

# NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special meeting of the **Tracy City Council** is hereby called for:

**Date/Time:** **Tuesday, June 1, 2021 at 5:30 p.m.**  
(or as soon thereafter as possible)

**Location:** **Tracy City Hall**  
**333 Civic Center Plaza, Tracy**

**THIS SPECIAL MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-29-20 WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT**

**THIS MEETING WILL BE OPEN TO THE PUBLIC FOR IN-PERSON AND REMOTE PARTICIPATION. SEATING CAPACITY IN COUNCIL CHAMBERS WILL BE LIMITED TO THE FIRST 16 PEOPLE, ON A FIRST COME, FIRST SERVE BASIS. ADDITIONAL LIMITED SEATING WILL BE AVAILABLE ON THE SECOND FLOOR IN ROOM 203 (MAX. CAPACITY OF 15). COMPLIANCE WITH ALL PUBLIC HEALTH & SAFETY GUIDELINES INCLUDING COVID-19 SCREENING, TEMPERATURE CHECKS, FACE COVERINGS, AND PHYSICAL DISTANCING MEASURES WILL BE REQUIRED FOR IN-PERSON ATTENDANCE. PLEASE PLAN TO ARRIVE APPROXIMATELY 15 MINUTES PRIOR TO THE SCHEDULED MEETING START TIME TO ALLOW FOR SCREENING PROCESSES. MEMBERS OF THE PUBLIC MAY ALSO PARTICIPATE REMOTELY IN THE MEETING VIA THE FOLLOWING METHODS:**

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy City Council on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

**Remote Access to City of Tracy Council Meeting:**

*As always, the public may view the City Council meetings live on the City of Tracy's website at [www.CityofTracy.org](http://www.CityofTracy.org) or on Channel 26. To view from the City's website, select "Watch Live Council Meetings" from the drop down menu "Select an Online Service" at the top of the City's homepage. You will be directed to the "Council Meeting Videos" page where you may select the video for the appropriate date under "Upcoming Events."*

*If you only wish to watch the meeting and do not wish to address the Council, the City requests that you stream the meeting through the City's website or watch on Channel 26.*

**Remote Public Comment:**

*During the upcoming City Council meeting public comment will be accepted via the options listed below. If you would like to comment remotely, please follow the protocols below:*

- *Comments via:*
  - **Online by visiting** <https://cityoftracyevents.webex.com> and using the following **Event Number:** 142 097 5476 and **Event Password:** TracyCC
  - ***If you would like to participate in the public comment anonymously,*** you may submit your comment in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting [Anonymous@example.com](mailto:Anonymous@example.com) when prompted to provide an email address.

- *Protocols for commenting via WebEx:*
  - *If you wish to comment on the “Consent Calendar”, “Items from the Audience/Public Comment” or “Regular Agenda” portions of the agenda:*
    - *Listen for the Mayor to open that portion of the agenda for discussion, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
    - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*
  - *Comments for the “Consent Calendar” “Items from the Agenda/Public Comment” or “Regular Agenda” portions of the agenda will be accepted until the public comment for that item is closed.*
- *The total allotted time for public comment under “Items from the Audience/Public Comment” will be 15 minutes:*

1. Call to Order
2. Roll Call
3. Items from the Audience - Items from the audience - *In accordance with Council Meeting Protocols and Rules of Procedure, adopted by Resolution 2019-240, a five-minute maximum time limit per speaker will apply to all individuals speaking during “Items from the Audience/Public Comment”. For non-agendized items, Council Members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that the matter be placed on a future agenda or that staff provide additional information to Council.*
4. **REVIEW, AFFIRM, AND PRIORITIZE AFFORDABLE/WORKFORCE HOUSING IMPLEMENTATION TASKS, DISCUSS INCLUSIONARY HOUSING POLICIES, AND PROVIDE DIRECTION TO STAFF**
5. Council Items and Comments
6. Adjournment



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Mayor

**Posting Date: Thursday, May 27, 2021**

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Any materials distributed to the majority of the Tracy City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's office located at 333 Civic Center Plaza, Tracy, during normal business hours.

AGENDA ITEM 4

REQUEST

**REVIEW, AFFIRM, AND PRIORITIZE AFFORDABLE/WORKFORCE HOUSING IMPLEMENTATION TASKS, DISCUSS INCLUSIONARY HOUSING POLICIES, AND PROVIDE DIRECTION TO STAFF**

EXECUTIVE SUMMARY

This agenda item is to review, affirm and prioritize affordable/workforce housing implementation tasks directed by the City Council at the February 4, 2020 Council meeting and to discuss inclusionary housing policies, which were more recently requested by Council, and provide direction to staff.

DISCUSSION

The City Council conducted a workshop on workforce and affordable housing on June 4, 2019. The workshop, led by David Early, of PlaceWorks, Inc., reviewed Tracy area housing costs and wages, existing affordable housing incentives, and potential projects or programs to help address housing affordability in Tracy. At the direction of the City Council, PlaceWorks conducted a workforce/affordable housing evaluation process (including public participation through City Council, developer, and public workshops; and developer and community surveys) from June 2019 through February 2020.

On February 4, 2020, the City Council received the report from Mr. Early, Attachment A, regarding workforce and affordable housing options and directed City staff to prepare a work plan to pursue the items. The items include various policy and Zoning Ordinance amendments focused on accelerating housing production and less expensive home construction costs.

With funding from State grants, on March 2, 2021, the City Council approved a scope of work with PlaceWorks to develop Zoning Ordinance and policy updates regarding many of the items on the City Council's February 4, 2020 implementation list. Working with City staff, PlaceWorks' scope includes the following items:

1. Amend the Zoning Ordinance to permit high-density housing "by right" in certain commercial zones.
2. Update Tracy Municipal Code with the most recent State law changes regarding accessory dwelling units.
3. Rezone two sites, currently zoned industrial, to accommodate the City's Regional Housing Needs Allocation.
4. Increase maximum densities in higher density residential zones.
5. Remove minimum lot size in favor of floor area ratio and/or units per acre in residential zones.
6. Modify City standards regarding building height, lot coverage and setbacks in medium and high density residential zones.
7. Increase minimum densities in medium density residential zones.

8. Allow and encourage duplexes, triplexes, and fourplexes in new single-family home subdivisions.
9. Create and apply an overlay zone that allows clusters of tiny homes.
10. Amend the City's parking ordinance to reduce the number of off-street parking spaces required for new multi-family development projects.
11. Develop objective design standards for multi-family development.
12. Assist City staff to prepare a ballot initiative for voter consideration to amend the City's Growth Management Ordinance to allow additional market-rate dwelling units for projects that include a specified percentage of affordable units, and/or to count Residential Growth Allotments on a per-building basis rather than a per-unit basis for multi-family development.
13. Create up to four "off-the-shelf" accessory dwelling unit plans that property owners would be able to employ to building accessory dwelling units on their property.

Work on these items is underway and is scheduled for Planning Commission and City Council consideration later this year.

Several items from the Council's February 4, 2020 list are not included in PlaceWorks' current work program because the items are not eligible for funding under the State grants or would require a long-term, General Fund commitment. These additional items include the following: evaluate lowering development impact fees, add a City staff position to further the production of affordable housing, initiate City-funded technical studies for residential development, maintain an inventory of developable sites, conduct market studies and tax credit analyses to support affordable housing development.

Recently, the City Council asked for a discussion on inclusionary housing policies: an overview of how they work and on their potential appropriateness for Tracy. Previously, the City Council directed City staff to exclude inclusionary housing policies from consideration with this workforce/affordable housing effort.

Tonight, Mr. Early will summarize the input that went into the work plan summarized above and present an overview of inclusionary housing policies or programs. In addition, Staff and Mr. Early will be available to answer any other questions that Council may want to discuss related to the issue of Workforce or Affordable Housing.

#### STRATEGIC PLAN

This agenda item is related to the City Council's Strategic Priorities, namely Quality of Life, Goal Number 2, promote public health, safety and community welfare throughout the community.

#### FISCAL IMPACT

PlaceWorks' consultant costs for tonight's presentation will be covered by the SB2 and LEAP Grants already approved for the City by the State Department of Housing and Community Development. Alternatively, the City may choose to pay for a portion of PlaceWorks' professional services with the yet-to-be-approved, Regional Early Action Planning Grant, anticipated in July 2021.

RECOMMENDATION

Staff recommends that the City Council receive the report from PlaceWorks and provide direction, as necessary.

Prepared by: Alan Bell, Senior Planner

Reviewed by: Bill Dean, Assistant Development Services Director  
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – January 2020 Affordable/Workforce Housing Study, by PlaceWorks, Inc.



January 28, 2020 | **Summary Report**

# **AFFORDABLE/WORKFORCE HOUSING STUDY**

**City of Tracy**

*Prepared for:*

**City of Tracy**

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# 1. Executive Summary

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Due to increased housing prices in Tracy and throughout Northern California, the City of Tracy is interested in supporting additional development of housing that is affordable to Tracy's workforce, moderate- and lower-income households. In recent years, housing prices in Tracy have risen significantly due to general market conditions, as well as the increasing trend of commuting to higher-paying employment opportunities in the Bay Area. Salaries of jobs in Tracy are unaligned with market rents and home sale prices. Today, Tracy's median rental price is \$2,350, which is affordable to households at the high end of the moderate income range but is unaffordable for low- and very-low-income households. The situation is even more severe when looking at sale prices. While the median home prices are listed at \$575,184 and selling at \$485,600, a moderate-income household can afford a maximum home purchase of only \$413,000, and low- and very-low-income households can afford even less.

To study this issue, the City of Tracy asked PlaceWorks to engage in a study that would consider a host of approaches to provide additional affordable housing. PlaceWorks first evaluated data on incomes, housing costs and commute patterns. Next, existing City policies and practices were analyzed to identify the incentives intended to promote affordable and workforce housing and the key features that may be the reason these incentives haven't been utilized, as well as other City policies and practices that may be inadvertently discouraging the development of affordable and workforce housing. PlaceWorks also compiled a list of strategies that might work to provide additional affordable and workforce housing, including changes to zoning and other regulations, infill development, Accessory Dwelling Units (ADUs), tiny homes and other City efforts.

Once this list was in place, City and PlaceWorks staff engaged the community to discuss challenges and identify potential solutions to creating affordable and workforce housing in Tracy, using both an online survey and two community workshops. In addition, the City invited local housing developers to a developer-specific workshop to hear their perspective on the challenges to creating affordable and workforce housing, and to gather potential solutions, and PlaceWorks also conducted approximately a dozen one-on-one interviews with non-profit and for-profit affordable housing developers to gather similar information. Topics covered during the community and developer engagement activities included accessory dwelling units (ADUs), tiny homes, off-street parking requirements, zoning requirements, the City's Growth Management Ordinance (GMO), the California Environmental Quality Act (CEQA), development fees and funding.

Based on the outcomes from this process, and on PlaceWorks' own expertise in affordable and workforce housing provision, this report makes the following recommendations:

## **Increase Density**

These measures would amend City development standards to allow a greater number of dwelling units, particularly multi-family and smaller homes. These could be near-term items to be completed by City staff or with consultant help.

1. Increase maximum densities in the higher density residential zones, particularly in the Downtown and Bowtie areas, but also in other places with higher density residential zoning.
2. Consider removing minimum lot sizes in favor of FAR and/or units per net acre.
3. Adjust zoning requirements to allow higher buildings, greater lot coverage and reduced setbacks in moderate- and higher-density zones.
4. Increase minimum densities in medium density residential zones so as to preclude the use of these zoning designations for development of more expensive stand-alone single-family homes.
5. Consider regulations to encourage or require new subdivisions to include fourplexes that are designed to look cohesive with adjacent single-family homes.
6. Consider regulations to encourage or require that a certain percentage of homes in new subdivisions include ADUs.
7. Change the City's existing regulations, which already do a good job of encouraging ADUs, to lessen setback and parking requirements in some areas.
8. Identify one or more sites in the City that can be zoned with an overlay that allows clusters of tiny homes.

### **Increase Rate of Construction**

These items would allow a greater rate of residential development. They are longer-term items that would require a change to Measure A with voter approval.

9. Provide additional market-rate Residential Growth Allocations (RGAs) for projects that include a specified percentage of affordable units.
10. Consider switching from counting RGAs on a per unit basis to counting them on a per-building basis, so that buildings with multiple units do not require as many RGAs.

### **Direct Developer Support**

These items would include an ongoing financial commitment from the City through budget appropriations or research and analysis by City staff to market property and development opportunities to developers and builders. These are long-term items that would require a General Fund commitment and could include on-going work on individual properties or a large number of sites at a time – with analysis conducted by staff or with consultant help.

11. Study changes to the development system that would lessen fees for multi-family and/or affordable units as compared to single-family and market rate units.

12. Identify an existing staff member or establish a new position to serve as a housing champion to further the production of affordable housing. Duties would include maintaining an inventory of available sites, recruiting developers, packaging funding for affordable housing projects, and providing technical assistance to homeowners and landowners who seek to build affordable housing and ADUs.
13. Among other duties, direct that this staff member prioritize capturing funds for affordable housing projects such as tax credit programs, California's Cap-and-Trade-Funded Affordable Housing and Sustainable Communities Program, State TOD funds, Senate Bill 2, and the Governor's other new and evolving housing programs.
14. Complete a City-sponsored and-funded CEQA analysis of available multi-family housing sites so as pre-clear sites for affordable housing development.
15. Complete an analysis of available land in the City, looking at vacant, underutilized and low-density parcels, in-depth. For vacant parcels, analyze the development scenarios that would be feasible under current zoning. Analyze underutilized parcels to identify opportunity sites for redevelopment. Evaluate low-density properties to identify opportunities for intensifying development, such as with ADUs.
16. Conduct market studies and feasibility analyses to determine what lot sizes and development patterns would most likely result in an affordable by design product. Compare this with the land inventory.
17. Conduct a tax credit analysis to determine appropriate scenarios for tax credit projects, the amounts of subsidies the most promising scenarios would require and available resources to ensure a strong tax credit application.

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## 2. Introduction

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Due to increased housing prices in Tracy and throughout Northern California, the City of Tracy is interested in supporting the development of housing that is affordable to workforce and moderate- and lower-income households. In recent years, housing prices in Tracy have risen significantly due to general market conditions, as well as the increasing trend of commuting to higher-paying employment opportunities in the Bay Area. Salaries of jobs in Tracy are unaligned with market rents and home sale prices. Today, Tracy's median rental price is \$2,350, which is affordable to households at the high end of the moderate income range, but is unaffordable for low- and very-low-income households. The situation is even more severe when looking at sale prices. While the median home prices are listed at \$575,184 and selling at \$485,600, a moderate-income household can afford a maximum home purchase of only \$413,000, and low- and very-low-income households can afford even less.

While the City already has mechanisms in place to encourage affordable and workforce housing, very little of it has been developed in Tracy in recent years. With this in mind, the City of Tracy engaged PlaceWorks to consider a range of options that might lead to increased affordable and workforce housing production. This report, which results from PlaceWorks' efforts, assess how the City might encourage multi-family residential projects, infill development, and other creative solutions like Accessory Dwelling Units (ADUs) and tiny homes. As a whole, these solutions are sometimes referred to as "affordable by design," since they result in housing that is affordable due to the way it is constructed rather than through subsidy. This report also considers steps the City might take to generate additional affordable housing using more traditional models using subsidies.

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## **3. Methodology**

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To study issues surrounding production of affordable and workforce housing, the City of Tracy retained PlaceWorks to consider additional approaches that might result in additional construction of these important housing types in Tracy. PlaceWorks staff first evaluated data on incomes, housing costs and commute patterns. Next, existing City policies and practices were analyzed to identify the incentives intended to promote affordable and workforce housing and the key features that may be the reason these incentives haven't been utilized, as well as other City policies and practices that may be inadvertently discouraging the development of affordable and workforce housing. Next, City and PlaceWorks staff engaged the community to discuss challenges and identify potential solutions to creating affordable and workforce housing in Tracy. The City engaged the community to solicit feedback through multiple avenues to reach different segments of the population. The outreach included the events listed below. The findings and common themes are described later in this report.

### **3.1 CITY COUNCIL**

Staff hosted a meeting with the City Council in June 2019 to initiate a conversation about workforce and affordable housing. The discussion included a review of important topics including affordable housing incentives, incomes and affordability, commute patterns, and potential housing tools such as city policies and funding. The City Council direction from this meeting, described later in the report, narrowed the area of focus for further study.

### **3.2 DEVELOPER WORKSHOP**

The City of Tracy invited local housing developers to a developer-specific workshop in August 2019 to hear their perspective on the challenges to creating both affordable and workforce housing, and to gather potential solutions. The meeting was open to both non-profit and for-profit housing developers and covered topics including incomes, housing costs, and affordability, to potential solutions such as ADUs, tiny homes, zoning requirements and development fees.

### **3.3 COMMUNITY MEETING #1**

Staff facilitated a public meeting in Tracy in September 2019 to discuss the topic. This meeting included a presentation that featured a live polling exercise where audience members provided answers to questions. The results of each question were displayed and prompted further discussion. These questions were included in the online survey for community members who could not attend the meeting.

### **3.4 COMMUNITY MEETING #2**

Following the first community meeting, the City opted to host a second community meeting in Tracy in November 2019 to solicit feedback from meeting participants who were unable to attend Community Meeting #1. This meeting followed the same format and used the same questions.



### **3.5 ONLINE SURVEY**

The City opened an online survey in September 2019 and invited Tracy community members to share input on their preferences for affordable and workforce housing development. The survey was posted on the City's website, social media, and advertised on various flyers. The survey was available in English and Spanish and ran through the end of November 2019 to provide ample time for online input from all interested parties.

### **3.6 DEVELOPER INTERVIEWS**

The City conducted phone interviews with non-profit and for-profit developers with experience developing affordable or workforce housing in the Bay Area, Sacramento, and Stockton regions in November 2019 to gather additional input, while also making these developers more aware of the opportunities available in Tracy. A dozen interviews with housing developers were completed to understand their perspectives on the topic.

## **4. Incomes, Housing Affordability, Commute Patterns and Regulatory Environment**

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This chapter provides information on several important background conditions that affect affordability in Tracy.

### **4.1 INCOMES AND HOUSING AFFORDABILITY**

Income is an important factor when determining a household's ability to pay for housing. The California Department of Housing and Community Development (HCD) annually publishes income data for all California counties. It is common practice to apply this county-level data to the cities within the county. These are the datasets that are applicable under Housing Element law and are published more frequently than other data sources that are available at the city level such as the American Community Survey (ACS). The HCD data is representative of 4-person households, while the ACS data is an aggregate of all household sizes. However, since the average household size in Tracy is 3.64 persons (California Department of Finance (DOF), 2019), the HCD data on 4-person households is comparable for the purposes of evaluating the affordability of market-rate housing.

Despite these differences, it is useful to look at both HCD and ACS data for this study because incomes in the City are higher than the County as a whole. The 2018 Area Median Income (AMI) for San Joaquin County, as determined by HCD was \$66,300 and the AMI for the same year for the City of Tracy, as determined by ACS was \$84,330. At the time this study was conducted, 2019 ACS data was not available. However, HCD's data was available so Tracy's 2019 AMI was estimated by applying the same percent increase in incomes between 2018 and 2019 that were experienced countywide. The County's AMI, as determined by HCD in 2019, was \$71,400, which is an increase of 7.7%. Applying the same 7.7% increase to Tracy results in an estimated \$90,823 AMI in 2019. This number was used for calculating the estimated maximum affordable rents and mortgage costs at the various income levels in Table 1.

Table 2 displays the median list price, median sales price, and median rental price for homes in Tracy as surveyed on Zillow. These are compared in the table with the household income that is needed to afford those costs. As shown in this table, median rents in Tracy are slightly more affordable than median for-sale housing. However, rents and sale prices across the board remain unaligned with incomes. For example, as shown in Table 1, a moderate-income household, earning \$108,988 annually (120% of median) can afford rent that is \$2,475 per month, so the median rent price of \$2,350 is affordable, while a rent at 120% of the median rent price would be unaffordable. These conditions create increasing pressure on the market as moderate-income households rent median-priced homes, rather than moderately-priced homes, median-income households rent below median-priced homes, and so on. This indicates that there is a significant deficit of housing stock at an affordable price point for these households. The trend is even more severe when looking at sale prices. A moderate-income household can afford a maximum home purchase of \$413,000, while the median home prices are listed at \$575,184 and selling at \$485,600. As shown in Table 2, homes selling at median prices are only affordable to households earning above moderate-incomes.

**TABLE 1 ESTIMATED MAXIMUM RENT OR MORTGAGE IN TRACY, 2019**

Income Category <sup>a</sup>	Maximum Household Income <sup>a</sup>	Maximum Affordable Rent <sup>b</sup>	Maximum Affordable Purchase Price <sup>c</sup>
Very Low: 50%	\$45,412	\$885	\$163,900
Low: 80%	\$72,658	\$1,566	\$270,600
Moderate: 120%	\$108,988	\$2,475	\$413,000
Above-Moderate: 150%	\$136,235	\$3,156	\$519,800
Above-Moderate: 180%	\$163,481	\$3,837	\$626,500

a. Percent categories and limits based on Tracy Median Income, \$90,823; (2018 American Community Survey Data with 7.7% increase)  
b. Assumes 30% of household income spent on rent and utilities (assumes \$250 per month for utilities)  
c. Housing Payment Assumptions: 5% down payment, 30 year fixed mortgage at 4.5%; homeowner's insurance at \$90/month, private mortgage insurance (PMI) at 0.4%, property tax at 1.25% of sales price; maximum 30% of income spent on principal, interest, insurance and taxes.  
Source: PlaceWorks, 2019

**TABLE 2 MEDIAN HOMEOWNER AND RENTER COSTS IN TRACY, 2019**

Sales and Rentals	Cost <sup>a</sup>	Household Income Needed	Income Category Needed to Afford Median Costs
Median list price	\$575,184	\$150,400	Above-Moderate: 180%
Median sale price	\$485,600	\$127,500	Above-Moderate: 150%
Median rent price	\$2,350	\$104,300	Moderate: 120%

a. As averaged from all Zillow listings in 2019.  
Source: Zillow, 2019.

To provide context for the data on incomes, several typical salaries were compiled, including entry-level positions listed by the Tracy Unified School District and the City of Tracy, as well as a sampling of job postings in the private sector on widely used web sites (Indeed.com and Glassdoor.com). An entry-level credentialed teacher in the Tracy Unified School District in 2019 had an annual income of \$52,942 and an entry-level Administrative Assistant had an annual income of \$45,994. Workforce incomes in Tracy identified through an online job search ranged from a Pest Control Sales Professional making between \$35,000 and \$85,000 to a Process Development Engineer II making \$61,000 to \$87,000. In comparison, representative Bay Area annual salaries include \$65,000 for an entry-level Credentialed Teacher, \$85,000 to \$120,000 for a Structural Engineer and \$60,000 to \$150,000 for Sales Professionals in chemical, technology and painting industries.

## 4.2 COMMUTE PATTERNS

The significant difference in incomes in Tracy, as compared with countywide data is at least partially attributable to higher Bay Area incomes and commute patterns. Tracy residents are closer to the Bay Area than residents in other areas of San Joaquin County, so they are more likely to commute there for work. Incomes for jobs available in Tracy are still relatively lower than comparable jobs offered in the Bay Area, encouraging trips outside the City for work and creating an income and housing imbalance. Long-time Tracy residents indicate that it is unaffordable to live and work in the same city as the cost of housing continues to rise without similar increases to income, or vice versa.

According to a study by Newmark Knight Frank in 2018, US Census data from 2015 showed that 84% of Tracy’s employed residents commute out of Tracy; while 78% of Tracy’s workers commute into Tracy. The most frequent locations for out- and in-commuting are shown in Table 3. These locations show that, of the 84% of Tracy’s residents that out-commute, Bay Area cities are frequent places of employment, while the 78% of workers that are employed in Tracy and live elsewhere tend to live in Central Valley communities where incomes and housing costs tend to be lower than Tracy.

**TABLE 3 MOST FREQUENT LOCATIONS FOR OUT AND IN COMMUTING**

Out-Commute	People	In-Commute	People
Livermore	2,780	Stockton	2,534
Stockton	1,885	Manteca	1,420
Pleasanton	1,536	Modesto	1,068
San Jose	1,486	San Jose	605
Modesto	1,094	Lathrop	500
Oakland	900	Livermore	384
Fremont	870	Mountain House	345
San Francisco	658	Lodi	318
Sacramento	608	Patterson	293

## 4.3 GROWTH MANAGEMENT ORDINANCE

A unique condition in Tracy is the existing residential growth management program, which is comprised of three principal policy and implementation documents: the General Plan, the Growth Management Ordinance (GMO), and the GMO Guidelines. Each of these has a role in establishing growth areas, types of development desired by the community, and the rate and sequencing of residential development. The GMO, which was adopted by the City Council in 1987 and amended by Tracy's voters through Measure A in 2000, limits the number of residential units that can be approved in a year. Under the GMO, builders must obtain a Residential Growth Allotment (RGA) in order to secure a residential building permit. One RGA equals the public services and facilities required to serve one residential dwelling unit. The GMO establishes requirements for RGAs and the annual limits on the number of RGAs and building permits the City can annually issue. In general, the maximum is 750 and the annual average is 600; these numbers were set by Measure A in 2000.

The GMO includes five existing exemptions to the requirement that new residential units must receive RGAs. These exemptions are for the following categories of homes:

- Remodels or conversion of existing homes
- Replacement of existing homes
- Model homes
- Projects consisting of four or fewer units on a single lot
- Accessory Dwelling Units

Additionally, the GMO contains an affordable-housing exception for deed-restricted very low-, low-, and moderate-income housing units. Although some affordable housing projects have been developed since 1987, this affordable-housing exception has never been used by developers to obtain RGAs since the GMO was first adopted in 1987.

While some have stated that the City's growth management program acts as a constraint to the creation of housing that is affordable to moderate- and lower-income households, altering the program requires a vote of City residents. Measure M in 2018 sought to modify the program which would have set aside land for affordable housing. However, the initiative lost, having only received 33% votes in its favor.

## 5. City Council Engagement

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City staff from the Development Services Department and PlaceWorks staff held a workshop with the City Council to discuss workforce and affordable housing topics, including existing housing incentives, housing affordability and local incomes, commute patterns, and potential City tools and funding sources. The goal of the meeting was to narrow areas of focus moving forward with City Council direction.

Six community members from the audience provided comment following the presentation. Items noted included:

- Concern surrounding a limited supply of:
  - Affordable housing for young people
  - Housing for the “missing middle”
  - Housing for people with mental health issues
- Favor for:
  - Rent control,
  - Affordable by design homes,
  - Sweat equity projects,
  - Fixing ineffective existing housing incentives
  - Effectively marketing retooled incentives

The City Council provided direction on the following items as they relate to affordable housing, divided by topic:

### Incentives and Tools

- Explore ways to recollect the RGAs that have been issued to apartment units versus buildings and consider changing the way Tracy issues and counts RGAs. (*See introduction for an explanation of RGAs.*)
- Consider a modified or differential development impact fee structure, potentially allowing lesser fees for smaller or multi-family unit types.
- Devise an improved incentive to encourage creation of affordable units as part of market rate development. The Density Bonus Ordinance has not been effective in generating this type of housing.
- Learn more about tiny homes and their affordability for use in Tracy.
- Ensure the housing stock is diverse, considering affordable by design housing and modified parking regulations near public transit.
- Augment zoning opportunities for additional multi-family or tiny houses in existing development.
- Expedite the CEQA process for housing, potentially pre-planning by obtaining CEQA clearance on affordable housing sites to expedite housing creation.

- Alter the 150 RGA exception to be applicable to smaller units and mixed-income units, rather than just for deed-restricted housing.
- Incentivize ADUs as part of new subdivisions, especially on large lots.
- Encourage development of missing middle housing in Tracy.

### **Partnerships**

- Consult the Building Industry Association (BIA) and development community for input.
- Partner with sweat equity organizations such as Habitat for Humanity to develop infill housing.
- Consult the League of California Cities to identify bills that could be used to address differentiating development fees.

### **Funding**

- Review rental rates but beware of using HOME funds in the event that the outcome results in higher rents.
- Issue an RFP with affordable housing funds.
- Use Senate Bill (SB) 2 non-competitive planning grant funds for multiple projects.

## **6. Challenges and Potential Solutions**

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After the City Council meeting described in Chapter 5, PlaceWorks used input from that meeting and its own expertise to create a set list of challenges facing the City of Tracy as it works toward additional production of affordable and workforce housing, as well as potential solutions to these challenges.

This chapter documents the identified challenges and potential solutions, which served as the basis for the remainder of the work in this project.

In the end, the recommendations that resulted from this study were based to a large degree on some of the potential solutions outlined in this chapter. However, not all of the potential solutions became recommendations, and some recommendations in this study were derived separately.

### **6.1 ACCESSORY DWELLING UNITS (ADUS)**

Despite State changes to ADU laws in recent years to encourage ADU creation, between 2017 and 2019, only 11 permits had been issued for ADUs in Tracy. Challenges to ADU development may be partially attributed to the cost of construction and the lack of available financing to support ADU construction and permitting costs. Offering resources to available grants or loans to lower up-front costs to develop ADUs may foster housing creation. Alternatively, the City could require incorporating ADUs into new subdivisions to reduce overall construction costs by pairing ADU construction with other construction.

The Tracy Municipal Code development standards on ADUs include limitations on size, the number of units, parking requirements, height, setbacks, lot coverage, and other zoning requirements. These various requirements increase time and development costs, limiting the flexibility of ADU development. Lessening setbacks and minimum distances required between the primary dwelling unit may increase opportunities for ADU creation. In addition, allowing more ADUs per lot, or on lots with two or more units, or diminishing parking requirements may foster interest in ADU development.

The City could consider offering design templates or another local- or State-approved template to save developers money otherwise spent creating designs from scratch. Tracy could also examine options like the CalHFA pilot financing program, the City of Clovis' Cottage Home Program, or the City of Oakland's consolidated ADU application format to create a City program to encourage ADU construction. In addition, Tracy homeowners may not be aware of the development potential on their property. Further marketing ADU development opportunities to residents may increase their awareness and familiarity with ADUs overall. Developers may not see a market for adding ADUs to new subdivisions; however more information on ADUs marketability may change developers' perspectives.

### **6.2 TINY HOMES**

The City currently regulates tiny homes in various sections of the Tracy Municipal Code including Article 14 in which tiny homes are categorized under the Residential Mobile Home Zone (RMH) as transportable in one or more sections, but are 320 or more square feet when built on a permanent chassis as a single-



family dwelling with required utilities. The Residential Estate (RE) Zone explicitly states that tiny homes are not allowed permanently and may only be located in the rear yard and occupied while a primary dwelling is under construction. The limited zoning designations that allow tiny homes, essentially just the RMH zone, could be an insufficient amount of land to accommodate tiny home potential in Tracy. There are no vacant parcels currently with RMH zoning designation. Designating certain areas for tiny home development or allowing their location and occupation in other residential zones, when space allows, could spur housing creation.

### **6.3 OFF-STREET PARKING REQUIREMENTS**

The Tracy Municipal Code regulates off-street parking requirements by land use type, requiring up to three off-street parking spaces per unit in some residential zones. The City allows parking standard reductions to encourage affordable housing projection, but this incentive has never been used. Currently, the City allows residential off-street parking for low- or very low-income housing to be located in the side, rear, or front-yard setback, where parking is not otherwise permitted. The City also allows one of the two required spaces for single-family homes be uncovered for low- or very low-income households. It may be that the savings that would result from the more permissive parking standards for single-family homes are too limited to generate affordability.

The City could consider further lessening off-street parking requirements for affordable housing developments or for multi-family housing projects near transit or neighborhood-serving retail and commercial areas. In addition, the City could consider allowing developers to provide creative solutions to parking reductions with supplemental transit passes, increased bicycle parking, or a shared vehicles program.

### **6.4 ZONING REQUIREMENTS**

The City's Zoning Code regulates density, lot size, lot dimensions, and lot coverage by land use category and zoning district. The minimum densities in the Traditional Residential-Ellis (TR-Ellis), Residential High (RH), and Village Center (VC) categories are 12.1 and 15 units per acre. These densities may be too low to achieve any significant production of affordable by design housing. If developers were required to build more units per acre, the result would be a greater number of smaller units versus fewer, larger homes, which could help create lower-priced units. In lower-density residential zones, such as the Residential Very Low (RVL), Residential Low (RL), and Residential Medium (RM) categories, the maximum densities are 2, 5.8 and 12 units per acre, respectively. These densities may be too low to allow for townhomes, apartments, tiny homes, or other creative housing solutions that can be sold at a lower cost than detached, single-family homes. Requiring higher minimum densities in the TR-Ellis, RH, and VC land use categories and conversely increasing maximum densities in the RVL, RL, and RM land use designations may spur affordable and workforce housing development.

The City allows increases to housing density in the Municipal Code largely following the State law for density bonus requirements. Based on a sliding scale, the amount of the density bonus and the number of incentives provided vary according to the amount of affordable housing or senior units provided in a

project. This incentive has never been employed by a developer in Tracy, so increasing allowances beyond State requirements may be needed to entice developers to consider the density bonus beneficial.

The height, lot size, lot coverage, and setback limits might also be housing prohibitive in some residential zones. Increasing height or lot coverage maximums in more urbanized residential zones of Tracy may facilitate affordable and workforce housing development. In addition, allowing smaller homes on smaller lots or requiring them as a certain percentage of some projects, potentially in clustered locations, may increase opportunities for developers to budget for affordable and workforce housing.

## **6.5 GROWTH MANAGEMENT ORDINANCE**

As described in Section 4.3, the Tracy Municipal Code controls growth in the city limits through the Growth Management Ordinance (GMO) to regulate the rate and timing of new residential development and encourage growth that minimizes use of existing and future public services and infrastructure. However, the GMO sets aside 150 Residential RGAs annually for very low-, low-, and moderate-income housing developments. These exceptions have not yet been utilized by a housing developer, potentially due to the way RGAs are counted by unit rather than by building. Changing the RGA methodology to count exceptions by building rather than by unit in multi-family affordable or workforce housing complexes may adequately incentivize these exceptions. In addition, the City could create an incentive program that gives more RGAs to market rate housing projects that include affordable units. The program could either impose a global change to the RGA exceptions or designate a portion of RGAs to deed-restricted affordable or affordable by design units.

## **6.6 CEQA**

The California Environmental Quality Act (CEQA) requires environmental analysis of new development, unless the project is ministerial or categorically exempt, to identify and mitigate significant environmental impacts. Depending on the size and anticipated impacts of the project, the CEQA process can become expensive, further increasing development costs. Developers may be unaware of the full cost the CEQA process will incur based on unexpected environmental impacts. Performing the initial CEQA analysis to clear a site for development may be a barrier to developer investment due to the risks associated with uncertainty in the environmental review's outcome. The City could consider initiating their own CEQA analysis of affordable housing sites by creating an inventory of available sites and conducting a CEQA review of preliminary designs to pre-clear sites for affordable housing development. The City could employ SB 2 funds to perform the analysis.

## **6.7 DEVELOPMENT FEES**

Development fees imposed on housing projects in Tracy are based on land use type rather than affordability, number of bedrooms, or square footage. Adjusting fees to reflect project affordability, number of bedrooms, or square footage would decrease development fees in favor of affordable or workforce housing projects. Alternatively, the City could consider adjusting water and wastewater fees to charge by meter size or affordability. This strategy may incentivize construction of affordable or workforce housing projects due to the nature of their development.

## **6.8 FUNDING**

The City of Tracy's current funding sources for affordable housing primarily consist of Community Development Block Grants (CDBGs) and the Home Investment Partnership Program (HOME). CDBG funds must benefit very low- or low-income residents but may be applied across a variety of housing activities from housing rehabilitation to special economic development. The City is awarded HOME funds annually and typically applies it to rehabilitation improvements on residences and residential shelters. The City lacks other adequate funding sources to subsidize affordable housing development. To supplement funding to support housing creation, the City could apply for SB 2 funds, State Cap-and-Trade-Funded Affordable Housing and Sustainable Communities Program funds, State TOD funds, or issue an affordable housing bond.

## 7. Stakeholder Engagement

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### 7.1 DEVELOPER WORKSHOP

Local conventional developers and non-profit and for-profit affordable, multi-family and workforce housing developers in the surrounding Bay Area, Sacramento, and Stockton regions were invited to attend the Housing Developers' Workshop to discuss perspectives on the potential challenges to creating affordable and workforce housing and how those challenges can be overcome. As described in the previous section, the City's efforts to encourage the development of affordable and workforce housing have not had the desired result, while some of the City's other policies and practices may be inadvertently discouraging the development of affordable and workforce housing stock. The workshop included an interactive presentation that covered the content in the section above and was interspersed with discussion to learn what the developers perceived to be the biggest challenges and most feasible and impactful potential solutions. Meeting attendees were primarily developers that have built conventional housing in Tracy and provided the following feedback, separated by topic below.

#### Accessory Dwelling Units

- ADUs are low-hanging fruit for easy development and focus on this type of housing would be effective to increasing the stock of affordable housing.
- The biggest impediment to ADU creation is conformity with the requirements, especially the setback requirements, in the underlying residential zone.
- Most of Tracy's land meets the proximity to transit threshold to be exempt from parking requirements, if enacted.
- There is a greater need for more technical assistance for homeowners, including template designs that can be approved quickly by the City.
- ADUs in new construction are effective in a suburban setting such as Tracy.
- Market penetration for ADUs is not there yet because homeowners want their ADU residents to be relatives, they want a private backyard, or they aren't interested in being landlords. There is a perception in Tracy that adding ADUs, tiny homes, or other structures to side or back yards will lower property values. Tracy Hills features popular models with attached separate suites, and the CC&Rs allow renting as long as the owner occupies the primary dwelling unit.

#### Tiny Homes

- San Joaquin Housing Authority is currently doing a grant-funded project in Stockton. Due to the nature of this project, it has been effective in Stockton and could be mirrored in the City of Tracy.
- Tiny homes often suffer from the same cost as other housing types, up to \$200 per square foot. Therefore, homeowners or developers still need subsidies or lower land costs to construct a tiny home affordably.

- The “Park Model” tiny home, which is less mobile but larger and more permanent, is gaining popularity in resort areas and as senior communities. This option may be an avenue to market.
- There is currently no vacant land in the RMH zone where tiny homes are permitted. The City should designate additional land for the RMH zone, possibly as a flexible overlay.
- It would be helpful if the City provides a suite of template designs for tiny homes that can be approved quickly.
- The process of design review and required “niceties” with permitting bodies drives up costs for developers unnecessarily.
- There is a local perception that there isn’t a market for new mobile home parks. The “Not-In-My-Backyard” people typically don’t want mobile home parks, and the City of Tracy is not getting requests to create this kind of housing.

### **Off-Street Parking Requirements**

- There is a general sentiment that requirements are reasonable, and any reduction would not change developers’ approaches.
- Reductions to parking requirements would be most effective in the Downtown and the Bowtie area.
- It is important to note that reductions in parking can cause negative spill-over impacts for the community.

### **Zoning Requirements**

- Some developers feel it would be helpful to:
- Decrease minimum lot sizes and setbacks in all zones and consider removing minimum lot sizes in favor of FAR and/or units per net acre.
- Retool Medium Density Residential zone to more closely match the types of projects currently being permitted through Planned Unit Development Districts.
- Increase the allowed density in the High-Density Residential zone.
- The City should build more flexibility into the Zoning Code to facilitate development.

### **Growth Management Ordinance**

- An incentive program that gives additional RGAs to market rate units in housing projects that include affordable units would be helpful. Developers would need to run the numbers to see what percent of their project would need to be designated as affordable and at what level. Further determination of how the project would be maintained over time would make it feasible for developers to then implement. They would need a formula supported by citizens and the City Council to go ahead with this incentive program due to the use of RGAs.
- Developers need more buildable land.
- The City should change the system of counting RGAs to one RGA per building rather than one per unit as a means to encourage multi-unit buildings.

- Ponderosa Homes, a California-based housing developer, got around an RGA requirement with senior housing in Tracy in the past.
- Developers acknowledged the added level of risk and additional processing time inherent in the RGA system.

### **CEQA**

- It would be helpful to identify a series of affordable housing sites and complete a blanket project-level EIR in order to expedite future permitting.

### **Development Fees and Other Costs**

- Developers acknowledge that many fees are out of control of the City.
- The San Joaquin Council of Governments (SJCOG) fees are a stumbling block for developers. It would be helpful if the City worked with SJCOG to ensure that infill and non-greenfield units can avoid paying habitat mitigation fees.
- Developers suggest adjusting the fee schedule to lower fees for infill housing or smaller units.
- Allowing fee deferrals or fee forgiveness for affordable housing projects would help developers remain stable.

### **Funding**

- The City should conduct a tax credit analysis to determine the level of local subsidy needed to support Low-Income Housing Tax-Credit projects.
- The community could vote on a City-enacted bond measure to create an affordable housing fund.
- California's Cap-and-Trade-Funded Affordable Housing and Sustainable Communities Program funding is competitive with other jurisdictions. The State is focused on providing funding for very low-income and extremely low-income households, so local leverage is important to emphasize when pursuing this funding.

### **City Assistance**

- The City should reduce development uncertainty by providing more technical assistance for small, independent developers and homeowners interested in developing an ADU. Developers indicate that there can be a stigma of fear to come to the planning counter.
- The City should fund one or more staff positions specifically to further the production of affordable housing. Duties would include maintaining an inventory of available sites, recruiting developers, packaging funding for affordable housing projects, and providing technical assistance to homeowners and landowners who seek to build affordable housing and ADUs.

### **Miscellaneous comments**

- The loss of the labor market is a challenge to developers.
- Building a smaller home doesn't result in significant cost savings due to other costs, so advocating for smaller housing footprints as affordable is a misconception.

- There needs to be a stronger density bonus, more development incentives, and affordable housing subsidizes to make affordable and workforce housing cost-effective.
- Incentives and reducing barriers are preferred over mandates.
- Developers perceive lower-income buyers as pursuing the resale market, so they tend to gear new construction to higher incomes and larger profits. They also perceive a market preference towards bigger homes in Tracy.

Based on the feedback generated from this meeting, PlaceWorks developed the engagement topics for the online survey and community workshops to learn about the community's propensity towards various affordable and workforce housing incentives and tools.

## 7.2 DEVELOPER INTERVIEWS

As described in the previous section, a workshop was held at the City in August 2019 to gain input from the development community. While some useful feedback was gathered at that event, the participants were primarily for-profit developers who do not typically build multi-family or affordable housing. Subsequently, PlaceWorks conducted approximately a dozen one-on-one interviews with non-profit and for-profit developers who typically develop housing that is affordable to moderate- and lower-income households, through either deed-restricted pricing or a multi-family design approach.

Interviewees spoke candidly about their perceptions of challenges to creating affordable and workforce housing and provided insight on what they perceived to be the most promising solutions. Most interviewees were enthusiastic about building a relationship with the City and expressed a desire to be contacted about future development opportunities in Tracy. Questions and common themes are described below.

### Questions

The first thing asked was whether or not the interviewee was familiar with Tracy and if they had considered developing in Tracy previously. For developers who had not considered building in Tracy, the interviewer gave a brief description of the City. The description characterized Tracy as a strong job center that has historically been affordable, which has attracted people to live there and commute to the Bay Area. Interviewees were told that housing prices in Tracy have been rising and that the market is pricing out residents. Interviewees were also educated about Tracy's location. While several developers had the perception that Tracy was out of the area they typically consider, they were interested to learn that the City is actually located much closer to the Bay Area than they had thought.

If the interviewee had considered developing in Tracy but ultimately did not, the interviewer asked for the reasons why and then those factors were discussed. Interviewees were asked about their perceived challenges to creating affordable and workforce housing and their ideas for solutions by drawing from the same list of topics that was discussed at the August 2019 developer's workshop (*see previous section*). While there was not always time to discuss each item during each interview, developers were asked to speak about what they perceived as the biggest challenges and most feasible and impactful potential solutions.

## Common Themes

The interviews with non-profit and for-profit developers with experience developing affordable or workforce housing in the Bay Area, Sacramento, and Stockton regions in Northern California revealed the following common themes:

- Many of the developers specialize in tax-credit projects. This type of project can have a high impact on the provision of affordable housing and comes with a unique set of considerations:
  - Tax credit funding is competitive, so a developer's application must be strong and evidence the project's feasibility.
  - Typically, a project must be at least 40 or 50 units.
  - Matching funds (or free land) are needed to be competitive. There are methods for analyzing the amount of funds needed, however a minimum of \$100,000 is presently a good benchmark. The City can seek to collaborate with San Joaquin County or other potential partners to pool resources.
  - There are time limits associated with the funding, so preventing delays is crucial. Delays can be prevented when a jurisdiction identifies suitable sites free of contamination and entitlement issues, ensures that they are zoned properly, gains the support of the community and implements a smooth, predictable entitlement process.
  - In a market like Tracy, a tax credit project aimed at lower-income designations (rather than moderate-income) is more likely to be successful due to the relatively small differential between the median price of available rentals and the price that a moderate-income household can afford. If a moderate-income household can find a rental in their price range on the open market, that is likely to be preferable to them due to the certification process requirements associated with renting a restricted unit. One developer suggested that permanent supportive housing may be more feasible, especially due to the greater availability of subsidies for that type of project. Collaborating with the Housing Authority to complete a project-based voucher project could be effective.
- As an alternative to tax credit projects which require a large amount of resources, one developer suggested focusing on scattered sites to complete individual rehabilitation, adaptive reuse or new development of duplexes, triplexes, fourplexes or townhomes. One potential way to fund these types of projects would be to institute a tax on vacant or blighted property.
- When asked if they had considered developing affordable or workforce housing in Tracy, many developers had misconceptions about Tracy's location. Developers were interested to learn that Tracy is located closer to where they typically build than they had thought. This suggests that more outreach could be done by City staff to build relationships with developers who specialize in the type of development the City is interested in.
- Many developers stated that they were unaware that the City is interested in affordable housing development and that demand for affordable housing had grown in Tracy. Multiple developers indicated interest in working with knowledgeable City staff to facilitate the development process. All developers agreed that it would make a huge impact on housing production if there were a



City staff member who was dedicated to identifying suitable sites and facilitating housing development. Having a liaison to help shepherd a project through entitlement would provide developers with a clear, streamlined process to help lessen entitlement risks and the project timeline. A developer suggested that the City reach out to the Non-Profit Housing Association of Northern California (NPH).

- Common feedback from non-profit and for-profit developers surrounded increasing allowable densities and other, related modifications to the zoning code, such as increasing allowable heights. Developers indicated that zoning should be more flexible or upzoned. Many developers noted that it is fiscally impractical to construct an affordable housing development that is less than 50 units, but many zones in Tracy do not have sites that would make this type of development feasible, even with a density bonus. Allowing more flexibility in the zoning code with smaller units or ADUs, reduced parking requirements, increased height limits, or higher density bonuses could improve development feasibility.
- Many developers indicated that projects could be feasible in Tracy if construction costs were reduced through funding support. Developers were in strong support of State or local subsidies, free land dedication or long-term ground leases from the City, tax-exempt bonds, or fund matching from the local government. In addition, any reduction or elimination of fees help to offset development costs.
- Some developers cited the CEQA environmental review process to be time-consuming, cost-prohibitive, and risky. Discovering environmental issues on a project site puts developers and landowners in debt and makes the project fiscally infeasible. The developers suggested that pre-clearing sites with CEQA analysis by the City would reduce project uncertainty and increase their proclivity to develop.
- Development by nature comes with uncertainty, but the different requirements that must align to develop affordable or workforce housing is often higher and less attainable than market rate housing projects, making them riskier. Developers appreciate any opportunity to minimize uncertainty in their projects to ensure they break even and suggest that the City reduce risk by shortening development timeframes for approval or offering timing certainty. Developers cannot afford to wait through long processing timelines on affordable developments, so any permit streamlining is welcome. Creating a dedicated staff position to ease uncertainty and guide the project through to entitlement would help minimize potential delays to construction.

## 7.3 COMMUNITY ENGAGEMENT

The community was invited to provide input about affordable and workforce housing and potential challenges and solutions at two community workshops and through an online survey. Recommended potential solutions were cultivated through the City Council and developer engagement processes, where both groups provided input on the most practical and impactful actions Tracy could take to facilitate affordable housing development. Community responses to these solutions revealed local perceptions about these solutions and how palatable they may be for implementation. Community feedback indicated opposition to most of the proposed approaches. While the concerns were varied and complex, many

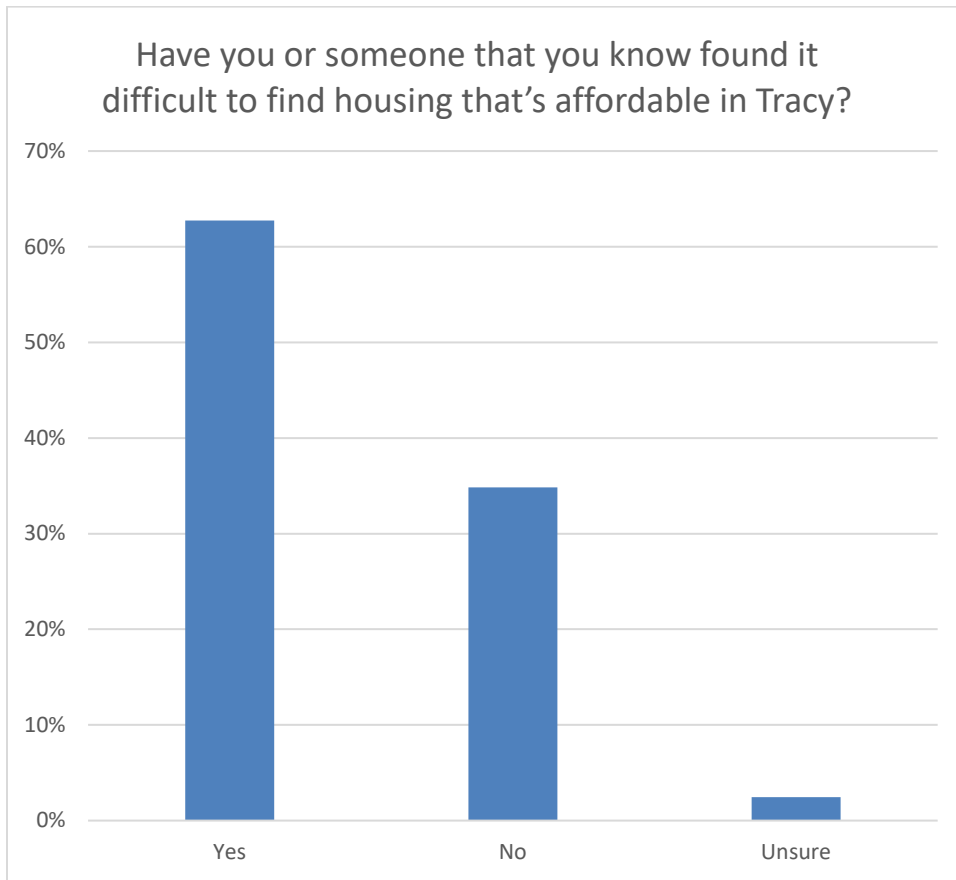
participants were concerned about preserving community character, infrastructure maintenance and improvements and reliance on taxpayers to subsidize new housing development.

The same set of questions was asked at the workshops and in the online survey. The responses at each workshop were gathered via a live poll from 15 participants total, while the online survey gathered feedback from 436 participants total. A combined dataset that includes results from both the online survey and the live poll are presented in the charts below. Respondents were not required to answer every question.

General trends, discussed in more depth in the following sections, are summarized below.

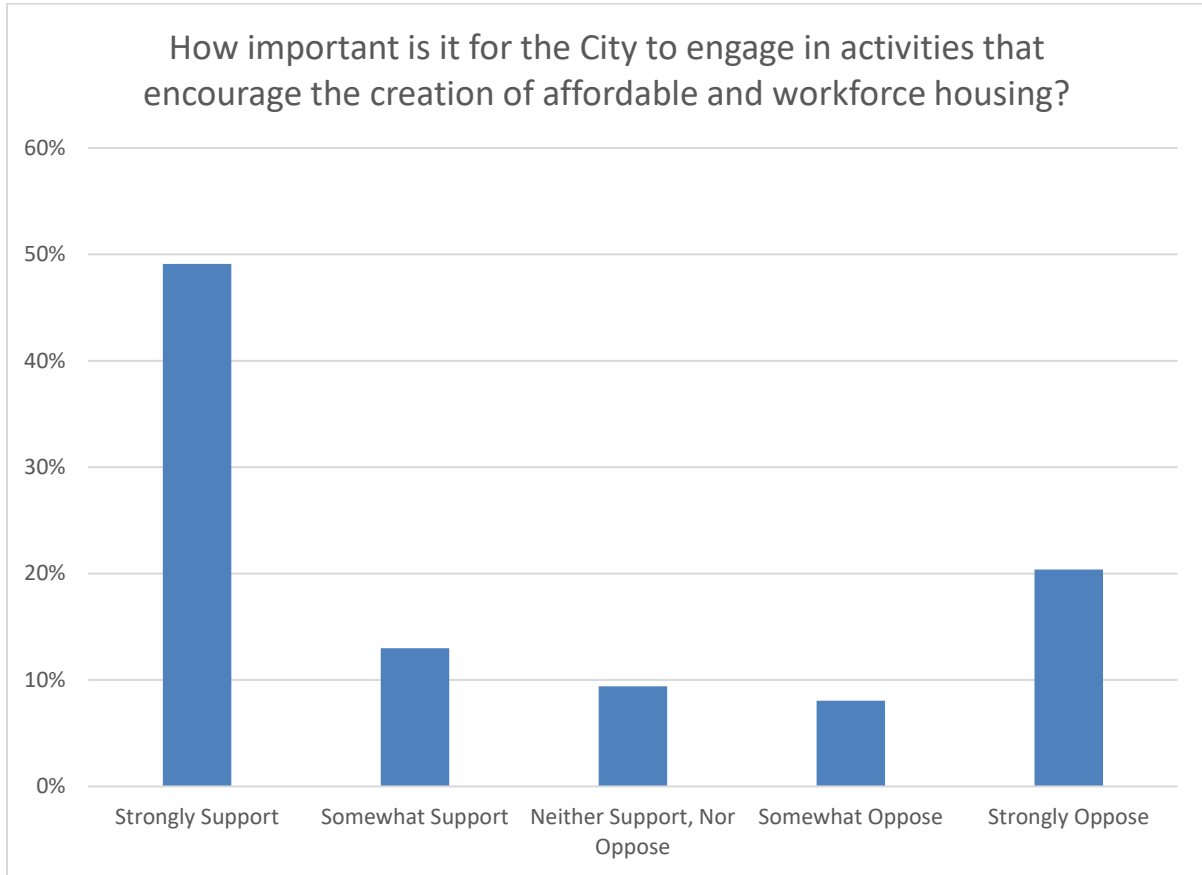
- The community generally supports the City's active role encouraging affordable and workforce housing, but there are mixed opinions about creating a new City staff role for this purpose.
- The community has mixed opinions on both ADUs and tiny homes, but there is slightly more support for ADUs than tiny homes. Furthermore, there is more support for ADUs in new developments over new ADUs in existing housing developments.
- While available land for a new tiny home community may be most available on the outskirts of town, potential future residents are likely to require greater proximity to transit, services and neighborhood-serving retail.
- Most homeowners are strongly opposed to constructing tiny homes on their property.
- The community strongly opposes reducing off-street parking space requirements.
- While the community is generally opposed to increasing densities to lower housing development costs, there is slightly more opposition to increasing residential densities in the Downtown than in medium density residential areas.
- While the community is generally opposed to increasing lot coverage maximums to lower housing development costs, there is more support for increasing lot coverage allowances in high-density residential areas, the Downtown, or the Bowtie area instead of all residential zones.
- The community generally opposes increasing building height limits in high-density residential areas, the Downtown, and the Bowtie area. Participants note they prefer increases to the Bowtie area if increases become necessary.
- The majority of the community is opposed to decreasing RGA requirements in all multi-family developments or in market rate developments containing Below Market Rate units. There are more mixed opinions on pre-clearing some affordable housing sites with CEQA analysis.
- There is strong opposition to reducing development fees for affordable housing developments by allocating additional funds from the General Fund, and a majority of the community also opposes revising the development fee structure to reduce fees for affordable housing developments while increasing them for market rate projects.
- The community is strongly opposed to a bond measure to fund affordable housing.

Question 1



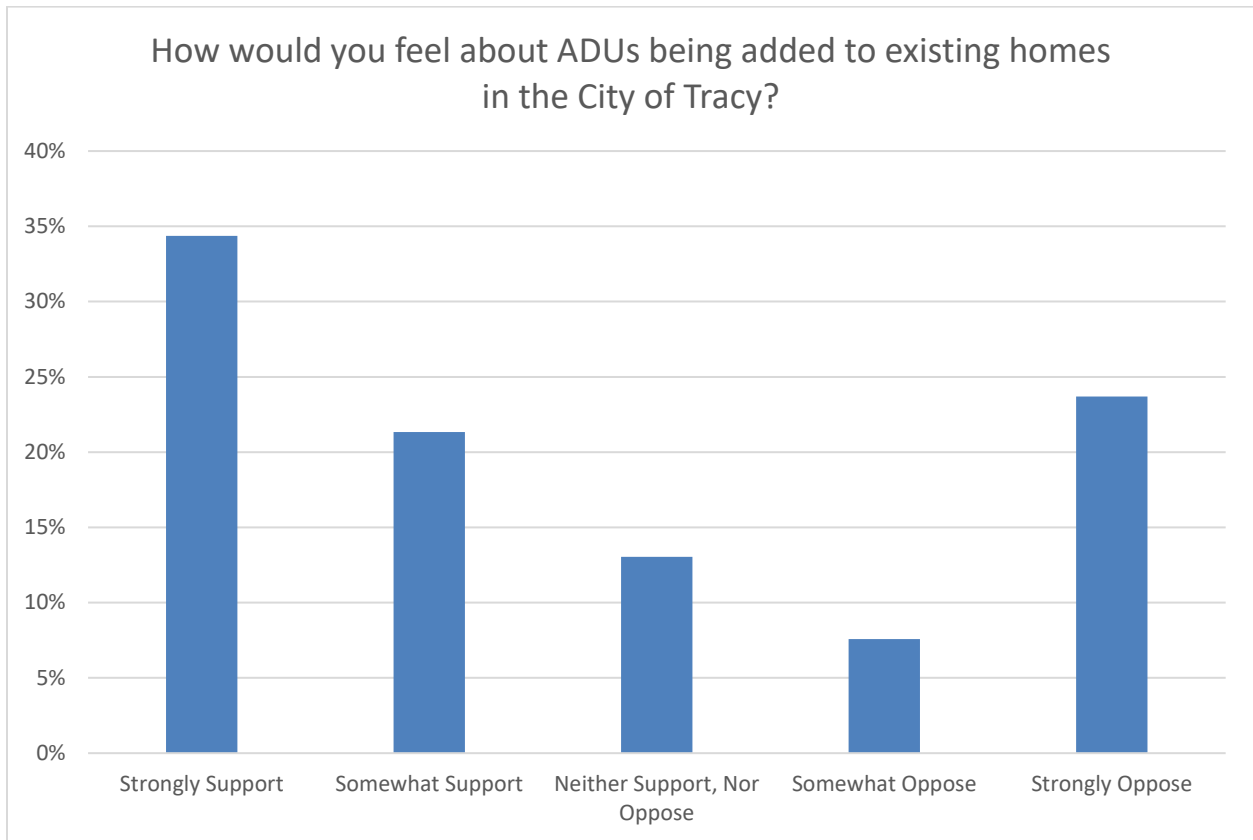
Over 62 percent of participants agreed that they found it difficult or knew someone who encountered difficulty finding affordable housing in Tracy. An additional 35 percent of participants did not find it difficult or know someone who found it difficult to find affordable housing. The remaining 3 percent of respondents were unsure.

Question 2



Almost half of the respondents indicated strong support for the City to encourage the creation of affordable and workforce housing, and an additional 13 percent of respondents somewhat supported the City's engagement. Conversely, about 20 percent of respondents strongly opposed the City's engagement in activities to encourage affordable and workforce housing with an additional 8 percent somewhat opposing the City's active role. The remaining 9 percent of respondents had no opinion on the City's role in encouraging the creation of affordable and workforce housing.

Question 3

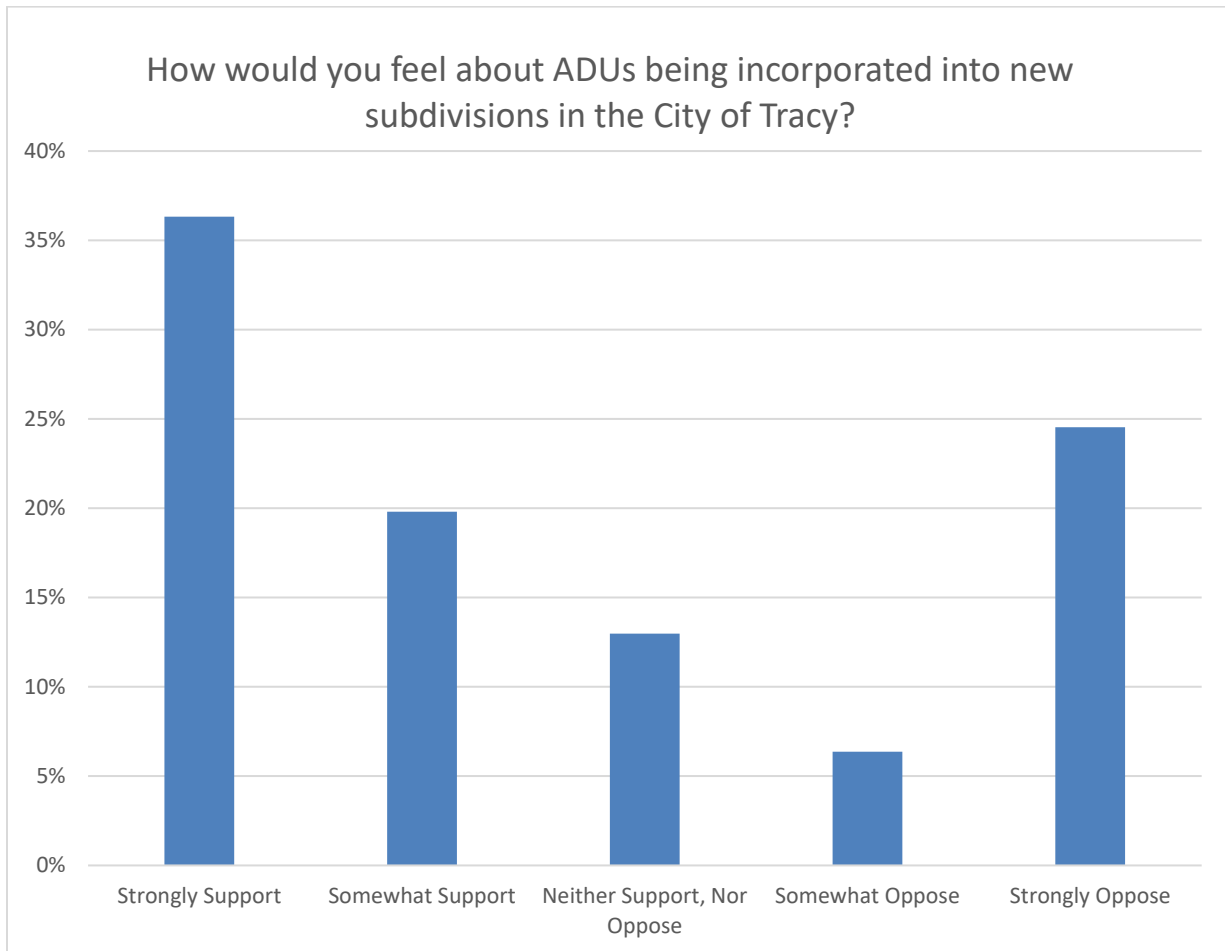


Approximately 34 percent of participants strongly support ADUs being added to existing homes in the City of Tracy, and an additional 21 percent somewhat support these ADUs. In contrast, 24 percent of respondents strongly opposed ADUs in existing homes with almost 8 percent somewhat opposed. The remaining 13 percent of participants neither supported nor opposed the proposal.

Other comments collected during the September 9<sup>th</sup> live polling exercise about this topic are listed below:

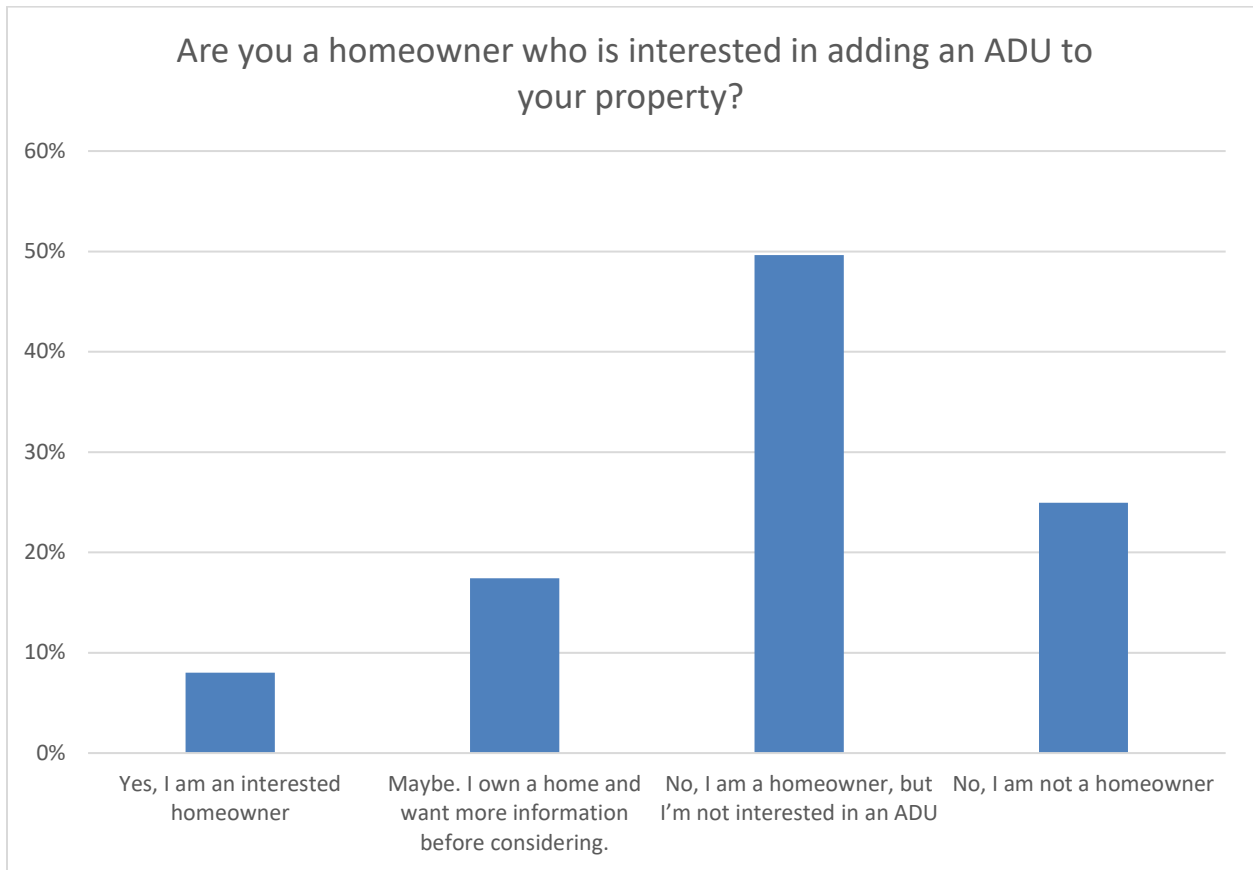
- Some are not as comfortable with adding ADUs in developed areas that have existing infrastructure designed for a certain amount of traffic, density, and utility needs. Consideration should be given to adequate infrastructure for schools, hospitals, and roads before ADUs are allowed in developed areas.
- There is support for adding ADUs to existing homes because construction costs are lowered with infrastructure already in place. Homes are still needed, and if they are instead added to undeveloped areas, new developments incur a higher infrastructure cost.
- Infrastructure concerns, such as traffic, related to ADU creation in existing developments can be addressed in other ways, such as making it more appealing to walk to schools.
- Appropriate developer fees should be set.

Question 4



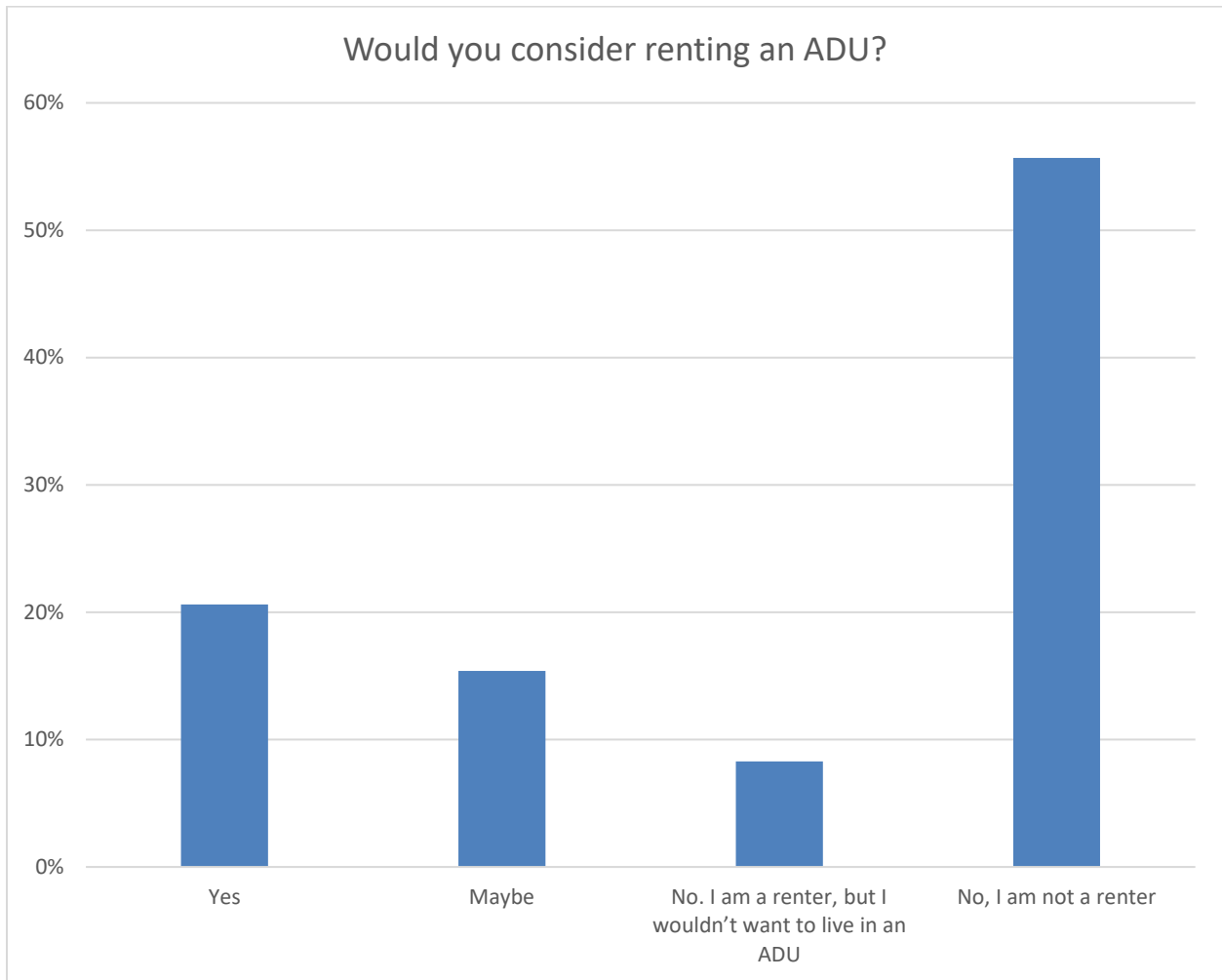
When asked how they would feel about ADUs being incorporated into new subdivisions in the city, about 34 percent of participants were in strong support and an additional 21 percent were somewhat in support. Approximately 24 percent of participants strongly opposed the incorporation of ADUs into new Tracy subdivisions with an additional 8 percent somewhat in opposition. Approximately 13 percent of participants neither supported nor opposed the issue.

Question 5



About half of all respondents indicated that they are homeowners but are not interested in constructing an ADU on their property. Approximately 8 percent of the participants were homeowners interested in adding an ADU to their property while an additional 17 percent were homeowners wanted more information about adding an ADU for further consideration. The remaining quarter of participants were not homeowners.

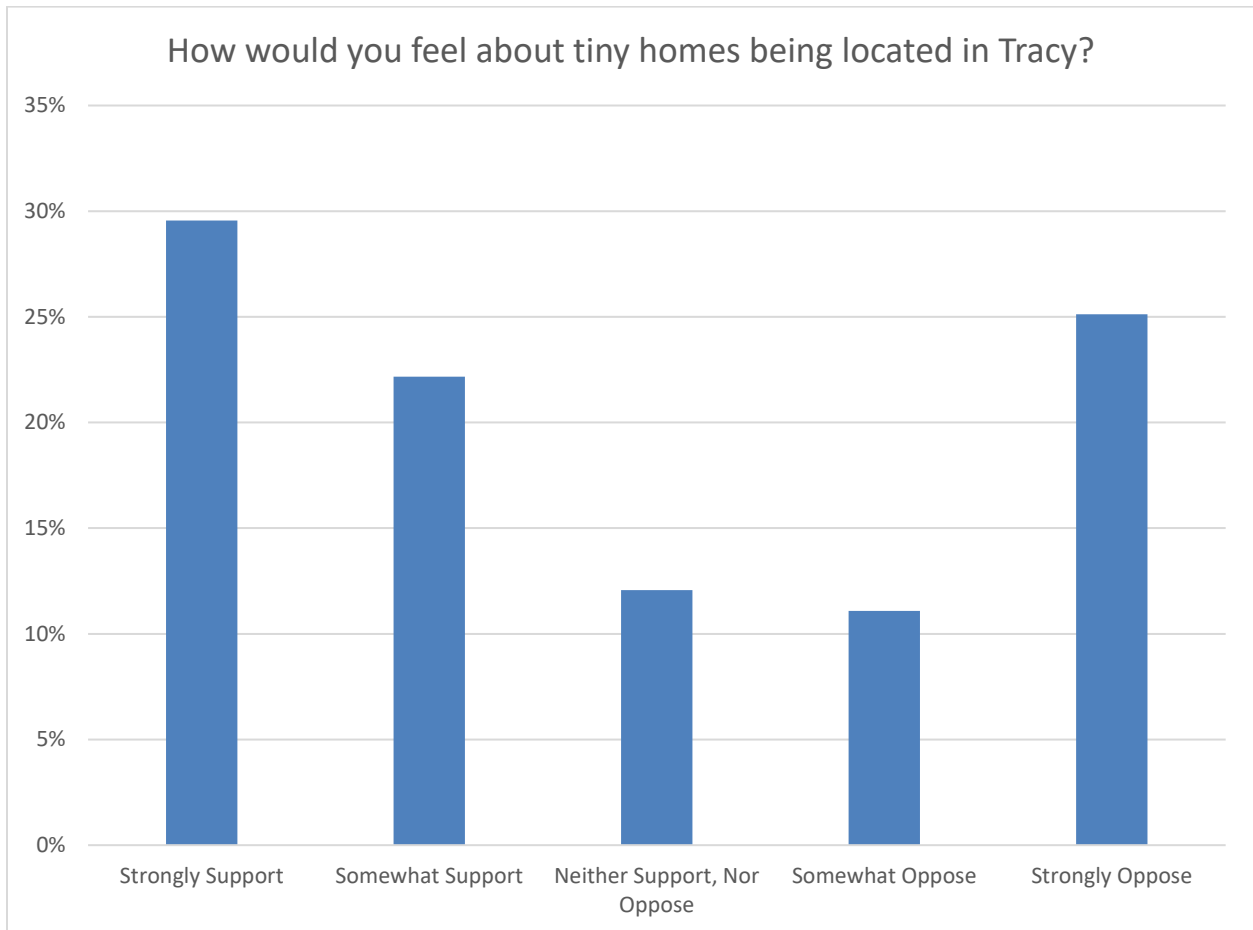
Question 6



Approximately 21 percent of participants indicated they would consider renting an ADU and an additional 16 percent might consider renting an ADU. Over 8 percent of participants responded that they are currently but would not want to live in an ADU. The other 56 percent of participants indicated that they were not renters.



Question 7



When asked for opinions on tiny homes being located in Tracy, participants had varied opinions. Over half of the participants had strong opinions on the issue, with almost 30 percent supporting and 25 percent opposing tiny homes in Tracy. An additional 22 percent somewhat supported tiny homes in Tracy, while 11 percent of participants somewhat opposed tiny homes in Tracy. The remaining 12 percent were indifferent to the topic.

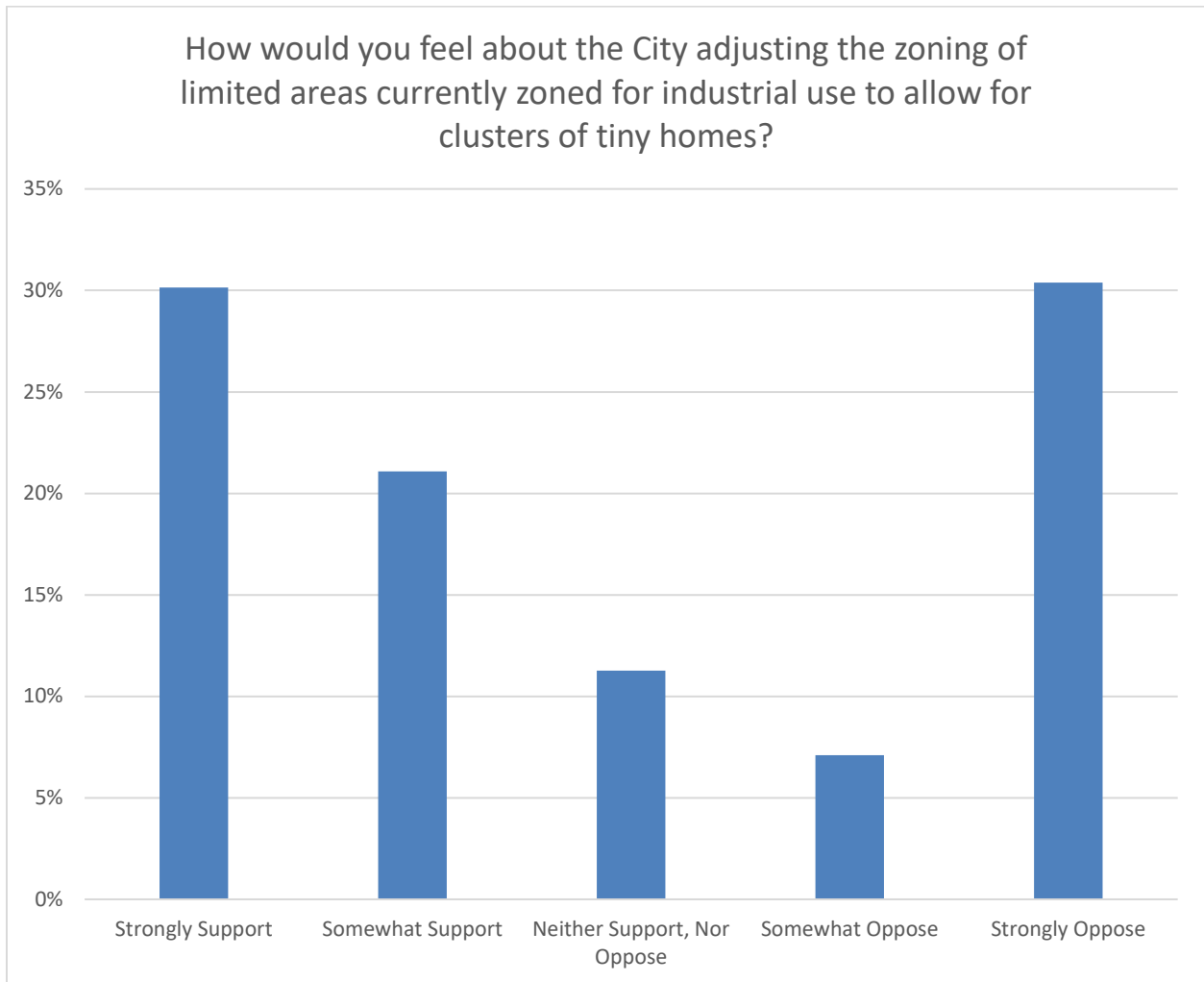
Other comments collected during the September 9<sup>th</sup> live polling exercise about this topic are listed below:

- One local RV park resident reports that tiny homes have an unfair stigma, stating that the RV park is quiet and crime-free, and residents are all employed.
- Tiny homes are viewed as a temporary solution by some residents. There need to be options for the working poor and homeless with a compassionate approach.
- There is concern about citing new tiny homes on the periphery of town. Even though this may be where land is available, tiny homes are likely to serve people without cars so consideration of adding transit or considering more accessible locations is important. Adding transit to increase accessibility for far-flung units would likely become a taxpayer expense. Furthermore, creating an

isolated tiny home community could reinforce the sense of separation for lower income households. The City should do a better job of mixing affordable and market rate homes.

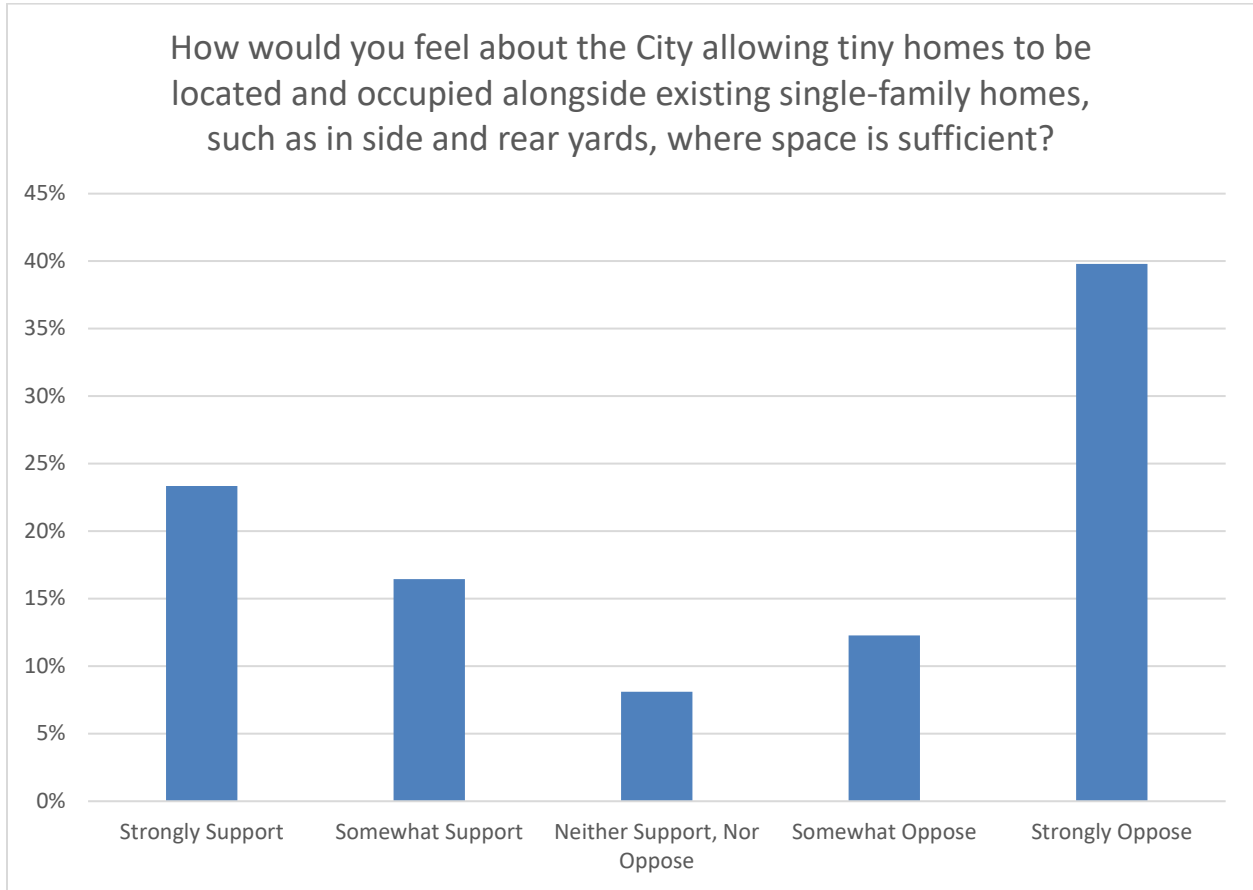
- New subdivision design should accommodate space for tiny homes.
- City Council should use the plan approval process to add fourplexes in areas with single-family homes. This might better target new development to locals because the project would have less visibility than a whole new tiny home community, which could bring non-residents from out of the area to Tracy and defeat the purpose of trying to provide more affordable housing for current Tracy residents.
- With tiny homes and ADUs being examined, co-housing should also be considered. Co-housing would be a good model, allowing elder and childcare can facilitate building of communities that can help each other.

Question 8



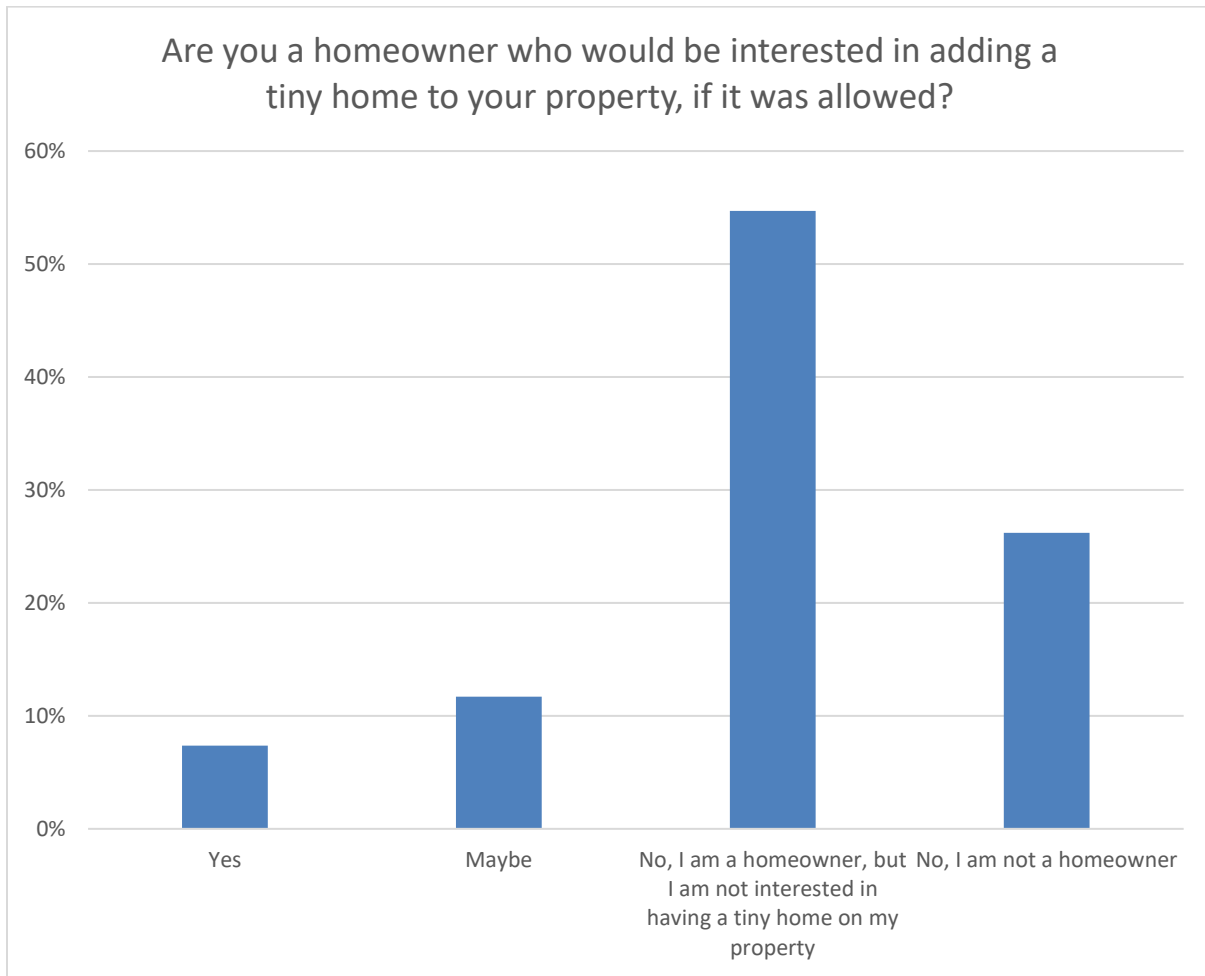
When participants were asked about the City adjusting the zoning of limited areas currently zoned for industrial use to allow for clusters of tiny homes, feedback was somewhat polarizing. Participants were equally divided in strong opinions, with 30 percent strongly supporting zoning adjustments and 30 percent strongly opposing them. About 20 percent of respondents somewhat supported zoning changes in limited industrial areas to allow for tiny homes clusters, while 7 percent somewhat opposed the idea. Approximately 11 percent of participants had no opinion on the issue.

Question 9



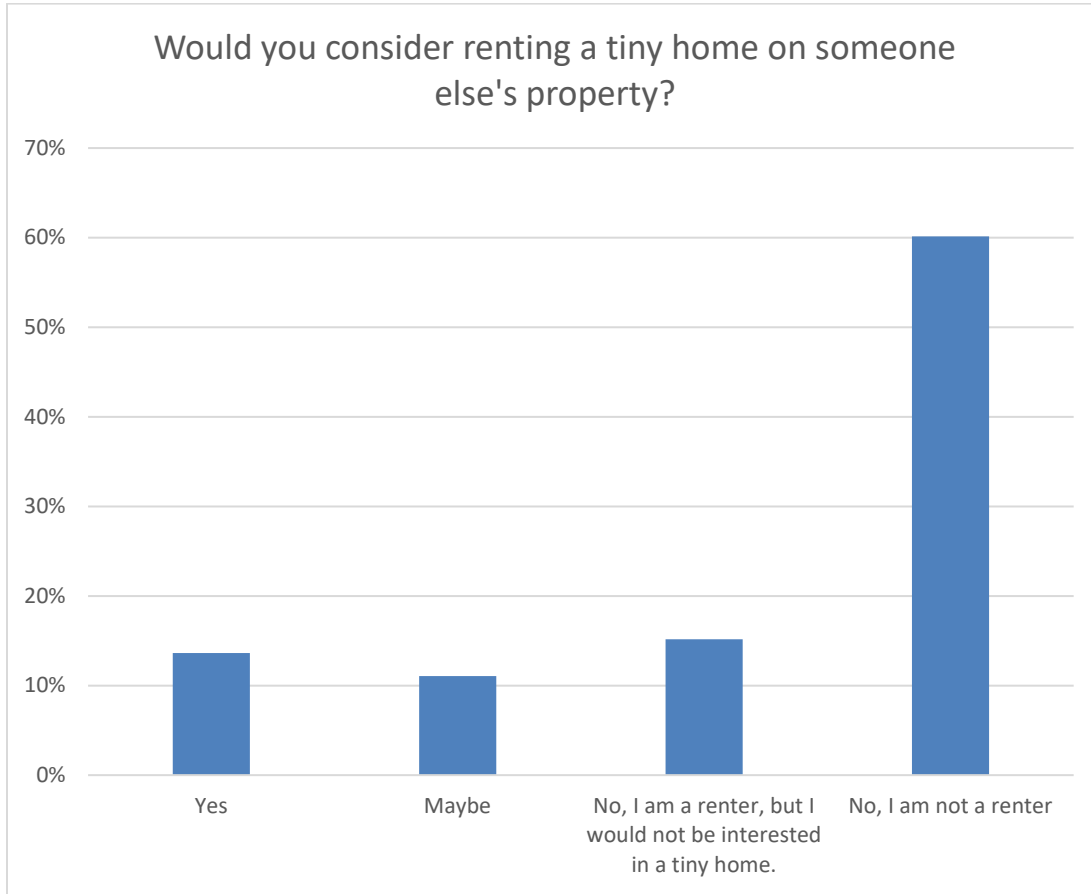
Almost 40 percent of takers were in strong opposition of allowing tiny homes to be located and occupied alongside existing single-family homes where space is sufficient. About 23 percent of participants strongly supported the idea, and an additional 16 percent somewhat supported tiny homes alongside appropriate single-family homes. About 12 percent of respondents somewhat opposed the idea, and the remaining 8 percent were impartial.

Question 10



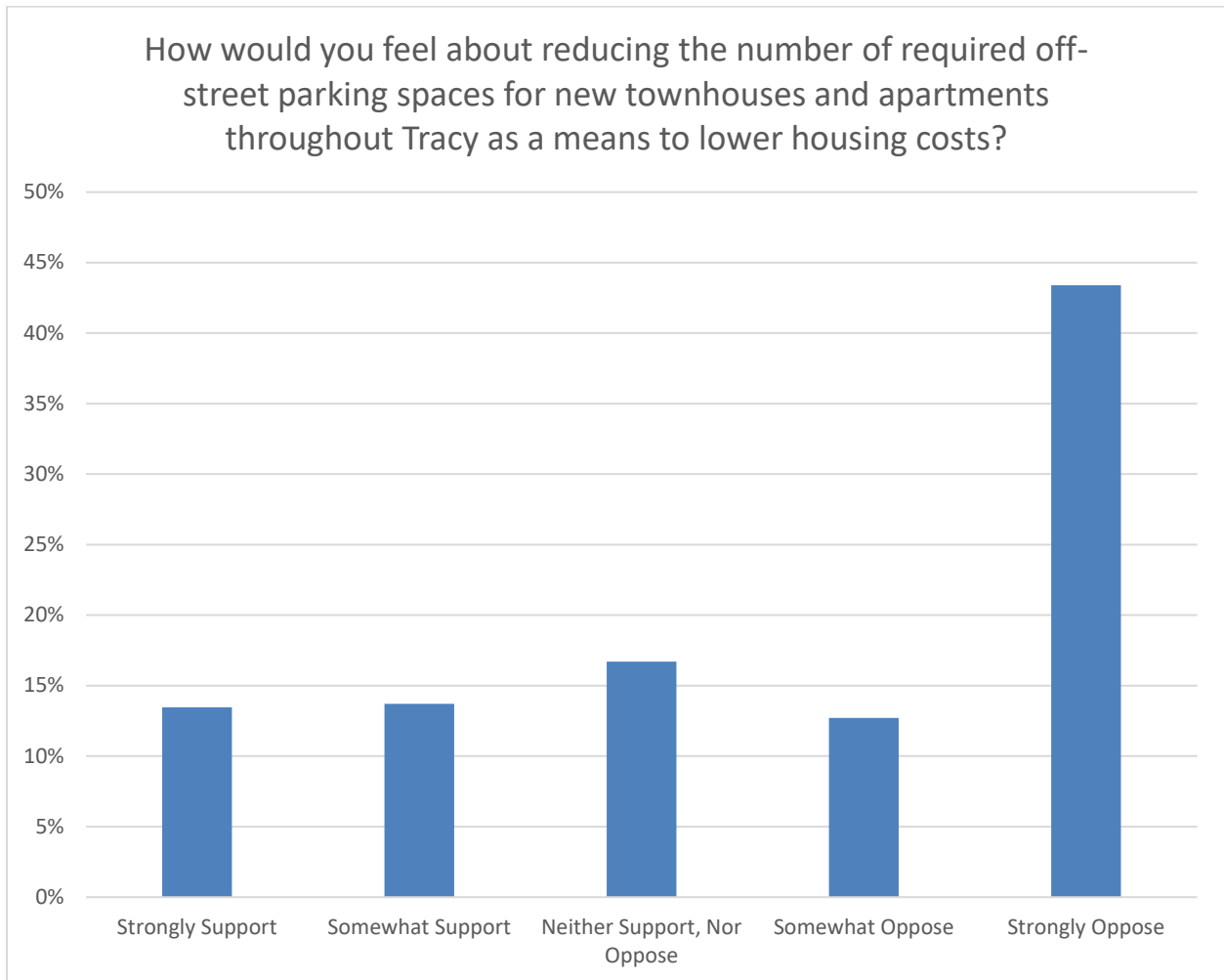
Almost 55 percent of participants indicated that, while they are homeowners, they are not interested in adding a tiny home on their property if legally allowed. The next 26 percent of respondents indicated that they were not homeowners. About 12 percent of residents noted that they may be interested in adding a tiny home, and about 7 percent would be interested.

Question 11



Approximately 60 percent of participants indicated they would not consider renting a tiny home on someone else's property because they are not renters. An additional 15 percent of respondents indicated that while they are a renter, they would not be interested in a tiny home. Almost 14 percent of participants would consider renting a tiny home on someone else's property, and the remaining 11 percent might consider renting a tiny home.

Question 12



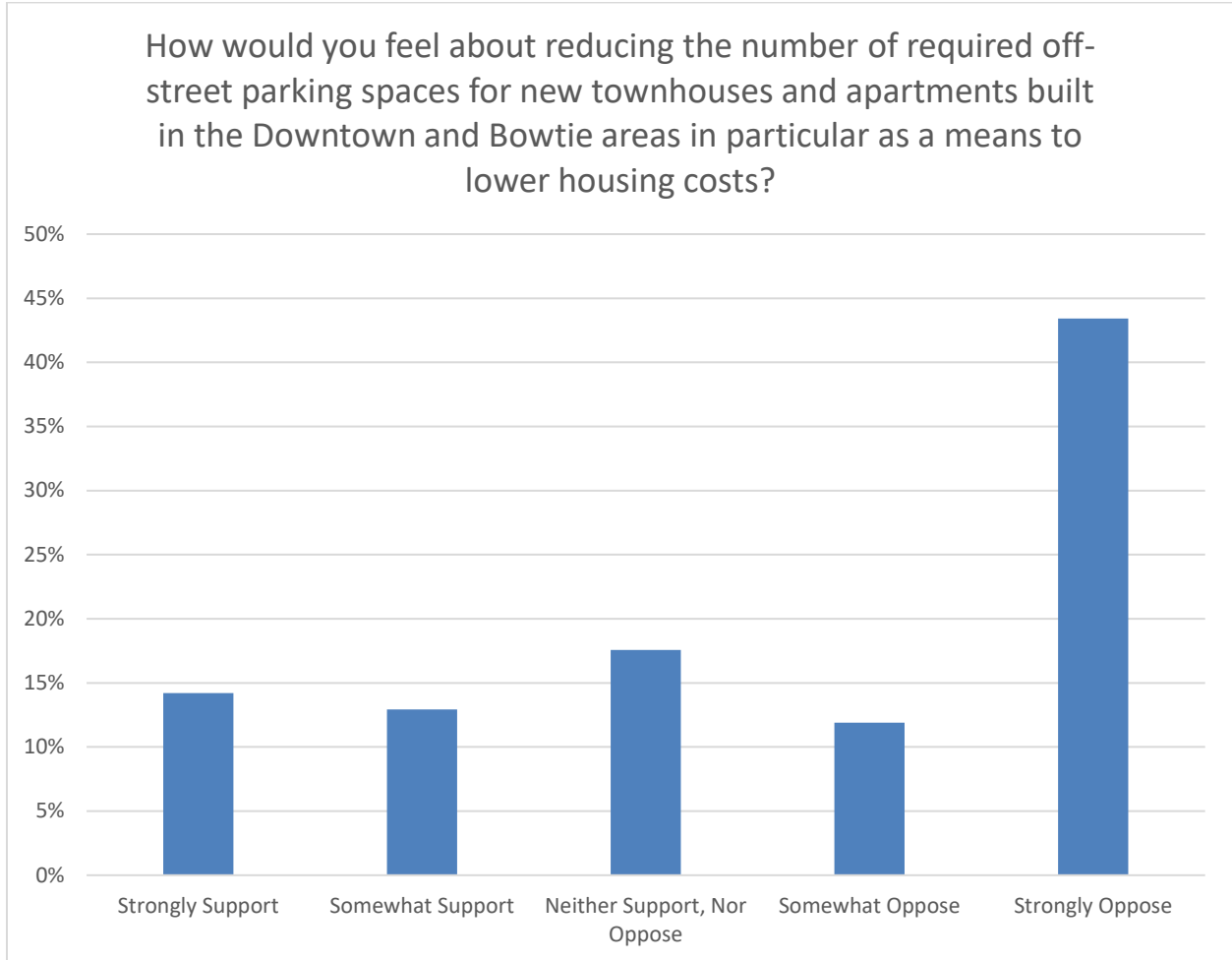
When asked about reducing the number of required off-street parking spaces for new townhomes and apartments throughout Tracy, people mainly opposed or were indifferent to the idea. Over 43 percent of participants were strongly opposed, and an additional 13 percent were somewhat opposed. Over 13 percent of responses were in strong support of this off-street parking reduction across Tracy and an additional 13 percent somewhat supported this idea. The other 17 percent of participants did not have an opinion.

Other comments collected during the September 9<sup>th</sup> live polling exercise about this topic are listed below:

- Reducing off-street parking requirements would be a disaster in Tracy because:
  - It already takes too long to ride the bus.
  - People will still have cars and parking would further spill into the streets in the nearby neighborhoods.

- There are already too many cars on the street because people use their garages for storage or homes are overcrowded, leading to too many cars per house.
- In general, urban design could be improved to ensure that curb cuts between homes allow for parking between them.

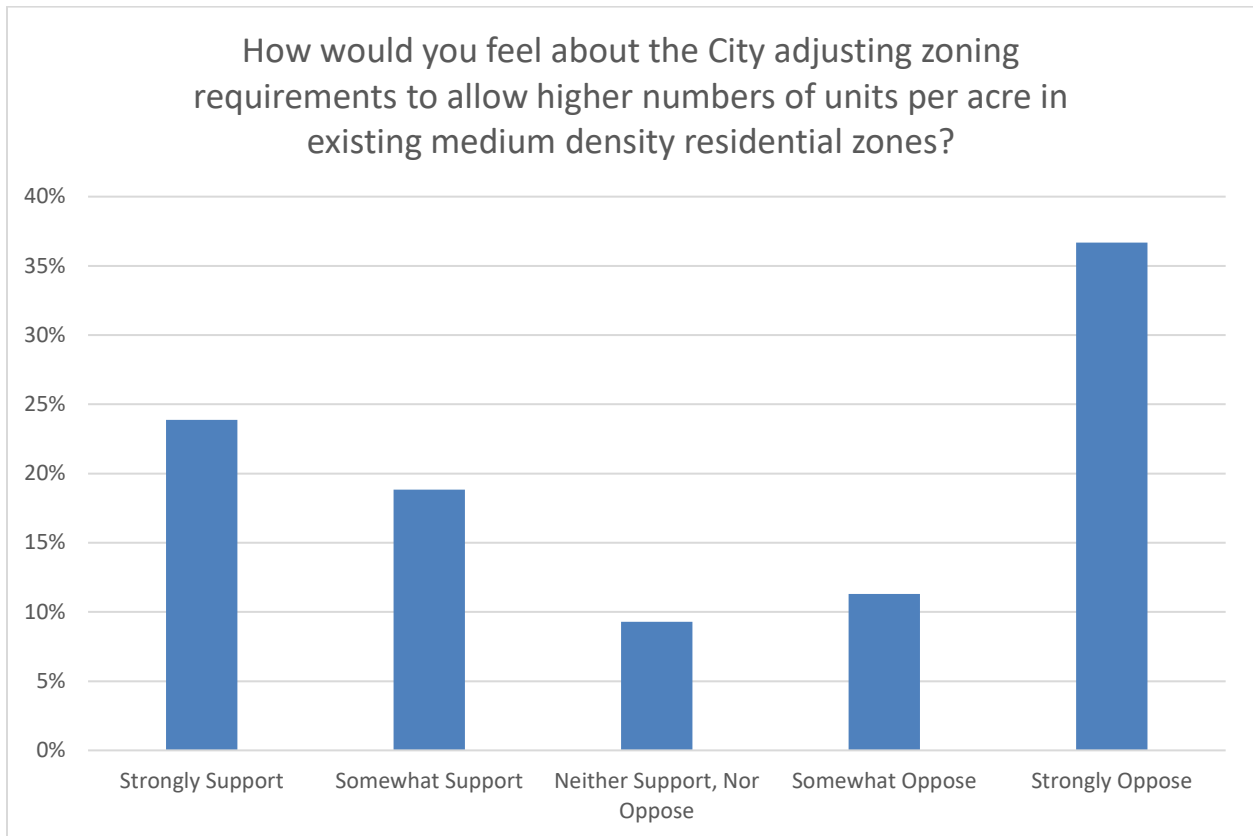
**Question 13**



When asked about reducing the number of required off-street parking spaces for new townhomes and apartments in the Downtown and Bowtie areas, people mainly opposed or were indifferent to the idea. Over 43 percent of participants were strongly opposed, and an additional 12 percent were somewhat opposed. Over 14 percent of responses were in strong support of this off-street parking reduction across Tracy and an additional 13 percent somewhat supported this idea. The other 18 percent of participants did not have an opinion.



Question 14

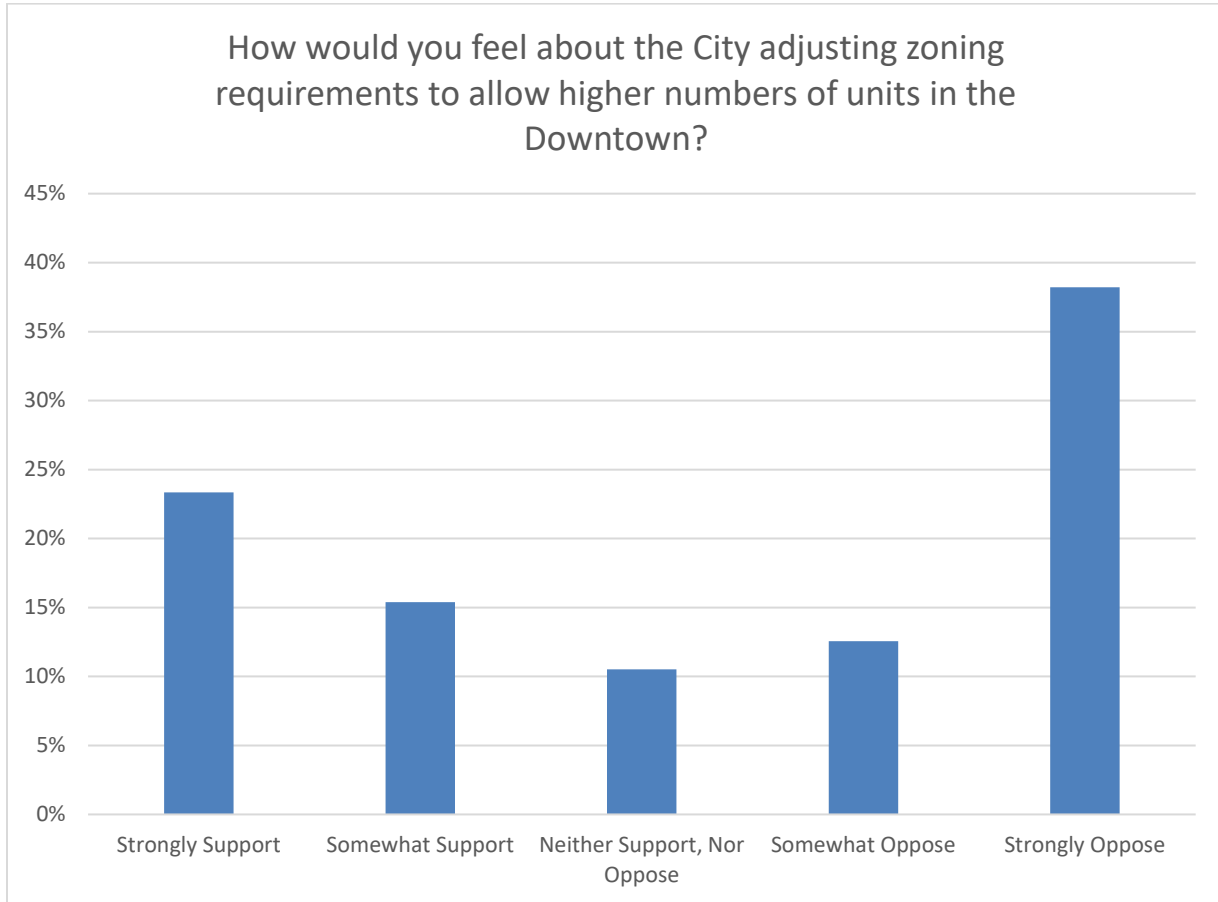


When participants were asked about the City adjusting the zoning requirements to allow higher numbers of units in existing medium density residential zones, feedback varied. Participants were somewhat divided, with almost 37 percent in strong opposition and 24 percent in strong support. An additional 19 percent were somewhat in support of allowing higher numbers of units in medium density residential zones, while approximately 11 percent somewhat opposed the idea. The remaining 9 percent neither supported nor opposed the idea.

Other comments collected during the September 9<sup>th</sup> live polling exercise about this topic are listed below:

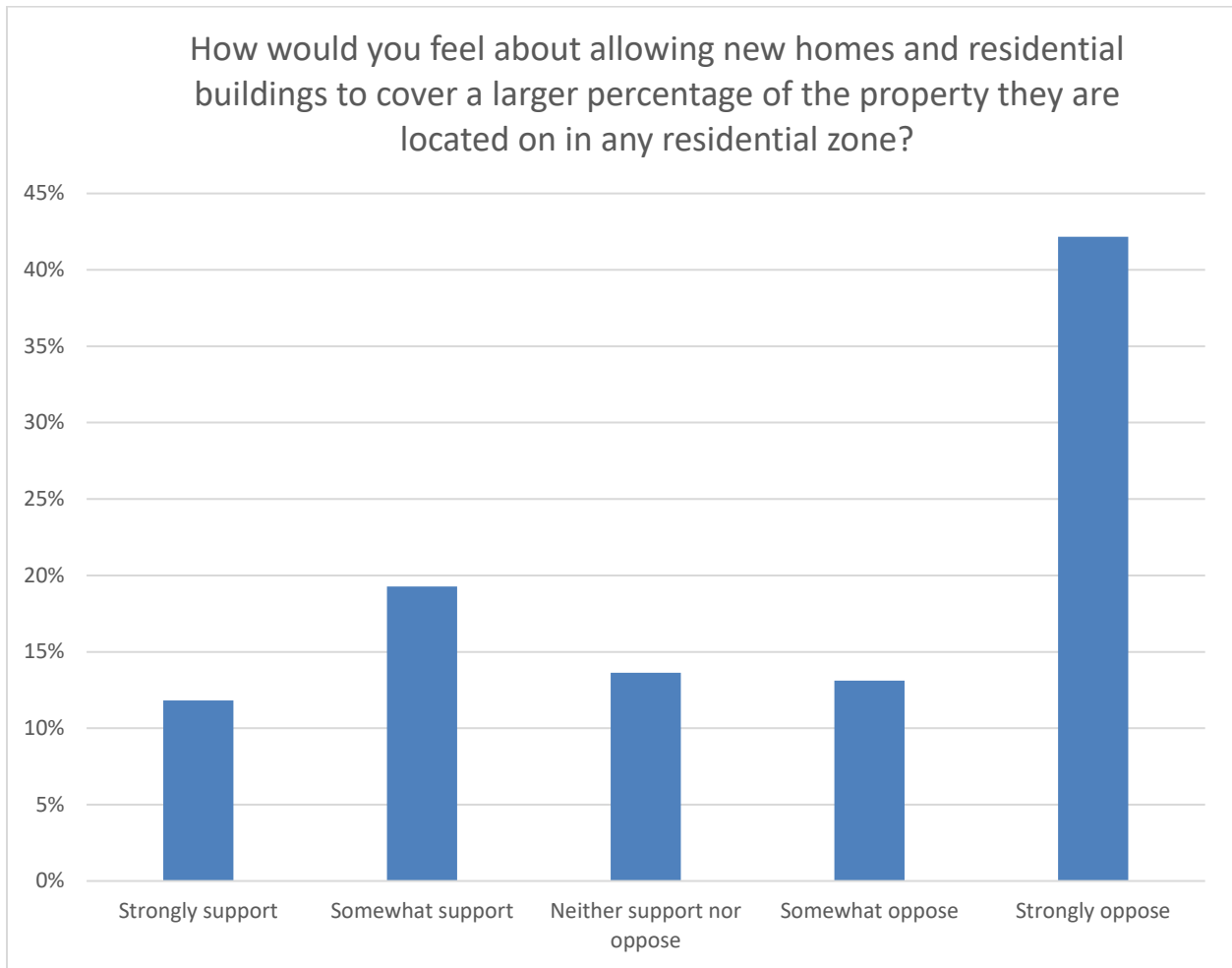
- Adjusting the zoning requirements to allow higher numbers of units in existing medium density residential zones would not guarantee affordability.
- Would developers still be willing to put in mid-grade finishes with higher density zoning requirements?
- The City should reconsider inclusionary zoning as opposed to this recommendation.

Question 15



When participants were asked about the City adjusting the zoning requirements to allow higher numbers of units in the Downtown, feedback was varied. Participants were divided, with over 38 percent in strong opposition and 23 percent in strong support. An additional 15 percent were somewhat in support of allowing higher numbers of units in the Downtown, while approximately 13 percent somewhat opposed the idea. The remaining 11 percent neither supported nor opposed the idea.

Question 16

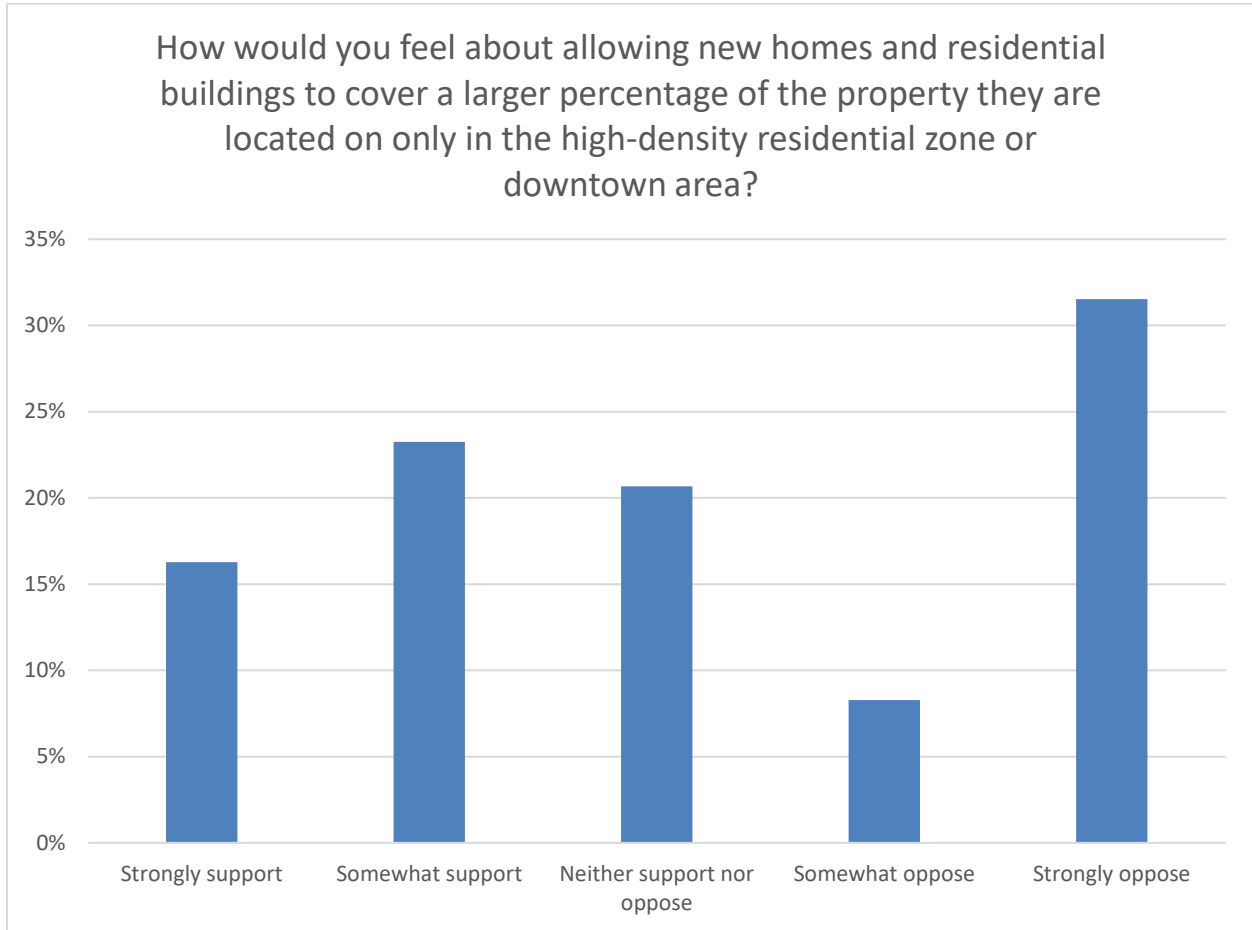


When participants were asked about the City adjusting the lot coverage requirements to allow buildings to cover a greater percentage of the property in all residential zones, feedback was most often in opposition. While participants were divided, over 42 percent were in strong opposition with an additional 13 percent somewhat opposed. For those in favor of the idea, about 12 percent were in strong support and 19 percent were somewhat in support of allowing buildings to cover a greater area in all residential zones. The remaining 14 percent neither supported nor opposed the idea.

One comment collected during the September 9<sup>th</sup> live polling exercise about this topic is listed below:

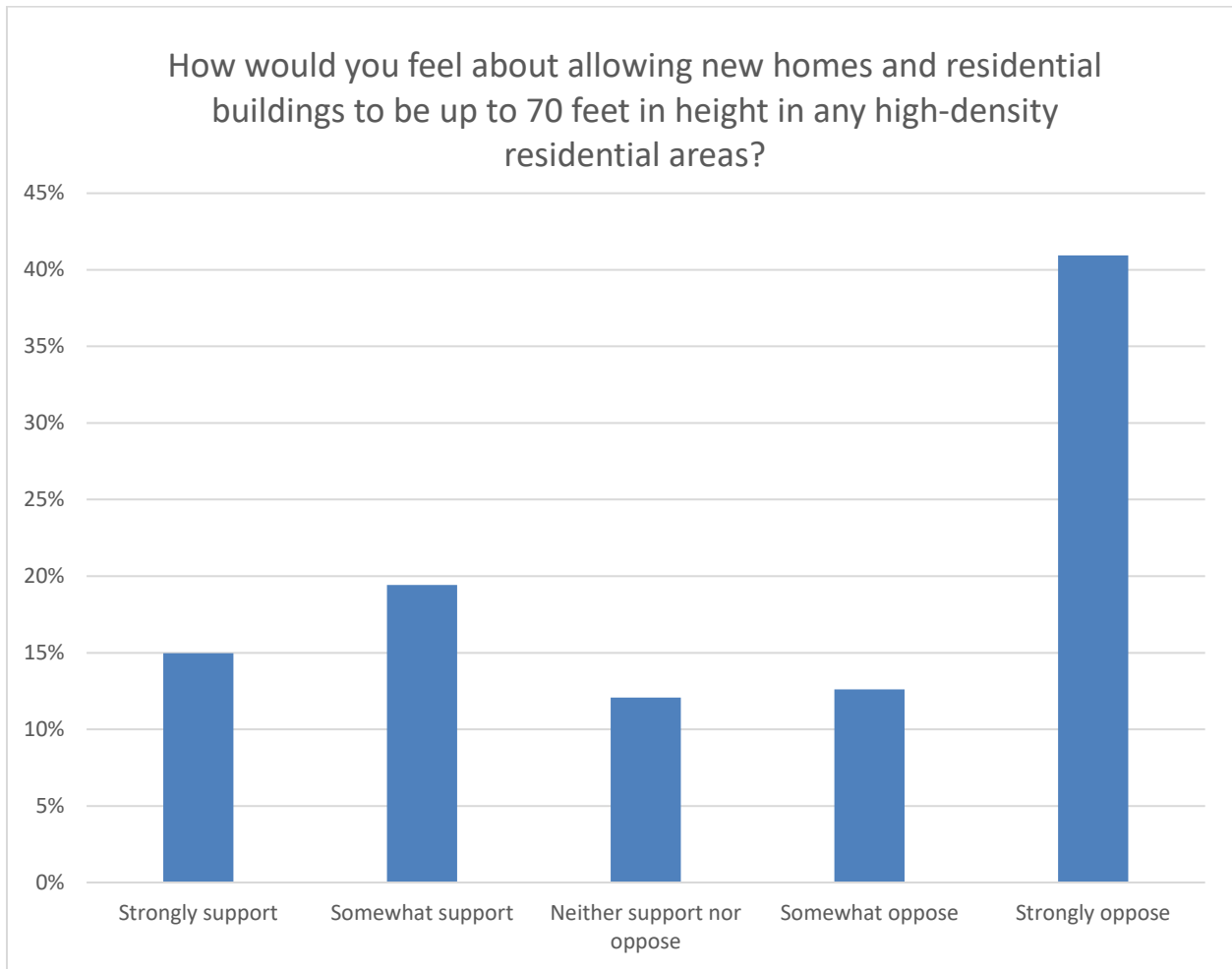
- If this allowance is approved, it should be coupled with requirements to include well-designed landscaping including play areas and small outdoor areas.

Question 17



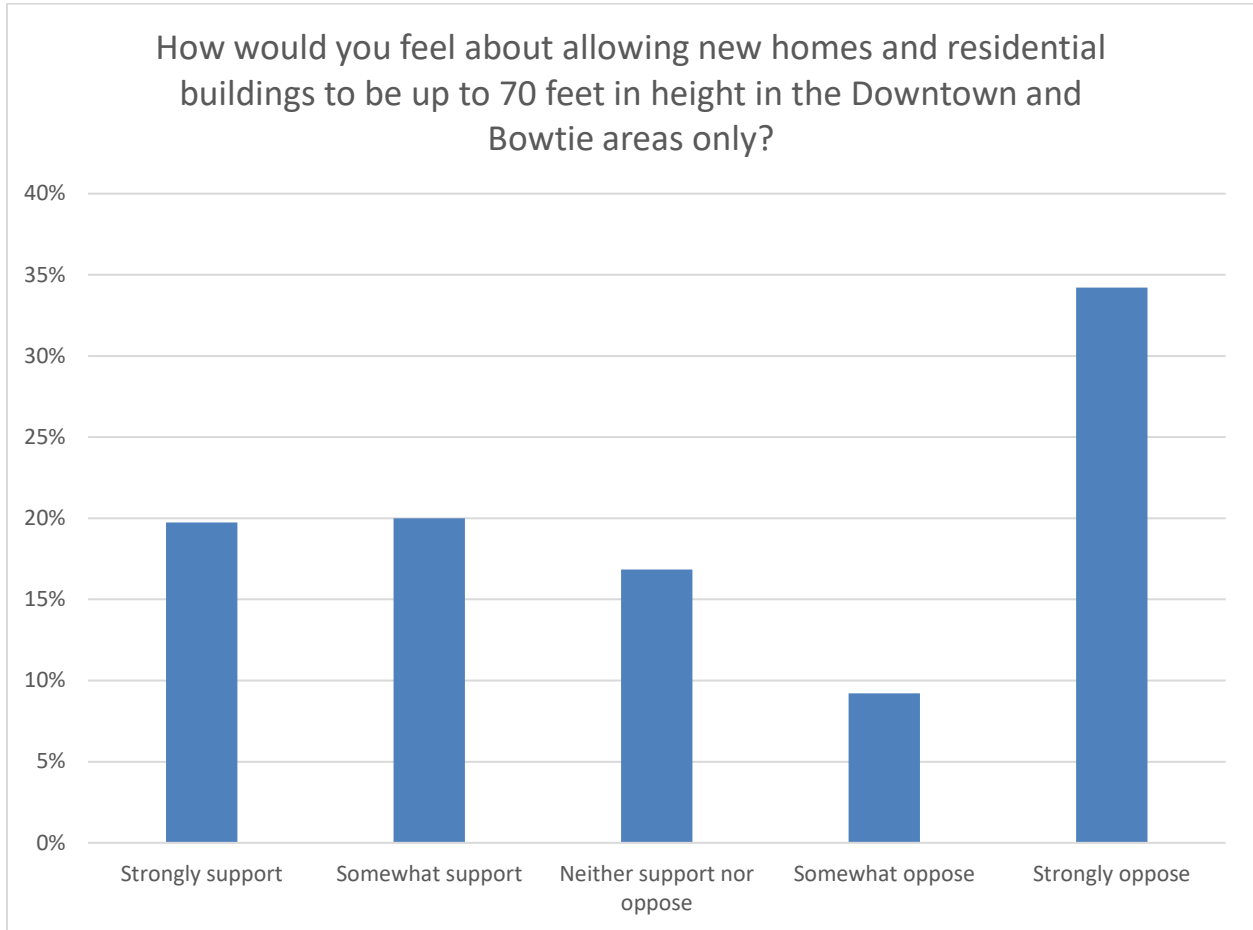
While the previous question about adjusting the lot coverage to allow buildings to cover a greater proportion of sites was in reference to any residential zone, this question asked participants how they would feel about allowing greater lot coverage in just the high-density residential zones or the Downtown. Participants were slightly more favorable to allowing greater lot coverages in just the high-density residential zones or the Downtown, as opposed to any residential zone. While participants were divided among other responses, over 31 percent were in strong opposition. An additional 8 percent of participants somewhat opposed the idea. For those in favor of the idea, almost 17 percent were in strong support and approximately 23 percent were somewhat in support of allowing larger lot coverage in the high-density residential zones or the Downtown. The remaining 21 percent were indifferent.

Question 18



Approximately 41 percent of participants strongly opposed allowing new homes and residential buildings to be up to 70 feet in height in all high-density residential areas. Over one third of the respondents either strongly supported (15 percent) or somewhat supported (19 percent) the idea. The remaining responses were relatively equally divided, with 13 percent somewhat opposing and 12 percent indifferent to the 70-foot height limit in high-density residential areas.

Question 19

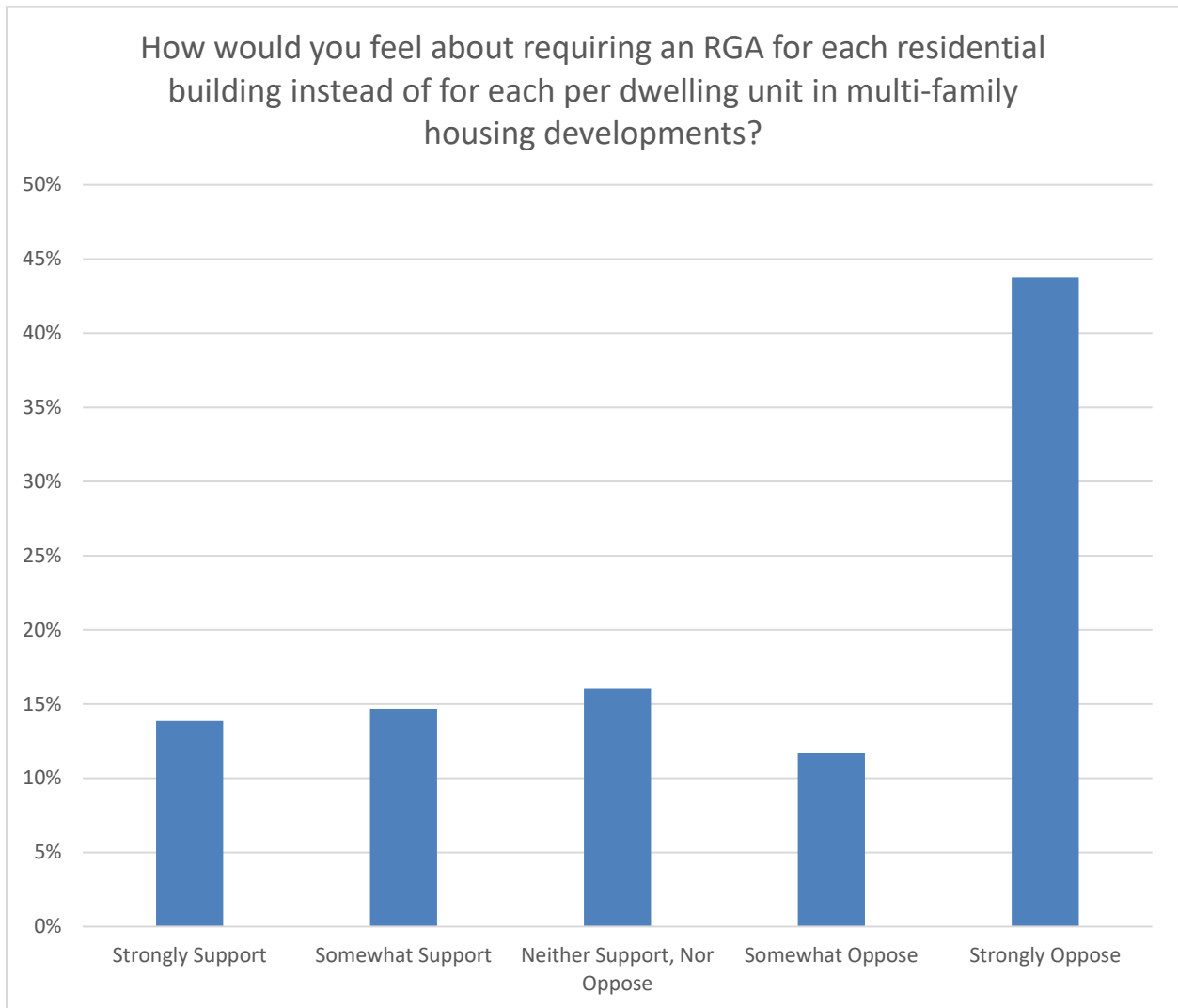


Over 34 percent of participants were in strong opposition of allowing new homes and residential buildings to be up to 70 feet in height in the Downtown and Bowtie areas only. An additional 9 percent were in somewhat opposition of the 70-foot height limits in the Downtown and Bowtie areas. An equal number of participants (20 percent each) were either strongly supportive or somewhat supportive of the idea. The remaining 17 percent of respondents neither supported nor opposed the height limit change.

Other comments collected during the September 9<sup>th</sup> and September 20<sup>th</sup> live polling exercises about this topic are listed below:

- Would increased building heights require new fire trucks? What expense would this incur to the City or taxpayer?
- Allowing buildings to be up to 70 feet in the Downtown would not be okay, while it would be okay in the Bowtie area.
- Allowing taller buildings may cause a loss of views.

Question 20

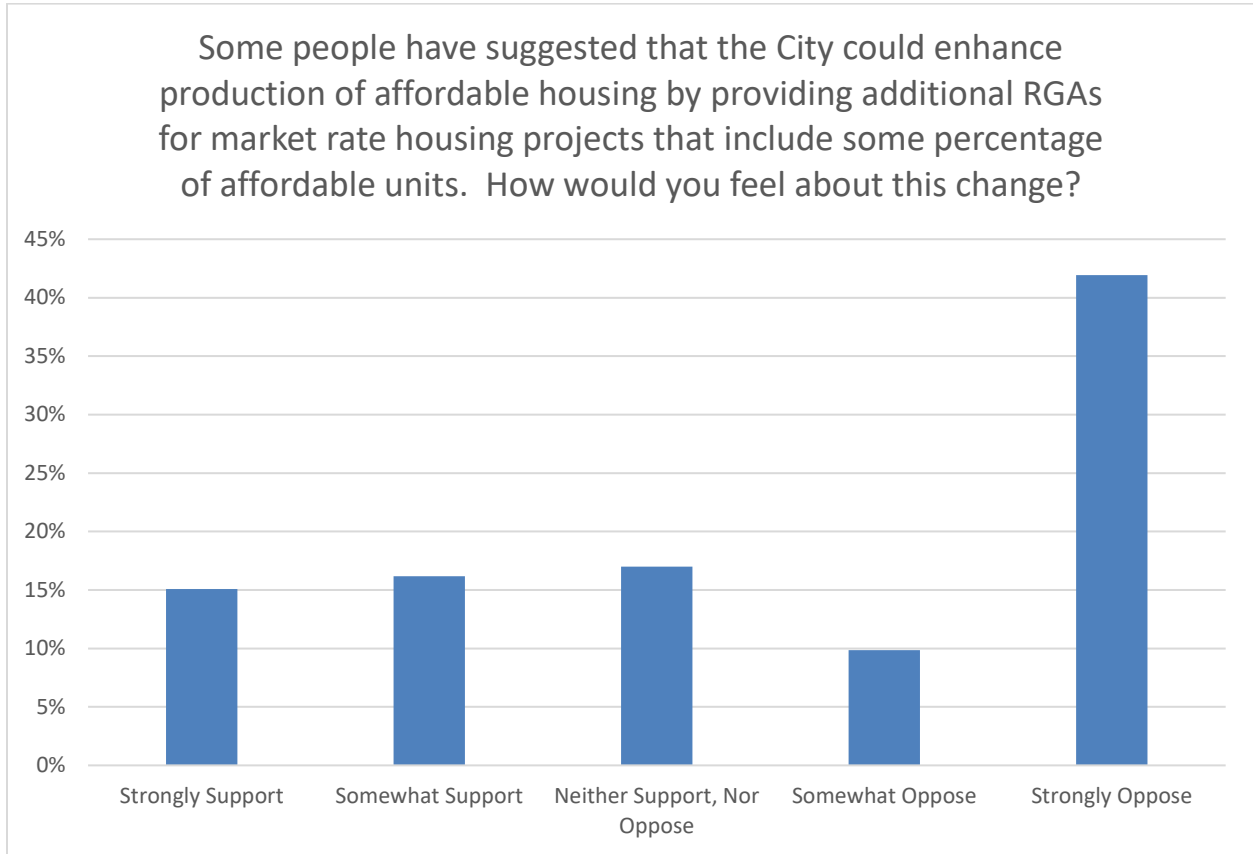


This question discussed the idea that requiring a RGA for each residential building in multi-family housing, instead of for each dwelling unit, might encourage development of multi-unit buildings. Over 43 percent of participants strongly opposed this recommendation, and an additional 12 percent were somewhat in opposition. In comparison, over 13 percent strongly supported the idea, and an additional 15 percent were somewhat supportive. Approximately 16 percent of participants were neither supportive nor opposed to the idea.

One comment collected during the September 20<sup>th</sup> live polling exercise about this topic is listed below:

- The effect of repealing RGA system versus requiring mixed market rate and below market rate units is different. Repealing the RGA requirements, while reducing a barrier to housing development, will not guarantee affordability.

Question 21



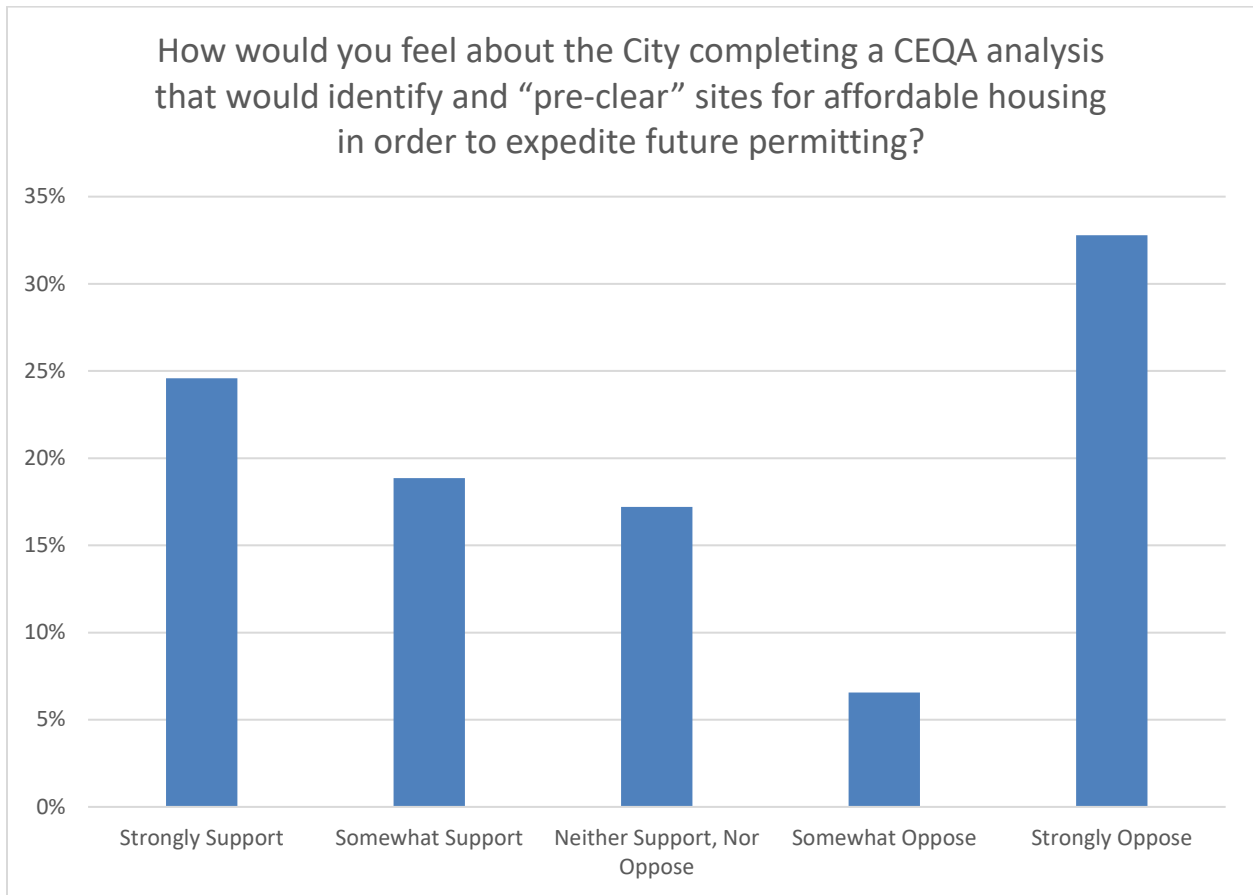
This question introduced the idea that affordable housing production would increase by providing additional RGAs for market rate housing projects with a percentage of affordable units. Many participants (42 percent) were strongly opposed to the idea, while 15 percent were in strong support and an additional 16 percent were somewhat in support of providing additional RGAs for market rate housing projects with affordable units. The remaining 17 percent were impartial to the proposed change.

Other comments collected during the September 9<sup>th</sup> live polling exercise about this topic are listed below:

- Can the City instead require that affordable units be built as part of receiving any RGAs?
- Changing the GMO to allow the change proposed for RGAs would require a vote of the people.
- Applying an in-lieu fee to developers for to forgo the creation of affordable housing could be a good alternative solution.
- City Council should consider an inclusionary housing ordinance.

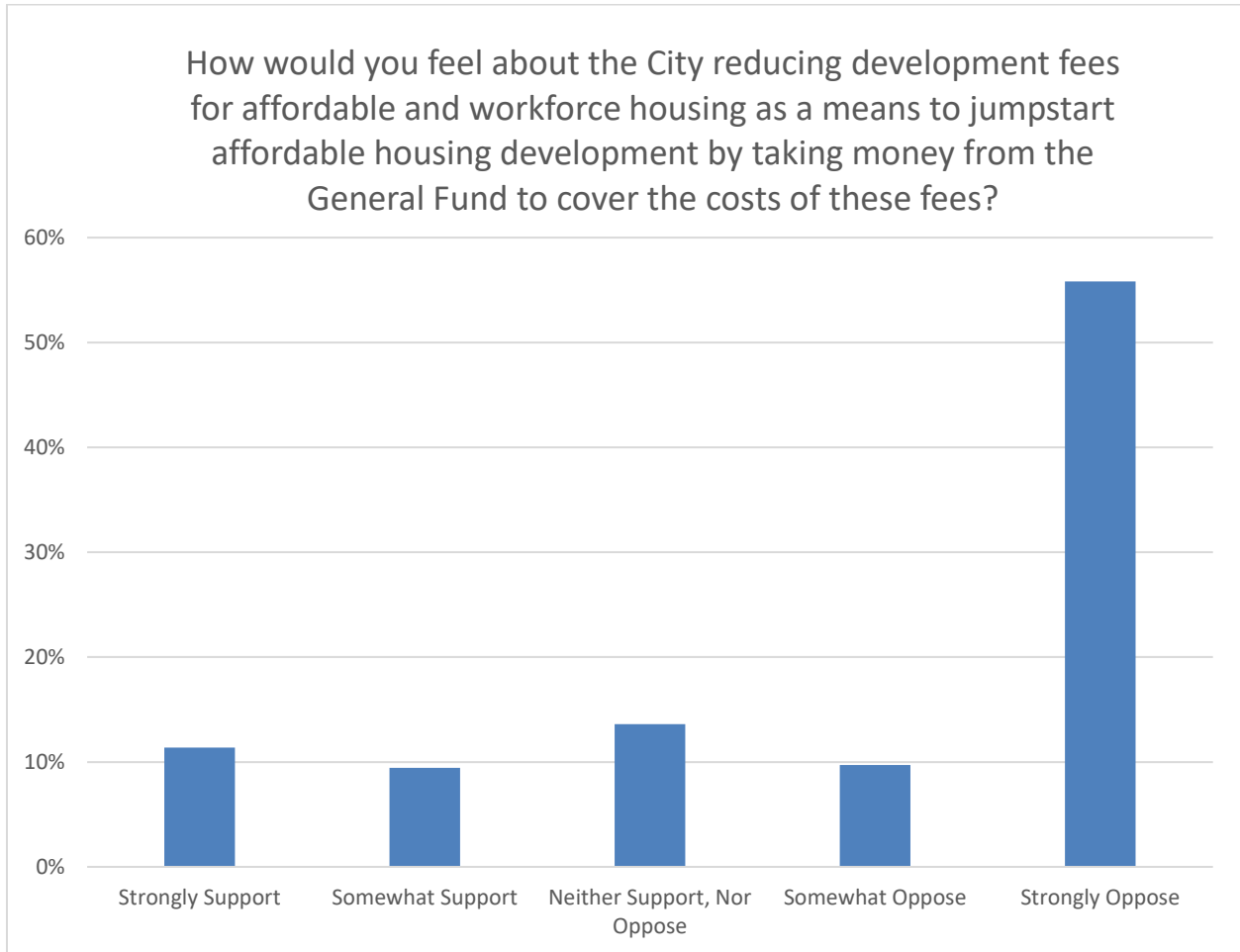


Question 22



Approximately 33 percent of respondents indicated that they would be strongly opposed to the City completing a CEQA analysis that would identify and “pre-clear” sites for affordable housing to expedite future permitting. A quarter of participants strongly supported the proposal for pre-cleared sites, and an additional 19 percent were somewhat supportive. Approximately 17 percent were neither in favor or opposition of the proposal, and the remaining 7 percent were somewhat opposed.

Question 23

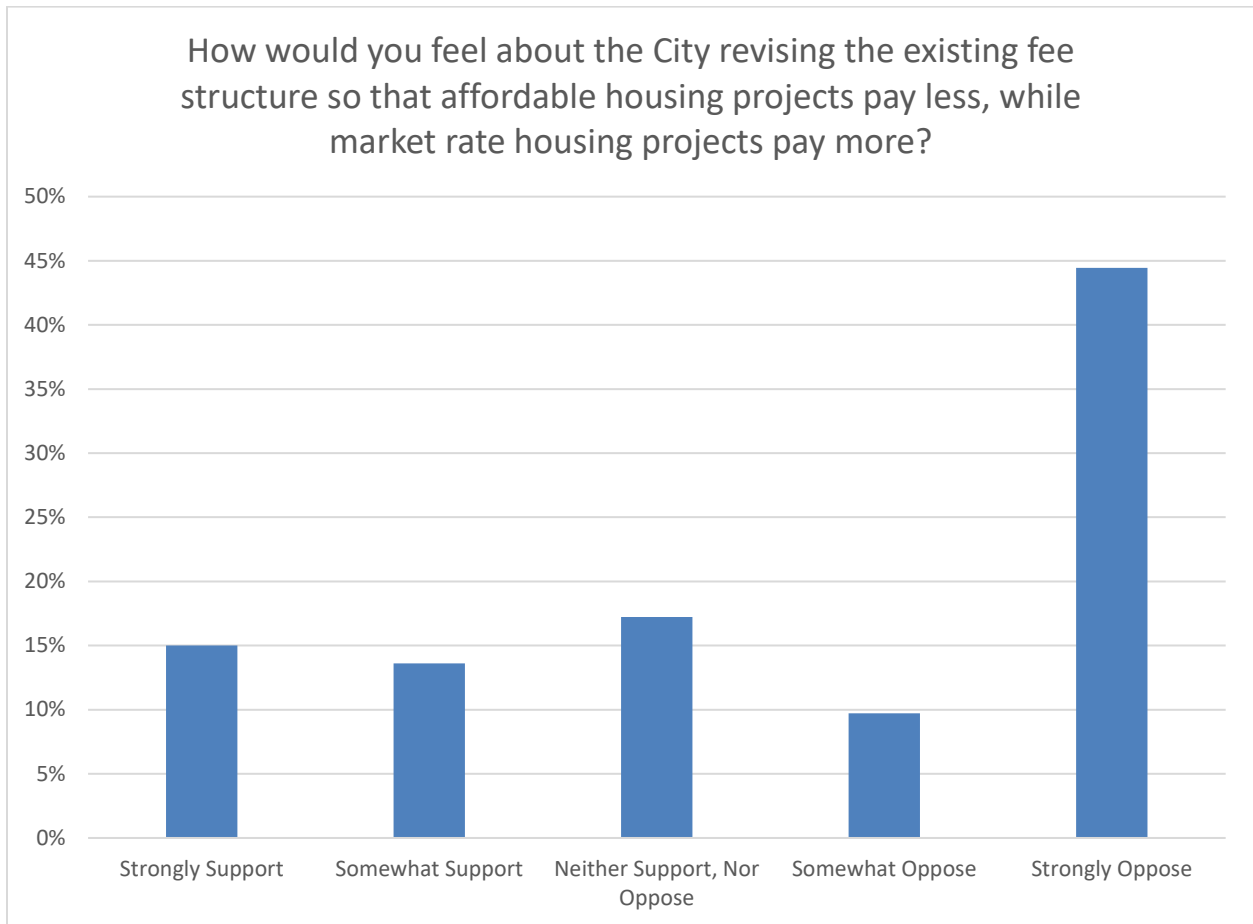


Over half of participants (56 percent) strongly opposed the reduction of development fees for affordable and workforce housing as a means to jumpstart affordable housing development by taking money from the General Fund to cover the fee costs. The remaining opinions were divided relatively similarly. Approximately 11 percent were in support of this fund reallocation to support affordable housing development, while 9 percent were somewhat supportive, and 10 percent were somewhat opposed. The remaining 14 percent were indifferent to the idea.

One comment collected during the September 9<sup>th</sup> live polling exercise about this topic is listed below:

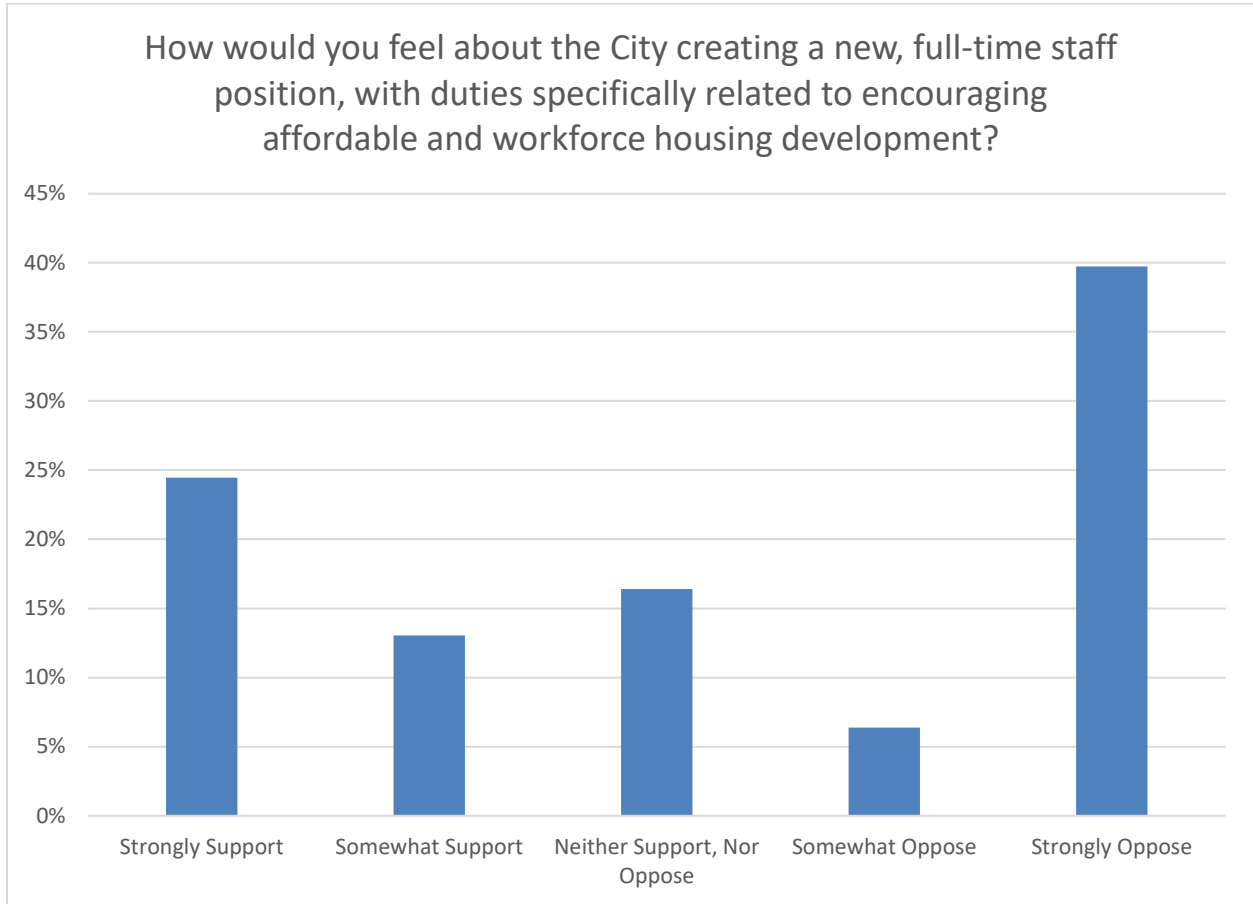
- Some participants don't have a problem with development fee reductions for nonprofit developers or through grant funding if homes would be guaranteed to be reserved for low- and very low-income households. However, they would feel differently if taxpayers were subsidizing the cost for future owners that would be of moderate or above moderate incomes.

Question 24



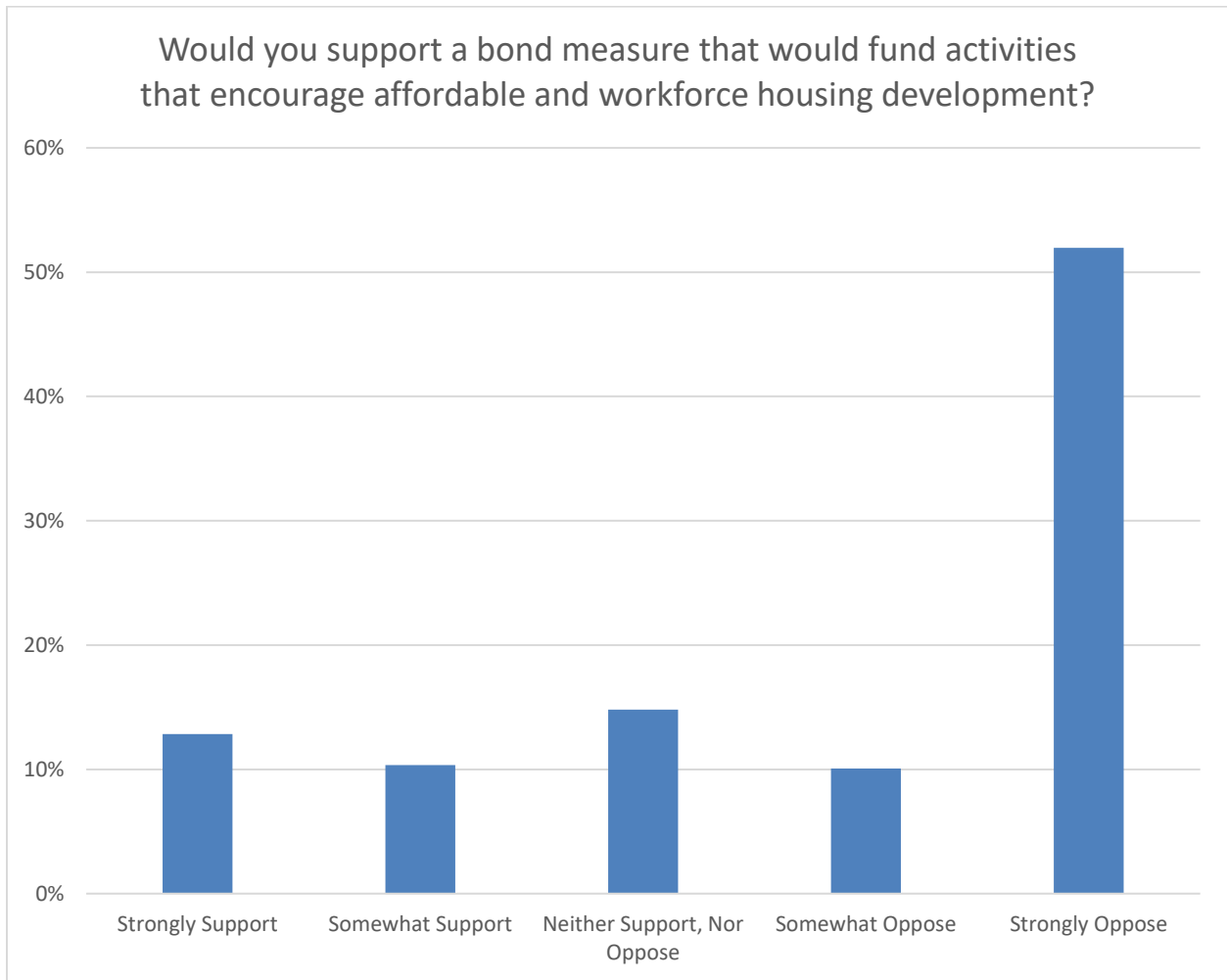
Approximately 44 percent of participants were strongly opposed to reducing development fees for affordable and workforce housing by revising the existing fee structure to reduce affordable housing project fees in comparison to market rate housing project fees. The other feedback was fairly equally divided, with 17 percent of respondents indifferent, 15 percent in strong support, and 14 percent somewhat in support. The remaining 10 percent of participants were somewhat opposed to revising the existing fee structure to favor affordable housing projects.

Question 25



Almost 40 percent of participants were strongly opposed to the City creating a new, full-time staff position with duties related to encouraging affordable and workforce housing development. In contrast, almost a quarter of participants strongly supported a new City staff position. Approximately 16 percent of respondents were neither supportive or opposed to the idea, and 13 percent were somewhat supportive. The remaining 6 percent of participants were somewhat opposed.

Question 26



The majority of participants (52 percent) were strongly opposed to a bond measure that would fund activities to encourage affordable and workforce housing development. The next most common response was indifference to the idea, comprising 15 percent of answers. Approximately 13 percent of respondents strongly supported the bond, and an additional 10 percent were somewhat supportive. The remaining 10 percent of responses were somewhat opposed to an affordable housing development bond.

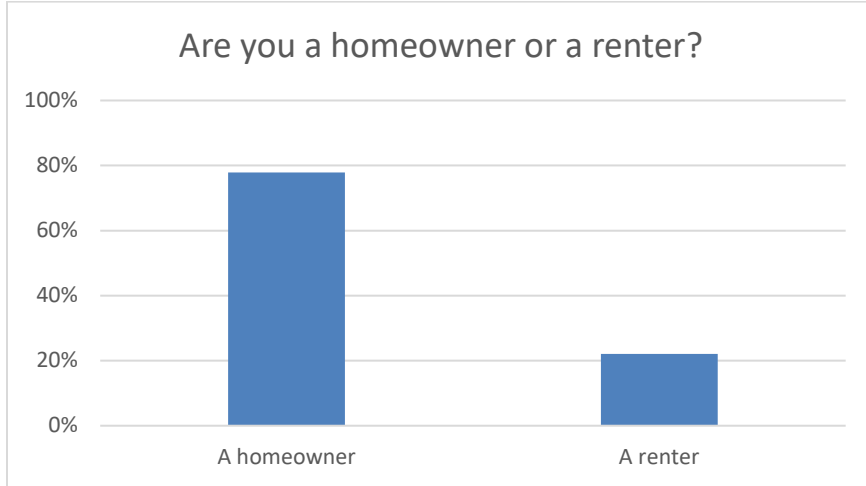
One comment collected during the September 9th live polling exercise about this topic is listed below:

- Would there be a way to limit the beneficiaries of the funds to local residents?

## Demographic Questions

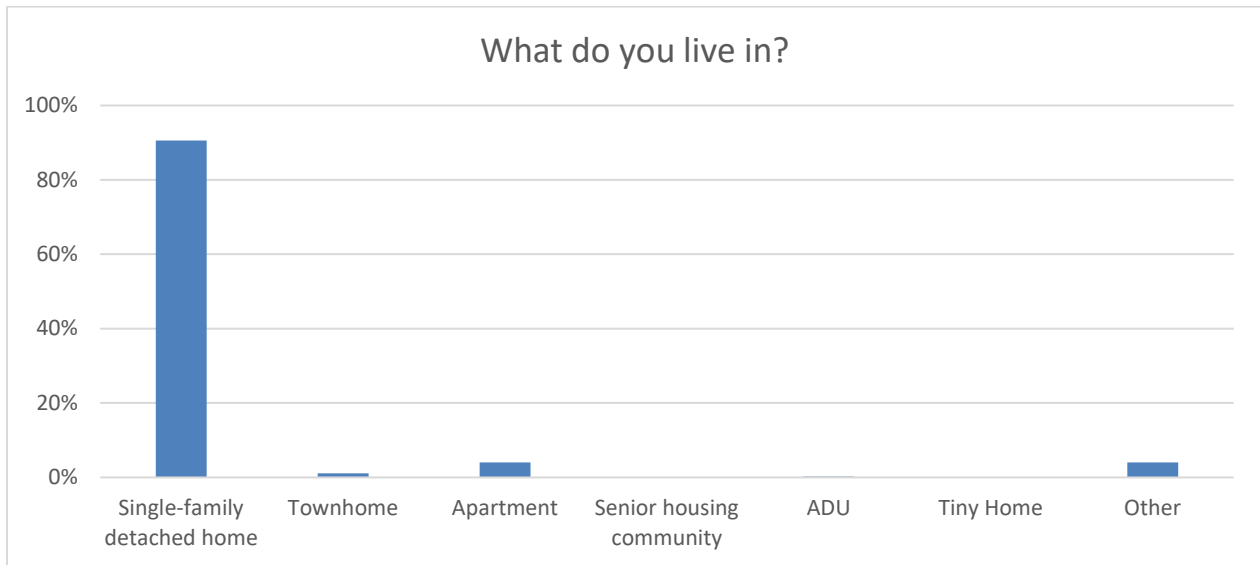
Survey participants at the community workshops or online were primarily homeowners, female, and are between 30 and 70 years old. Survey participants were also likely to make over \$109,000 per year and live in a single-family detached unit. More information about the demographics of participants are discussed below.

### Question 27



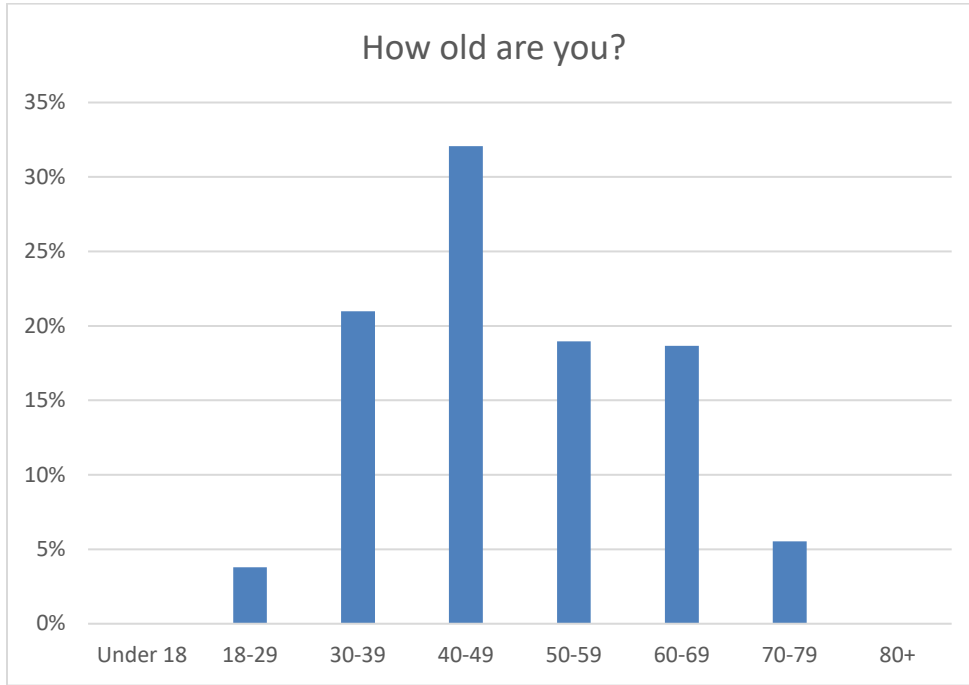
Of the 348 responses to this question, approximately 78 percent were homeowners while the other 22 percent were renters.

Question 28



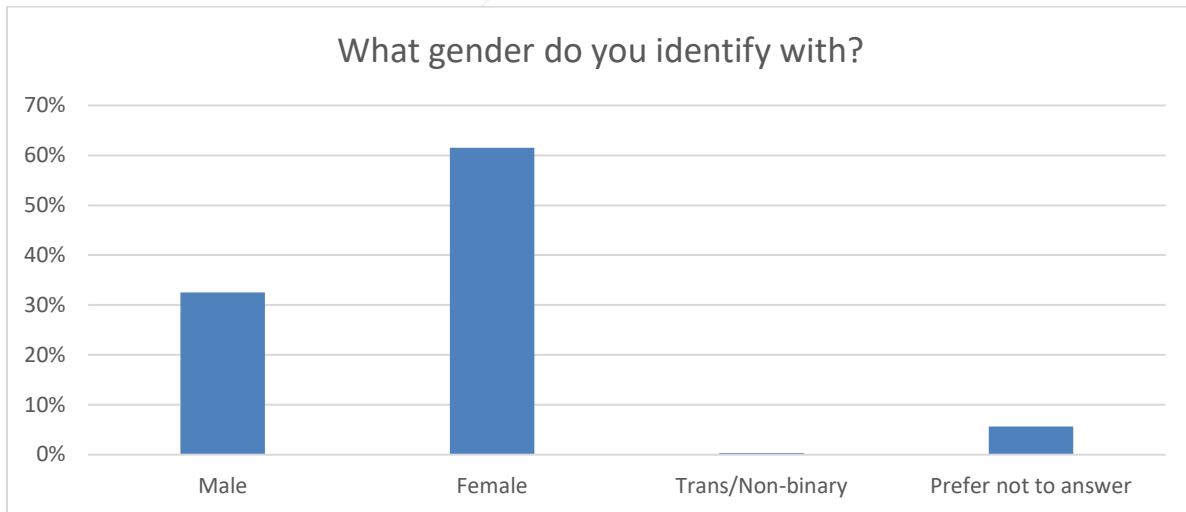
Of the 349 responses to the residence type question, over 90 percent of participants indicated they live in a single-family detached home. About 4 percent of participants live in an apartment, and one percent live in a townhome. Less than one percent of participants live in any of the other housing types that were listed, including senior housing communities, ADUs, and tiny homes. Participants had the option to select an undefined “other” response and 4 percent did so.

**Question 29**



Of the 343 responses to the age question, approximately 32 percent were in their 40s, 21 percent were in their 30s, 19 percent were in their 50s, and 19 percent were in their 60s. This captures the general age categories assumed to be the middle-aged working group. An additional 6 percent of participants were over 70 years old, which generally includes the retired population. The remaining 4 percent of participants were between 18 and 29 years old. There were no participants under 18 or over 79 years old.

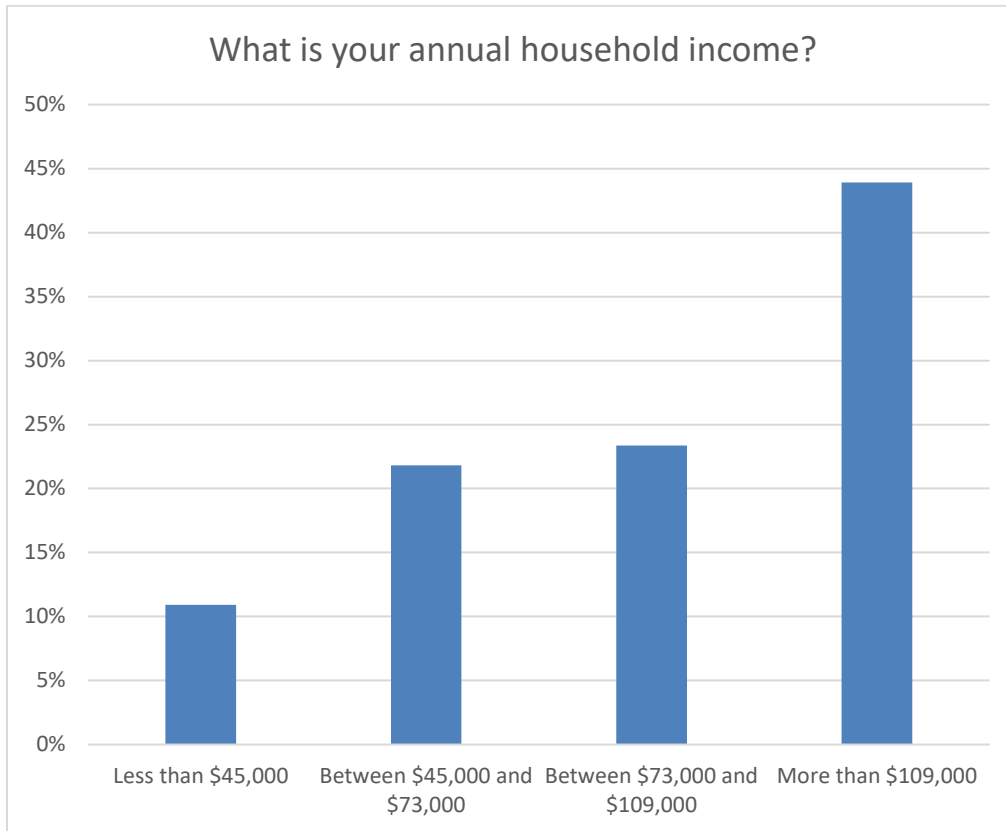
**Question 30**





With 338 answers to the gender question, approximately 62 percent of participants identify as female and 33 percent identify as male. Approximately 6 percent declined to answer, while less than one percent of participants identify as trans or non-binary.

**Question 31**



Approximately 321 people answered the question about annual household income. Approximately 44 percent make more than \$109,000 per year. A similar number of participants make between \$73,000 and \$109,000 per year (23 percent) and between \$45,000 and \$73,000 per year (22 percent). The remaining 11 percent of participants reported that they make less than \$45,000 per year.

## 8. Conclusions

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Outreach with various segments of the community provides the City with a better understanding of community perceptions surrounding affordable and workforce housing and potential incentives to encourage housing creation. While the majority of community members agreed that housing affordability is an issue and indicated that they think the City should engage in activities that encourage the creation of affordable housing, the feedback also indicated significant opposition to most of the proposed approaches. While the concerns were varied and complex, many participants were concerned about preserving community character, infrastructure maintenance and improvements, and reliance on taxpayers to subsidize new housing development.

The City Council's initial direction provided a focus for housing policies or tools that may be most applicable and conducive to the local housing climate. The City Council recommended using SB 2 funds for multiple housing initiatives to create a multi-dimensional approach to increasing affordable housing. The tools used to create an affordable housing-friendly market should follow the Council's direction to be diverse to address multiple challenges to housing creation. However, while a diversity of approaches is needed to address the multiple challenges, it is also important to establish a clear strategy for the type of housing projects that the City is most interested in encouraging. With limited resources, pursuing and successfully implementing every idea will not be feasible. For example, a strategy to facilitate increased production of more, smaller, for-sale units on scattered vacant sites as an affordable by design approach will look different than a strategy to collaborate with a tax credit developer on a large project to create 40-60 deed-restricted affordable rental units. In weighing these options, more analysis would be beneficial. Market studies and feasibility analyses can help determine what lot sizes and development patterns would most likely result in an affordable by design product. An analysis of potential tax credit scenarios and identification of matching resources would lay the groundwork for an approvable application.

Developer input provided feedback on the pool of potential approaches to encourage housing development. Developers agreed that most suggestions would be helpful for encouraging housing production. However, the community generally opposed most of these ideas. Developers at the workshop expressed perceptions that the Tracy community is primarily interested in suburban style, large lot single-family homes, which may partially account for general community opposition to the ideas presented to them. However, data on incomes and housing costs, as well as many of the write-in responses to the online survey evidences a significant need for affordable housing. This indicates a need to provide affordable housing that is designed to be compatible with existing community character. An innovative and promising idea to create multifamily homes that are more likely to be affordable by design, while also maintaining visual compatibility with Tracy's existing suburban character is to include fourplexes in areas with single-family homes and use architectural design to create a cohesive appearance. A fourplex with a single exterior entry and interior individual unit entries can look nearly identical to a single-family home. A potential advantage of this approach is that it may be more likely that the new residents of the fourplexes would be existing Tracy residents. A new, large development, such as townhomes or apartments may have a higher visibility when being marketed, attracting non-residents from out of the area with Bay Area jobs.

Several of the developers that were interviewed who have deep experience with tax credit projects noted that deed-restricted affordable moderate rents are fairly close to average, current market rate rents. This indicates that a tax credit project aimed towards lower income households may be the most effective. Many developers noted that it is fiscally impractical to construct an affordable housing development that is less than 50 units, but many zones in Tracy do not have sites that would make this type of development feasible, even with a density bonus.

Developers were generally open and interested in most of the tools or incentives presented, but they provided constructive feedback to hone the tools for more effective, realistic application. For example, as an incentive to build affordable housing, currently a project with all affordable units would not need any RGAs. However, presently, there are no incentives related to the RGA system offered for a project with a mix of affordable and market-rate units. Developers' input also provided context for the varying levels of impact on the housing market that different tools would generate upon implementation. For example, while reducing costs by eliminating off-street parking requirements could help save some money, it wouldn't be as impactful as other approaches. Non-profit affordable housing developers that were interviewed highlighted the great impact that could be made by the City analyzing vacant parcels to determine development feasibility, ensuring those sites were ready to be developed with the desired type of project and having a contact at the City who could work with them to navigate the process.

Lack of community support for new affordable housing is a disincentive to developers because it can cause financial and operational strains throughout the process. For example, a housing project generally accepted by the community will likely encounter fewer obstacles from public commenters and at public hearings. Similarly, approaches that the City can take to spur housing development without needing a vote from residents to either change the GMO system or pass a bond measure are more likely to be effective.

When it comes to incentives or the investment of City staff time or subsidies, different approaches will require varying levels resources from the City to effectively create affordable housing. For example, it is far less expensive and time-intensive to initiate a scattered site rehabilitation, adaptive reuse or vacant lot development program. In comparison, far greater resources would be needed from the City to conduct a tax credit analysis and provide matching resources, to determine the level of local subsidy that would be needed to support tax-credit projects, but the outcome would likely generate more affordable units than the spot-development program. The level of investment from these different housing creation tools must be matched with proportional impacts. Therefore, a more costly and long-term investment should spur affordable housing creation more significantly. Each housing tool or incentive is analyzed for relative impact to generating affordable housing, financial feasibility, community, developer, and City Council perceptions, and potential drawbacks in Table 4 below.

**TABLE 4 POTENTIAL SOLUTION COMPARISON SUMMARY**

Tool or Incentive	Impact on Housing	Cost to the City	Community Acceptance	City Council Acceptance	Developer Acceptance	Potential Benefits	Potential Drawbacks
ADUs	Medium to High	Low	Mixed	Yes	Yes	Low-cost strategy, some community support, supported by State housing law, can be used in new and existing neighborhoods, design templates are available	Increased infrastructure needs and impacts, strong community opinions may impair application of this strategy
Tiny Homes	Medium	High if done without grants or partners	No	Mixed	Yes	Low-cost strategy, some community support, supported by State housing law	Increased infrastructure needs and impacts, negative community perceptions may impair application of this strategy, few places that currently allow this type of development
Adjusting zoning for tiny home clusters	Medium	Low	Mixed	Unknown	Yes	Low-cost strategy, clustering increases development and operation efficiency	Increased infrastructure needs and impacts, negative community perceptions may impair application of this strategy
Off-street parking requirement reductions	Low	Medium	No	Mixed	Mixed	Flexible standards decrease development costs, decreased development costs minimize sales/rental price, supplements such as transit passes, bike share, or otherwise encourages alternative transportation	Increased parking issues, potentially inadequate incentive for community blowback it may incur, strong community opposition may impair application of this strategy
Higher densities	High	Medium	Mixed	Mixed	Yes	Flexible standards decrease development costs, decreased development costs minimize sales/rental price, diversifies housing stock, increased numbers of market rate units in a project can defray the cost of affordable units in the same project	Zoning changes may be time-intensive for City staff and take longer to implement with due process needed to amend the General Plan, strong community opinions may impair application of this strategy

**TABLE 4 POTENTIAL SOLUTION COMPARISON SUMMARY**

Tool or Incentive	Impact on Housing	Cost to the City	Community Acceptance	City Council Acceptance	Developer Acceptance	Potential Benefits	Potential Drawbacks
Lot coverage increases/Setback decreases	Medium	Medium	Mixed	Unknown	Yes	Flexible standards decrease development costs, decreased development costs minimize sales/rental price, diversifies housings stock	Zoning changes may be time-intensive for City staff and take longer to implement with due process needed to amend the General Plan, strong community opinions may impair application of this strategy
Building height increases	Medium	Medium	Yes	Unknown	Yes	Flexible standards decrease development costs, decreased development costs minimize sales/rental price, diversifies housings stock	Zoning changes may be time-intensive for City staff and take longer to implement with due process needed to amend the General Plan, strong community opinions may impair application of this strategy
RGA changes/GMO	High	Medium	No	Yes	Yes	Increased units provided per development, flexible standards decrease development costs, decreased development costs minimize sales/rental price	Strong community opposition to RGA changes may discourage developers
Pre-Clear Sites for CEQA	High	High if done without grants or partners	Mixed	Yes	Yes	Minimizes project uncertainty, reduces development time and costs, reserves sites for affordable housing development	Costly for the City to implement, may take longer for the City to identify funding for this effort, if sites ultimately left undeveloped, could be a waste of resources
Revised development fee structure	Medium	Medium	No	Yes	Yes	Reduces development costs, encourages market-rate housing developments to provide affordable units	Strong community opposition may impair application of this strategy

**TABLE 4 POTENTIAL SOLUTION COMPARISON SUMMARY**

Tool or Incentive	Impact on Housing	Cost to the City	Community Acceptance	City Council Acceptance	Developer Acceptance	Potential Benefits	Potential Drawbacks
Bond measure or General Fund resources	High	High	No	Unknown	Yes	Provides funds to offset development costs, reduces need to search for grants or other funding sources, may help support a wider collection of affordable housing development efforts	Strong community opposition may impair application of this strategy, uncertainty around the level of local subsidy needed to support projects, encourages a pro-developer sentiment not echoed by the general public
Dedicated housing-specific City staff	Medium	Medium	Mixed	Unknown	Yes	Facilitate development by identifying sites, liaising project in entitlement process, reduce development uncertainty, permit times and potential construction	Costly to hire and staff the City with an additional full-time employee

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## 9. Recommendations

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Based on the outcomes from this process, and on PlaceWorks' own expertise in affordable and workforce housing provision, this report makes the following recommendations:

### Increase Density

These measures would amend City development standards to allow a greater number of dwelling units, particularly multi-family and smaller homes. These could be near-term items to be completed by City staff or with consultant help.

1. Increase maximum densities in the higher density residential zones, particularly in the Downtown and Bowtie areas, but also in other places with higher density residential zoning.
2. Consider removing minimum lot sizes in favor of FAR and/or units per net acre.
3. Adjust zoning requirements to allow higher buildings, greater lot coverage and reduced setbacks in moderate- and higher-density zones.
4. Increase minimum densities in medium density residential zones so as to preclude the use of these zoning designations for development of more expensive stand-alone single-family homes.
5. Consider regulations to encourage or require new subdivisions to include fourplexes that are designed to look cohesive with adjacent single-family homes.
6. Consider regulations to encourage or require that a certain percentage of homes in new subdivisions include ADUs.
7. Change the City's existing regulations, which already do a good job of encouraging ADUs, to lessen setback and parking requirements in some areas.
8. Identify one or more sites in the City that can be zoned with an overlay that allows clusters of tiny homes.

### Increase Rate of Construction

These items would allow a greater rate of residential development. They are longer-term items that would require a change to Measure A with voter approval.

9. Provide additional market-rate Residential Growth Allocations (RGAs) for projects that include a specified percentage of affordable units.



10. Consider switching from counting RGAs on a per unit basis to counting them on a per-building basis, so that buildings with multiple units do not require as many RGAs.

### **Direct Developer Support**

These items would include an ongoing financial commitment from the City through budget appropriations or research and analysis by City staff to market property and development opportunities to developers and builders. These are long-term items that would require a General Fund commitment and could include on-going work on individual properties or a large number of sites at a time – with analysis conducted by staff or with consultant help.

11. Study changes to the development system that would lessen fees for multi-family and/or affordable units as compared to single-family and market rate units.
12. Identify an existing staff member or establish a new position to serve as a housing champion to further the production of affordable housing. Duties would include maintaining an inventory of available sites, recruiting developers, packaging funding for affordable housing projects, and providing technical assistance to homeowners and landowners who seek to build affordable housing and ADUs.
13. Among other duties, direct that this staff member prioritize capturing funds for affordable housing projects such as tax credit programs, California’s Cap-and-Trade-Funded Affordable Housing and Sustainable Communities Program, State TOD funds, Senate Bill 2, and the Governor’s other new and evolving housing programs.
14. Complete a City-sponsored and-funded CEQA analysis of available multi-family housing sites so as pre-clear sites for affordable housing development.
15. Complete an analysis of available land in the City, looking at vacant, underutilized and low-density parcels, in-depth. For vacant parcels, analyze the development scenarios that would be feasible under current zoning. Analyze underutilized parcels to identify opportunity sites for redevelopment. Evaluate low-density properties to identify opportunities for intensifying development, such as with ADUs.
16. Conduct market studies and feasibility analyses to determine what lot sizes and development patterns would most likely result in an affordable by design product. Compare this with the land inventory.
17. Conduct a tax credit analysis to determine appropriate scenarios for tax credit projects, the amounts of subsidies the most promising scenarios would require and available resources to ensure a strong tax credit application.

## ***Bibliography***

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