DATE: April 13, 2021

TO: Honorable Mayor and City Council

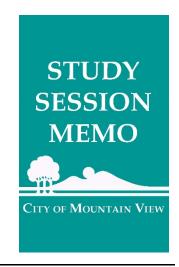
FROM: Martin Alkire, Advanced Planning Manager

Aarti Shrivastava, Assistant City Manager/ Community Development Director

VIA: Kimbra McCarthy, City Manager

TITLE: R3 (Multiple-Family Residential) Zoning

District Update



PURPOSE

The purpose of this Study Session is for the City Council to provide direction to staff on Draft R3 (Multiple-Family Residential) Zoning District standards, materials, and concepts.

BACKGROUND

The R3 project implements City Council Goal II: "Improve the quantity, diversity, and affordability of housing by providing opportunities for subsidized, middle-income, and ownership housing." The R3 project will "review and propose revisions to the R3 Zone standards that consider form-based zoning, incentivizing stacked flats, and updated rowhouse guidelines." On November 12, 2019, the City Council authorized the scope of work and budget for this work, which included hiring Opticos as the project's lead consultant.

This Study Session memorandum discusses the following:

- A summary of recent City Council and Environmental Planning Commission (EPC) meetings and public workshops;
- Proposed R3 framework and standards approach;
- Other topics; and
- Key next steps.

October 13, 2020 City Council Study Session Summary

The R3 team presented the City Council with a preliminary analysis of the R3 Zone at this meeting (See Attachment 1—October 13, 2020 Study Session Memo). The City Council provided the following comments regarding the scope and direction of the R3 project:

- Existing R3 standards do not meet community goals; many R3 projects exhibit a lot of "sameness";
- R3 standards should focus on form and neighborhood fit and less on floor area ratio (FAR) and density limits;
- Need to look at mitigating parking impacts from new R3 development;
- Look at new tree canopy standards; also, preserve existing tree canopies in R3 neighborhoods;
- Public space is lacking with newer R3 development; focus on providing a more pleasant public/pedestrian experience;
- Adding more units in R3 is important;
- Larger units for families are lacking in R3; consider encouraging or requiring a minimum threshold for the amount of larger units in new development;
- Address usable, common open space that is public, efficient, and usable by residents;
- Consider maximizing density and incentivizing new development; new rowhouse development reduces opportunities for new stacked flat/higher-density development;
- Quality of life in R3 is very important; consider any additional infrastructure that is needed;
- R3 project is needed to meet the City's Regional Housing Needs Assessment (RHNA) allocation;
- New R3 standards should increase densities;

- Consider prioritizing R3 "subareas" that require seismic retrofits;
- Focus on "the look and feel" and character of buildings and making great neighborhoods;
- Do not incentive "look-alike" buildings; address architectural variety and interest;
- Consider R3 changes that increase densities near transit; focus on proximity to services, bikeways, etc.
- Concern over potential large increase of new units and impact to community and infrastructure, including potential school impacts; and
- Strategies are needed for new R3 development that displaces residents.

Public Workshops

Two workshops were held via Zoom to receive feedback from the public. The first workshop was held on October 26, 2020. Staff presented an overview of the R3 Zoning District, including its existing character in terms of building types, with a facilitated discussion and then small group breakouts. Approximately 110 members of the public attended this Zoom workshop. The second workshop was held on November 16, 2020. Staff presented a summary of the feedback from Workshop No. 1, discussion of R3 character areas, and degree of change desired by participants in small group breakouts. Approximately 130 members of the public attended this Zoom workshop. Detailed input from both workshops is included in Attachment 2.

DISCUSSION

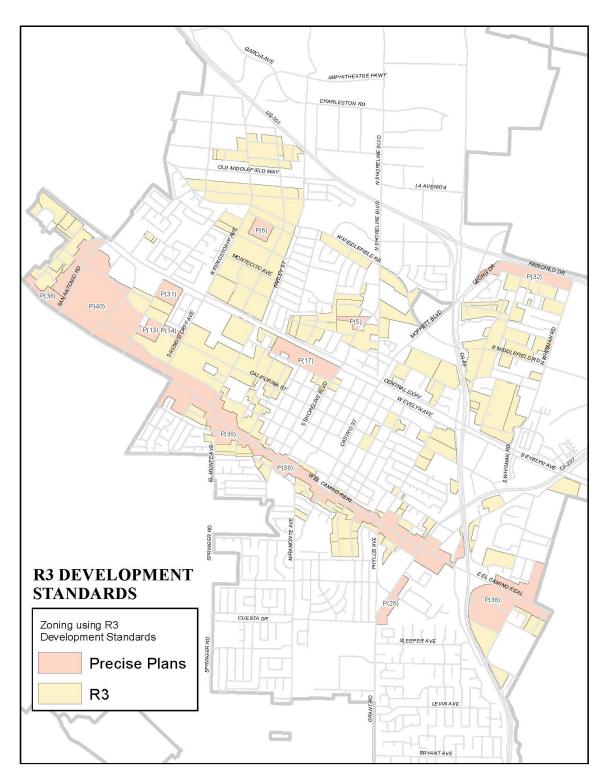
R3 Framework Overview

One of the City Council's goals for the R3 project is to evaluate new R3 standards that incentivize new multi-family residential development. To accomplish this goal, staff is proposing a wider variety of allowed R3 multi-family building types within new "subzones" with new development standards.

This approach allows more building type choices in different R3 locations that respect surrounding land use adjacencies while updating standards to achieve more feasible development. Building types are broken into either "house scale" or "block scale" categories. House scale includes buildings typically the size of a house, while block scale

includes buildings that individually are as large as most or all of a block or, when arranged together along a street, appear as long as most or all of a block.

Map 1 below shows the existing R3 Zoning Districts, which includes some Precise Plans that reference or use the R3 development standards when new multi-family projects are proposed within these areas. The R3 team has not completed its review of which new R3 development standards are recommended to be applied to these areas. The final R3 Code that will be brought back to EPC and Council will include a recommendation for these areas.



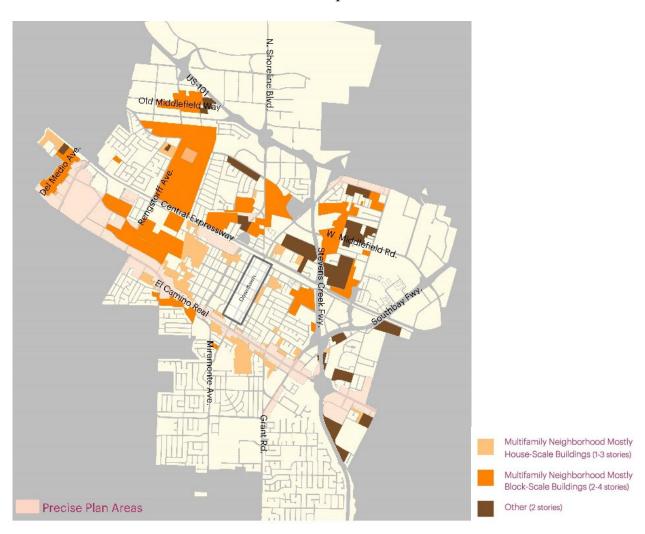
Map 1: Existing R3 Zoning District and Precise Plans Using R3 Standards

March 17, 2021 EPC Meeting

The EPC held a Study Session on this topic on March 17, 2021. Key EPC comments are included at the end of each major section. Public input from this meeting is included in Attachment 3.

R3 Framework Approach: New Subzones

This approach began with analyzing existing R3 development and translating this into form-based areas. This is shown below in Map 2.



Map 2: Identifying Existing Character Areas in the R3 Zoning District

Staff then looked at the existing physical character from a form-based perspective to understand prevalent patterns and to understand if those patterns are compatible with surrounding development. Based on this analysis, additional building types were identified that could fit into these areas. In some areas, the recommended approach is to maintain the prevalent physical character while providing additional housing choices. In other areas, the approach is to increase the intensity and new housing choices. This is due to a combination of factors: proximity to transit; services; or not being immediately adjacent to low-intensity neighborhood(s).

The four proposed R3 subzones (R3-A, R3-B, R3-C, and R3-D) range from the least intensive to most intensive, as shown below.

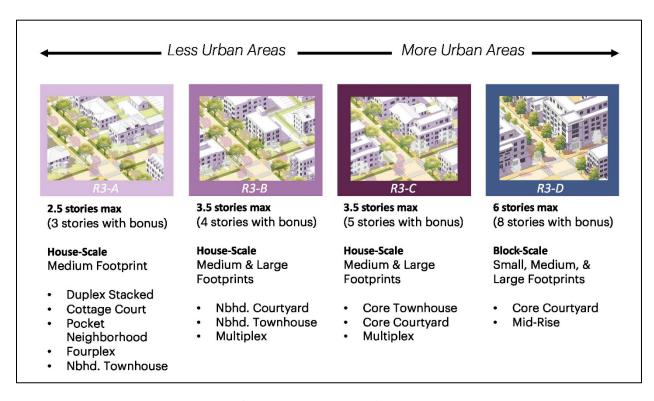
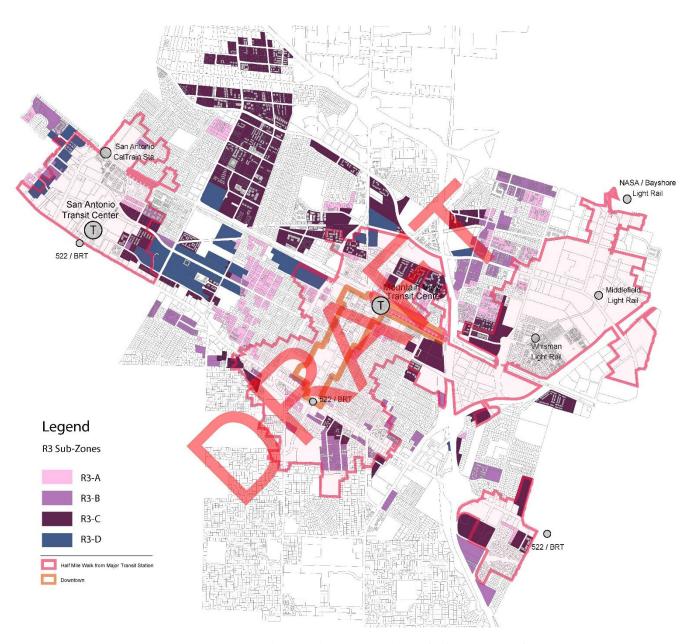


Figure 1: New R3 Subzones

Map 3 below shows these proposed subzones together on one map followed by more detailed information on each of these subzones and their locations. This map includes the subzones and their proximity to major transit stops to highlight the accessibility of these areas to new future residents within these subzones.



Map 3: Proposed R3 Subzones and Proximity to Transit



R3-A Zone

Standards		
Building Types	Duplex Stacked*, Cottage Court, Pocket Neighborhood, Fourplex*, Neighborhood Townhouse**	
Building Footprint	House-Scale: Medium	
Building Height	2.5 stories max. (3 with bonus)	
Building Placement	10'min15'max. front setback 10'min15'max. side street setback 5'min. side setback 10'min. rear setback	
Frontage Types	Front Yard, Porch Projecting, Porch Engaged, Dooryard, Stoop	
*A Stacked Flat Ty	уре	
**Must include 2 u	ust include 2 units per building	

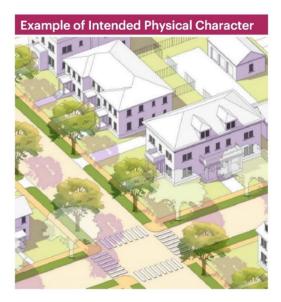


Figure 2: R3-A Subzone Summary



R3-B Zone

Standards		
Building Types	Nbhd. Courtyard*, Nbhd. Townhouse**, Multiplex***	
Building Footprint	House-Scale: Medium, Large	
Building Height	3.5 stories max. (4 with bonus)	
Building Placement	10'min15'max. front setback 10'min15'max. side street setback 5'min. side setback 10'min. rear setback	
Frontage Types	Porch Projecting, Porch Engaged, Dooryard, Stoop, Shopfront (Open), Terrace, Gallery (Open)	
*A Stacked Flat Type		
**Must include 3 units per building		
***Maximum 12 ur	***Maximum 12 units per building	

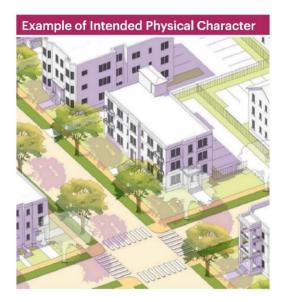


Figure 3: R3-B Subzone Summary



R3-C Zone

Standards		
Building Types	Core Townhouse*, Core Courtyard*, Multiplex**	
Building Footprint	House-Scale: Medium, Large	
Building Height	3.5 stories max. (5 with bonus)	
Building Placement	7'min12'max. front setback 7'min12'max. side street setback 5'min. side setback 10'min. rear setback	
Frontage Types	Porch Engaged, Dooryard, Stoop, Forecourt, Shopfront (Open), Terrace, Gallery	
*A Stacked Flat Ty	A Stacked Flat Type	
**Maximum 15 units per building		

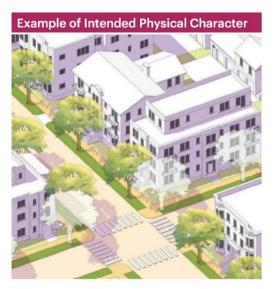
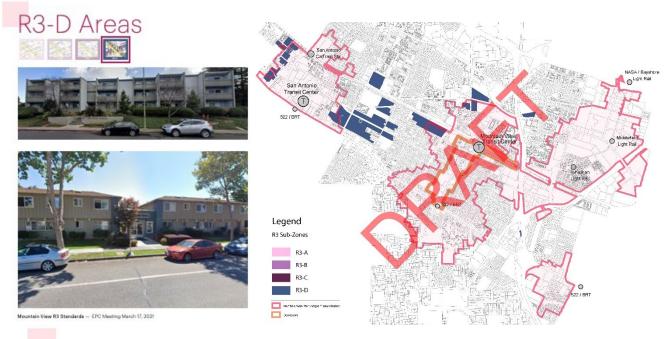


Figure 4: R3-C Subzone Summary



R3-D Zone

Standards		
	Building Types	Core Courtyard*, Mid-Rise*
	Building Footprint	Block-Scale: Small, Medium, Large
	Building Height	6 stories max. (8 with bonus)
	Building Placement	7'min12'max. front setback 7'min12'max. side street setback 5'min. side setback 10'min. rear setback
	Frontage Types	Porch Engaged, Dooryard, Stoop, Forecourt, Shopfront (Open), Terrace, Gallery, Arcade (Open)
*A Stacked Flat Type		/pe

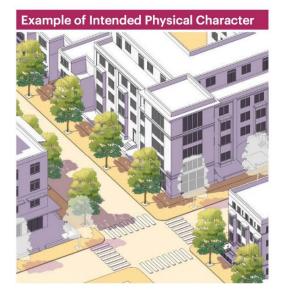


Figure 5: R3-D Subzone Summary

EPC Comments

<u>Subzone Approach</u>. The majority of EPC members supported the proposed overall approach, including the following comments:

- The proposed approach is a good start; this is very complex and additional information is needed to get this to the next level of analysis.
- Support for form-based approach. Over-prescribing codes may result in getting the same type of building design over and over again. Support for the variety of housing types outlined.
- Looking forward to more details. Concerned about the pace of change. Path of economic recovery post-COVID is also unclear. Question about what SB 330 will look like after it expires.
- Question on how aggressive this new approach will be over time. Note that most of the R3 units are under rent control. Pace of change is biggest concern.

Subzone Locations and Development Standards.

• R3-A.

 Consider greater intensities, particularly in areas closer to downtown, El Camino, and Caltrain, but compatibility is important.

• R3-B.

- Some deeper lots in this zone may be able to allow more than shown. Zone could be a bit more dense. Heights are fine.
- More information is needed on rear setbacks. Confirm light and air access.
 Need a finer-grained analysis of particular lots. Consider option to use daylight plane angle requirement to address upper stories.
- Challenging to provide feedback at this level without additional visualizations.
- Need to address public realm interface and transitions to adjacent parcels.
- Consider different setbacks for different building types.

- Streetscapes need to meet public realm needs and respect transitions to lower density parcels, including considerations of "light and air."
- Images do not reflect proposed physical character.

R3-C.

No specific comments.

• R3-D.

- Concern over six stories.
- How do streetscape and transitions work?
- Location is questionable in some areas without amenities. Need to think more holistically – neighborhoods, parks, schools, and transit.
- Public realm is important. One parcel near Castro Street south of El Camino Real is questionable (staff notes this should be labeled R3-B, not R3-D).
- Note that everything is block scale. Change will be gradual over the long term.
- Fine with heights but need amenities in these neighborhoods.
- Rengstorff Avenue/El Camino Real area—hope it becomes a complete neighborhood that is very walkable, bikeable and has amenities, etc.
- Lack of transit proximity a concern. Del Medio, near Caltrain and bus stop, seems like a good location. Some locations seem random. Consider a Precise Plan for the California-Latham corridor to determine amenities and scale.
- Need more thinking; need to look into density impacts and growth.

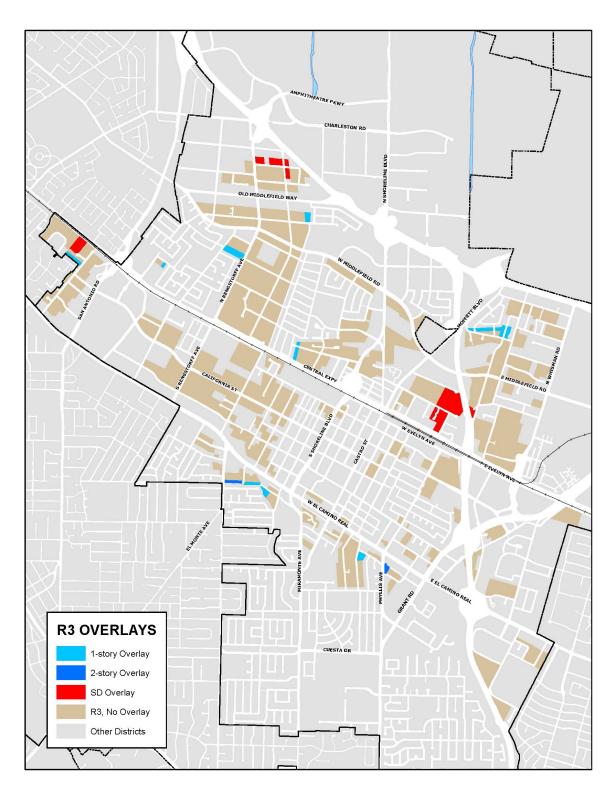
Council Question No. 1: Does Council agree with the proposed R3 subzone approach, including each subzone's general location and their key development standards?

R3 Overlay Zones

The R3 Zoning District includes several existing "overlay" zones. These overlay zones add additional requirements or restrictions, in addition to any "base" zoning standards, on those properties with specific overlay designations.

The two R3 overlays, as shown below in Map 5, include building heights (shown in blue) and special design considerations (shown in red). Building height overlay zones are depicted with an "hs" designation. For example, R3-1hs notes the base zone, R3, and adds an additional single-story ("1hs") limitation. These designations limit heights in areas due to concerns over how new more intensive R3 development in these areas might affect either surrounding land uses or property owners.

The second overlay designation, "sd," indicates that special design considerations, such as setbacks or building design and location, shall be applied to new development in these areas. Properties with this overlay designation are typically located near freeways, train corridors, or adjacent to industrial uses where concerns over noise or other factors from these sources may affect new residential development in these locations.



Map 5: R3 Zoning District Overlay Zones

There are several options for addressing these existing overlay zones with the new R3 subzone approach. For example, the new R3 subzone standards could partially or entirely replace one or more of the existing overlay zones.

The City Council may wish to consider the following strategy for these overlay zones. For the height overlay areas, these could remain as height-restricted areas but could also fold in new R3 subzone standards, such as setbacks, frontage standards, and building types. This could allow more flexibility regarding development standards in these properties without changing the fundamental existing zoning constraint—building height—that was previously applied to these properties. For the sd overlay zone properties, a consideration is to completely replace this designation with new R3 standards. Using updated R3 development standards will provide more flexibility to these property owners while advances in building technologies, namely soundproof windows and newer HVAC systems, could be utilized in new development in these areas to help reduce the impact of some of these previously identified environmental conditions.

EPC Comments

The EPC supported the proposed approach outlined above regarding the R3 Zoning District overlays.

Council Question No. 2: Does Council agree with the proposed approach to the R3 Zoning District overlays?

Other Topics

General Plan Amendments

The General Plan's Land Use Designations for R3 properties are also being analyzed as part of this work. The current high-density residential land use designation allows up to 80 units per acre but also envisions larger buildings than the proposed R3 subzone approach, which includes larger buildings but also small- and medium-sized buildings designed to the sizes of existing parcels. Some of the General Plan residential land use designations will likely need to be amended to align with the proposed subzone approach that is based on a previous analysis of existing parcels and the resultant densities needed to achieve market feasibility. Staff notes that the current R3 work could potentially allow densities ranging up to approximately 150 units per acre but would be further refined or adjusted based on EPC and Council input. It is important to note that the ability to achieve these numbers can range greatly depending on parcel size due to the inherent efficiencies in site design for larger parcels.

Multi-Family Residential Design Handbook

This project will also include a new Multi-Family Residential Design Handbook. The new R3 development standards will focus on the desired form of new development or more objective standards, while the Handbook will include guidelines that can be used to help guide desirable development on topics that are too subjective to regulate. These guidelines will either be appended to the R3 Code or be within a separate document.

While recent State legislation limits the City's ability to impose "nonobjective" or subjective development guidelines on new development, the Handbook will still serve an important role. The Handbook will graphically describe the City's desired architectural guidelines, styles, and options so property owners, developers, and the City have clear expectations for new R3 development, and the Handbook will also provide developers with some resources they can utilize in their design work that may be of value to their overall building program and design objectives.

Displacement Response Coordination

The R3 team will continue to coordinate with the Housing and Neighborhood Services Division on how the R3 work can inform potential displacement strategies. For examples, these potential strategies could include, but not be limited to, increases in densities to incentivize replacement units on-site, alternative mitigations to on-site replacement, etc.

CONCLUSION AND NEXT STEPS

In conclusion, staff is seeking Council input on the two key questions outlined in this Study Session memorandum:

- 1. Does Council agree with the proposed R3 subzone approach, including each subzone's general location and their key development standards?
- 2. Does Council agree with the proposed approach to the R3 Zoning District overlays?

Staff is recommending an additional round of EPC and City Council Study Sessions due to the scale and complexity of the overall R3 approach. This will allow additional time for the R3 team to refine the overall R3 approach based on additional analysis and further Council direction. Staff notes the project will be delayed by several months, but staff estimates returning with an ordinance for EPC and Council consideration in 2022.

PUBLIC NOTICING

Agenda posting, notification to interested parties list, and postcard mailing to R3 property owners and tenants.

MA-AS/6/CAM 891-04-13-21SS 200670

Attachments: 1. October 13, 2020 Study Session Memo

- 2. Public Workshop Summaries
- 3. March 17, 2021 EPC Meeting Public Comments Summary