot width standard from 60 to 50 feet. As a result of this rezoning, opportunities for 134 additional housing units have been created.

## **DOWNTOWN AREA PLAN IMPLEMENTATION**

In 2001, the City also prepared a Downtown Area Plan that encompasses 479 acres and is virtually coterminous with one of the City's redevelopment areas. The Plan was circulated and reviewed in the fourth quarter of 2001. A housing symposium for the Downtown Plan was also conducted in 2002. The Plan is expected to be adopted in 2003. The Plan, which allows from 2,710 to 3,410 additional housing units, emphasizes the importance of introducing a lot of housing into the downtown area as its top priority. Many people living downtown will enliven the area, creating an 18-hour environment.

While much of the downtown district zoning already permits residential and mixed-use development, the Downtown Area Plan will provide new residential zoning districts and higher residential densities. It is expected that approximately 892 housing units can be developed within the three Downtown Plan's identified "catalyst sites" during the period 2001 – 2007. While these catalyst sites are currently zoned to allow residential development, the higher densities proposed will be achieved through Precise Plan rezonings. The necessary zoning measures will be adopted by the end of 2003. Redevelopment area requirements will result in a total of 209 units for very low-income households and 311 units for moderate-income households for these catalyst sites.

## **COMMERCIAL ZONED PROPERTY**

Several mixed use and commercial zoning districts allow residential units as a permitted use. The following section will describe these zoning districts and the multi-family housing units that are permitted. The development of housing units in these districts is not required, but housing incentives have been provided to encourage residential development. Redwood City also has roughly a 37% commercial office vacancy rate that will likely not be reabsorbed for five to seven years. As such, residential development is very feasible within the various mixed-use zoning districts outlined below.

## **CG-R General Commercial Combined With High Density Residential**

In 1993 the City zoned most of the land along El Camino Real and Woodside Road west of El Camino (roughly 42-acres) for mixed use (commercial and high density residential), creating roughly 1,800 new housing opportunities at 36 to 43 units/acre, depending upon the lot size. The CG-R mixed-use designation allowed for various types of development: exclusive high-density residential, exclusive commercial, or a mixture of residential and commercial.

The city anticipates that these properties will be developed primarily as rental housing due to their location along the city's major transit corridors. Because affordable housing is more easily achieved through rentals rather than through for-sale housing, these properties will likely provide units for moderate-income households. The low and very-low-income units will be on land either acquired by the City, through application of the redevelopment area's 15% affordability requirement and/or through such housing programs as the City's Density Bonus Program, flexible (Mixed-Use) parking standards and similar affordable housing incentive programs. For example, the recently built Franklin Project (Phase I) received approval for reduced parking standards and contains 31 affordable (6% very-low and 9% moderate-income) housing units per the redevelopment area's 15% affordability requirement. The El

Camino/ Vera Street site, purchased through the use of landbanking and other funds, will apply the City's Density Bonus Program to achieve up to 60 affordable housing units.

In 2001 the City provided significant incentives for housing to be built along the El Camino Real and Woodside Road transit corridors by setting one floor area ratio for exclusively commercial development, and a higher floor area ratio for commercial development when it is combined with a minimum number of residential units. The only route to a higher floor area ratio is to include housing as a mixed-use development because variances and other waivers of the floor area ratio are not possible. This housing-jobs balance incentive program has resulted in the approval of 11 additional housing units on two small parcels (at 885 Woodside Road and 150 El Camino Real) that might not have otherwise been built. It is anticipated that this housing-jobs incentive program will result in additional units along these two transit corridors during the current Housing Element planning period.

An 11-acre (Pete's Harbor) site located outside of the downtown redevelopment area along Bair Island Road (which is east of Highway 101) is also zoned CG-R (mixed use). This property can accommodate roughly 475 housing units at 43 units/acre.

The City has received an application for a 44-acre development referred to as Marina Shores Village. The project includes the 11-acre (Pete's Harbor) site referenced above. As proposed, roughly 33-acres of the Marina Village project would be dedicated to residential development. This will involve rezoning land adjacent to the 11-acre site (above) from commercial to residential. The City has recently certified an Environmental Impact Report (EIR) and is currently preparing a Precise Plan for the Marina Shores Village project. The developer has agreed to provide 15% affordable units for low and moderate income households in this otherwise high-end, for-sale condo project. The ultimate number of housing units and affordability of the units is currently under discussion.

#### **CBR Central Business Retail**

In 2001 the City amended its General Plan to extend the Mixed Use zoning designation to additional land. The residential density is currently 36 to 43 units/acre, depending on the size of the parcel. Implementation of the Downtown Area Plan would result in higher residential densities of 40 to 60 units/acre or 144 and 145 new housing units within the El Camino/Caltrain Station and Downtown Core sites. The CBR District is entirely located with a redevelopment area so very low, low and moderate-income units will result as housing is developed.

#### **CB Central Business**

In 2001 the City amended its zoning ordinance to permit residential units by right on the ground floor, which enabled a new housing type, the free standing building of high density, multifamily units. (Previously residential units were not permitted on the ground floor.). The residential density is currently 36 to 43 units/acre, depending on the size of the parcel. Implementation of the Downtown Area Plan would result in higher residential densities, from 35 to 55 units/acre or 308, 533 and 438 new housing units within the Broadway/Walnut, North El Camino and South Broadway Corridor sites. The CB District is entirely located with a redevelopment area so very low, low and moderate units will result as housing is developed.

#### **CA Central Administrative**

In 2001 the City also amended its zoning ordinance to allow residential units as a matter of right, when within 1,500 feet of the Caltrain Station. This change enabled high density, multifamily units and promotes transit-oriented development. (Previously residential units were not permitted in CA districts.) The amendment has added opportunities for 240 units in the Brewster, Winslow, Arguello, Marshall Street area. The residential density is 36 to 43 units/acre, depending on the size of the parcel.

Implementation of the Downtown Area Plan would result in additional units at a residential density of 45 to 55 units/acre or 308 new housing units within the Downtown Area Plan's "CA" -Broadway/ Walnut site. The CA District is entirely located with a redevelopment area so very low, low and moderate units will result as housing is developed.

## ADDITIONAL LIVING UNITS

### Second Units

The zoning ordinance also allows the development of accessory dwellings in single-family areas in the six residential zoning districts while respecting the character of the residential neighbors. Such units are permitted in the RH, R-1, R-2, R-3, R-4 and R-5 districts. The purpose of permitting additional living units is to allow more efficient use of land and existing infrastructure. The opportunity for the development of small, rental-housing units designed to meet the special housing needs of senior citizens and small households while preserving the integrity of single-family neighborhoods can also be realized. The units have a maximum of one bedroom and thus tend to be affordable to low and moderate-income households because the limited size limits the potential market rent. City staff estimates that one-third of these smaller rental units will be available to low-income households and two-thirds will be available to moderate-income households depending on their location/ neighborhood.

The Accessory (Secondary Unit) Dwelling Ordinance created opportunities for 1,834 additional units. City staff estimates that roughly 16 to 17 units/year or 132 units will be added between 1999 and 2007.

### Density Bonus Laws/ Other Housing Opportunities

The City grants a density bonus of at least 25 percent and at least one of the incentives referenced in Government Code 65915 (h) or provide incentives of equivalent financial value for developments of five units or more when a developer of housing agrees or proposes to construct at least:

- 20 percent of the total dwelling units of a housing development for lower income households; or
- 10 percent of the total units of a housing development for very low income households; or
- 50 percent of the total dwelling units of a housing development for senior citizens.

If an incentive is granted, then affordable dwelling units shall be restricted to use as affordable dwelling units for a minimum period of 30 years. If no incentives are granted, then the affordable dwelling units shall be restricted to use as affordable dwelling units for a minimum period of 10 years.

On the inventory of adequate sites (Appendix E-2), property owners could qualify for at least an additional 680 units using the City's density bonus program.

## FINANCIAL ASSISTANCE

### Redevelopment Funds

The City makes use of housing set-aside funds from the redevelopment plan area. The total projected revenue from the redevelopment plan area for fiscal years 1999-00 through 2027-28 is \$388,076,873. Of the total projected revenue, it is estimated that \$126,499,343 will be spent on affordable housing. For the period, fiscal years 1999-00 through 2005-06, revenues for housing are expected to be \$14,021,971 out of a total of \$44,891,017. It is the intention of the City that those funds be used to support the development of affordable housing.

**Figure 5-1 Redevelopment Revenue, Funds Required for Affordable Housing, and Funds To Be Spent on Affordable Housing - actual and projected**

Fiscal Year	Redevelopment Revenue, Total	Twenty Percent Required to be Set-aside for Affordable Housing	Redevelopment Revenue Spent on Affordable Housing
1999-00	\$4,549,017	\$909,803	\$1,378,971
2000-01	\$5,283,000	\$1,056,600	\$1,673,000
2001-02	\$5,983,000	\$1,196,600	\$1,881,000
2002-03	\$6,431,000	\$1,286,200	\$2,040,000
2003-04	\$6,971,000	\$1,394,200	\$2,222,000

2004-05	\$7,574,000	\$1,514,800	\$2,420,000
2005-06	\$8,100,000	\$1,620,000	\$2,606,000
2006-07	\$8,652,000	\$1,730,400	\$2,801,000
Source: Michael Church, Redevelopment Director, August 2001			

Most very low-income housing cannot be developed without financing and other subsidies required to write down the cost of land or other development incentives necessary to reduce construction costs. Subsidized housing projects within the City's Redevelopment District (which require 15% affordable units), combined with allowing higher densities within the Redevelopment Area, can create housing for very-low income groups.

It is the City's intention, when funds are available, to provide subsidies to residential developers in order to ensure the continued production of very low-income units. The City has, and continues to subsidize and offers density bonuses for residential projects designed for lower income households (e.g. the Wyndham Place, Lincoln Habitat, City Center Plaza, Rolison Road and El Camino/Vera Street projects).

#### **Community Development Block Grant (CDBG) Funds**

Forty percent of the City's annual Community Development Block Grant (CDBG) entitlement funds are targeted for affordable housing. This targeting is projected to yield approximately \$360,000 annually from CDBG funds for land acquisition, acquisition/rehabilitation, and land banking activities that can be used to subsidize new affordable housing units. These funds are used to leverage other money to acquire land, for example, to support the Landbanking Program.

#### **HOME Investment Partnership Act Funds**

Ninety-five percent of the annual HOME entitlements are targeted for housing activities. In the past, approximately \$300,000 in HOME funds were allocated to the acquisition of land for affordable housing during each program year for the express purpose of supporting low and very low income housing production.

#### **INVESTMENT CLIMATE**

Redwood City fully recognizes the importance of creating a favorable investment climate in the city. The housing needs of Redwood City residents cannot be met solely by the public and non-profit sectors. The private sector developer plays a primary role in meeting the housing needs of the residents. As a result, Redwood City seeks to create an investment climate in the community that balances regulatory programs with the needs of private developers to enable projects to come to fruition in a profitable format.

Mandates to create affordable housing must be supported with incentives capable of allowing profits for private developers. These incentives must be carefully crafted to maintain Redwood City's aesthetic and quality of life standards. Redwood City is committed to working with housing advocacy groups and private developers to create an investment environment that encourages and assists the development of housing, particularly affordable housing.