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11/28/2023

Discussion Item 18.

2040 General Plan Update: Revised Missing Middle Housing (MMH) & Floor Area Ratio (FAR) Approach

File ID: 2023-01524

Location: Citywide

Recommendation: Pass a **Motion** authorizing the City Manager or City Manager's designee to: 1) Revise the draft 2040 General Plan Maximum Floor Area Ratio (FAR) Diagram to increase the maximum FAR from 1 to 2 in areas within a half-mile walking distance of existing high-frequency bus stops and existing and planned light rail stations, and 2) Proceed with a revised Missing Middle Housing (MMH) approach that regulates the building form through the 2040 General Plan FARs and the single-unit and duplex dwelling zone standards found in the Planning & Development Code (including but not limited to required setback areas, height and lot coverage limits, and bulk control).

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Attachments:

- 1-Description/Analysis
- 2-Map of Proposed Maximum FAR Increases from 1 to 2 Within a Half-Mile Walking Distance of High-Frequency Transit
- 3-Revised Draft 2040 General Plan Maximum FAR Diagram
- 4-Revised Sliding Floor Area Ratio (FAR) Scale & Related 2040 General Plan Draft Policies
- 5-Table of Comments Received on the MMH Study's Preliminary Recommendations

Description/Analysis

Issue Detail: In 2019, the City initiated a multi-year process to comprehensively update the Sacramento General Plan and Climate Action Plan, collectively referred to as the 2040 General Plan Update. On April 28, 2023, draft 2040 General Plan Update documents were released for public review and comment. The draft 2040 General Plan was made available for public review through October 10, 2023, and was presented to the City Council on August 22, 2023, for review and comment. Staff is currently working on preparing the final 2040 General Plan documents for the

Planning & Design Commission and City Council adoption hearings slated for early 2024.

One of the key strategies of the 2040 General Plan approved by City Council on January 19, 2021, is to “permit a greater array of housing types in existing single-unit neighborhoods.” In 2022, the City initiated the Missing Middle Housing (MMH) Study (Study), which provides recommendations for how the City can thoughtfully implement this key strategy. More detailed information on the work completed thus far for this Study can be found in the background section of this report.

On October 5, 2023, a Self-Guided Online Workshop (sacramentommh.konveio.com) was launched to gather community input on the Study’s preliminary recommendations. To encourage community input, staff held an in-person event on October 4 and hosted two webinars on October 5 & 19, providing opportunities for community members to chat with the project team about the recommendations. The Online Workshop was available until November 5 and received nearly 300 comments. On October 12, 2023, staff presented the preliminary recommendations to the Planning & Design Commission (Commission) for their review and comment. On October 24, 2023, staff sought feedback from City Council on the Study’s preliminary approach and recommendations.

The most frequently raised issue during the public comment period was concern about establishing MMH districts with unit cap tiers that limited the number of primary and accessory dwelling units that could be constructed to either 4, 6, or 8. Commenters generally requested the removal of MMH districts and unit caps and instead rely on maximum floor area ratios (FARs) and development standards to regulate building size and height, to address building form and without limiting the number of units allowed in the building. It is important to note that some residents continued to express concern regarding neighborhood compatibility, open space needs, impact on trees, and attainability of new housing created from this MMH strategy. A table of comments received on the Study’s preliminary recommendations can be found in Attachment 5.

The Draft 2040 General Plan land use framework includes maximum floor area ratios (FARs) that are used to determine the amount of building square footage that can be constructed on a parcel. As part of the Missing Middle Housing Study’s preliminary recommendations, a sliding FAR scale is proposed by which a single-unit dwelling in the single-unit and duplex dwelling zones (R-1, R-1A, R-1B, and R-2), would be allowed a maximum FAR of 0.4, and increments of additional building area would be granted proportionally to the number of units proposed on a site. The implementation of a sliding FAR scale is important to ensure that the production of smaller, more attainable units is incentivized, while disincentivizing the production of larger, expensive single-unit dwellings. Both the removal of unit caps and the sliding scale FAR are important components of a strategy to incentivize the development of more attainable middle-income housing types. A revised sliding FAR scale (Attachment 4) and related policies will be integrated into the 2040 General Plan’s land use framework.

During the August 22 and October 24, 2023, meetings, City Council’s feedback indicated a desire to

allow higher intensity development of at least a floor area ratio (FAR) of 2 within a half-mile walking distance of existing and planned high-frequency transit as well as support for a revised Missing Middle Housing approach that regulates building form and scale rather than the number of units in the building. High-frequency transit provides service intervals of 15 minutes or less. For your reference, Attachment 2 shows a map of all parcels located within a half-mile walking distance of existing and planned high-frequency transit stops, currently assigned a maximum FAR of 1, that would be increased to 2 under this recommendation (approximately 17,000 parcels in total). The highlighted areas on the map include parcels zoned for both single-unit and duplex dwellings (R-1, R-1A, R-1B, R-2) as well as multi-unit dwellings, commercial, and mixed-uses. Attachment 3 is the revised draft of the 2040 General Plan Maximum FAR Diagram, reflecting this change.

Staff is seeking confirmation from City Council to proceed with the proposed revisions to the 2040 General Plan FAR and MMH approach. Staff will use the direction given by City Council during this meeting to prepare the final 2040 General Plan in advance of the adoption hearings in early 2024, as well as to guide the development of ordinances and code amendments for implementation of MMH upon the City Council's adoption of the 2040 General Plan.

Next Steps

The Draft 2040 General Plan, Draft Climate Action & Adaptation Plan (CAAP), and Final Master Environmental Impact Report (EIR) will be presented to City Council at the end of February 2024 for adoption. If confirmed by City Council, the proposed revisions to the 2040 General Plan maximum FAR will be incorporated into the draft plan, and proposed revisions to the MMH approach will be developed further in the Study's final recommendation report. After the conclusion of the Study, and following the adoption of the 2040 General Plan, staff will implement the Study's final recommendations through amendments to the City's Planning and Development Code.

Policy Considerations: The Missing Middle Housing Study is exploring ways that the City can thoughtfully implement one of the 2040 General Plan 10 Key Strategies approved by Council in January 2021 to "permit a greater array of housing types in existing single-unit neighborhoods." This key strategy is consistent with the 2040 General Plan Vision and Guiding Principles adopted by Council in November 2019.

Additionally, the 2021-2029 Housing Element, adopted by Council in December 2021, includes the following policy under Goal 4, Advancing Equity and Inclusion, related to increasing the availability of housing for more residents at various income levels:

H-4.1 Expand Housing Types Throughout the City. The City shall take meaningful actions to allow for a greater array of housing types throughout the city to create more inclusive and equitable neighborhoods and to affirmatively further fair housing.

Economic Impacts: Allowing a greater array of housing types in existing single-unit and duplex

dwelling neighborhoods will increase lower-cost housing options and reduce regulatory barriers to the overall production of housing. It can also support neighborhood development by enabling incremental housing development at the 'missing middle' scale that can be taken on by local homeowners and entrepreneurs, which can empower local homeowners and builders to reinvest in our communities and provide much-needed housing. It also provides economic opportunities for homeowners in the city to house multi-generational households or earn passive retirement income. By promoting the creation of a greater variety of housing types, MMH can foster a more diverse and dynamic community with benefits for both residents and local businesses.

Additionally, implementing MMH has the potential to increase housing affordability by creating a broader range of attainable options for residents, such as seniors, students, and multi-generational housing. There has been a downward trend in average household size and an increasing number of elderly residents on a fixed income who need affordable age-friendly housing options as they retire and downsize. MMH will allow the market to respond to this growing need. Increasing the availability and attainability of housing will improve the ability for all residents to better their economic situations, reduce poverty and homelessness, and promote social integration.

Environmental Considerations: The proposed actions involve planning and administrative activities of the City. The City is reviewing and revising its General Plan, a required action by state planning law, as well as the Master Environmental Impact Report (Master EIR).

Preparation of the 2040 General Plan, Climate Action & Adaptation Plan (CAAP), and Master EIR are activities that are consistent with state planning law and CEQA requirements. An analysis of the potential impacts on the environment that could occur as a result of the adoption and implementation of the 2040 General Plan and CAAP will be included in the Master EIR that will be prepared and presented to the community and City Council during the adoption hearings. The actions in this report are exempt from CEQA review pursuant to CEQA Guidelines sections 15378(b)(5), 15060(c), and 15262.

Sustainability: A sustainable community should provide a variety of housing options for current and future households. Increasing housing production and attainability, particularly near high-frequency transit stops, will assist in creating a sustainable Sacramento and provide a platform for sustainable economic growth. Additionally, by being smaller in design and requiring less energy to heat and cool, MMH are more energy efficient than their larger single-family counterparts. Missing Middle Housing has the potential to reduce further sprawling development patterns and support low-carbon modes of transport, while also blending into the fabric of existing neighborhoods.

Commission/Committee Action: On October 12, 2023, the Planning and Design Commission reviewed the Missing Middle Housing (MMH) Study's preliminary recommendations and provided their comments, including input on MMH considerations for the draft 2040 General Plan proposed floor area ratios (FARs). The Commission expressed a general desire to prioritize housing

production, simplify the proposed MMH approach by removing unit caps and MMH tiers, and revise the draft 2040 General Plan to ensure that a maximum floor area ratio of at least 2 is proposed within a half-mile walking distance of high-frequency transit stops.

Rationale for Recommendation: The public review draft of the proposed 2040 General Plan was presented to City Council on August 22, 2023. On October 24, 2023, staff sought feedback from City Council on the Missing Middle Housing Study's preliminary approach and recommendations. The input from City Council during these two meetings indicated the desire to allow higher intensity development of at least a floor area ratio (FAR) of 2 within a half-mile walking distance of high-frequency transit stops, as well as support for a revised Missing Middle Housing (MMH) approach that regulates building form and scale rather than the number of units in the building. Staff is seeking confirmation from City Council to proceed with the proposed revisions to the 2040 General Plan FAR and MMH approach. Staff will use the direction given by City Council during this meeting to prepare the final 2040 General Plan in advance of the adoption hearings in early 2024, as well as to guide the development of ordinances and code amendments for implementation of MMH upon the City Council's adoption of the 2040 General Plan.

Financial Considerations: Not applicable.

Background

In January 2021, City Council directed staff to proceed with 10 Key Strategies as part of the 2040 General Plan Update. Subsequently, in 2022, the City was awarded a grant from the State and administered by the Sacramento Area Council of Governments to initiate the Missing Middle Housing (MMH) Study (Study). The Study will provide recommendations for how the City can thoughtfully implement the 2040 General Plan Key Strategy to "permit a greater array of housing types in existing single-unit neighborhoods."

Missing Middle Housing (MMH) is a range of small multi-unit housing types that are neighborhood- or house-scale, which helps them to blend in well with the fabric of existing neighborhoods and are often found in walkable areas. This study is particularly focused on ADUs (accessory dwelling units), duplexes, triplexes, fourplexes, cottage/bungalow courts, and small homes on small lots. MMH types are 'middle' in form and scale between that of single-family houses and larger apartment buildings. With smaller units, MMH can provide housing at price points more attainable to 'middle'-income individuals and households.

The Study aims to inform conversation around Missing Middle Housing (MMH) and should be considered as part of a broader community discussion on housing solutions and the many other City housing-focused strategies. This initiative includes extensive citywide engagement and analysis to ultimately develop land use, design, and policy recommendations for citywide implementation of a Missing Middle Housing strategy.

The desired outcomes of this initiative include:

- Develop a place-based, community-vetted approach to enable housing diversity, livability and attainability.
- Empower residents to invest in their community through neighborhood-scale projects that can create generational wealth and produce new housing.
- Increase reliance on local investors and builders to provide much-needed housing that can help build community wealth & ownership over time.
- Establish zoning and design recommendations to enable MMH that is suitable for Sacramento.

Findings of this study will be shared as four key reports:

- 1) MMH Informational Report - available on project website
- 2) MMH Attainability & Livability Analysis - available on project website
- 3) Displacement Risk Assessment - in progress
- 4) MMH Zoning and Design Recommendations - in progress

Phase 1 Engagement

This Study consists of two phases: Phase 1 - Information Sharing and Gathering, which concluded December 2022, and Phase 2 - Solutions and Recommendations. During Phase 1, the focus was on sharing information about MMH with the community and hearing from residents about potential challenges to implementing MMH. Outreach conducted in this phase included:

- Interviews with the Mayor's and Councilmembers' offices, and City leadership (May 2022)
- Neighborhood Small Group Meetings (in-person and virtual) with neighborhood leaders, housing advocates, business leaders, representatives from community-based organizations (CBOs), and community partners, for a total of 32 hours of engagement (June 2022)
- Meeting with the City's Housing Policy Working Group for their technical expertise on housing-related challenges (September 2022)
- Meeting with the City's Community Ambassadors (September 2022)
- Open House series that consisted of 2 full-day, in-person events and 2 half-day virtual events, including a Saturday session, for a total of 24 public meeting hours (October 2022)
- Online questionnaires with self-guided workshop content that was circulated and promoted for 3 weeks (October/November 2022)

Over the course of the open house series and the following three weeks of promotion, the project team received and recorded input from approximately 490 respondents. A summary of Phase 1 outreach findings can be found on the project website.

The project team also engaged with neighborhood groups, community partners, and community-

based organizations (CBOs) to encourage participation from under-represented communities. To that end, the two full-day, in-person open house events were held at the 1913 Del Paso venue in North Sacramento and the Florin Creek Recreation Center in South Sacramento in an effort to make the events more accessible to residents from these two under-represented areas of the city. A highlight video of the in-person open house events can be viewed here:

<<https://www.youtube.com/watch?v=qVFssH07HgY>>.

Additional Background Information

The following questions and responses help to provide additional background and context to the Key Strategy of the 2040 General Plan and the Missing Middle Housing Study.

What is Missing Middle Housing (MMH)?

For the purpose of this Study, the term Missing Middle Housing refers to house-scale buildings that contain more than one home such as duplexes, triplexes, fourplexes, and bungalow courts, usually built to the same scale as surrounding single-unit homes. These house-scale buildings are ‘middle’ in form and scale, between single-family and large multi-family buildings. They also can deliver homes at price points that are more attainable for ‘middle’-income households, including both rental and entry-level home-ownership opportunities. The reason why they are ‘missing’ is because due to many barriers, including zoning barriers, these housing types have not been produced by the market for many decades. Historically, these types of housing were once common in early cities across America, in fact, over 3,500 duplexes, triplexes, and fourplexes exist already throughout Sacramento’s single-unit zones.

Why is this strategy being considered?

Through over two years of outreach for the 2040 General Plan Update, several priorities have risen to the top: climate change, equity, inclusive economic development and, of course, housing availability and affordability. Faced with steep increases in both rent and home prices caused by a severe housing shortage as well as limited housing options available (

https://www.youtube.com/watch?v=0Flsg_mzG-M), residents have expressed that they want a city where people of all backgrounds and income levels can afford to live. Sacramento needs a lot more housing, particularly housing that is lower in cost (<https://www.youtube.com/watch?v=LOjj3wdDcaY>) and more attainable for our residents. For us to meet this tremendous need, we must build more attainable housing types that do not require subsidy, such as accessory dwelling units, duplexes, triplexes, fourplexes, courtyard communities, and small homes on small lots.

These MMH types are not regulated affordable housing, but by naturally being lower in cost than single-family products, can help to house many of our middle-income residents, hence the term ‘missing middle,’ and add to the City’s overall supply of housing (<https://www.youtube.com/watch?v=EQGQU0T6NBc>). These MMH types are not only more attainable rental options but could also provide opportunities for entry-level homeownership. The majority of the City’s neighborhoods are currently zoned for single-unit homes, the most expensive housing type to

own or rent.

Additionally, by restricting the majority of the City's neighborhoods to one housing type, existing zoning rules reinforce housing and social disparities among our communities (<https://www.whitehouse.gov/cea/written-materials/2021/06/17/exclusionary-zoning-its-effect-on-racial-discrimination-in-the-housing-market/>). This strategy will not solve these disparities on its own but would signify a big step towards equity and inclusivity, or at least, remove a significant barrier to achieving that goal. MMH can also help to create a more sustainable city by providing housing closer to employment, transit, and amenities, reducing greenhouse gas emissions and air pollution. In addition, research have shown that smaller homes carry a smaller carbon footprint than their larger counterparts (<https://www.bloomberg.com/news/articles/2015-11-16/america-s-supersized-homes-are-making-us-less-energy-efficient>).

Increased Maximum FAR from 1 to 2 Within ½ Mile Walking Distance
of High-Frequency Transit

N



○ Light Rail Stations

Light Rail Lines

— Blue Line

— Blue/Gold Line

— Blue/Gold/Green Line

— DNA-Greenline

— Gold Line

Bus Route Line

— Bus Route 1 & 51

Street Centerlines

— Highways

— City of Sacramento Boundary

General Plan Parcels

Multi Unit and Commercial Zones

■ Increase Max FAR from 1 to 2

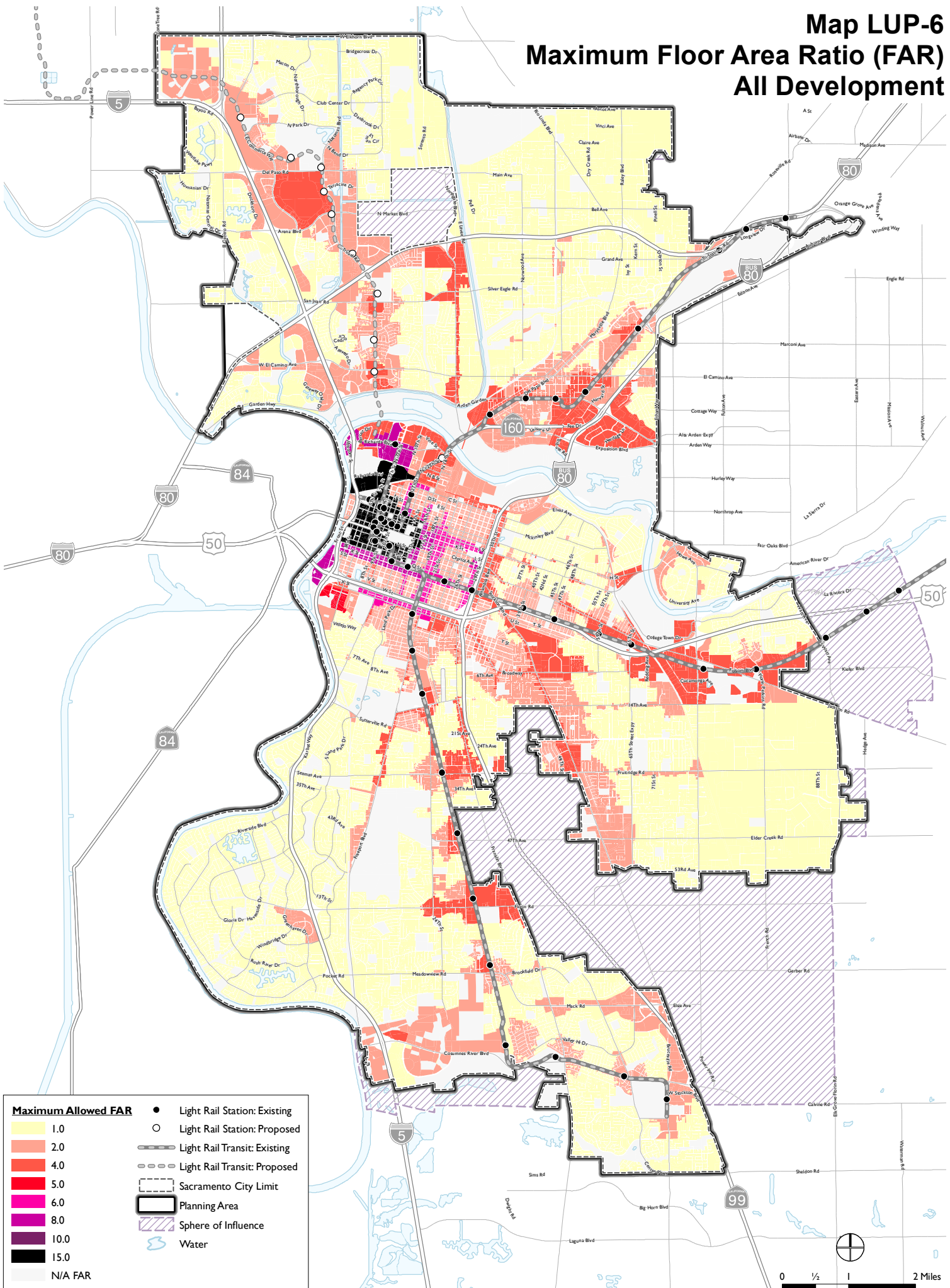
Single Unit and Duplex Dwelling Zones (R-1, R-1A, R-1B, R-2)

■ Increase Max FAR from 1 to 2

0 0.375 0.75 1.5 2.25 3 Miles

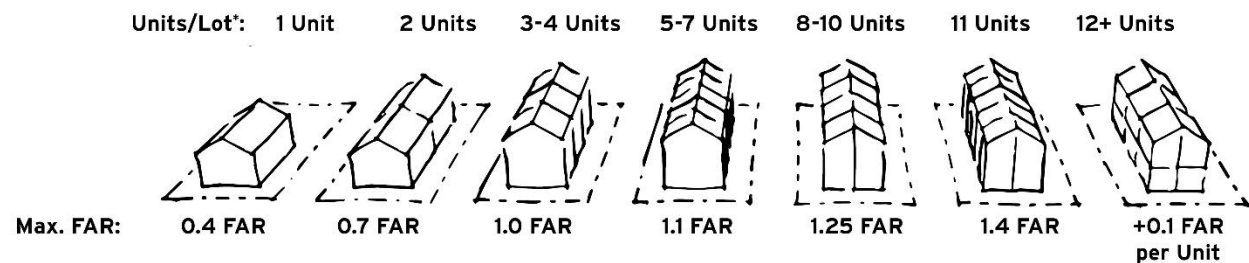


Map LUP-6 Maximum Floor Area Ratio (FAR) All Development



Attachment 4 - Revised Sliding Floor Area Ratio (FAR) Scale and Related Draft 2040 General Plan Policies

Figure LUP-5
Sliding FAR Scale



**Units per lot does not include ADUs.*

Related Draft 2040 General Plan Policies and Implementing Action

LUP-3.2 Sliding Floor Area Ratio Scale. Additional building area may increase proportionally to the number of units proposed on a lot, consistent with Figure LUP-5.

LUP-3.3 Allowed Net Building Area for Small Lots. The City shall permit up to 2,000 square feet of net building area per lot or the maximum allowed by the Sliding FAR Scale (Figure LUP-5), whichever is greater.

LUP-3.4 Exemption from Sliding Floor Area Ratio Scale for Remodels and Additions. Remodels and additions to existing single-unit, duplex, and neighborhood-scale multi-unit dwellings are exempt from the limits established by the Sliding Floor Area Ratio Scale (Figure LUP-5).

LUP-A-2 Local Bonus Program. The City shall amend the Planning and Development Code to establish a local bonus program for development projects providing regulated affordable housing, including those with less than 5 units that would not qualify under the state density bonus law (CA Govt Code Sections 65915-65918).

Responsible Entity: Community Development Department

Timeframe: Near-term (2024-2029)