

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC Legislation Committee and ABAG Legislation Committee**

July 10, 2020

Agenda Item 5b

Assembly Bill 3040 (Chiu): Missing Middle Housing Incentive

Subject: Local government incentive to authorize fourplexes by-right in single family zones with accompanying credit under Regional Housing Needs Allocation (RHNA).

Overview: Assembly Bill 3040 (Chiu) would provide that local governments may receive a credit towards meeting RHNA allocations for rezoning single-family sites to allow four units per parcel. Local governments may include in Housing Element inventories sites that contain an existing single family home, provided that the city or county has permitted the site to contain four dwelling units and that the local government has adopted a resolution or ordinance that provides that the units may be developed as a use by right (without conditional approvals).

For every upzoned site, the bill requires the Department of Housing and Community Development (HCD) to provide a minimum credit of 0.1 units toward accommodating the number of moderate or above-moderate income housing units required by RHNA; these credits could be utilized to meet up to 25 percent of a city or county's RHNA, unless HCD determines that the credits can be used to accommodate a larger percentage, as described below.

The bill gives HCD flexibility to provide credits *greater* than the 0.1 unit minimum and to accommodate more than 25 percent of a city or county's RHNA *if* HCD determines that the city or county has plans and programs that would further accelerate the production of multifamily units (up to four-plexes) on sites with existing single family homes. HCD would also be authorized to enable cities and counties to count a share of these units toward accommodating their RHNA share of low-income units.

Recommendation: Support

Discussion: California's housing crisis disproportionately affects low-income households, however many families considered middle-income are also struggling to find housing at a price they can afford, particularly in the Bay Area. Those "missing-middle" households have incomes that are too high to qualify for traditional affordable housing, but too low to pay average market-rate rents. This "caught in the middle" situation is the basis for the term "missing middle" for describing such households.

One strategy to reduce the cost of housing is to facilitate the construction of "missing-middle" housing types, such as duplexes, townhomes and fourplexes that accommodate more units per acre than single-family homes (typically 16 units per acre or more), and are inherently more affordable than either single-family homes or mid- to high-rise apartments, which are expensive to build. Missing middle housing types have small- to medium-sized footprints which make them well suited for infill development in neighborhoods with low vehicle-miles-traveled. However much of the land around the state is zoned exclusively for single-family housing. According to a 2018 survey by UC Berkeley's Terner Center for Housing Innovation, California cities and counties, on average, devote approximately 70 percent of their land for single-family zoning and in two-thirds of jurisdictions, multifamily housing is allowed on less than 25 percent of land.

AB 3040's incentive approach would support more housing options for the Bay Area's middle-income households while retaining flexibility for cities and counties to reflect local priorities in land use decisions. Given this, staff recommends a "support" position on AB 3040.

Bill Positions:

Support

American Planning Association, California
Chapter
California Apartment Association
California State Association of Counties (in concept)
Facebook
Habitat for Humanity, California
League of California Cities (in concept)
Rural County Representatives of California (in concept)
Urban Counties Caucus

Opposition

Livable California

Attachments:

None



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