

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: AMY NICHOLSON, SENIOR PLANNER
PLANNING AND ECONOMIC DEVELOPMENT
SUBJECT: PROFESSIONAL SERVICES AGREEMENT – MISSING MIDDLE
HOUSING INITIATIVE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution, approve a Professional Services Agreement with Opticos Design, Inc., based in Berkeley, California in the amount of \$172,087, to prepare a Missing Middle Housing Initiative, and to appropriate grant funding for this purpose.

EXECUTIVE SUMMARY

In April 2020, the City was awarded a \$310,000 California Department of Housing and Community Development (HCD) Senate Bill 2 (SB 2) Planning Grants Program (PGP) award, and will be awarded \$53,310 non-competitive Regional Early Action Planning funding for housing planning initiatives which include the Missing Middle Housing Initiative (MMHI) in Spring of 2021. The MMHI will amend or create policies and standards to accommodate by-right construction, replacement or conversion of standard single-family homes and remodels to produce missing middle infill housing. Criteria for these new units would include form-based design standards that ensure a scale compatible with single family neighborhoods.

A Request for Proposals (RFP) process for the MMHI was initiated in November 2020. One proposal was received and interviewed. Opticos Design was selected as the successful bidder.

BACKGROUND

California Senate Bill 2 (SB 2), effective January 1, 2018, was part of a 15-bill housing package aimed at addressing the State's housing shortage and high housing costs. SB 2 establishes a permanent funding source intended to increase affordable housing and it directs the California Department of Housing and Community Development (HCD) to

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establish a program that provides financial and technical assistance to local governments to streamline housing production.

In March 2019, HCD issued a Notice of Funding Availability for its SB 2 Planning Grants Program.

The Budget Act of 2019, signed by Governor Gavin Newsom in September 2019, established the Regional Early Action Planning (REAP) Grant Program to provide grants to councils of governments for the preparation and adoption of planning documents to accelerate housing production.

On October 22, 2019, the Council by Resolution No. RES-2019-156 approved the filing of an HCD SB 2 PGP application for the amount of \$310,000, which included City initiated projects that will result in accelerated housing production: An Historic Resource Evaluation of the Downtown Station Area (\$185,000); development of a Missing Middle Policy (\$80,000); and evaluation of the existing Growth Management Ordinance and General Plan Element (\$45,000).

On April 24, 2020, staff received from HCD an SB 2 PGP award letter for \$310,000 for the three projects included with the PGP application. City staff determined the \$45,000 originally planned to for a consultant to evaluate the Growth Management Ordinance. Planning staff have determined that internal capacity exists to complete the Growth Management Element and Ordinance evaluation, and that the \$45,000 could be allocated to allow for a more robust Missing Middle Housing Initiative.

On November 10, 2020, an RFP for consultant services for the MMHI was distributed to representatives of 12 consultant firms. The RFP was also promoted on the City's website. The deadline for responses was identified as December 10, 2020.

On December 10, 2020, Opticos Design, Inc. submitted a proposal totaling \$85,000 which addressed a number of vital initiative elements including an evaluation of existing conditions and opportunities; review of existing codes, policies, standards, and fees; a draft document with recommended changes to zoning; guidance and focused participation in the public engagement process, and requisite environmental review.

On January 7, 2021, a virtual interview was held with Opticos Design, Inc. The interview panel consisted of two Design Review Board members and three City staff members. Opticos Design, Inc. was selected based on their proposed scope, qualifications, time schedule, and written and oral presentations. During the interview, Opticos Design, Inc. provided information on optional tasks to supplement the Initiative, which include a city-wide place types and building types analysis, additional zoning districts, and a financial feasibility analysis memo.

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On January 8, 2021, Opticos Design, Inc. was notified by telephone of the City's intent to award a Professional Services Agreement to prepare a Missing Middle Housing Initiative, and additional information on optional tasks was requested.

On February 11, 2021, the City submitted a Letter of Interest to obtain \$53,310 of non-competitive REAP grant funding for the Missing Middle Housing Initiative from the Metropolitan Transportation Commission/Association of Bay Area Governments (MTC/ABAG). This funding is anticipated to be obtained by the City in Spring of 2021.

On March 12, 2021, Opticos Design, Inc. provided a final scope of services and budget which includes the optional tasks.

PRIOR CITY COUNCIL REVIEW

On October 22, 2019, the Council authorized staff by Resolution No. RES-2019-156 to apply for and submit to HCD an SB 2 PGP application in the amount of \$310,000.

ANALYSIS

The MMHI will identify and evaluate existing conditions and opportunities; analyze codes, policies, standards, and fees such as the City's General Plan, Zoning Code, Design Guidelines, and Fee Schedule; conduct education and outreach with the public, City staff, and review authorities; prepare a draft document and ordinance; conduct environmental review in compliance with CEQA; and conduct public hearing process with City Review Authorities and the Council. The primary objectives to be achieved through the Missing Middle Housing Initiative are: (1) Produce hundreds of new rental housing units in the low to moderate income range in the City's often owner-occupied, single family residential neighborhoods; (2) Create a new and diverse market for affordable by design housing types; (3) Add diversity in resident type and income level to standard single-family neighborhoods; (4) Add infill density to low density areas of the City in a design and scale compatible to single family neighborhoods; (5) Increase the types of housing units available to meet demographic and cultural needs; (6) Inform and engage the public about Missing Middle Housing.

The proposed Professional Services Agreement (PSA) includes the preparation of a Missing Middle Housing Initiative within a 9-month timeframe. The MMHI includes Lot Type Mapping, City-wide Place Types and Building Types Analysis, Regulatory Systems Analysis, Financial Feasibility Analysis, Zoning District Standards, a Community Workshop, and an Environmental Impact Report Addendum. The full scope of services and schedule are detailed within the attached PSA (Exhibit A). The outreach and public hearing processes will be completed by Advance Planning staff.

The total project budget is \$172,087 which will be paid through a combination of Senate Bill 2 Planning Grants Program (PGP) and Regional Early Action Planning (REAP) grant program funds. The budget for Opticos Design, Inc.'s work, outlined in the PSA, is

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\$172,087. The Council must approve contracts exceeding \$100,000 pursuant to Council Policy 600-01, Selection of Professional Services.

FISCAL IMPACT

The Professional Services Agreement with Opticos Design, Inc. will be funded through the SB 2 PGP and non-competitive REAP grant funds. Staff time will utilize existing Advance Planning budget. There will be no new impact to the General Fund.

ENVIRONMENTAL IMPACT

This Council action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378 and the funding being sought would accommodate feasibility or planning studies pursuant to CEQA Guidelines Section 15262. Any documents resulting from the MMHI proposed for adoption by the City will be reviewed in accordance with CEQA.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution / Exhibit A - Professional Services Agreement (including Scope of Services, Schedule, and Compensation) with Opticos Design, Inc.

CONTACT

Amy Nicholson, Senior Planner
Planning and Economic Development
(707) 543-3258
anicholson@srcity.org