



MEETING SUMMARY

Countywide Stakeholder Listening Session #3: Builders/Developers

11/1/2021, 1-2:30 pm on Zoom

Overview

On September 27, 2021, 21 Elements hosted the third of four housing element stakeholder listening sessions with housing developers and builders, including both affordable housing developers and market-rate housing developers. Detailed information about speakers and attending jurisdictions is below.

Key themes for affordable housing development included:

- Primary constraints to affordable housing include: the limits of local funding, tax credit availability (the county's pool is small, limiting the size of a development that could get an award), appropriate sites
- Key policies and programs: sufficient and flexible local funding; either public land or land that is eligible for SB 35; streamlined process and alignment across city departments
- Local governments should be aware of state and tax credit policies/requirements; be cognizant of the cumulative impacts of multiple layers of funding requirements; be prepared for community pushback now that high-resource areas are being targeted

Key themes for market-rate housing development included:

- Primary constraints include competition for sites (with other uses) which drives up land costs; construction costs; city process and zoning; all the "easy" sites have already been developed, leaving sites with environmental or political (close to single-family homes) or other sensitivities
- Key policies and programs: Specific plans and master plans and form-based zoning have been successful; removing CEQA from the equation is helpful; seek a balance of flexibility and predictability
- Localities should exercise caution with parking and ground-floor commercial requirements
- Property tax exemption is likely best tool for encouraging moderate/middle income housing created by the market



Stakeholder Presenters & Additional Resources

Organization	Speaker Name	Contact
MidPen Housing (Affordable)	Abby Goldware Potluri	agoldware@midpen-housing.org
HIP Housing (Affordable)	Kate Comfort	KComfort@hiphousing.org
BRIDGE Housing (Affordable)	Brad Wiblin	bwiblin@bridgehousing.com
Mercy Housing (Affordable)	William Ho	who@mercyhousing.org
Habitat for Humanity— Greater SF (Affordable)	Maureen Sedonaen	MSedonaen@habitatgsf.org
Eden Housing (Affordable)	Ellen Morris	Ellen.Morris@edenhousing.org
Affirmed Housing (Affordable)	Rob Wilkins	rob@affirmedhousing.com
The Core Companies (Affordable, Market Rate)	Chris Neale	chris@thecorecompanies.com
Sand Hill Property Company (Affordable, Market Rate)	Candice Gonzalez (invited, unable to attend)	cgonzalez@shpco.com
Sares Regis (Market Rate)	Andrew Hudacek (invited, unable to attend)	ahudacek@srgnc.com
Summerhill Apartment Communities (Market Rate)	Elaine Breeze	ebreeze@shapartments.com
Greystar (Market Rate)	Jonathan Fearn	jonathan.fearn@greystar.com

Jurisdictions in attendance:

Belmont
Burlingame
Daly City
East Palo Alto
Foster City

Half Moon Bay
Menlo Park
Pacifica
Portola Valley
Redwood City

San Bruno
San Mateo (City)
San Mateo (County)
South San Francisco
Woodside



Roundtable Discussion Questions/Answers

Affordable Housing Developers

1. What do you perceive are the primary constraints on affordable housing development?
 - Local funding – esp since state housing laws have helped on the land use side
 - Having funding programs that actually match the supply side/building of the homes
 - Local Funding and Operating Subsidy
 - Current cap in the 9% tax credit round (in last several rounds, not many projects going in because not enough credits in the region) – only projects with fewer than 60 units, plus high costs
 - On preservation side – have to be agile and fast, if cities want to do this, they need to have systems to deal with tight escrow periods
 - Appropriate sites
2. Are long lead (escrow) times possible in the property market today?
 - Sellers are amenable to longer lead times than pre-covid, though Peninsula is still tight
 - What's key is having a good read on public partners' funding commitment
 - For every site where factors line up, you lose a site because other things don't line up
 - You can tie it up to close upon entitlements, but carrying cost adds up, so if public commitment can come in earlier that helps reduce cost
3. What are new policies or improved policies that you think would go farthest to making it easier to develop affordable housing?
 - Local Funding and Operating Subsidy, esp flexible funding
 - 20% setaside dedicated to homeownership programs-
 - Fee waivers
 - Streamlined project timelines on the city's side
 - Consistent, regular NOFA timelines
 - Having all departments aligned on goals
 - Not having extra requirements/costs for affordable housing developments
 - Affordable housing should not bear burden for infrastructure costs
 - Remove restrictive racial covenants
 - More policies like SB 9 and 10
 - Update zoning of sites that were zoned in the 1960s
 - Resources for site analysis, more points awarded when possible to incentivize and also help with by right potentially
4. What would you say are the 3 most important things that jurisdictions can provide in order to facilitate affordable housing development in their jurisdiction?
 - Local Funding and Operating Subsidy
 - Shift unused resources (downpayment assistance for example) to production allocation for more housing or land purchases
 - Nimble funding sources
 - Affordable homeownership
 - Land with appropriate zoning



- Public land, esp in high resource areas (<https://belonging.berkeley.edu/2021-tcac-opportunity-map>)
 - Making more land available with by right zoning or SB35
 - Or priority zoning for affordable – San Jose allowing affordable housing to convert industrially zoned land
 - o Process
 - Streamlining and alignment across city Departments
 - Dedicated planner to shepherd affordable housing projects
 - o I'd like to encourage jurisdictions to think outside the box and find ways to encourage partnerships between for and nonprofit developers. HIP Housing has had several great experience on projects using diverted impact fees and limited partnerships.
5. What should jurisdictions be aware of as they designate sites for affordable housing?
- o Think about how state funding sources/developers are looking at sites. "Vanilla" Aff family is gone unless in high resource areas so need operating subsidy. Sites need to be in amenity rich area (put site through amenity scoring lens)
 - o Operating subsidies needed to support the deeper affordability that is sought today
 - o Layering of requirements and compatibility of different populations
 - o Think about not just # of units but also # of people being served
 - o A comprehensive view of constraints, impacts of delays on developers
 - o Be prepared for pushback in high resource areas
 - o We need more ownership, multifamily sites should be funded and counted by # of people served, not just # of doors; make residential "only" or limit commercial so can residential compete
6. Most of the Cities I consult for are small and do not have the capacity or expertise to shepherd affordable projects. What can you recommend otherwise?
- o Important who the city chooses to partner with. Experienced developers can do some education on that. Hire a consultant or someone who can help to navigate the process
 - o Small cities are sometimes great because they don't have as much bureaucracy and can get things done more quickly
 - o Smaller cities could look to partner with Developers who build under 20 units (like Habitat and others on this call) and we welcome the opportunity to learn together. P.S. It's hard to make it work financially if there are under 6 units however:)
7. What is your experience with rolling NOFAs (no deadline) versus NOFAs that have a fixed deadline for responses? Are there particular advantages or disadvantages to either one of these?
- o Affordable developers rely on consistent, regular process
 - o Don't create a land rush and have affordable developers bid up land
 - o Like rolling deadlines, since in the preservation world, can't wait until a NOFA
 - o No deadlines better align with development
 - o Rolling NOFA's are good, allow for flexibility to be responsive
 - o If you really need to schedule it, make sure NOFA schedules coincide with other funding sources



8. Would you have advice for jurisdictions with a lot of environmental constraints that can make housing expensive--faults, steep slopes, limited sewer, fire hazard, etc.?
 - Often they aren't as bad as you might initially think. A second look can make something workable
 - All the easy land has been developed on already! So don't hold back, this is the norm, not the exception
 - There are sometimes sources for brownfield funding
9. What is the densities that are working best for 100% affordable projects that cities should be planning for in the Housing Element process?
 - Anything over 20 du/ac but 30-50 is better, gives more flexibility
10. What site criteria make a site feasible for securing tax credits?
 - High resource area (amenity rich)
 - Site logistics (e.g. flat site, sufficient size)
 - No need to build out infrastructure
11. Do you have a "rule of thumb" for how much local subsidy you are looking for in order to make an affordable housing development "pencil"? Do you typically need to secure County funds for the project as well as city funds and/ or land?
 - 100-300K per home
 - 30% local subsidy. Typically need county, city funding and land but depends on project specifics
12. Do you have any advice as jurisdictions release NOFAs/prioritize their affordable housing trust funds?
 - Put more money in production! Support ownership programs, modify program to accommodate and understand their impacts
 - Family housing that can compete (e.g. high resource area)
 - Senior housing at lower AMI's
 - Operating Subsidies that aren't a COSR (e.g. LOSP) to serve homeless/ELI
13. From your experience in responding to site-specific RFPs, what would you say makes for a good RFP that you would be super excited to respond to?
 - Large sites
 - Sites with good logistics
 - Consider RFQ's instead of RFP's

Market-Rate Housing Developers

1. What do you perceive are the primary constraints on market-rate housing development?
 - Competing with other land uses in acquisitions - life science and industrial and certain commercial driving more value
 - City constraints
 - Construction costs
 - All the easy sites are gone. Now they're politically sensitive, closer to single-family neighborhoods



2. What are new policies or improved policies that you think would go farthest to making it easier to develop infill housing?
 - Clear paths to entitlements would help
 - Specific plans and master plans are great, CEQA document, design standards
 - Other paths that remove CEQA from the equation
 - Would be a mistake to only think about high density residential, need to think about housing of all shapes and sizes (SB 9, ADUs, duplexes)
3. Which jurisdictions are doing a good job? (Answers were mostly about specific plans)
 - Redwood City
 - Milpitas
 - Santa Clara County
 - City of Santa Clara
 - Oakland – 4 specific plans
 - Burlingame’s general plan
 - Caution that specific plan does take time, often falls behind schedule
 - San Mateo County’s transit has a lot of potential
4. Conversely, what are some cities that took approaches you think didn't work out well and why?
 - A city that got very detailed in a specific plan, and it wasn’t relevant to the market, so it sat for a very long time before the city realized they needed to adjust the specific plan
5. What would you say are the 3 most important things that jurisdictions can provide to facilitate more housing development in their jurisdiction?
 - Flexibility is key, but balance with predictability and consistent standards
 - Form-based zoning allows for evolution of details – we talk in terms of density, but form-based zoning images make more sense to people
 - Resources
 - Streamlined processes
 - Restrictions on other competing uses
 - Partnerships with city departments that streamline and adhere to code standards and other standards
6. What should jurisdictions be aware of as they designate sites for multifamily housing?
 - Anticipate objections and set up ways to mitigate them
7. Is there a range of project densities or size that is your sweet spot?
 - Depends on location
 - Depends on rents
 - Summerhill - Type III over Type I garage, (5 stories wood over 2 stories concrete), 20-22 units to the acre – 3 story residential density
 - Densities are going down, because unit mix is changing, putting bigger units in them. Used to have a lot of studios and 1BRs, now making 2BRs and larger 1BRs
8. Questions on parking. Are you finding car stackers practical for your developments?
 - Yes starting to do this in the right locations (Core, Summerhill)
 - Not necessarily cheaper but allows you to use land more efficiently and not go underground



- Hard parking minimums can be problematic when it comes to site planning, so some flexibility on parking is key
 - 1:1 parking ratio works near transit
9. Does this group see a lot of potential in SB 10? -- urban infill for up to 10 unit multi-family projects -- exempt from CEQA
- Fan, there are possibilities, but we'll see how much it actually gets implemented
 - What's missing is the small scale developer (they've been zoned out), if SB 9 and 10 can spawn that ecosystem, it can make a difference. Right now the pool isn't deep enough, not enough to sustain a business. If a community wants them, they will need to cultivate these types of development and developers
10. How does developing mixed use developments affect housing? How does it affect competing land uses?
- Summerhill has mixed-use projects with ground floor commercial that is not leased
 - What makes good retail is sometimes at direct odds with what makes for good unit plans above. Depth of retail etc. It is a challenge
 - Amount of retail, needs foot traffic, really depends on location. Only so much retail to go around
11. What are ways that you think jurisdictions could facilitate the development of moderate and middle income housing?
- Projects with JPA programs
 - Property tax relief for moderate-income units
 - Once upon a time, market-rate housing delivered housing for middle income households, we just don't have a lot of housing opportunities. Restricting supply doesn't restrict demand. Allow more housing generally
 - Access to specialized loan products and property tax incentives would help with middle income housing