

Welcome to Webinar 2 on Attainability!

What to Expect Today

First, there will be a **30-minute presentation** on the preliminary Attainability & Ownership Recommendations for the Missing Middle Housing study.

We'll take a short break for **clarifying questions** on what was presented (please save your feedback comments for the online workshop).

Next, we'll give a demonstration on how to provide us feedback using the **self-guided online workshop**.

After this, we'll have discussion and **Q&A** on the recommendations. Please use the zoom **"raise hand" feature** and we'll take questions in the order they were asked. You can also use the Chat feature at any time.

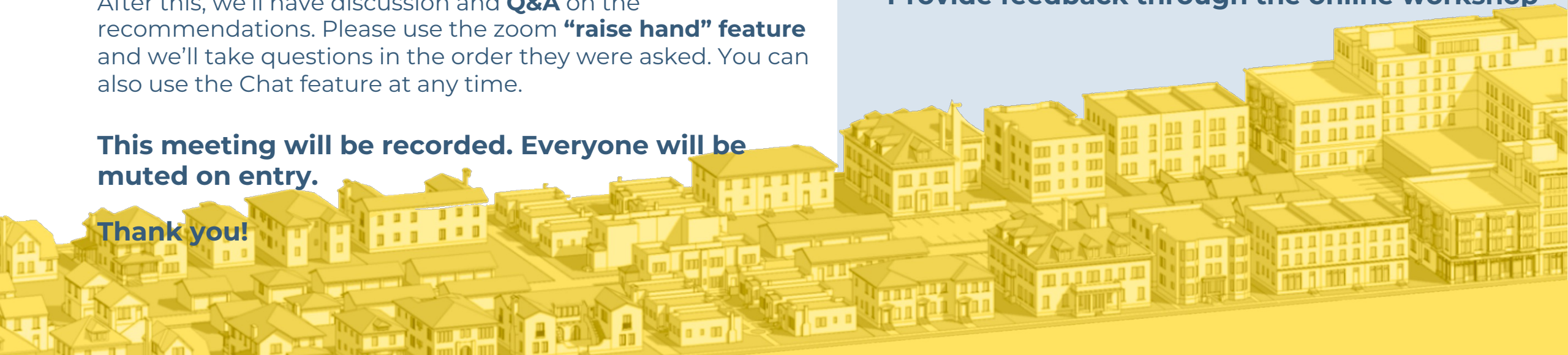
This meeting will be recorded. Everyone will be muted on entry.

Thank you!

Group Agreements

Managing a conversation over Zoom where everyone can participate is a challenge! By entering this workshop, you agree to the following:

- **Be concise when speaking**
- **Stay on topic to the meeting purpose**
- **Allow others time to participate**
- **Listen respectfully**
- **No personal attacks**
- **Provide feedback through the online workshop**



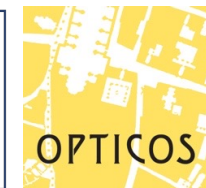


Missing Middle Housing Study: Webinar 2

Attainability Recommendations



**MISSING
MIDDLE
HOUSING**
SACRAMENTO



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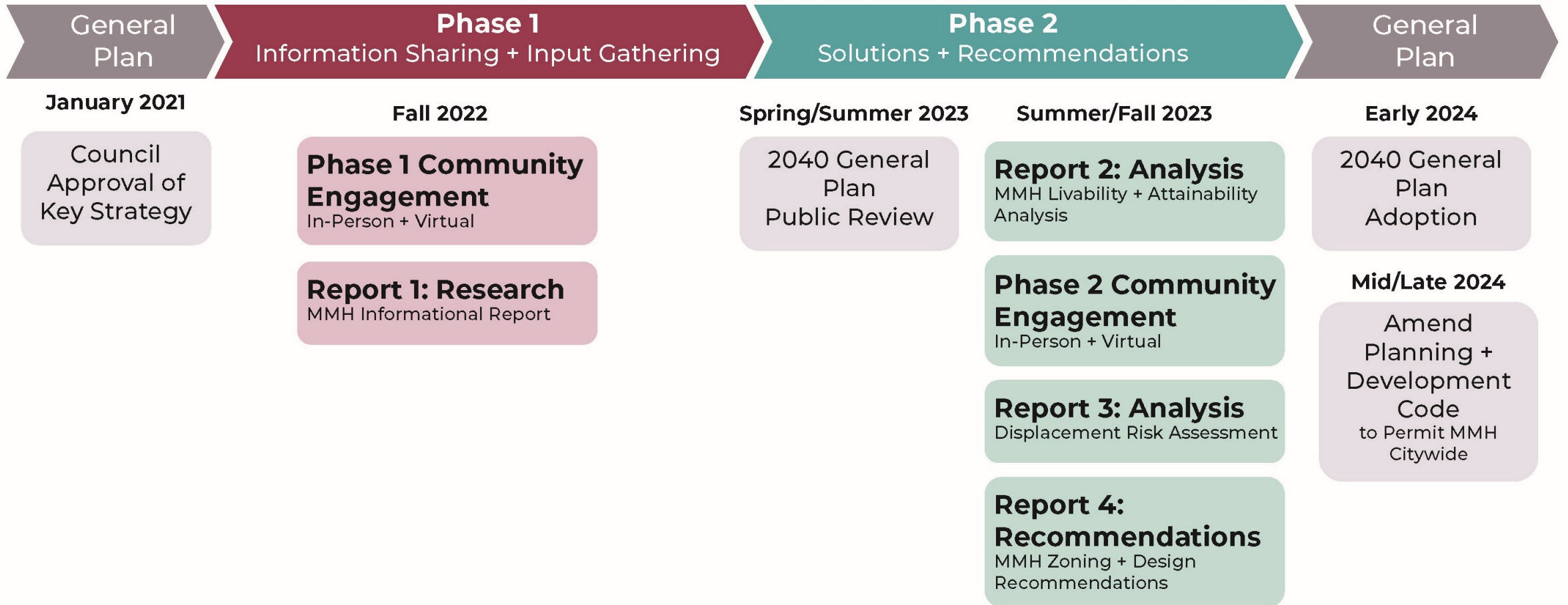
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01. Project Overview



Timeline + Milestones



MMH Study's Key Reports

Findings shared as four key reports:

1. Missing Middle Housing Informational Report

Facts about Missing Middle Housing and case studies
Published in Oct 2022

2. Attainability and Livability Report

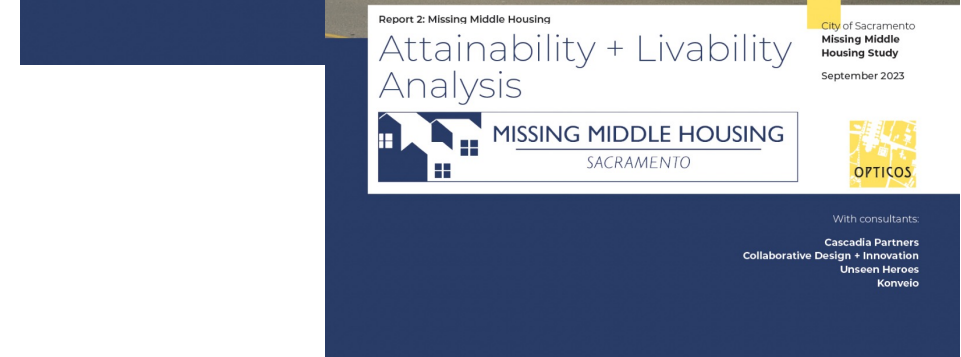
Citywide place-based and feasibility analysis
Published in Sep 2023

3. Displacement Risk Assessment Report

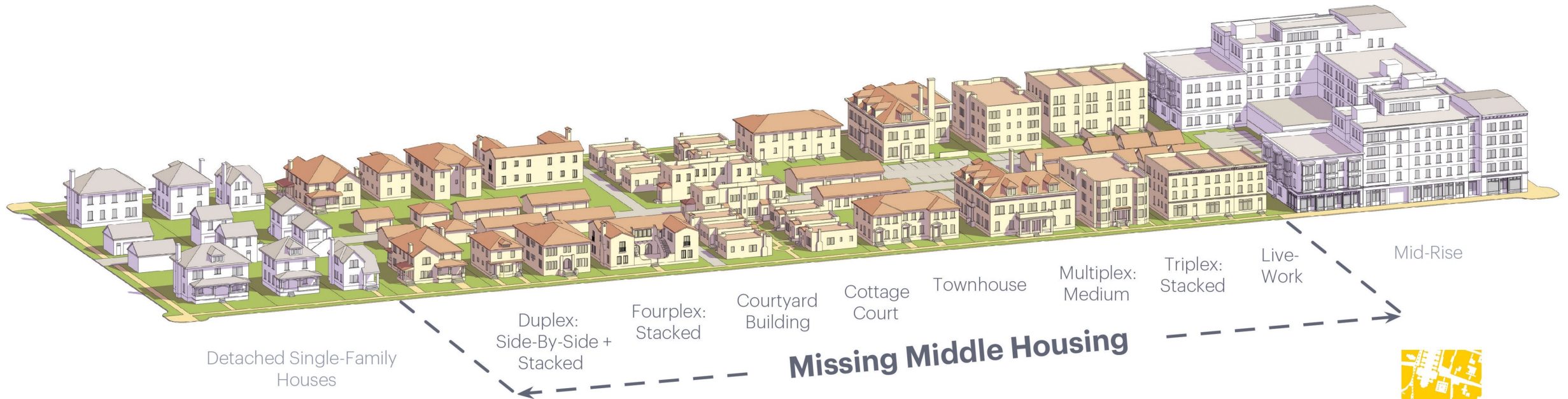
Citywide assessment and strategies
Targeted for Dec 2023

4. Missing Middle Housing Recommendations Report

Zoning and policy recommendations for MMH
Targeted for Jan 2024



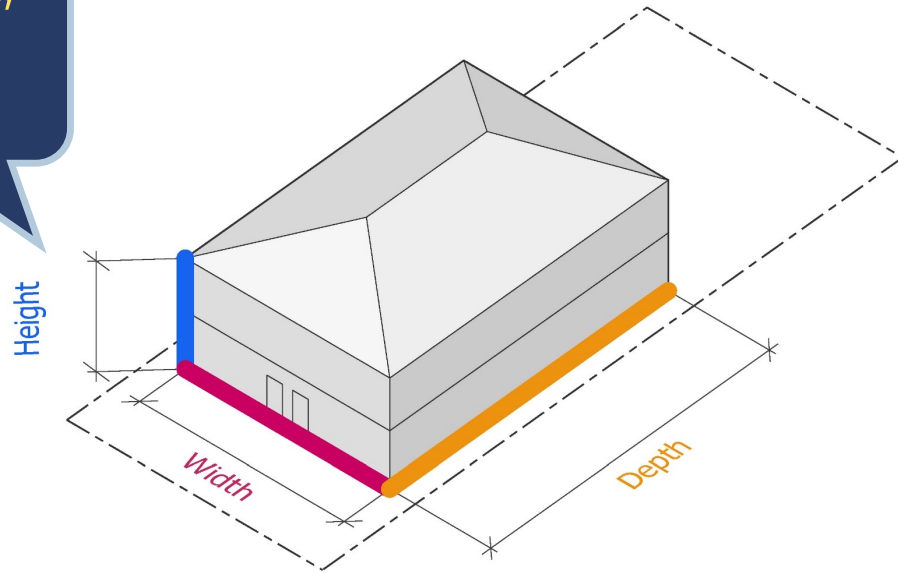
What is Missing Middle Housing?



House-scale buildings
with multiple units
in walkable neighborhoods

“Middle” in two different ways

“house”
scale



lower cost
by design



The Alliance for Housing Solutions

1. A **middle form and scale** between single family and multifamily buildings.
2. Can deliver **attainable housing choices** to middle-income households.

Typical Missing Middle types



Duplex side-by-side



Courtyard



Multiplex small



Duplex stacked



Cottage Court



Multiplex medium



Triplex + Fourplex



Townhouse



Live-work

Did you know Sacramento has **3,500+** Missing Middle Housing units? Here are a few examples

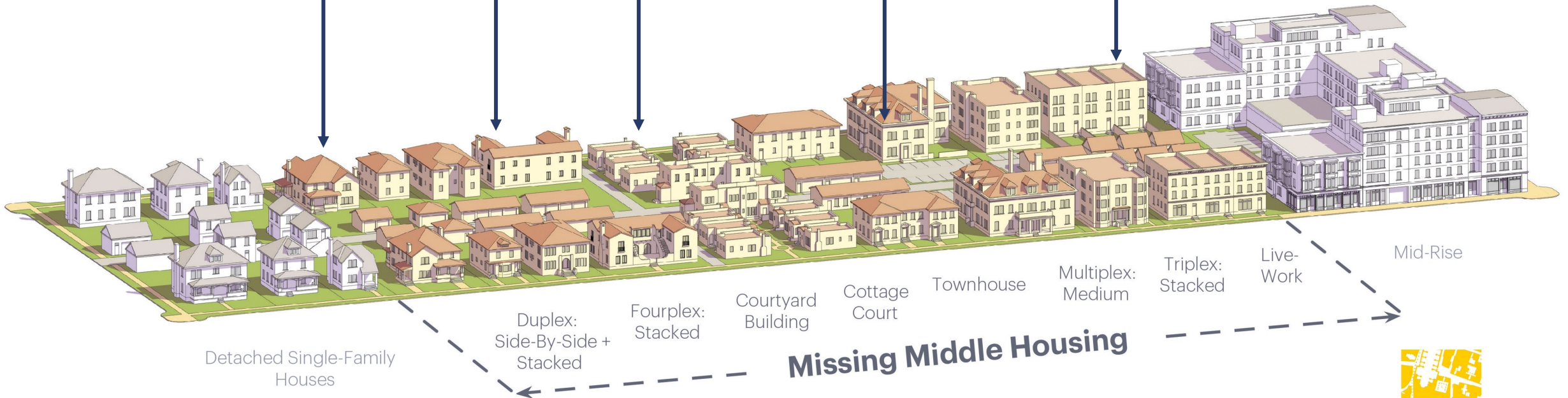
Typical Characteristics

Smaller, well-designed units in house-scale buildings

Private and shared open spaces create community

Support walkable environments, less car-dependance

Accommodate a wide range of lifestyles and household types



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02. We want to hear from you!





Phase 2 Addresses **3 Key Questions**

1. What could MMH look like in Sacramento?

Built form recommendations for compatibility with existing residential neighborhoods.

2. Will MMH be lower-cost and attainable?

Recommendations to incentivize the production of both attainable and regulated affordable units

3. How can the City promote homeownership and address potential displacement through MMH?

Strategies to address displacement pressures, create new homeownership opportunities and preserve existing affordable housing.

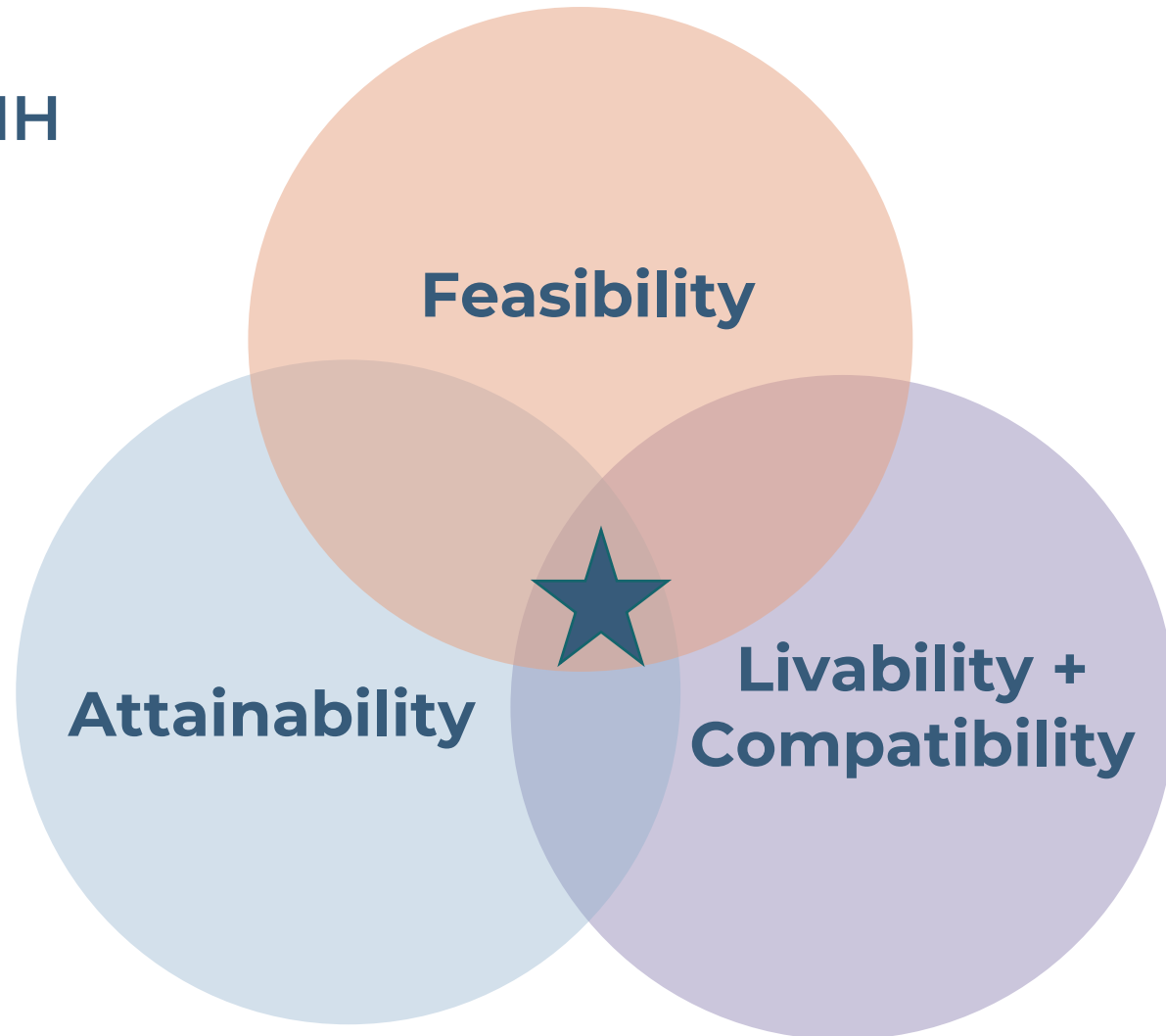


What's next?

- **Oct 4 – Nov 3**
Self-Guided Online Workshop (sacramentoMMH.konveio.com)
- **Tuesday Oct 24, 5 pm**
City Council Meeting (Preliminary Recommendations)
- **Dec 2023 + Jan 2024**
Reports 3 (Displacement Risk Assessment) + **4** (Final Recommendations)
- **Early 2024**
2040 General Plan Adoption
- **Mid-Late 2024**
Amend Planning + Zoning Code (to permit MMH citywide)

The Missing Middle Sweet Spot™

**3 criteria for
assessing the
success of MMH**



Place-based
MMH toolkits
based on three
key criteria

Preliminary Recommendations: **3 Key Questions**

1. What could MMH look like in Sacramento?

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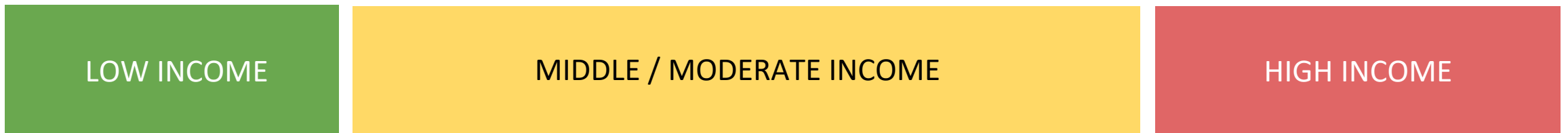
Is Missing Middle Housing attainable?

Attainability



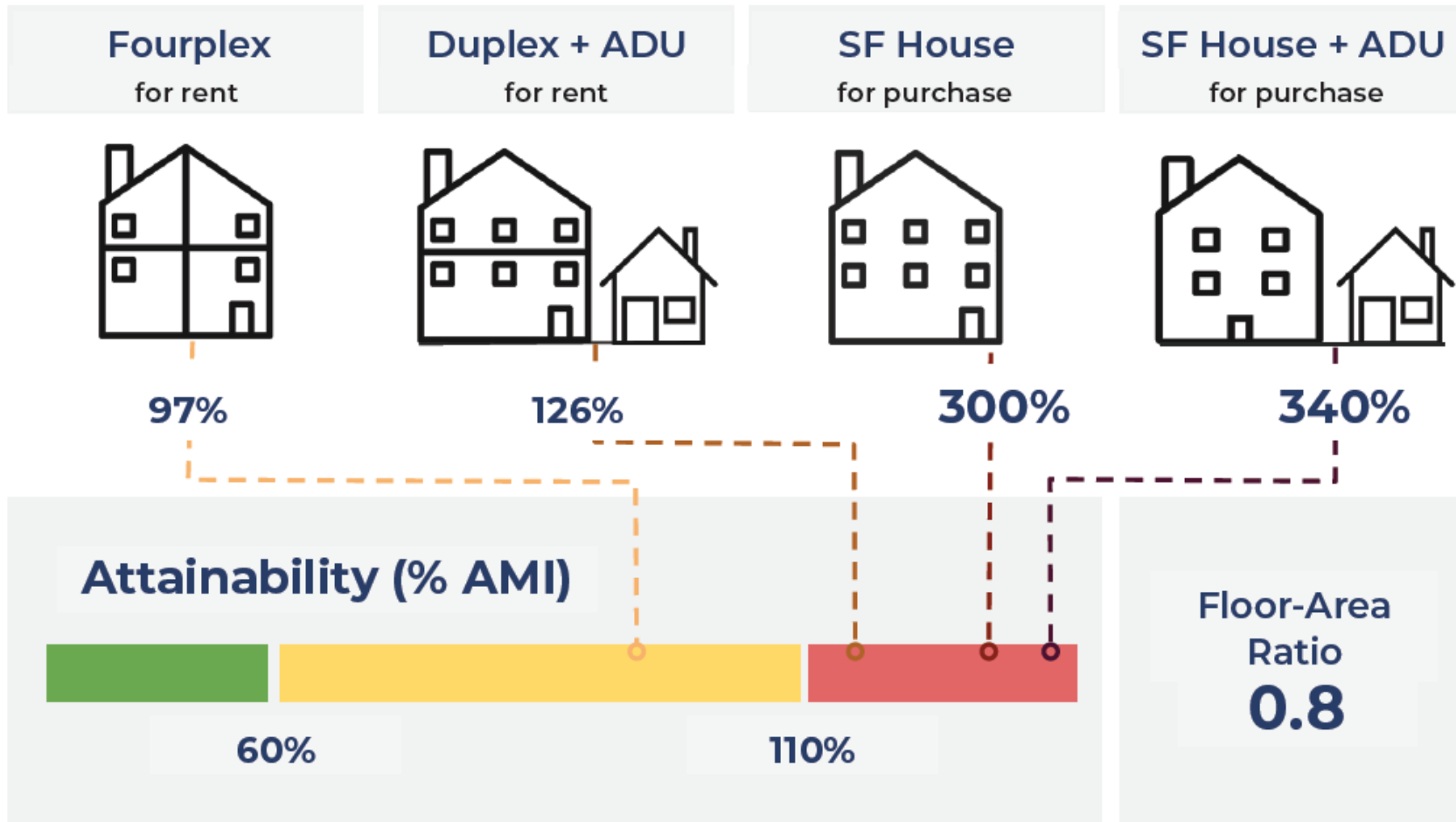
What is Attainable Housing?

Attainable housing is priced at or below 30% of the incomes of middle income households earning between 60% and 110% of area median income (AMI)



Attainable by Design

Middle Housing delivers “middle income” attainability without subsidy






Middle housing types are feasible to build with rents that are affordable to a broad spectrum of middle income households, all without subsidy.

Attainable by Design

Middle Housing delivers “middle income” attainability without subsidy

Middle housing has the potential to enable affordable housing options for working class families, not just upper income earners.

	Teacher	Police Officer	Doctor
			
Annual Income	\$74,200	\$99,600	\$282,300
SF Home Mortgage Burden	153%	114%	40%
Duplex Rent Burden	45%	34%	12%
Fourplex Rent Burden	36%	26%	9%
ADU Rent Burden	31%	23%	8%

What can be done to make Missing Middle financially feasible to build?

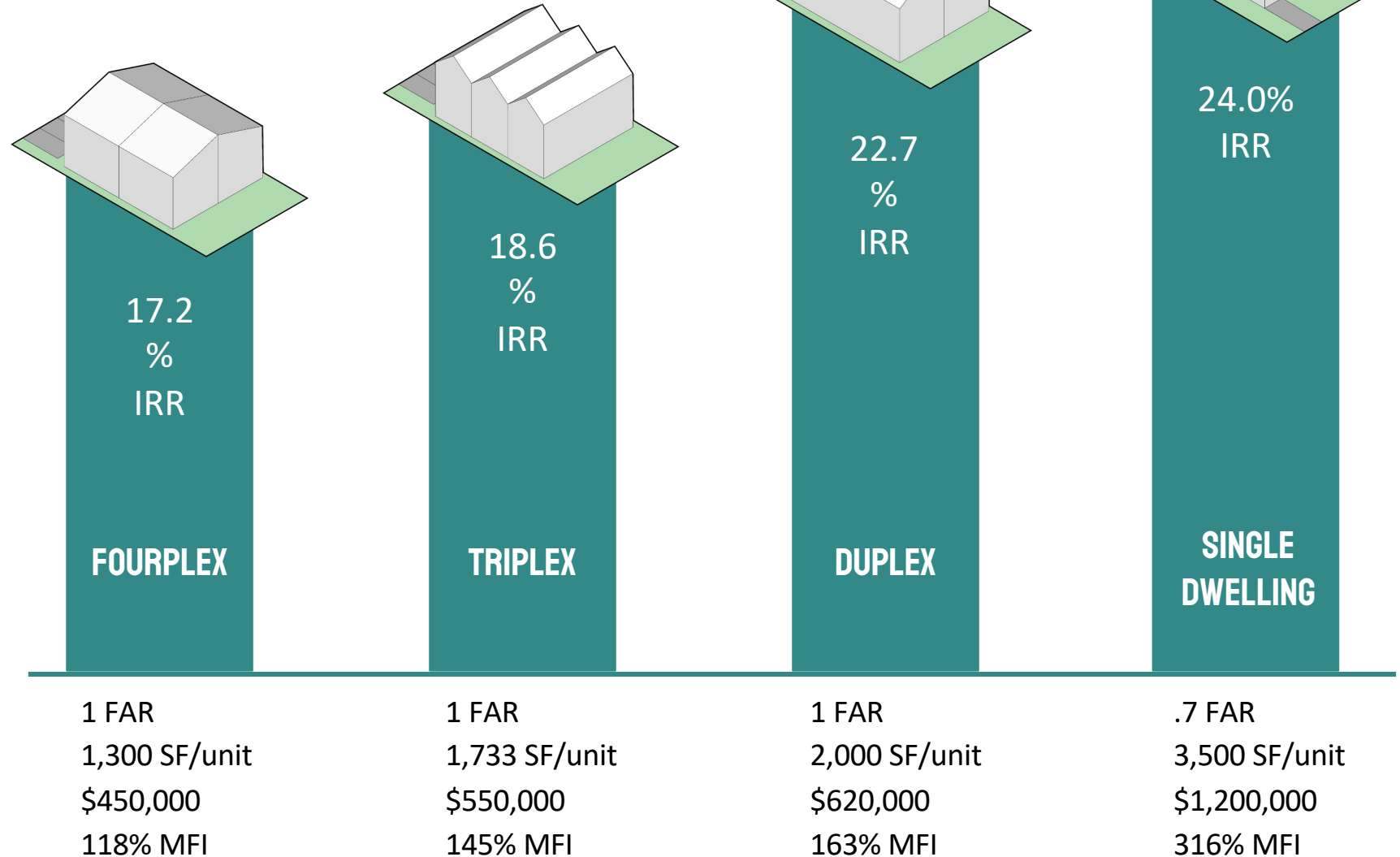
Feasibility



What happens if all building types get the same FAR?

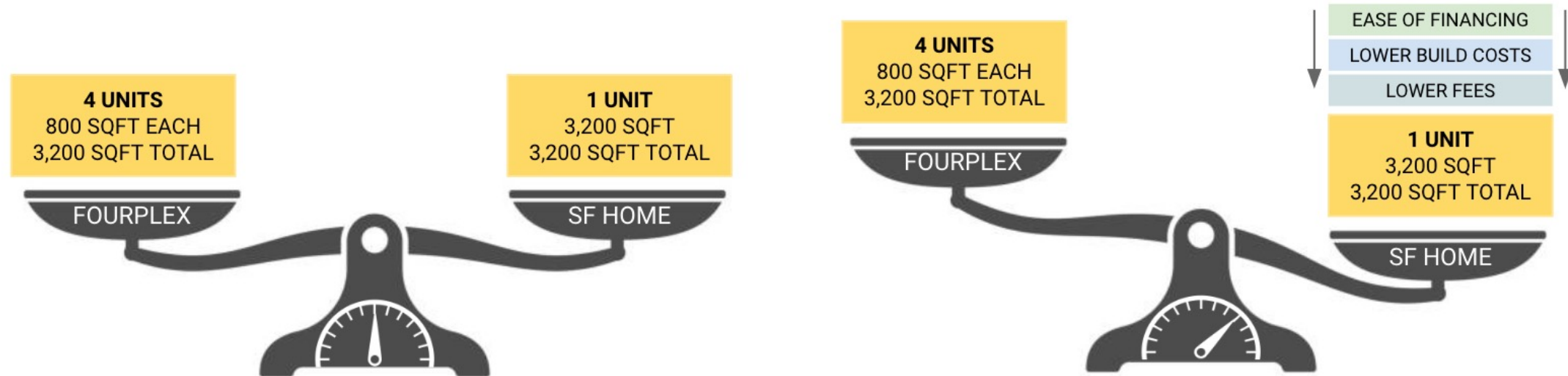
Most attractive project, least attainable housing type.

If all building types can achieve the same max FAR, those with fewer and larger units are likely to be more feasible to build.



Leveling the Playing Field

Detached single-family homes are more straightforward to build than middle housing



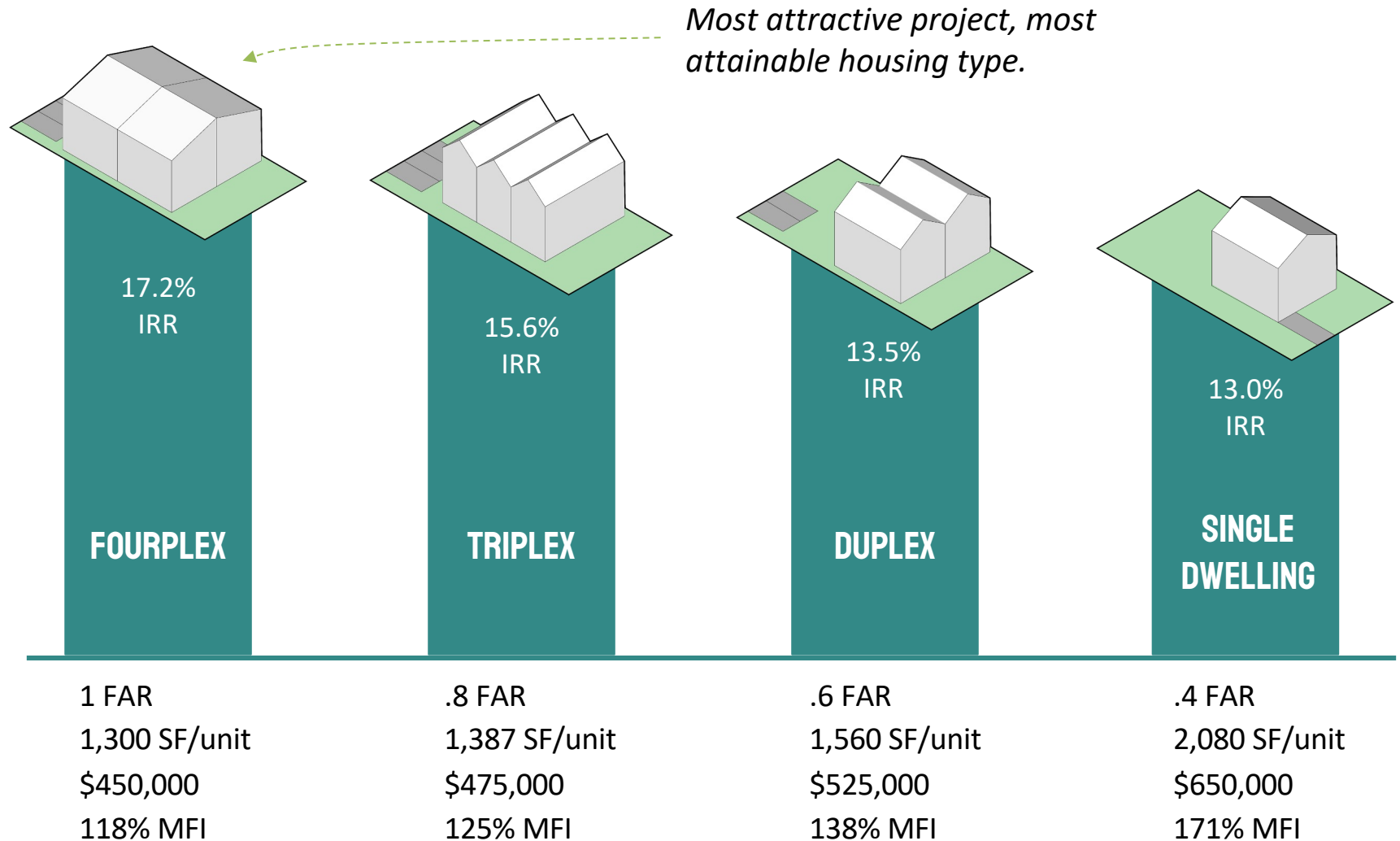
Middle housing projects costs more to build and face greater permitting and financing challenges than single-family products.

Middle housing must overcome:

- Higher project-wide impact fees
- More complex permitting processes
- Higher build cost / sqft
- In some areas, more parking
- Lack of comfort / experience

What happens if we cap FAR by building type?

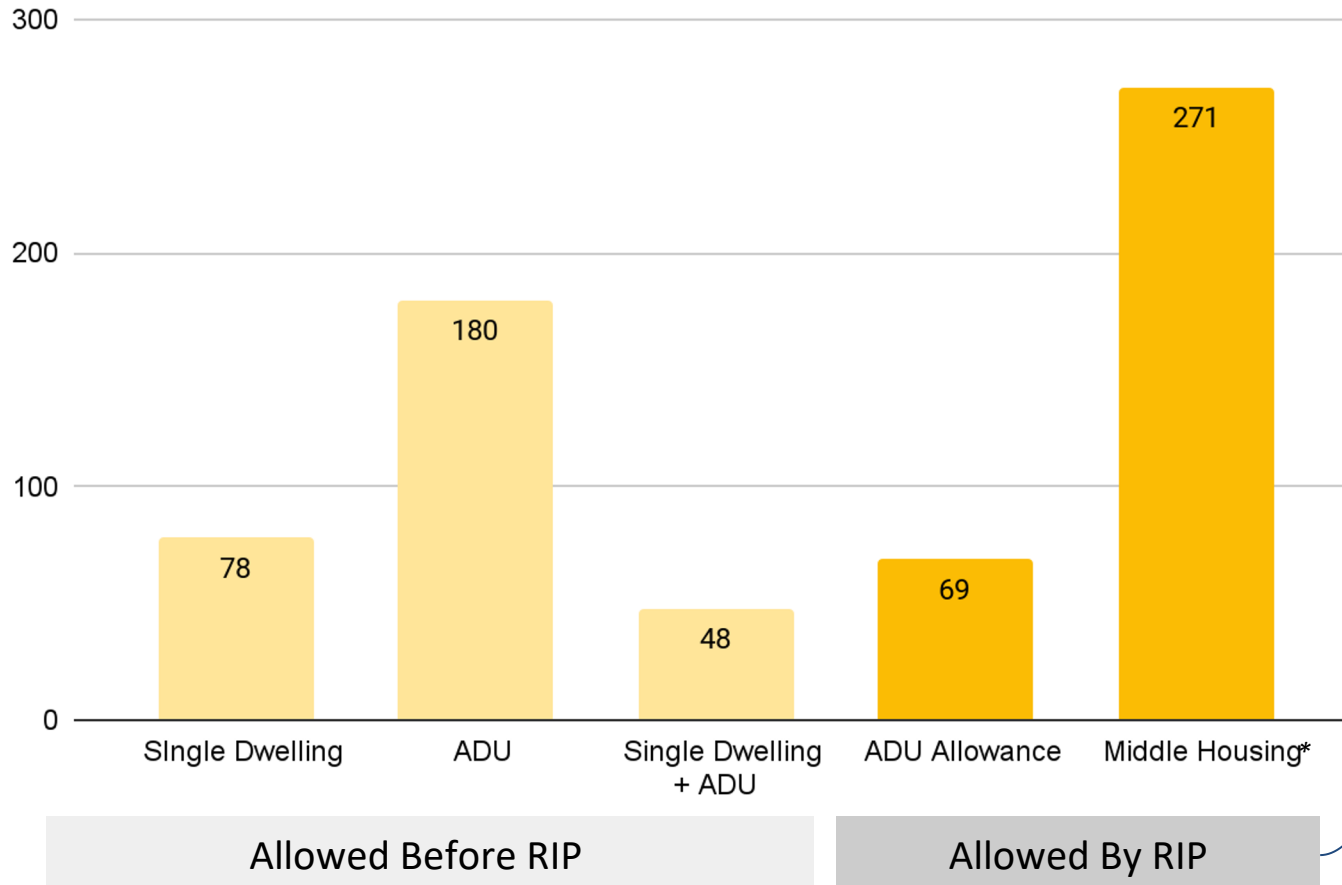
If building types with more units can achieve more FAR than those with less, they have a better chance of being the most feasible type.



Portland's Success Story






The Residential Infill Project:
"Smaller houses, more choices"

Permit Activity by Housing Type (R2.5, R5, and R7 Zones)



RIP-Enabled Units Permitted by Housing Type

Aug 1, 2021- July 31, 2022

	ADU Allowances	69
	Duplex	38
	Triplex	27
	Fourplex	204
	Sixplex	2

*Middle Housing category includes 4 corner duplexes

Source: City of Portland Building Permit Data R2.5-R7 Zones, 8/21-7/22

Sliding Scale FAR: How could this work in Sacramento?

Units per Parcel	Tier 1: 2 (primary) + 2 (ADUs)		Tier 2: 4 (primary) + 2 (ADUs)		Tier 3: 6 (primary) + 2 (ADUs)
	R-1	R-1A	R-1	R-2	R-1B
1	0.4	0.7	0.4	0.4	0.6
2	0.6	0.8	0.8	0.8	0.8
3	0.6 (ADU)	0.8 (ADU)	0.9	0.9	1.0
4	0.6 (ADU)	0.8 (ADU)	1.0	1.0	1.2
5			1.0 (ADU)	1.0 (ADU)	1.4
6			1.0 (ADU)	1.0 (ADU)	1.6
7					1.6 (ADU)
8					1.6 (ADU)

Units per parcel includes ADUs

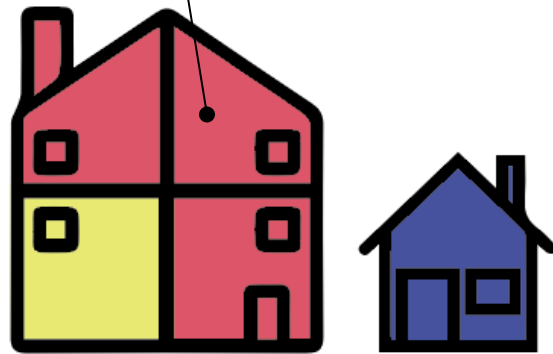
ADUs excluded from FAR cap

FAR includes non-habitable spaces such as garages

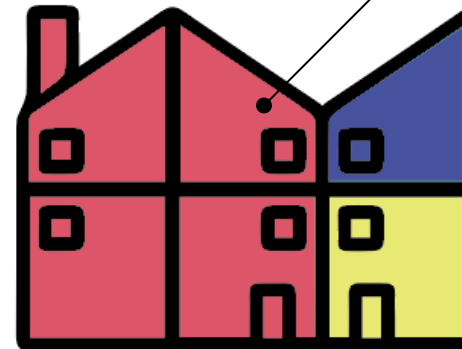
How to get deeper affordability?

A local bonus program for Missing Middle Housing could help create more deeply affordable units

Example: In exchange for 1 affordable unit in a fourplex, an additional market-rate ADU is allowed.



Example: For every additional affordable unit built, one additional market rate unit can be added to the project.



BASE UNITS

Market-rate units that can be built by right.

SET-ASIDE UNITS

Long-term regulated affordable units

BONUS UNITS

Market-rate units allowed in exchange for affordable units

San Diego's Experience

San Diego's Affordable ADU program has successfully created regulated affordable units.

- For every income-restricted ADU built, one market rate ADU can also be built
- Within first year, nearly 300 income-restricted ADUs permitted



Data Source: San Diego's Success in Spurring Missing Middle Housing: The Accessory Dwelling Unit Bonus Program, UC Berkeley Turner Center (2023)



Local Bonus Program Concept

Preliminary recommendations for a Local Affordability Bonus Program in Sacramento:

- City is proposing a **Local Affordability Bonus Program** that would provide incentives for MMH projects with four or less primary units to include long-term, regulated affordable units.
- This program would encourage builders to incorporate regulated affordable units and/or accept tenants with Housing Choice Vouchers (HCVs) with incentives such as bonus market-rate units or FAR.
- The program would require the affordable units to be deed-restricted at an affordable income level (60-80% of area median income) for a certain number of years (from 10-30 years).

What can be done to address potential displacement?



Displacement Vulnerability

Several household characteristics that increase vulnerability to displacement pressure

- City is working to understand where concentrations of these factors exist
- Developing policies to proactively reduce displacement pressures



Persons of Color



People 25 and older without a Bachelor's Degree



Renters



People making at or below 80% Median Family Income



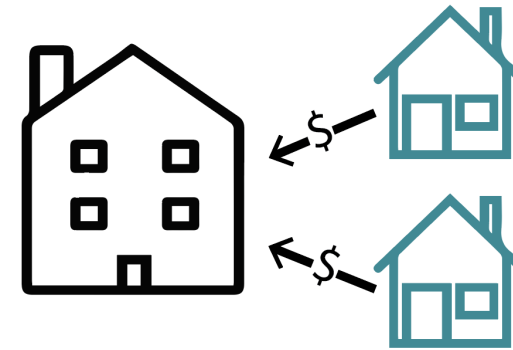
Households with children in poverty

A Tool for Displacement Resistance

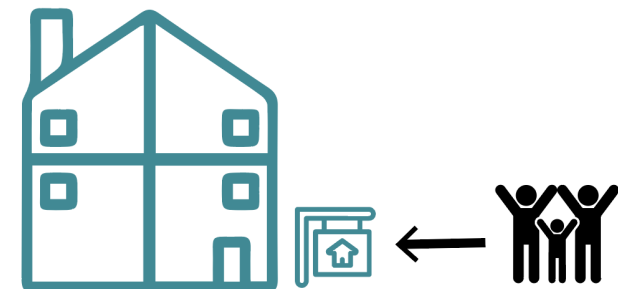
Missing Middle Housing is one tool to help make neighborhoods more resistant to displacement

- Zoning changes could help homeowners add units to their properties, creating revenue to help cover costs and keep them in their homes.
- Missing Middle Housing produces **for-sale housing** at much lower price points than detached single-family homes creating new options for renters to become owners.

Homeowner Stabilization



More Attainable Homeownership



Address Displacement

Provide more attainable homes while preserving existing affordable housing

1. Produce: FAR Sliding Scale for **greater attainability**
2. Produce: Local MMH Bonus Program for **deeper affordability**
3. Protect/Preserve: **Project requirements** related to tenant-occupied housing.
Example: Cannot demolish units:
 - a. Occupied by tenants within last year;
 - b. Subject to a regulatory agreement;
 - c. Cannot result in less units.



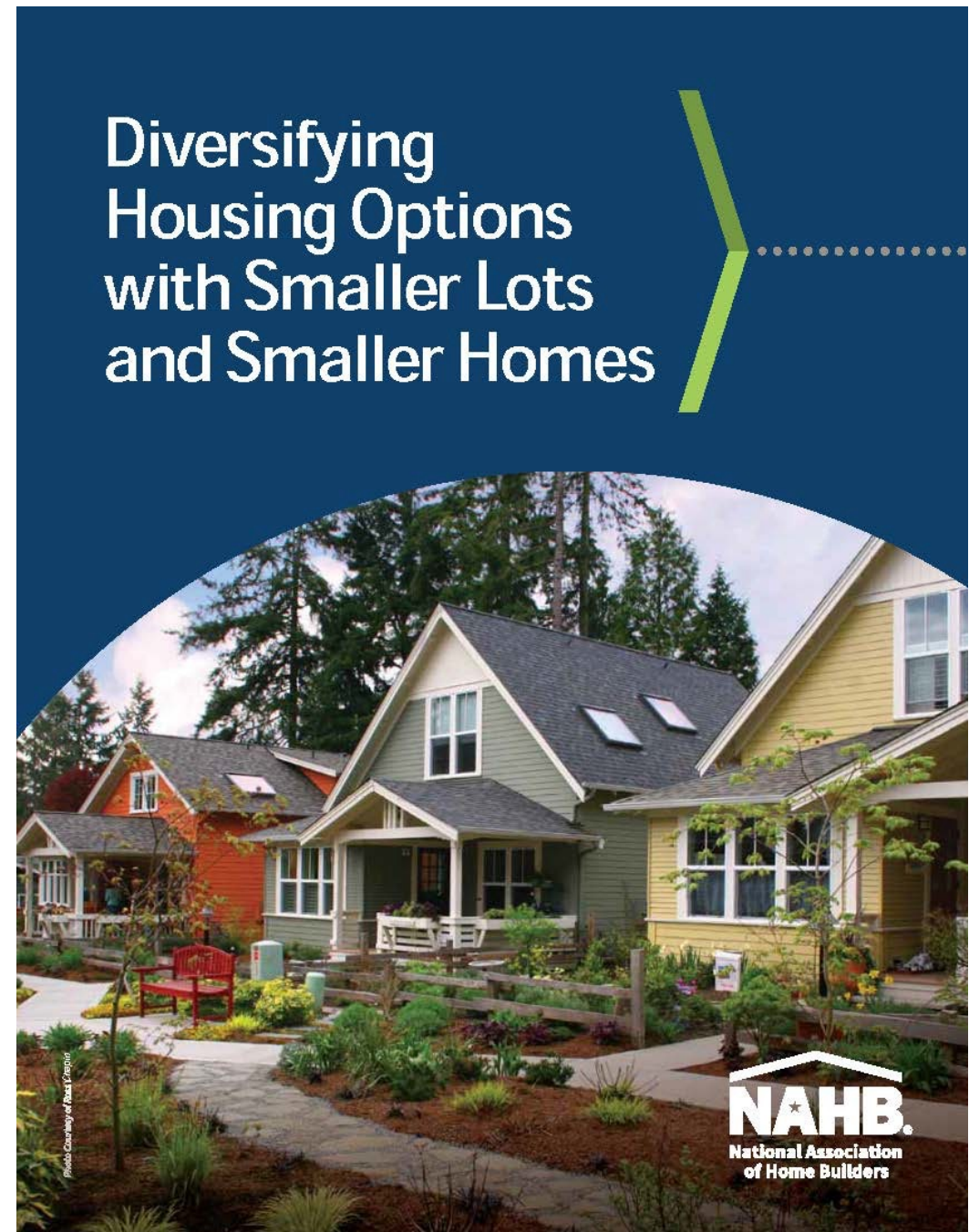
PRODUCTION • PRESERVATION • PROTECTION



Promoting Ownership

Smaller lots, smaller homes are more attainable

- Reduce required **minimum lot dimensions** including area, width, and depth
- For **homes smaller than 1,000 sf**, allow lots smaller than 1,500 sf
- Encourage small cottages, tiny homes, and modular, pre-fab homes sited on small lots that can provide **lower-barrier, entry-level homeownership opportunities**



Promoting Ownership

Longer-term efforts to address broader barriers

Advocate for State-level changes to:

- CA Building Code and **reduce onerous requirements** on small-scale residential and Missing Middle development
 - *Condominium liability law and reduce risk for condominium projects*
- Explore Changes to City's Condominium Conversion Ordinance
 - *Can help to facilitate **rent-to-own financing models***
- Expand City's Development Fee Deferral Program to Include Missing Middle Housing

