



**DATE:** November 12, 2019

**CATEGORY:** New Business

**DEPT.:** Community Development

**TITLE:** **R3 Zoning Code Update: Scope of Work**

### **RECOMMENDATION**

1. Approve the proposed scope of work for the City-initiated R3 Zoning Code Update project.
2. Authorize the City Manager or designee to approve a professional services contract with Opticos Design, Inc. for the R3 Zoning Code Update in an amount not to exceed \$1.15 million.
3. Appropriate and transfer \$310,000 from the Development Services Fund to the R3 Zone Update, CIP Project 20-67. (Five votes required)

### **BACKGROUND**

#### **City Council Major Goals Work Plan**

On May 21, 2019, the Council adopted its two-year Major Goals for Fiscal Year 2019-21. Goal 2 of these major goals seeks to “Improve the Quantity, Diversity, and Affordability of Housing by Providing Opportunities for Subsidized, Middle-Income, and Ownership Housing.” Several projects to serve Goal 2 were approved at the meeting, including Project 2.5, which involves updating the City’s R3 (Multiple-Family) Residential zoning standards (see Attachment 1 – [Council Goal-Setting](#)).

When Council adopted Project 2.5 (now known as the R3 Zoning Code Update), the following general scope of work was outlined:

*This project will include a review and revision of the R3 zone standards. The combined project will include options to incentivize stacked flats. The scope would include minimum density ordinance, revision to the rowhouse guidelines to add unit size requirements, and create standards and guidelines for stacked flats in R3 zones. The combined review will provide an*

*opportunity to create a more form-based approach to the guidelines to focus more on resulting form and character. The combined project will take 18 to 24 months, require about 0.75 FTE, and \$600,000 for consultant costs (urban design, economic). Additionally, CEQA will require 0.1 FTE and cost \$400,000.*

## **R3 Zoning Overview**

The R3 Zoning District (R3) is the City's multi-family residential zoning district. The R3 District allows apartments, condominiums, townhouses, and rowhomes. R3-zoned properties typically include General Plan Land Use Designations of Medium Density Residential (which allows 13 to 25 units to the acre) or Medium-High Density Residential (26 to 35 units to the acre).

R3 residential developments are usually one- to three-story structures. Depending on the size of the lot, a development could be several single-family homes or a multi-family development such as rowhouses and apartment projects. Properties zoned R3 are located throughout Mountain View, encompassing approximately 923 acres (see Attachment 2 – R3 Zoning Map). Many R3 residential buildings are older, built in the 1950s, 1960s, and 1970s.

All multi-family residential rental buildings with three units or more built in Mountain View before 1995 are subject to rent stabilization and eviction protections per the City's Community Stabilization and Fair Rent Act (CSFRA). Approximately 480 acres of R3 properties have residential buildings built before 1995 and are covered by CSFRA protections, totaling approximately 11,500 units.

## **ANALYSIS**

### ***R3 Scope of Work Overview***

The following is a discussion of the proposed R3 scope of work. Embedded within the scope are two key concepts: Form-Based Code and Missing Middle Housing.

### **Form-Based Code Approach**

The current R3 Zoning District includes allowed uses and development standards such as setbacks and height. A form-based code regulates land less in terms of use, and instead prioritizes desired building forms. A form-based code typically includes graphics showing building heights, setbacks, and other key elements. This approach helps create more predictable building designs with a focus on a project's mass and relationship to the sidewalk and street.

Staff believes a form-based approach will result in the best outcomes for the R3 update as it will specify the City's desired housing types and provide greater clarity and predictability of the City's development expectations for neighborhoods, property owners, and developers. The form-based code approach is flexible and can be implemented to reflect Council's project direction while still ensuring high-quality project design and neighborhood compatibility.

### **"Missing Middle" Housing**

The "missing middle" has typically referred to the lack of affordable housing for middle-income households. However, the term can also refer to multi-family residential housing types that are within the range between single-family homes and large buildings that may not be as commonly produced. These can include a variety of housing types and densities such as duplexes, triplexes, fourplexes, courtyard housing, and smaller condominium/apartment structures that may be more affordable to different household income levels over time. Some advantages of this type of housing is that it can be developed on smaller lots, can be more compatible within existing neighborhoods, can be a more efficient use of land, and can add to the diversity of housing in a city. Since R3 zoning encompasses a wide variety of lot sizes, incorporating missing middle strategies into the R3 Zoning Update may be an important strategy to increase the diversity and density of housing in Mountain View. Finally, these less common housing types can also be more naturally affordable; therefore, such housing can respond to the need for "missing middle" housing by increasing the supply, diversity, and affordability of the housing stock.

### ***Proposed R3 Scope of Work***

Staff released an R3 Scope Request for Proposals in August and specifically targeted three firms with form-based code and "missing middle" expertise. Staff received formal interest from one firm, Opticos Design, Inc., and interviewed them to assess their qualifications and experience for this work. Based on staff interviews and further research, staff is recommending Opticos Design, Inc. for this project.

The proposed scope of work from Opticos Design, Inc. involves five tasks split into two phases. **Phase 1** tasks include existing conditions analysis and modeling of several development scenarios. **Phase 2** tasks include the creation of updated R3 development standards through a form-based code, design guidelines, public review of the draft code, preparation of CEQA documents, and final implementation (see Attachment 3—Scope of Work).

Staff recommends this two-phased approach for this project. Given the size of the scope and its Citywide nature, the Phase 1 analysis will help determine several potential outcomes of an updated code, including potential increases to R3 residential densities. The City Council will review the Phase I analysis and then provide direction to staff on further Phase 2 work.

## **PHASE I – Winter 2019 to Spring 2020**

### *Task 1: Existing Conditions and Outreach Strategy*

Task 1 will kick off the project with an existing conditions analysis, development of an outreach approach, and creation of a project website. This includes stakeholder outreach on the strengths and weaknesses of current R3 zoning and ongoing coordination with the Housing Division to discuss concerns and objectives related to displacement response strategies.

### *Task 2: Analysis*

Task 2 includes analyses to better understand the opportunities and challenges in updating the R3 Zone development standards. The task includes a housing market study and economic feasibility analysis to inform draft form-based code options reflecting a desired range of housing types. The analysis includes a review of “best practices,” missing-middle housing options, and housing development yields based on several different zoning update scenarios. These yield scenarios would be based on different development types, locations, and densities. Scenarios could include, but are not limited to, projected development under current conditions, increasing densities in all or parts of the R3 Zoning District, and potential requirements for displacement response.

### *City Council Review*

Following the study of scenarios in Task 2, the project will return to the City Council for further discussion and direction on the scenarios. Staff and the consultant would then proceed to Phase II work.

## **PHASE II: Summer 2020 to Spring 2021**

### *Task 3: Draft Zoning Standards and Guidelines*

Following Phase 1 analysis and Council direction on preferred outcomes, staff and the consultant would start Task 3 to create a draft form-based code and zoning map. Task 3

also includes the creation of a Multi-Family Design Handbook. This handbook would provide design guidelines and architectural style direction to complement the R3 zoning standards. The handbook would further help develop a missing-middle strategy and show how neighborhoods can incorporate a variety of residential development types and architectural styles.

Task 3 incorporates refining the draft yield analysis using the draft code. This task would also include increased public outreach on the draft code and Multi-Family Design Handbook and further coordination with the Housing Division on anti-displacement strategies.

*Task 4: CEQA Documentation*

Based on the outcomes of previous tasks, the consultant will prepare the necessary CEQA documentation for the project.

*Task 5: Public Review Draft Code and Implementation*

The proposed R3 code and supporting documents in Task 5 would then be completed within 18 months from the consultant start of project date. This timeline places the approval of the project in the second quarter of 2021.

**FISCAL IMPACT**

The CIP Project 20-67 is funded with \$1,000,000 from the Development Services Fund. Additionally, the City was conditionally awarded a State SB 2 Planning Grant of \$310,000 for the project, subject to an executed agreement. Approval of the additional appropriation will result in a total maximum project budget of \$1,310,000.

The total contract for Opticos is \$1,147,877. This total includes all tasks related to the R3 Zoning Code analysis, community outreach, multi-family design handbook, and a CEQA document. See Attachment 3—Consultant Scope of Work—for breakdown of this amount by phase and project task.

Including internal City administrative charges, the final project total amount is \$1,222,489, which is less than the available funding. The project will draw from grant funds first and then from City funds.

## **ALTERNATIVES**

1. Do not approve the recommended scope of work and consultant and direct staff to issue a new RFP.
2. Modify the scope of work and budget as appropriate, and authorize a contract with Opticos Design, Inc.
3. Provide other direction.

## **PUBLIC NOTICING**

Agenda posting and e-mailed notices to recent applicants for new development.

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- Attachments:
1. [Council Goal-Setting](#)
  2. Map of R3 Zone Properties
  3. Consultant Scope of Work