Executive Summary of Bakersfield AHS and Programs

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Affordable Housing Strategies and Actions

WHAT DOES THIS PLAN DO?

The Bakersfield Affordable Housing Strategy will serve as a guiding document for city staff and civic leaders to inform decision making and provide resources to accelerate affordable housing production in the city. The strategy is anchored in a vision where all Bakersfield residents have access to housing that is safe, stable, and affordable. Four core strategies and 21 actions were identified and prioritized as initial steps to address the greatest challenges and barriers to housing production in the city.

LOCAL AND STATEWIDE PLANNING CONTEXT

This project was funded by a planning grant from the Department of Housing and Community Development through SB2. The focus of the SB2 planning grant program is on housing production. The primary objectives of SB2 were to:

- Accelerate overall housing production.
- Streamline the approval of housing development.
- Facilitate housing affordability for low and moderate-income households.
- Promote development consistent with State Planning Policies.
- Ensure geographic equity in the distribution of funds.

SB2 Planning Grants

The SB2 Planning Grant Program was created to help cities and counties prepare, adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production.

This context is important because the affordable housing strategy is deliberately focused on housing production. The city has many other efforts underway including an update to the Housing Element of the General Plan and a Comprehensive General Plan Update. These efforts set forth a broader housing plan to address changes in statutory requirements, strategies to affirmatively further fair housing, preservation strategies, and programs to mitigate displacement risk. It is expected that many of the recommendations and strategies framed out in this affordable housing strategy will ultimately be implemented as programs in the Housing Element.

GUIDING PRINCIPLES

Guiding principles are the foundation of this approach and framework. Bakersfield is committed to addressing the housing needs of its low to moderate-income families along with middle-income families, who also lack housing options in the city. The overarching aims for the Affordable Housing Strategy are to build more housing, diversify the housing options, and target resources to less advantaged households. In Bakersfield, affordable housing:

- Is essential in supporting economic and community development.
- Supports stability in the workforce across all income levels.
- Should be available throughout the city, especially in high resource areas.
- Requires public and private collaboration.
- Supports health, safety, and economic mobility for residents.

WHAT ARE THE GREATEST CHALLENGES IN BAKERSFIELD?

This project included both quantitative and qualitative approaches to identifying the greatest challenges to housing production in Bakersfield. Technical analysis of market data, demographics, and socioeconomic factors were included in an Existing Conditions Assessment. Additional insights were gathered from community members, stakeholders, and the development community. Key challenges that were identified include:

1. The impact of accelerating price escalation on affordability.
2. Chronic underproduction of housing.
3. Lack of supply and variety of housing.
4. Lack of flexible tools to assist in facilitating housing production.
5. The influence of accelerating migration rates on perpetuating lack of affordability.
6. Antiquated zoning and land use policies.
7. Historical disinvestment, especially in low resource communities.
8. Lack of an ecosystem of institutional development and lending agents.
9. Accelerating cost of construction.
10. Competitiveness for public subsidies for affordable housing.

STRATEGIES: HOW CAN THIS STRATEGY HELP OVERCOME OUR GREATEST CHALLENGES?

The Affordable Housing Strategy includes four core strategies and 21 actions designed to move Bakersfield forward in addressing its greatest challenges. Strategies and actions are designed to complement and build upon existing strategies and programs relating to affordable housing in the City's Housing Element. Existing policies relating to affordable housing in the city's Housing Element are summarized below. Over the next year, the city will be assessing the effectiveness of these policies over the last planning cycle and updating and amending them as appropriate.

Policy 1-1: Seek assistance under federal, state, and other programs for eligible activities within the city that address affordable housing needs.

Policy 1-3: Encourage the development of housing and programs to assist special needs persons, including the elderly, the disabled, female-headed households, large families, farmworkers, and homeless persons and families.

Policy 1-4: Assist the Housing Authority of the County of Kern to meet the growing demand for public housing units and rental assistance through the voucher programs.

Policy 1-5: Provide the citizens in the City of Bakersfield with reasonably priced housing opportunities within the financial capacity of all social and economic segments of the community.

Policy 2-1: Provide information to for-profit and nonprofit developers and other housing providers on available vacant land.

Policy 2-2: Provide sufficient zoned land to accommodate development for all housing types and income levels.

Policy 3-3: Preserve At-Risk Housing and existing affordable rental housing stock in the City of Bakersfield.

Policy 5-1: Continue pursuing a housing "infill" program and specifically target projects for extremely low, very low, and low-income households.

NEW STRATEGIES

The foundation of the Affordable Housing Strategy is the toolkit of programs and resources created through this project. These tools will help facilitate implementation of actions identified in the core strategies to address affordable housing production challenges. These tools range from funding mechanisms and incentives to informative devices to identifying and prioritizing investments. These tools include:

- A capitalized long-term Affordable Housing Trust Fund.
- An impact fee mitigation program.
- An online tool for developers to estimate impact fees.
- An ADU incentive program.
- Pre-approved ADU plans.
- An ADU guidebook, webpage, and calculator.
- A database and tool for identifying vacant sites that are suitable to accommodate affordable housing.
- A development feasibility tool to assess the marginal impact of changes in development standards for a range of housing typologies.

The prioritized strategies and actions below will give the city a range of policy tools to overcome barriers to affordable housing production, address the affordable housing needs of the community, and mitigate the identified greatest challenges.

STRATEGY ONE

STRATEGY 1: Use the city's toolkit to increase affordable housing production

STRATEGY TWO

STRATEGY 2: Build implementation capacity through strong partnerships, advocacy, and program monitoring

Action 2-1: Create a master flow chart of all organizations doing affordable housing work and improve coordination across partners.

Action 2-2: Mobilize a local collaborative to focus partner activities and form a cohesive direction for implementing the Affordable Housing Strategy.

Action 2-3: Partner with community-based organizations and individuals most impacted by housing affordability challenges.

Action 2-4: Proactively attract new affordable housing investors.

Action 2-5: Expand or create partnerships with a Community Development Financial Institution (CDFI) to offer gap financing and low-cost loan pool for affordable housing development.

Action 2-6: Advocate for housing-related legislation at state and federal levels.

Action 2-7: Implementation, tracking and assessment of housing strategies and monitor the effectiveness of the city's existing incentive programs in delivering affordable housing units.

STRATEGY THREE

STRATEGY 3:
Increase the supply and access to affordable housing by making housing easier to build

Action 3-1: Improve the housing development permitting process to make it more predictable and efficient. Establish expedited plan check process for affordable and infill developments.

Action 3-2: Review and amend the Zoning Code and applicable design guidelines to encourage and promote a mix of dwelling types, sizes, and affordability levels.

Action 3-3: Explore opportunities for shared parking strategies on infill sites near existing parking lots and city-owned parking structures.

Action 3-4: Accelerate planning for and investment in infrastructure in infill areas with infrastructure challenges. Seek state and federal funding for infrastructure projects.

Action 3-5: Encourage innovative construction types that reduce costs and risks of producing affordable housing.

Action 3-6: Align development impact fees with housing objectives.

Action 3-7: Conduct an analysis of infill development capacity and feasibility in the downtown core.

STRATEGY FOUR

STRATEGY 4: Support programs and funding to incentivize and assist in affordable housing production

Action 4-1: Identify and evaluate new and expanded federal, state, and local revenue stream options available to support affordable housing production.

Action 4-2: Use the Local Affordable Housing Trust Fund to leverage private investment and state and federal funding.

Action 4-3: Explore additional funding options through non-traditional sources, such as foundations, individuals, major employers, health agencies, or educational institutions.

Action 4-4: Implement the Development Fee Mitigation Program to eliminate application fees for density bonus proposals and defer or finance impact fees for targeted housing types.

Action 4-5: Develop a strategic framework for acquiring and/or using city land for affordable housing development.

Action 4-6: Provide additional land use incentives to developers that provide deeper affordability or a greater number of affordable units.

Summary of Outreach and Acknowledgements

WHAT WE DID

A series of community engagement activities helped to inform and shape the Bakersfield Affordable Housing Strategy. The purpose of the community engagement program was to:

Educate the community and partners about why affordable housing is important, who it serves, the value of integrating affordable housing options throughout the city and the strategies and policies being developed;

Listen to community input about housing options and opportunities that are important to them as well as specific feedback about draft policy and program options;

Engage key partners to ensure that the strategy's overall design and specific components will have their support and participation;

Ensure inclusion of those whose voices are not heard, including those with special housing needs;

Incorporate input and feedback, ensuring that outreach is closely coordinated with other aspects of the strategy's development;

Share how community and partner input shaped the final strategy and its components;

Set the stage for the upcoming Housing Element Update and continued community engagement as part of that process.

To support the engagement effort, a webpage was developed along with infographics and informational handouts in English, Punjabi, and Spanish. Staff also visited community groups and members where they were in the community to share information and encourage participation in the survey about housing needs. The project team also reached out to and interviewed various stakeholders (housing organizations, service providers, developers, funders, etc.), one-on-one and in focus groups, to ask for their ideas, incorporate their feedback, and build relationships.

Below is an overview of the key project activities of the Community Engagement Program:

PROJECT WEBPAGE AND OVERVIEW MATERIALS

A project webpage was created on the City's housing website to:

- Provide an overview of the affordable housing strategy's purpose, objectives, and schedule.
- Introduce key components of the strategy.
- Provide links to key project documents and resources.
- Highlight opportunities for people to be involved and link to engagement opportunities.
- Link to other pertinent pages and related info on the city's and partners' websites.

Three informational handouts were also developed for easy use by a broad audience on what affordable housing is, who affordable housing serves, and how we can create a future of affordable housing. Click here to view the handouts.

PARTNER FOCUS GROUPS

Four focus groups were organized around existing, emerging, and potential partners, including:

- An in-person focus group on November 10, 2021 with 16 representatives from existing partner organizations (county and nonprofit service organizations, developers and community groups);
- Two additional in-person focus groups on November 19, 2021 with 23 representatives from emerging and potential partners, including potential funding partners; and
- An additional online focus group with eight additional partner representatives on December 15, 2021.

PLANNING COMMISSION PRESENTATION

On November 10, 2021, the project team presented an overview of the Affordable Housing Strategy work program and key components, including the community engagement program, to the Bakersfield Planning Commission. A recording of the session can be viewed here.[1]

CITY COUNCIL PRESENTATION

On March 2, 2022, the project team presented an overview of draft strategies and tools to the City Council. Council provided direction on strategies to emphasize with respect to recommendations on zoning and land use characteristics. A recording of that meeting can be viewed here.[2]

COMMUNITY SURVEY (SELF-PACED ONLINE WORKSHOP)

To support broad community engagement in multiple languages, an online "self-paced workshop" about housing issues and opportunities in Bakersfield was hosted from December 15th, 2021 through February 4th, 2022. It was accessible via the project webpage and promoted through multiple city communication channels. A news segment on 23ABC News (KERO TV) also helped encourage community participation.[3] The workshop attracted 182 participants who were able to view three short videos and answer a series of 15 questions in English, Spanish, or Punjabi.

COMMUNITY WORKSHOP

On April 27, 2022, the city hosted a community workshop to present draft strategies and get feedback from the community. The workshop was held at the community center at MLK Park. The city provided on-site translation services in Spanish, and background materials were translated into Spanish and Punjabi. The project website and partnership with the Leadership Counsel for Justice and Accountability promoted the project. 23ABC News (KERO TV) covered the event and broadcast a segment on the evening news along with an online print story. Comments were received in English and Spanish from community participants.[4]

[1] The November 10, 2021 City Planning Commission presentation is available at: https://www.youtube.com/watch?v=xg45Y_OaCps

[2] The March 2, 2022 City Council presentation is available at: https://youtu.be/SvzbNUS1wFQ?t=647

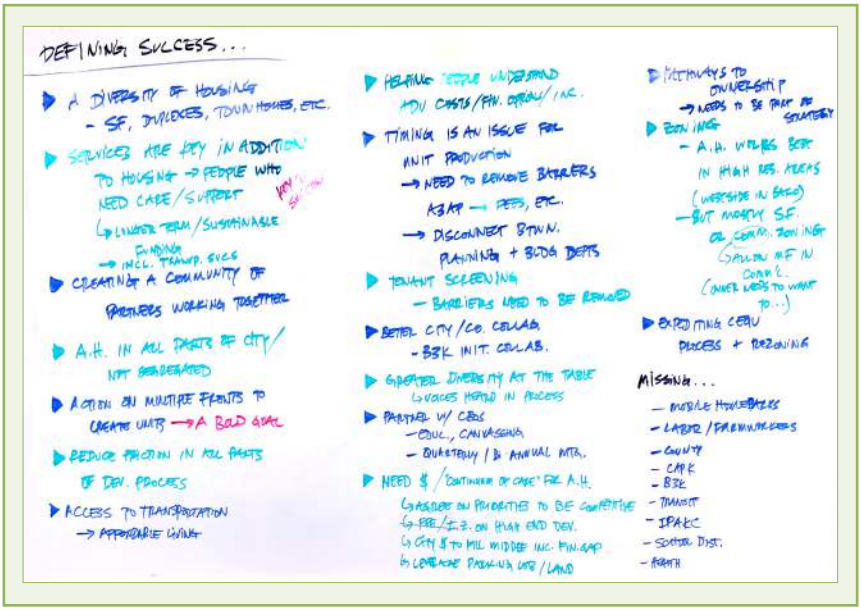
[3] A clip of the news segment is available at: https://youtu.be/H3R-ZA9GngA?t=114

[4] https://www.turnto23.com/news/local-news/bakersfield-residents-struggle-to-find-affordable-housing

WHAT WE HEARD

PARTNER FOCUS GROUPS

While the City plays a key role in setting policy for affordable housing and helping to fund and facilitate new affordable housing development and related services, the actual delivery of both housing and services is primarily carried out by a network of partner agencies. To help ensure that the strategy was informed by their input, the four focus groups provided an opportunity for facilitated dialog and input on how best to achieve desired outcomes, including the roles that service providers could play and the types of support they need to be effective.



Memos describing each individual focus group are attached to this summary. Collectively, key take-aways included:

Housing Needs and Priorities

- We need more housing overall, and more diverse housing choices integrated in every neighborhood.
- The lack of affordable housing is an issue of growing concern for many organizations in Bakersfield.
- The strategy should set a bold goal and help stimulate and coordinate action on multiple fronts.

Comprehensive and Coordinated Response

- Ensure that the strategy addresses (and funds) not just housing production but also the services people need to be successful.
- Address affordability in a comprehensive way by including transportation and transit agencies in the affordable housing conversation.

Overcoming Obstacles

- We need to reduce friction and costs (including time) associated with development review.
- Community opposition is an obstacle to housing production.

Partnerships

- Community-based organizations, nonprofits, employers, educational institutions and others are eager to partner with the city and each other on proactive housing solutions.
- Public sector entities with land resources are a key potential partner for the City and affordable housing developers.
- Community-based nonprofits have land and the interest in supporting affordable housing development, but additional capacity building is needed for these groups.

Funding

- Ongoing partnerships are needed to coordinate on defining funding priorities.
- "Third-Sector" funding strategies involving nonprofit trust funds and community development financial institutions (CDFIs) are intriguing, but additional due diligence and capacity building is needed.
- Bakersfield businesses increasingly see housing affordability as a major issue and are interested in supporting strategies to deliver more housing of all types.

Community Education and Engagement

- Ensure stronger outreach and engagement, especially to lower income communities and people of color, including the current and potential residents of affordable housing.
- More education is needed throughout the community regarding what affordable housing is, who it serves, and why it's important for everyone.

COMMUNITY ONLINE WORKSHOP

Who Participated

The online workshop had 182 participants. In addition to answering the workshop questions, they provided information about themselves and their household characteristics. About half of the participants were between the ages of 30 and 49, with another third between the ages of 50 and 69. The participants represented a diverse mix of races and ethnicities, with 30 percent of participants identifying as white; 26 percent as Hispanic/Latino; 19 percent African American; 7 percent Asian/Pacific Islander; 10 percent Multi-racial; 2 percent Native American; and 4 percenter other. The group also represented different housing tenures with 48 percent of participants being homeowners; 40 percent renters; 10 percent living with friends or family; and 1 percent unhoused.

What We Heard

Through their responses to the survey questions, participants shared about their housing situation, their perspectives on affordable housing and priorities regarding areas of housing need and potential city action. The full summary of responses can be found here.[5]

Some of the key take-aways from participant input include:

- Affordable housing is seen as a significant issue, with more than half of respondents indicating they "know too many people who have been impacted by a lack of affordable housing."
- When asked to describe their "ideal Bakersfield," the most frequently used words were affordable and safe, as reflected in the "word cloud" below (where the size of the font reflects the number of times a specific word was entered).
- **When asked to identify Bakersfield's most urgent housing needs, respondents ranked most areas of need as urgent**, with housing for the homeless (including transitional housing and permanent supportive housing) just edging out housing for families, housing for smaller households, housing for seniors, and housing for people with special needs.

[5] A summary of the survey responses is available at: https://content.civicplus.com/api/assets/d5aa8e5a-8612-4303-be3c-f73a5503fc5e

- To create more housing affordability, respondents reported the strongest preference for reducing the cost of building and for creating incentives for building affordable housing, but there was support expressed by respondents for nearly every potential strategy, including allowing more housing in more places, using city-owned land for housing, and leveraging city funds for affordable housing development.
- There was interest from respondents in nearly every potential form of additional housing, but in particular, there was majority support for small to mid-size multi-family buildings, duplexes/triplexes/fourplexes, and accessory dwelling units.

Finally, survey respondents offered a wide range of thoughts on what direction they would like to see in future development and other housing-related needs and priorities:

- Many community members shared that housing is just too expensive, both to rent and to own a home. Not only did community members want to see lower rents but cited the need for higher wages to be able to afford housing.
- There is significant interest to make this an opportunity to create a more walkable and well-connected community through transit and infill housing. Bringing grocery stores, shops, and restaurants into the neighborhoods. Sustainability is also an interest, outfitting homes with solar panels and water collection systems to address the high cost of utilities for low-income residents.
- Gentrification is a concern, with many seeing longtime residents being priced out and unable to purchase a home. Many residents cited a path to home ownership in addition to a desire to see more affordable housing constructed and rehabilitated for all income levels and household sizes.
- Housing size and type was brought up as an issue, with residents looking for more options beyond single family homes, and those with families wanting more affordable options in neighborhoods that are high in opportunity.
- Many stated that rental housing is in poor condition, and in areas that feel unsafe and lack access to everyday amenities such as grocery stores.
- Barriers to housing for specific groups, such as youth transitioning from foster care, those formerly incarcerated, and unhoused populations.
- Other concerns were a lack of community information in landlord and tenant issues, with landlord tensions, tents are fearful of eviction.

COMMUNITY WORKSHOP

What We Heard

The workshop included a Q&A session where community members were asked for their input on draft strategies and given the opportunity to ask questions and provide any additional commentary to the city. Many community members participated verbally. Translation services were available for Spanish-Speaking residents. Participants were also given the option to submit questions and comments in writing. Key themes included:

- A concern that an Affordable Housing Strategy focused on production will not result in the city developing policies that are responsive to immediate needs, specifically tenant protections, and rent stabilization.
- A concern over accessibility of programs for non-English speaking residents and undocumented households.
- A need for the Strategy to include feedback loops and metrics to ensure that it is going in the right direction.
- A desire for the city to explore new local funding sources that are tied to market rate development, specifically linkage fees and impact fees.
- A desire to see the city allow and promote innovative and less costly construction materials.
- A desire to have public input into the disposition of Affordable Housing Trust Fund resources.

Existing Conditions Context

A comprehensive assessment of existing housing conditions in the community was completed at the onset of the project. This chapter was organized with two purposes:

1) To inform the Affordable Housing Strategy and frame the needs and challenges in the community.
2) To serve as a starting point for the city's Housing Element Update, the existing conditions report included much of the requisite analysis in the Housing Needs chapter of the Housing Element.

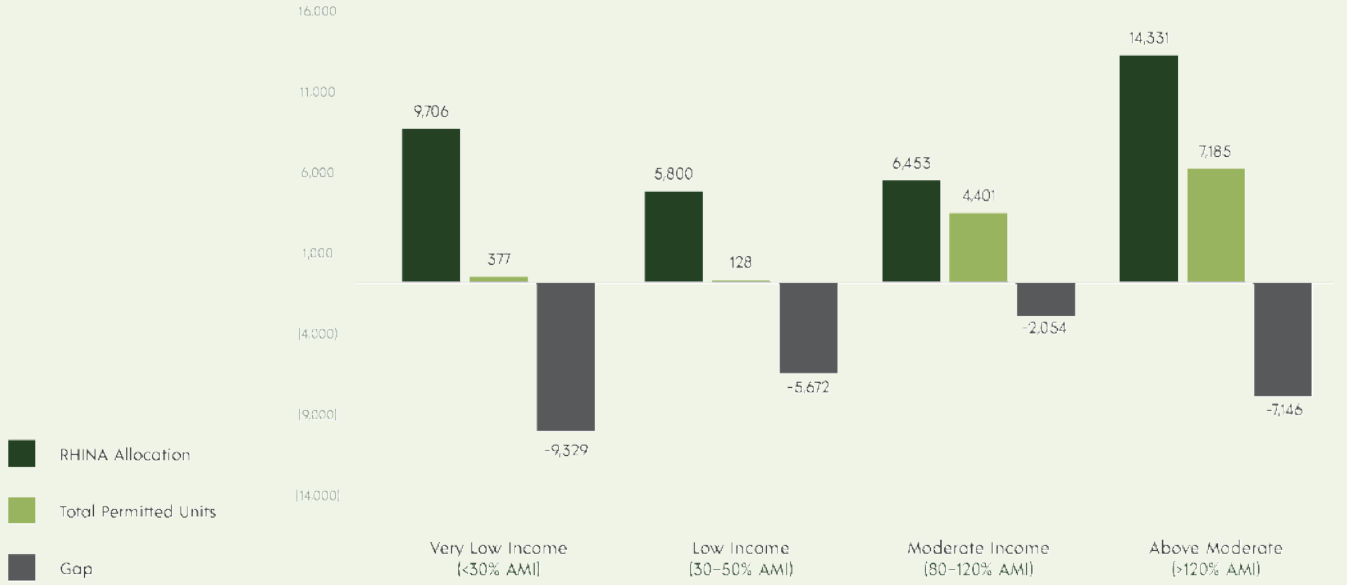
This report in included in its entirety in the technical appendix. Key takeaways are summarized below.

HOUSING BACKGROUND

UNDERPRODUCTION

Housing affordability is tied to the dynamics of economic and population growth and the production of housing to meet demand. According to the 2020 Annual Housing Element update, Bakersfield has under produced approximately 24,200 units to meet the needs of the local community. Underproduction is particularly stark for very low-income households (30 percent AMI or less). Between 2015 and 2020, Bakersfield added just 377 units of housing that are affordable to these households, leaving a gap of 9,329 units. Bakersfield however has made good progress to advance production for the moderate income (80 percent–120 percent AMI) households and above moderate income (greater than 120 percent AMI) households, permitting a combined 11,586 units since 2015, narrowing the production gap. Exhibit 1 below demonstrates the Regional Housing Need Allocation (RHNA) for Bakersfield compared to the number of permitted units by income segment.

Exhibit 1. Housing Underproduction by Income Segment



SOURCE: 5TH CYCLE BAKERSFIELD HOUSING ELEMENT TABLE B.

HOUSING VACANCY

Such housing underproduction has led to a tight housing market. According to the 2019 American Community Survey, the overall vacancy rate in Bakersfield was 6.7 percent (Exhibit 2), which is a tighter housing market than both Kern County and California as a whole.

Exhibit 2. Vacancy Rate

Bakersfield's vacancy rate is 3% lower than Kern County and 2% lower than the state of California.

6.7%	4.3%	9.9%	8.4%
Bakersfield	Frenso	Kern County	California

SOURCE: US CENSUS BUREAU, 2019 ACS 1-YEAR ESTIMATES, TABLE B25002

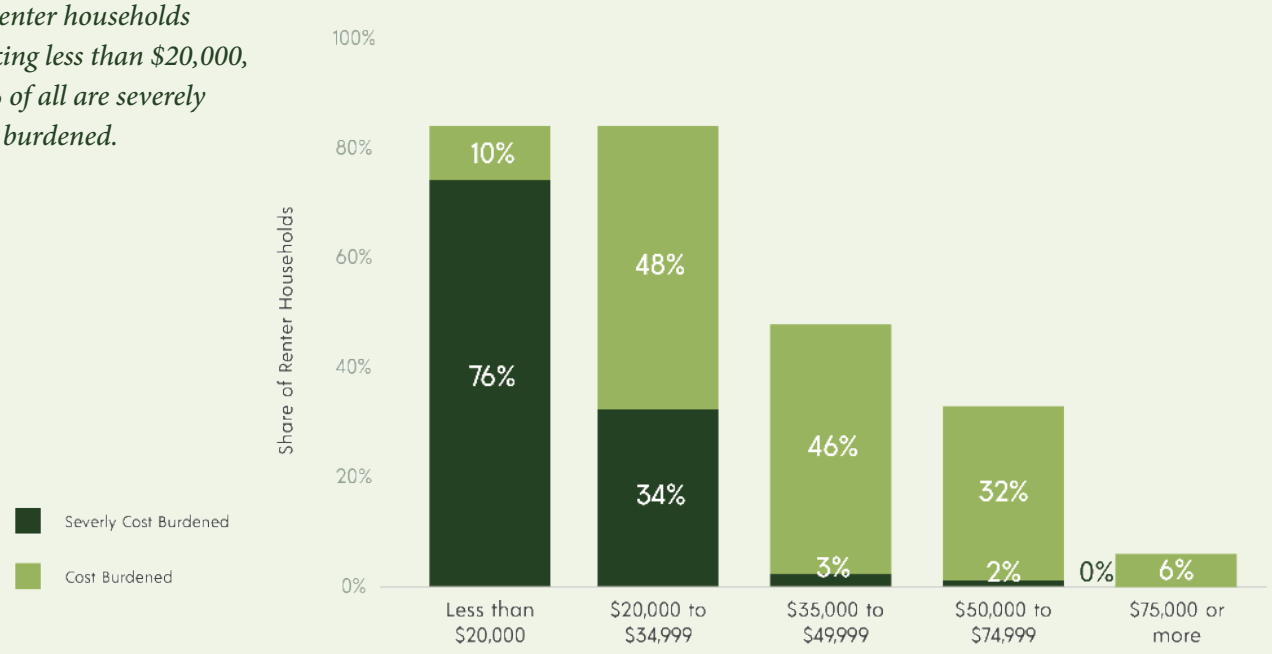
AFFORDABILITY

The consequences of underproduction and a low-vacancy rate are creating challenges for affordability. Housing affordability is typically defined as a household paying no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's (HUD) guidelines indicate that households paying more than 30 percent of their income on housing experience "cost burden" and households paying more than 50 percent of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting its mandate to provide housing that is affordable to all households in a community.

About 37 percent of all Bakersfield's households were cost burdened in 2019, and 21 percent were severely cost burdened. Currently, about 54 percent of renter households are cost burdened or severely cost burdened, compared with 26 percent of homeowners. The lowest income households in Bakersfield are disproportionately cost burdened, with greater than 50 percent of households earning less than $50,000 defined as cost burdened.

Exhibit 3. Share of Cost-Burdened Renter Households, Bakersfield, 2019

Of renter households making less than $20,000, 76% of all are severely cost burdened.



SOURCE: 2019 ACS TABLE B25074

AFFORDABLE HOUSING CASE STUDIES

This analysis included case studies of three successful affordable housing projects developed or under construction in Bakersfield over the past few years. These case studies include valuable insights into the affordable housing challenges and lessons learned in Bakersfield. Key takeaways include:

- Importance of thinking creatively about parking.
- City's role to facilitate and align grant timing and availability of leveraging resources.
- Importance of housing variety (i.e. project types and sizes).
- Need for denser development.
- Importance of local leverage to ensure a pipeline of projects.
- Role of community outreach in project execution.
- Need to prioritize developments that affirmatively further fair housing.
- Important to form relationships with the development community to build a critical mass of development expertise and capacity.
- Need for the city to play a role in coalition building, as well as being a broker of information on sites, funding, and partnerships.

These case studies are included in technical appendix N of this report.

Household Production Tools

The scope of the Bakersfield Affordable Housing Strategy is more than just a strategy. In fact, the lion's share of this effort was the development of a series of tools and programs to support and catalyze implementation of the Affordable Housing Strategy. These tools range from funding mechanisms and incentives to informative devices to identify and prioritize investment. A summary of these tools is included below.

AFFORDABLE HOUSING TRUST FUND

In June 2022, the Bakersfield City Council passed a resolution establishing an Affordable Housing Trust Fund (AHTF) to further the city's broader economic development goals and provide support for housing production across affordability levels to meet the needs of the Bakersfield community. Created with an initial one-time funding allocation of $5M from the Public Safety and Vital Services Measure (PSVS), the trust fund will receive annual funding of $500,000 from PSVS, as well as funding from other federal, state, and local sources and potentially private and philanthropic contributions.

As part of the housing trust fund creation process, the city tasked the consultant team with developing a feasibility analysis and strategy for establishing and administering an AHTF consistent with best practices and based on local needs and economic conditions. The scope of work for this part of the strategy included three major deliverables:

1. **Analysis of potential revenue sources and organizational models**. This deliverable also included analysis, research, and outreach to local funders and key stakeholders.
2. **Detailed feasibility and program recommendations**. This task included additional outreach to potential private-sector partners for the trust fund.
3. **Final report detailing concrete short and longer-term actions, suggested uses, and a feasible structure to implement the fund.** These actions included a recommended administrative structure as well as alternatives for future additional funding sources.

FUNDING SOURCES

As described above, the consultant team reviewed a comprehensive set of potential funding sources with key city staff with the objective of narrowing the list of sources to only those with the highest political feasibility and greatest overall revenue generation potential. Working with City staff, the consultant team identified the following recommended funding sources:

Public Sector Sources

The fund is initially capitalized with a one-time investment of $5M from the Public Safety and Vital Services Measure (PSVS), the trust fund will also receive one-time and ongoing funding from the following key local, State and Federal sources:

- $5M in one-time funding from the American Rescue Plan (ARPA).
- Ongoing annual allocations of $5M per year from PSVS.
- Payments on outstanding city loans averaging $100,000 per year.
- State of California Permanent Local Housing Allocation (PLHA) funding of $10.4M over four years.
- State of California Local Housing Trust Fund (LHTF) grants of up to $5M per year.

In total, assuming the city is successful in competing for State LHTF funds, up to $63.7M in total funding would accrue to the AHTF from fiscal year 2021/2022 through fiscal year 2025/2026. This funding would support the creation of between 1,000 and 1,700 new housing opportunities in the Bakersfield community over five years.

Private-Sector Sources

Additionally, there is potential to attract private and philanthropic funding to the AHTF, were it to be managed by a Community Development Financial Institution (CDFI). This structure could enable the fund to leverage private capital alongside the city's trust fund program. Possible sources could include:

- Employer contributions.
- Foundation and private donor contributions.
- Commercial bank loans and grants.

Program Structure, Priorities, and Next Steps

If the AHTF is funded entirely by public sources and administered by staff from the city's Economic and Community Development Department, the city has identified a few initial key programs to be supported by the fund:

1. New ADU fee reduction and deferred-interest incentive programs targeted primarily to lower and moderate-income homeowners.
2. Expanded first-time homebuyer down payment assistance for lower and moderate-income families.
3. New affordable rental and ownership housing production funding program implemented through annual NOFAs.

Building on outreach already conducted for the Affordable Housing Strategy and as an additional next step, it is recommended that the city continue to conduct outreach to private-sector and community partners to seek additional non-governmental sources of support for affordable housing that could be channeled through a new partner organization such as a CDFI.

FINANCIAL COMMITMENT RECOMMENDATIONS

The utilization of the AHTF to provide financing particularly for new deed-restricted affordable housing should ensure that the city's financial commitment to projects leverages the most external available funding sources possible while maximizing the project's unit potential before making a funding award. As part of its underwriting review of NOFA applications, the city should consider the following:

- Align AHTF underwriting standards with HCD's established standards to ensure the template is consistent across the applications for LIHTC and NOFA awards.
- Ease code requirements to yield more units or lower costs. Many affordable housing projects must include features that increase the overall project cost or reduce unit capacity unnecessarily (i.e., construct a podium to support on-site parking requirements or demand high set-back or step-back requirements). Relaxing project-specific zoning could enable the AHTF to finance more projects.
- Pre-development and acquisition loans have a quicker payback period. Applications requesting funds to cover the cost of land acquisition will typically be able to support a paid-interest rate and will recycle back into the AHTF once permanent financing takes effect. This helps to retain fund balance and enables proceeds to support more projects.
- Grants and interest rates should be determined based on a project's ability to pay. More challenging projects that have lower Net Operating Incomes (NOIs) or are offering significant public benefits should receive more leniency on paid interest and debt structure.
- NOFA awards for permanent gap financing should be sized after accounting for all other identified sources. To ensure that projects are leveraging the most outside available funding sources, AHTF gap financing commitments should be sized after all other sources of each project's capital stack are estimated and have received a soft commitment.
- Documentation of soft commitments from other financing sources should be provided as part of the NOFA application for the city to review funding commitments.

DEVELOPER FEE ASSISTANCE PROGRAM

The City of Bakersfield assesses one-time impact fees on developers to pay for infrastructure improvements that must be built, expanded, or maintained due to new development and growth. The city assesses impact fees to pay for habitat conservation, parks, schools, sewer and water infrastructure, and transportation-related infrastructure. Combined these fees can account for as much as five percent of a dwelling unit's total cost of development. While these fees are critical for the city to support vital infrastructure needs, the structure and timing of impact fee payment can pose challenges to unit production.

In crafting a proposed developer fee assistance program, the following factors were considered along with targeted recommendations.

TRANSPARENCY IS IMPORTANT FOR DETERMINING FEASIBILITY

Knowing a project's impact fee incidence is important for developers to determine whether a project makes financial sense. The more the city can provide transparency in terms of impact fee payment, structure, timing and availability of incentives, the better developers will be able to identify project feasibility and increase unit production. To help the city and development community understand a project impact fee incidence, ECONorthwest developed a tool that enables anyone to estimate a prospective project's fees at any given geographic location in the city. This tool provides a reasonable estimate so that developers both large and small can evaluate their project and revise accordingly.

STRUCTURE OF LOCAL IMPACT FEES DISINCENTIVES HOUSING VARIETY

Three out of five impact fees (park, sewer and transportation fees) are levied on a per unit basis. Assessing fees in this way means that a unit that is 1,000 square feet must pay approximately the same fee as a unit that is 3,000 square feet. However, the actual local impact of the 3,000 square foot home on infrastructure is likely higher than the 1,000 square foot home due to larger family size and higher personal vehicle use. The recent passage of AB 602 requires jurisdictions to impose impacts fees according to an HCD nexus study model that will estimate impact fees on a per square foot basis and align with local service funding levels. The City should implement AB 602 upon completion of the nexus study to incentivize the development of more housing variety throughout the city. It should also consider providing deeper discounts for central city infill to attract more development and investment in the City's downtown core where much of the surrounding infrastructure is already in place and impact fees for any existing structures would have already been levied on those infill sites. Central city infill sites are also more likely to have lower impacts on transportation infrastructure.

TIMING OF PAYMENT IS CHALLENGING

The city's current policy requires impact fee payment at the time of permitting. Requiring payment this early in the pre-development process means housing developers must cover impact fees from their own cash reserves since securing financing for the project would not occur until after entitlements and permitting. The city should allow developers to pay impact fees as a requirement to receive Certificate of Occupancy (C/O). Allowing payment at C/O recognizes that housing developers are diverse, with organizations ranging from small mission-driven nonprofits to national housing developers, each with a different capacity to pay impact fees before their financing is in place. The timing of payment should not over burden smaller developers.

FINANCING IMPACT FEES CAN MAKE BAKERSFIELD MORE COMPETITIVE FOR LIHTC AWARDS

Tax credits are a very competitive source of affordable housing funding in California. In the annual application process, projects from across the state often tie on the points awarded based on the scoring criteria in the Qualified Action Plan (QAP). When there is a tie, the award will go to projects that have dedicated local soft debt to fill financing gaps. To help facilitate more LIHTC awards for local projects, the city should consider offering a low interest financing option to pay for impact fees. This would enable the project's cash flow to pay for the impact fees over time and help leverage State resources to finance local affordable housing development.

RECOMMENDATIONS:

- **Restructure impact fees to align with the city's housing and production goals.** This includes sizing fees to incentivize more housing variety (i.e. smaller unit types and more missing middle housing types such attached townhomes, fourplexes and duplexes) and providing deeper discounts on impact fees on central city infill sites to align with actual infrastructure impacts.
- **Allow for payment of Impact Fees at C/O.** This will enable developers to utilize their financing to cover the fees rather than dipping into their cash reserves, which is problematic for smaller, mission driven developers, who might be offering additional public benefits as part of their development projects.
- **Offer a low or no-interest financing option to affordable housing developers.** This will allow impact fees to be paid through a project's cash flow and will help to make Bakersfield more competitive for LIHTC awards.

AFFORDABLE ADU INCENTIVE PROGRAM

The goal of the Affordable ADUs Program is to encourage homeowners to build ADUs and rent them affordably. It includes new online and print resources, a Pre-reviewed Plans Program, and direction on how the city can incentive the rental of ADUs to qualified or low-income tenants.

PRE-REVIEWED PLANS PROGRAM

As part of this project, the consultant team developed a Pre-Reviewed ADU Plans Program, to save homeowners money, generate interest in building ADUs and remove barriers by providing free, pre-reviewed plans and an online gallery to compare a variety of ADUs.

To develop the pre-reviewed plans, the City and the consultant team issued a Call for Submittals to solicit designs from architects, both locally and throughout the state. We then formed a Selection Committee, made up of City of Bakersfield Planning, Building and Fire Department representatives, to review the more than 30 plans submitted and select which ones the city will pre-review then make available to the public for free. An online gallery is currently under development that will include the free, pre-reviewed plans, as well as any additional plans the Selection Commi

ttee decides to include. Homeowners will be able to view all plans in an easy-to-use interface and connect directly with architects and modular ADU companies.

ADU GUIDEBOOK, WEBPAGE AND CALCULATOR

The consultant team also developed an ADU guidebook and webpage that walks homeowners through the process, from pre-development to lease up. The team also developed an ADU Calculator, an online tool that estimates construction costs, taxes, rents, and payback periods based on location and the type of ADU. As part of these tasks, we reviewed the permit process, rules, fees, and other resources available in the community. We also analyzed current rents and construction costs to provide homeowners with a range of what to expect and developed a visual ADU process graphic that can used as handout.

An ADU Guidebook is includes a detailed explanation of each step in the process, photos, floorplans, and activities to help homeowners with everything from identifying their goals to hiring a general contractor or property manager. A companion webpage is also in development, which will be available on the City of Bakersfield Affordable Housing Strategy webpage. It will similarly walk a homeowner through the process and connect them to the Pre-Reviewed Plans Gallery and the ADU Calculator.

ADU INCENTIVES RECOMMENDATION

Over the course of the summer and fall of 2021, the consultant team conducted research and interviewed jurisdictions throughout California with affordable ADU programs, as well as staff from the Bakersfield Kern Regional Homeless Collaborative (BKRHC) and the City of Bakersfield Housing Authority. Key findings were:

- Rapid or streamlined review processes can be helpful.
- Strict criteria and deed restrictions can be a barrier.
- Administrative costs should be factored into any program budget.
- ADU bonuses and fee waivers are seeing a lot of interest.
- ADU owners can easily opt-in to Section 8 programs.
- It is important to publicize any incentives or opportunities throughout the community.

In consideration of the team's research, analysis, and engagement efforts, we developed the following recommendations:

1. **Pilot a Fee Mitigation Program for Income-Qualified Homeowners**. Provide impact fee mitigation to build an ADU if a homeowner agrees to rent their ADU affordably for up to five years. This could include renting the ADU to Housing Choice Voucher (HCV) recipients. Doing so will remove a significant barrier to more ADUs being built by those who could benefit the most, while increasing production and affordable housing options throughout the city.
2. **Partner with local lender(s) to develop a no-or-low interest five-year loan program in exchange for rent-restrictions.** Qualified homeowners who agree to rent their ADU to Section 8 voucher holders or community

members earning up to 50 percent AMI for five years could qualify for the loan program. The lender would create the ADU loan product, qualify homeowners and collect loan payments, and the city would create an interest payments fund and annually monitor compliance.

3. **Facilitate more ADU production through consistent and targeted public information.** For each new program, tool, resource, or incentive for ADUs that is developed moving forward, it will be important to provide funding and staffing for outreach, develop public information and messaging emphasizing benefits to specific stakeholder groups, and create a plan to communicate throughout the community in multiple languages.

HOUSING SITE IDENTIFICATION TOOL

CONTEXT

Over the next year the city will be updating the Housing Element of its General Plan. A part of this process is to create an inventory of vacant and underutilized parcels with the capacity to accommodate its Regional Housing Needs Allocation for the next eight-year planning cycle. Kern COG is responsible for developing a methodology to allocate regional need to representative cities. It has determined that Bakersfield is responsible for accommodating zoned capacity for 37,461 units of housing. Among these, 18,211 must be suitable to accommodate affordable housing.

The magnitude of lower income housing need underscores the importance of a targeted approach in identifying sites that are most suitable for affordable housing development. This tool will help guide the city's decision making in allocating its limited resources to sites that are physically suitable for affordable housing, are most competitive for external funding sources, and have impact on social factors like mitigating displacement risk or affirmatively furthering fair housing.

The site inventory tool in this project was developed to serve two purposes:

Initial Sites Inventory Screen. An initial screen to identify vacant parcels that could be available for housing development.

Affordable Housing Site Candidates. Identification of a subset of parcels that are stronger candidates to accommodate affordable housing development that should be prioritized for investment.

METHODOLOGY

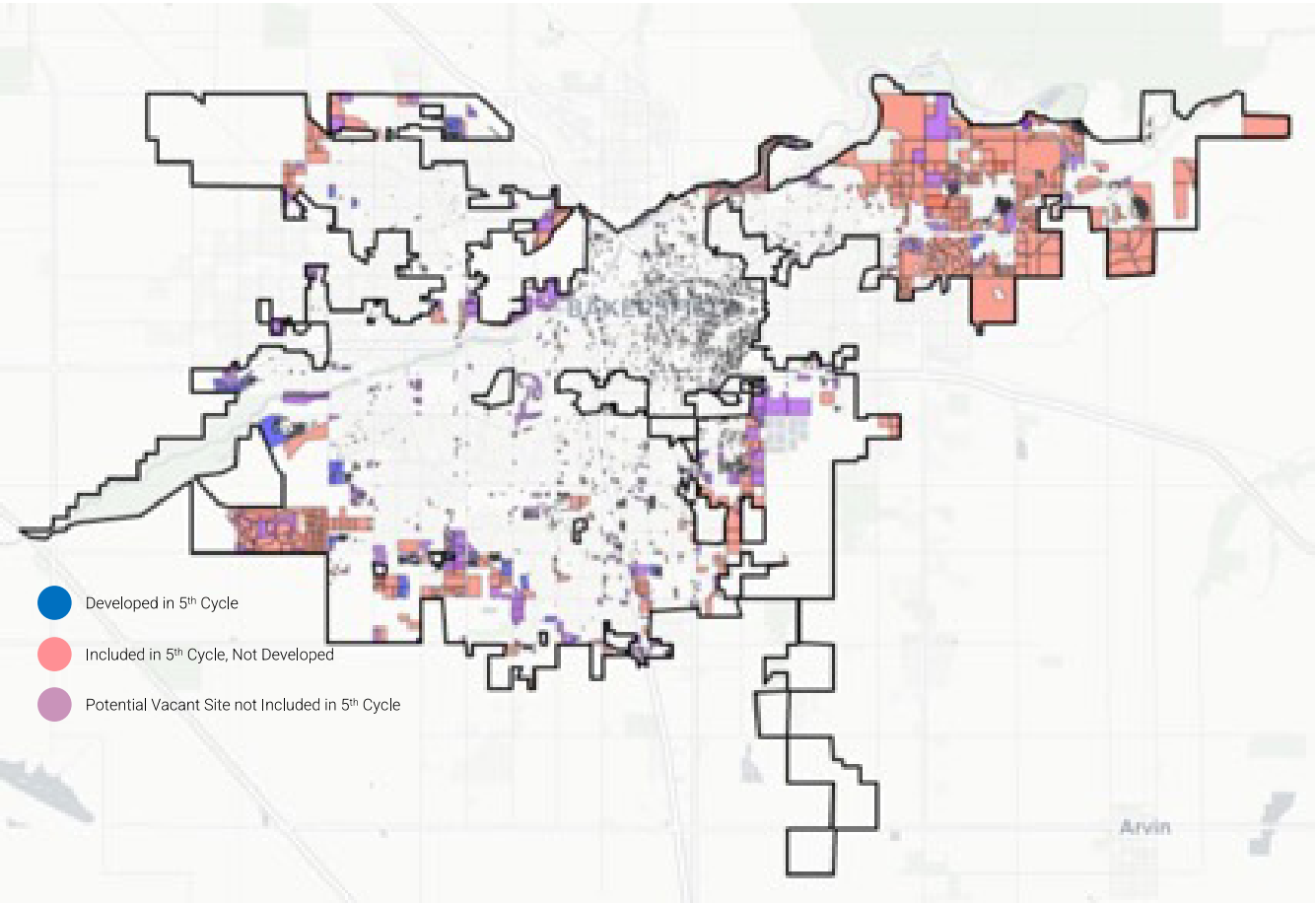
The methodology for identifying potentially vacant sites was developed in coordination with the City's Geographic Information Systems (GIS) team, the Kern County Assessor's Office, and the Building Services Department. The city started the current parcel basemap. Potentially vacant sites were identified using five inputs:

Previous Housing Element inventory sites. The provided a baseline shapefile of its 5th Cycle housing inventory with associated parcel ID numbers (APNs). This inventory was cross walked to current parcelization and approximated using spatial analytics.

Housing Allowance. Sites where housing is allowed as a permitted use or conditionally permitted use were considered. Also, several zones that do not currently allow housing were included to inform potential rezoning opportunities.

Improvement value. Parcels whose assessed improvement value was less than $10,000 were identified as potentially vacant.

Exhibit 4: Bakersfield Land Inventory



Use description. Assessor's data includes a description of existing land use. Parcels with "vacant" in the description were also considered.

Sites that currently allow housing. Only vacant sites that have allowed densities of 30 DUA or greater in the zoning code were included.

Land Value. The four previous steps resulted in an inventory that included many irregular parcels that are technically vacant but should not be considered. Examples include interior courtyards of existing apartment buildings, and right-of-way. These parcels tended to have a $0 land value in the assessor's records. This step removed all parcels with a $0 land value.

AB1397 Context

AB 1397 was passed by the California Legislature in 2017. Among other things, this law requires cities to identify sites that were used in previous housing element updates. Vacant sites identified in the previous two housing elements must be identified and rezoned with specific criteria to be included in subsequent housing element inventories. A digital version of Bakersfield's 4th Cycle was not available for this analysis. This project did identify sites used in the 5th Cycle inventory.

DESCRIPTION OF THE TOOL

Sites identified in the initial vacant inventory were organized into three categories.

1) Sites identified in the 5th Cycle inventory that were subsequently developed over the planning period.
2) Sites identified in the 5th Cycle inventory that were not developed and presumably remain vacant.
3) Sites that met the criteria for being considered vacant but were not included in the previous site inventory.

LIMITATIONS AND CAVEATS

It is important to state that this total does not reflect achievable development capacity. The tool is intended to be a starting point for identifying candidate vacant sites that could be suitable for housing development. There are many factors that can positively or negatively influence development potential that were not considered in this analysis. These may include:

- The impact of lot consolidation and assemblage.
- Potential environmental constraints.
- Availability and access to infrastructure.
- Land dedication required for right-of-way, open space, or infrastructure (net-to-gross).
- Nuances in the zoning code and incentives that could impact allowed density.
- Ability of the market to achieve maximum density under existing code.
- Further, the methodology used to screen for potentially vacant sites was a programmatic analytical process and did not include site-level ground truthing. There remains potential for sites with irregular data to be misclassified.

AFFORDABLE HOUSING SUITABILITY

To be considered a viable site for lower income capacity, the California Department of Housing and Community Development (HCD) states that a site should be between 0.5 and 10 acres in size and allow density of at least 30 dwelling units per acre (DUA). In Bakersfield, only a handful of zones currently meet this 30 DUA, specifically the R-3, R-4, C-C, and C-B zones. Even though the R-2 zone does not allow 30 DUA, the city has historically included sites in the R-2 zone as being viable for affordable housing development based on the established precedent in the city.

TCAC Resource Categories

- *Highest Resource*
- *High Resource*
- *Moderate Resource*
- *Low Resource*
- *High Segregation and Poverty*

But these are not the only criteria that make a site suitable for affordable housing. Other factors include competitiveness for public subsidy, proximity to public resources, and opportunities to affirmatively further fair housing. This tool stratifies the subset of sites that meet HCD's criteria with these factors to identity—to the extent they exist—sites that have physical characteristics that are suitable for affordable housing, are competitive for federal and state funding, and offer access or proximity to areas of opportunity in the community. Sites, corridors, or nodes identified through this process can be prioritized for investment and involvement by the city. Factors considered include:

Sites in Qualified Census Tracts. Qualified Census Tracts (QCTs) are defined as areas with "50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more. Site's within QCTs receive an increase in eligible basis for Low Income Housing Tax Credits (LIHTC) and make project's more feasible/require less gap financing, all else equal. However, because QCT's are generally in low resource areas, they often direct affordable housing subsidy into areas that already disadvantaged. Lower-income-eligible sites identified in the inventory are organized by QCT status.

Sites by TCAC Opportunity Areas. In February 2017, the Department of Housing and Community Development (HCD) and the California Tax Credit Allocation Committee (TCAC) convened a group of independent organizations and research centers that would become the California Fair Housing Task Force ("Task Force"). TCAC and HCD charged the Task Force with creating an opportunity map to identify areas in every region of the state whose characteristics have been shown by research to support positive economic, educational, and health outcomes for low-income families—particularly long-term outcomes for children. Census tracts throughout California are organized by resource typology.

FINDINGS

- A large portion of East and Southeast Bakersfield include QCTs. Most of Downtown Bakersfield is in a QCT. This will make infill and redevelopment sites in Central Bakersfield more competitive for affordable housing funding.
- QCT areas are not well-aligned with areas of opportunity. Most of Bakersfield is in low resource areas or in areas of high segregation and poverty. High resource areas are in Northwest and West Bakersfield.
- High resource areas are typically correlated to areas with lower density sites that are not supportive of affordable housing. These areas are also areas where proximity and access to public services are more limited.
- Strategies directed at improving investment and resources in low resource areas should be considered alongside opportunities to increase allowed density on vacant sites in or proximate to high resource areas and other important amenities such as grocery stores, schools and parks that improve TCAC scoring.

STRATEGY FRAMEWORK

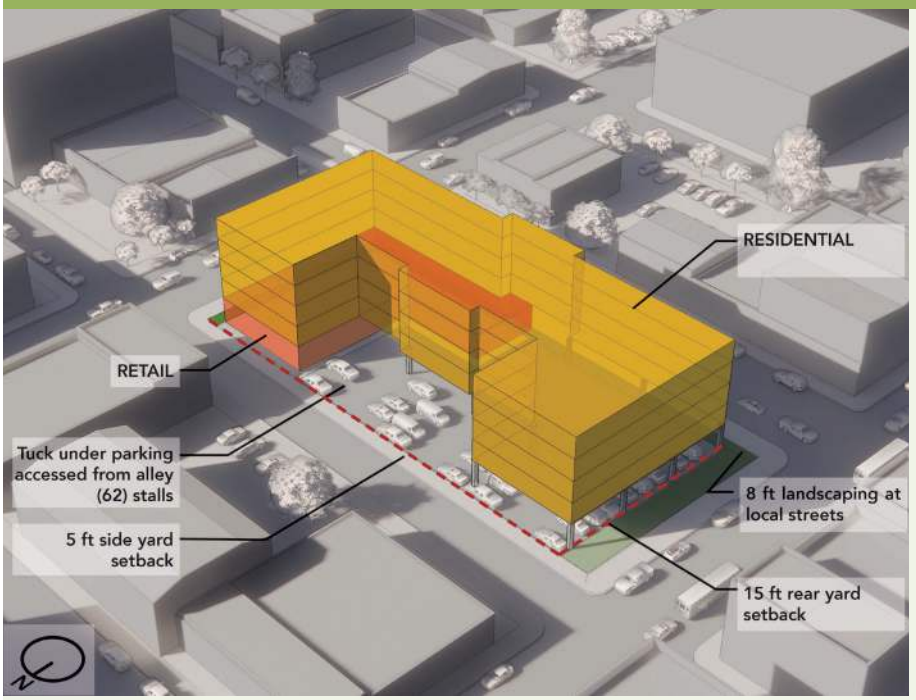
ARCHITECTURAL MASSING ANALYSIS

ECONorthwest engaged Deca Architecture and Arup to assist with a comprehensive analysis to identify the financial, physical, and policy challenges to housing production in Bakersfield. The evaluation included developing parcel-specific housing prototypes across seven unique sites and testing the trade-offs of different approaches to development (see technical appendix for additional details). To highlight some of the main physical, financial, and policy challenges, this summary presents two examples of building prototypes on a 0.70-acre parcel located in a Commercial Center zone (C-C) alongside architectural massings that include maximizing density while accounting for height, set-back, landscaping, and on-site parking requirements.

The following sections will summarize and illustrate our technical analysis:

Exhibit 5. Infill Multifamily Prototypes

MASSING 1 – ON-SITE PARKING TO CODE



Prototype Specs:

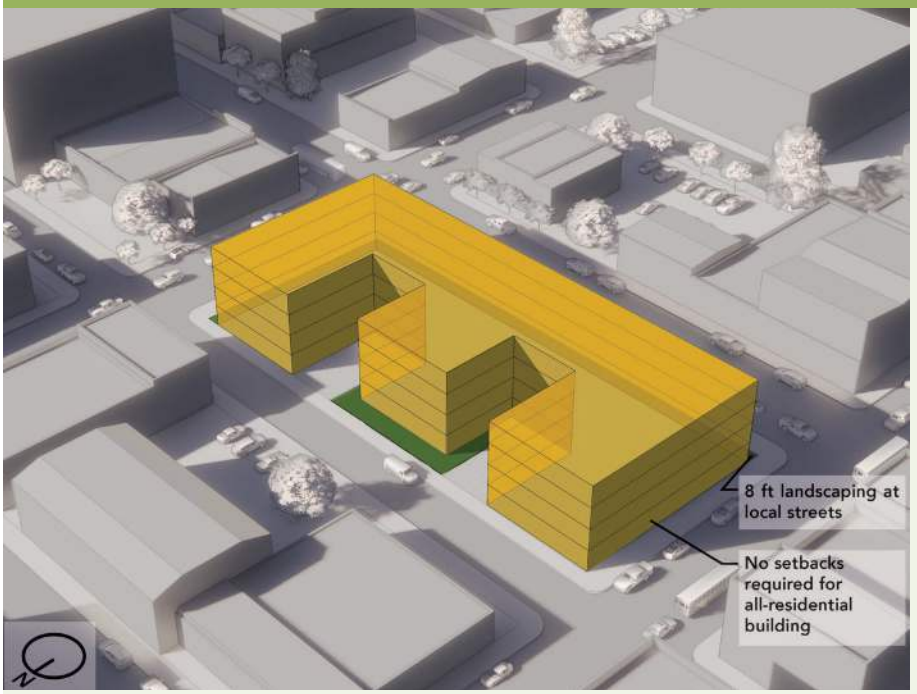
- Four floors (wood frame); One floor tuck-under parking
- 92 units
- 8,000 sf of retail
- 62 parking stalls (50% reduction for mixed-use
- FAR 2.95:1

Challenges:

- Tuck under parking more expensive construction type
- Mixed-use development is more challenging
- Setbacks and landscaping requirements limit density

RESIDUAL LAND VALUE: $682,000[1]

MASSING 2 – OFF-SITE PARKING



Prototype Specs:

- Four floors (wood frame)
- 96 units
- No retail
- 96 parking stalls located off-site
- FAR 3:1 (max)

Challenges:

- off-site parking may command below market rents
- Shared parking required within a walking distance of 500 ft

RESIDUAL LAND VALUE: $2.3 MILLION[2]

[1] ASSUMES A 5% RETURN-ON-COST. [2] IBID.

SOURCE: ECONORTHWEST AND DECA ARCHITECTS

Massing 1

This prototype features a five-story wood frame construction (the lowest cost construction type) building with tuck-under parking on the ground floor to accommodate 62 parking stalls and an 8,000 square foot retail space. The prototype qualifies for a parking reduction of 50 percent as a mixed-use project. Tuck-under parking is more expensive than surface parking; however, this enables the prototype to nearly maximize the Floor Area Ratio (FAR) allowed under the current zoning. The mixed-use prototype also necessitates higher setback and landscaping requirements than a purely residential building, limiting the total number of units produced.

Massing 2

This design assumes that the developer can achieve an off-site parking arrangement, enabling the prototype to maximize the floor-area ratio (FAR) and the total number of units physically allowed under the current zoning. However, since parking does not count towards the FAR, Massing 1 with tuck-under parking can achieve five stories (75 feet in height) while Massing 2 can only achieve four stories (60 feet in height), with both scenarios yielding a similar quantity of units.

Residual land value (RLV) *is an estimate of what a developer would be able to pay for land given the property's income from rental or sales revenue, the cost to build as well as any cost to operate the building, and the investment returns needed to attract capital for the project. In other words, it is the budget that developers have remaining for land after all the other development constraints have been analyzed.*

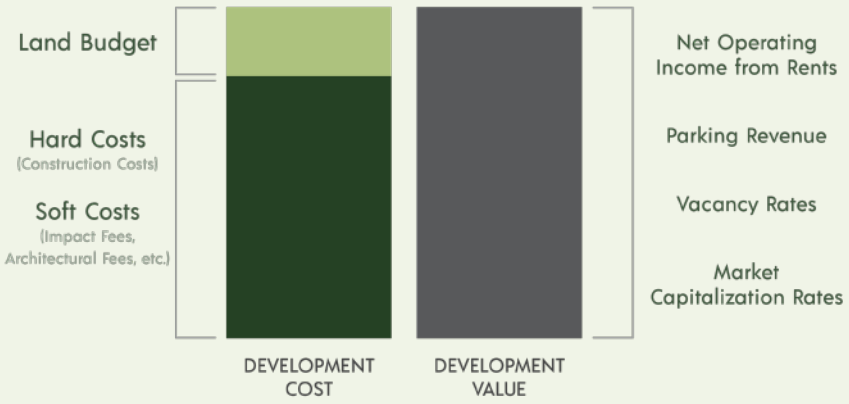
FINANCIAL FEASIBILITY ANALYSIS

Methodology

To compare development feasibility and the impact of zoning changes on production between Massing 1 and 2, ECONorthwest used a common method called a *residual land value (RLV) analysis*.

The RLV is a useful metric for assessing the impacts of new policy requirements and accompanying development incentives, because these policies principally affect land value, especially in the short run. An advantage of the RLV approach is that it

Exhibit 6. Positive Land Budget

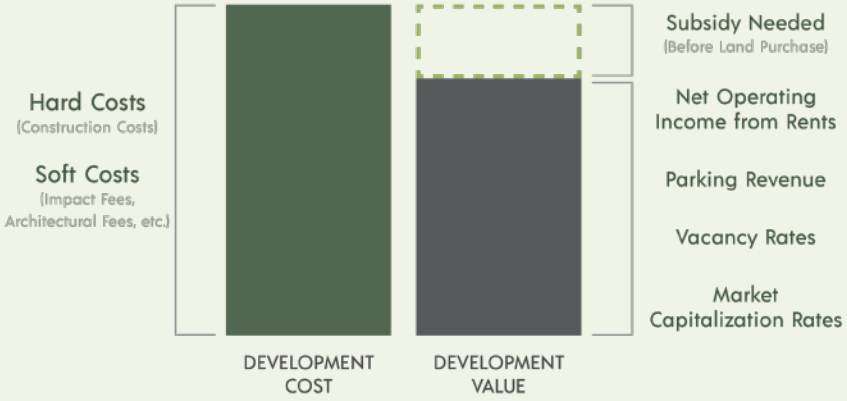


In this graphic, the development value (blue column) is greater than the cost (grey column), so there is budget to buy land (shown in yellow).

A positive land budget means that a proposed development project is likely to be feasible (contingent on the price for which the land is being offered).

SOURCE: ECONORTHWEST

Exhibit 7. Negative Land Budget



For a development that is not feasible, the development cost (grey column) exceeds the value (blue column), so a subsidy is needed to get the project to a positive land budget (shown in a dashed outline).

A land budget below $0 means that a proposed development project is not feasible, absent offsetting subsidies or incentives that can cover the difference.

SOURCE: ECONORTHWEST

Exhibit 8. Residual Land Value by Massing

SOURCE: ECONORTHWEST

does not rely on land prices as an input. Rather, we compare the RLV model outputs with observed land prices to help calibrate the analysis and ensure it reflects reality. Using RLV as an output allows us to identify the land budget for a development project and compare the land budget to actual land prices in the market today.

The prototypes described above were analyzed using this RLV approach. For each of the prototypes, the RLV methodology compared the budget remaining for land with and without zoning allowances. This approach provides a strong indicator of the relative likelihood of feasibility, rather than an absolute measure of return to a specific investor or developer.

How Does the Residual Land Value Method Work?

Exhibits 6 and 7 summarize the residual land value method by illustrating two example developments, one that is likely feasible and the other is likely infeasible. In both scenarios, the right column (shown in blue) illustrates the total value that comes from the project (derived from rental revenue less any operating expenses and vacancy costs). The left column (shown primarily in grey) shows the total costs to build the project, both the hard construction costs and the soft costs such as design and fees.

Using market data to inform a pro forma model, we used the RLV methodology to test the financial feasibility of Massings 1 and 2, discussed in the Architectural Massing Analysis section above. Exhibit 8 below illustrates the results of the financial feasibility analysis.

While each developer has different return expectations and approaches to financial feasibility, our analysis accounts for a range of return-on-cost metrics to determine the likelihood that a developer would find the project viable. We recognize that for the Bakersfield market, these return-on-cost percentages are likely insufficient to attract institutional investment but are attractive to local and regional investors and developers. According to the results, Massing 2 has the greatest potential to be financially feasible, yielding a positive RLV at a few return-on-cost targets. A few factors contribute to this.

- The shared off-site parking solution reduces development costs.
- Reduction in set-back and landscaping requirements compared to Massing 1 enable a higher lot coverage, yielding more units.
- Rents are unchanged between Massing 1 and 2 and each massing assumes no additional parking income.

Additionally, Massing 1 possess some additional risk due to its mixed-use structure. While providing ground floor commercial space is an attractive use to both reduce required on-site parking and help drive future rents, depending on the market, it can be viewed by a lender that is underwriting the project as an additional financial risk. Should the retail space remain vacant for long periods or not achieve the underwritten lease rate, its inclusion in the project can pose a risk to debt service payments. This risk makes mixed-use projects much more challenging to develop, particularly in downtown Bakersfield where there has not been a lot of newly constructed mixed-use projects. More comparable mixed-use development and city support to improve feasibility would help to mitigate any perceived risk by lenders.

KEY FINDINGS AND ZONING RECOMMENDATIONS

The cost of infrastructure is challenging on infill sites

Recent urban infill development in Bakersfield consists of moderate density multifamily rental apartments. ARUP estimates that for Massing 1 and 2, infrastructure could cost approximately $1.7 million. The estimate includes new utility work to provide potable water to the development, fire service such as hydrants, sewer and storm water connection, electrical, gas, and frontage improvements including sidewalks, curbs, and gutters. To cover these high infrastructure costs, rents need to be adequate to support the total cost of development while still delivering attractive returns to investors. Our analysis of Massing 1 and 2 demonstrates that even on infill projects where off-site parking is achievable, no additional density is allowed under the current zoning code that could potentially make that project more financially feasible.

Greenfield development conversely offers options for developers to mitigate the cost of infrastructure that are otherwise limited on infill sites. For example, single-family homeownership development is much more common on the edges of a city or in suburban jurisdictions. Land tends to be cheaper outside of city centers, impact fees are often lower, development costs are less, and there is more potential to cover these costs through the sale of units or establishing special tax districts to pay for infrastructure now but repaid with assessments to property taxes over time. For many developers, given the choice of greenfield or infill development, they will select the most financially feasible and proven product to develop. The city can help to flip the equation to make infill development more financially viable and thus attractive to the development community.

Make zoning code less discretionary

The code includes reductions to required parking quantity in certain situations, including using public off-street facilities (17.58.090), and an on-street parking credit (17.58.100). The C-C zone provides incentives for mixed-use and multiple-family developments (17.58.120), however some of these reductions are discretionary and limited. These incentives are situation dependent and do not provide a high level of certainty for developers. Making the code less discretionary should help to improve certainty for the development community.

Reduce required parking quantity

The current code requires a large quantity of parking stalls particularly for downtown infill sites zoned C-C. Requiring large amounts of parking on a per-dwelling unit basis limits the number of units that can be achieved while adding expensive structured parking, which increases development costs. Massing 1 above demonstrates that tuck-under parking is a strategy that can work but poses financial feasibility challenges. If market conditions are not adequate to support the more expensive construction type needed to provide the high parking requirements, then the project will not be viable. The city should consider the following code changes to increase production:

- **Remove parking requirements on infill sites in the downtown core.** Developers understand the parking needs of the market and generally try to supply is needed to achieve target rents to support development. Allowing each project to determine the appropriate on-site or off-site parking quantity and arrangement would allow projects to improve financial feasibility while still providing an appropriate quantity of parking for the location.
- **Reduce base parking requirements for zones outside of the downtown.** For multifamily residential, the current code requires on-site parking to have one stall per bedroom (e.g. a two-bedroom unit requires two parking stalls) plus an additional 10 percent for guest parking. Setting a parking requirement on a per bedroom basis makes providing three-bedroom units cost prohibitive. This increases the quantity and cost of providing parking and reduces the number of units that can physically fit on a site. The city should require only one stall per unit regardless of unit size and allow the further reductions in required parking if a project has good access to public transportation or has a high walkscore (i.e. good access to daily needs and amenities).

Extend the allowable distance for off-site or shared parking arrangements

Downtown Bakersfield has ample opportunities to identify shared or off-site parking arrangements to support new multifamily or mixed-use development. The current code allows for as-of-right off-site parking within 500 feet of the development. This should be extended to 1,350 feet (.25 miles). Research shows that people are willing to walk up to 0.25 miles to access their daily transit needs in most urban areas. Extending the allowable distance for off-site parking will allow for greater flexibility for developers to negotiate off-site parking arrangements. It will support the financial feasibility of new development, and it will maximize underutilized existing parking facilities.

More C zones should permit housing and R zones should permit mixed-use

Most commercial designated zones, other than C-C, prohibit the development of housing. This produces a few challenges: 1) it artificially limits the land available for development, particularly for Low Income Housing Tax Credit (LIHTC) projects, by removing opportunities for affordable housing development in areas that would score very high in the state application process; 2) it limits the city's ability to meet its Regional Housing Needs Allocation target. While allowing residential uses as-of-right may be politically challenging in some areas of Bakersfield, the city can address these issues in a few ways:

- Allow just deed-restricted affordable housing as-of-right in all C zones. This will help leverage more tax credits to support development in high resource areas of Bakersfield.
- Authorize multifamily development as a conditional use in certain or all C zones
- Streamline the spot rezoning process. This approach will enable the development community to identify the best opportunity sites for multifamily residential or mixed-use development.

Minimum lot areas limit unit production

In the C-C zone, buildings used exclusively for dwelling purposes must comply with the minimum lot provisions of the R-4 zone which requires 600 sf per dwelling unit. This is a very high minimum and limits the density achievable for modest, urban-style developments. A typical three to four-story urban housing development routinely approaches 300 sf of site area per dwelling unit. A lower minimum in line with typical medium density housing development will help with both feasibility and unit production.

Landscaping, setback, and step-back requirements limit flexibility in building design

General zoning regulations require that residential uses above another use meet the substantial setbacks of the R-4 zone (17.08.120) The combined set back requirements contribute to 15 feet or more setbacks for the mixed-use portion of building, but small setbacks of five feet for residential multifamily projects. Setbacks coupled with a 45-degree diagonal airspace requirement prevents placing buildings on a significant portion of the site. Generally, stepping buildings at each floor to match the airspace diagonal is costly to development and inefficient for building design. Similarly, minimum landscape standards (17.61.030) require significant on-site landscaping adjacent to major arterial roads. The combination of these regulations limits the building footprint of a potential development thus the number of units that can be achieved. The city should:

- Eliminate setback, step-back requirements in certain zones. In some parts of the city there is a desire to increase density and mixed-use development, these requirements should align with these goals.
- Require just that 10 to 15 percent of the lot area be landscaped. This would allow for architects and developers to determine where landscaping might best serve the residents or customers of the commercial uses.

Allowable height not aligned with allowable FAR

The C-C zone allows buildings up to 180 ft./12 stories high, but the FAR limit is 3:1 which would rarely generates buildings above six stories in an urban setting. Additional FAR may be awarded for public benefit features, but these tools are too discretionary and do not provide certainty for developers. Creating clear and objective FAR bonus standards would increase certainty for developers and allow more accurate evaluation of the costs and benefits of these bonuses. This could include utilizing a shared parking arrangement, providing dedicated off-site parking, or proximity to public transportation to receive a boost in FAR from 3:1 to 4:1 or higher.

Lack of minimum density requirements may produce unwanted outcomes

The current zoning code does not require any minimum densities for residential development, especially in the downtown core, which may allow many sites to be developed in a style inappropriate to their urban location. Adding minimum density provisions may encourage urban sites to be developed more densely and efficiently. However, depending on market forces, it can also discourage incremental development on certain sites if the minimums are set too high. The city should align residential density requirements with the housing types and commercial densities that it would like at a minimum in each zone.

ECONorthwest
ECONOMICS • FINANCE • PLANNING

www.ECONW.com

EUGENE, OREGON
The Washburne Building
72 W Broadway, Suite 206
Eugene, OR 97401
541-687-0051

PORTLAND
KOIN Center
222 SW Columbia St., Suite 1600
Portland, OR 97201
503-222-6060

LOS ANGELES
9415 Culver Boulevard, Suite 248
Culver City, CA 90232
213-218-6740

SEATTLE, WASHINGTON
Park Place
1200 6th Avenue, Suite 615
Seattle, WA 98101
206-823-3060

BOISE, IDAHO
Eagles Center
223 North 6th Street, Suite 430
Boise, ID 83702
208-515-3353