



# Planning & Transportation Commission

## Staff Report (ID # 11622)

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| <b>Report Type:</b>   | Study Session  | <b>Meeting Date:</b> 9/30/2020 |
| <b>Summary Title:</b> | Update on Planning and Housing 2020 Legislation                            |                                |
| <b>Title:</b>         | Study Session to Review the Pending Planning and Housing 2020 Legislation. |                                |
| <b>From:</b>          | Jonathan Lait  |                                |

### Recommendation

This is a Study Session with the Planning and Transportation Commission (PTC) to provide an update on the current pending State legislation affecting housing and planning policy; no action is required.

### Report Summary

This report provides a summary of key planning and housing related State legislation awaiting final approval from the Governor. The report focuses on legislation that will likely have more direct impacts on Palo Alto's current policies and procedures and includes the anticipated actions needed by City staff. The deadline for the Governor's approval is September 30, 2020 and, unless otherwise stated, the bills will be effective January 1, 2021.

### Background

There were many housing and planning related bills under consideration in the 2020 legislative session. Due to the ongoing COVID-19 pandemic impacts, the legislators selectively prioritized what to pursue, knowing it was unrealistic to expect to get through all the proposed legislation. With that said, many bills simply did not move forward because time ran out and not because there was a lack of interest; we can expect to see many bills return next year.

The discussion below summarizes five key bills: AB 2345, AB 725, AB 831, AB 1851, SB 288. These bills are relevant to our planning and housing policies and are focused primarily on density bonus, process streamlining, and housing. Links to the State web page for the text of each bill are provided in the respective discussion sections below.

### Discussion

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## State Density Bonus

### [AB 2345 \(Gonzalez\):](#)

The existing Density Bonus Law requires the City to grant additional residential density and to provide relief, via concessions and incentives, from certain development standards for projects that incorporate qualifying amounts of income-restricted units.

A few key changes in the bill include:

- Increases in the maximum density bonus from 35% to 50%.
- Reductions of the minimum thresholds of total affordable Low-Income units to qualify for both two and three incentives or concessions.
- Reductions in the amount of parking spaces jurisdictions can require for development of two- and three-bedroom housing units.
- Modifications to the state-mandated annual progress report for Department of Housing and Community Development to require jurisdictions to include information regarding the total number of density bonus applications received and approved that year.

The State Density Bonus Law is complex and requires additional review and analysis by staff. The City will need to update Palo Alto Municipal Code (PAMC), Title 18 (Zoning), Chapter 18.15, Residential Density Bonus, for consistency with the State law. Staff will provide a more in-depth review of State-adopted regulations at that time.

## Housing Elements/RHNA Changes

### [AB 725 \(Wicks\):](#)

This bill is intended to make a dent in California's "Missing-Middle" housing crisis by requiring many metropolitan jurisdictions to plan for moderate-density housing (e.g. duplexes, fourplexes, garden apartments, townhomes, etc.) through the state-mandated general plan housing elements.

The bill requires applicable jurisdictions to allocate at least 25% of their state-mandated Regional Housing Needs Allocation (RHNA) for moderate and above-moderate units to housing sites zoned for at least four units, with moderate income sites being capped at a density of 100 units per acre. These sites must be identified in the housing element inventory as housing opportunity sites. Accessory dwelling units and junior accessory dwelling units do not count towards the 25% requirement.

Staff is in the early stages of preparing for the 2023-2031 Housing Element update. During that process, staff will fully analyze and incorporate the requirements of AB 725. It is too early to know how extensive the impacts will be from implementing this bill once adopted as State law.

## Streamlining/Project Review

[AB 831 \(Grayson\):](#)

This is a cleanup bill for SB 35, the housing streamlining bill adopted in 2017. The 2017 bill established a ministerial approval process for qualifying housing projects in jurisdictions that do not meet their state-mandated goals for housing production. AB 831 is urgency legislation that will take effect immediately upon the Governor's signature.

Two key elements of the bill include:

- Limits on local agency discretion regarding its review and approval of public improvements necessary to complete an SB 35 project (i.e. utilities, pedestrian and bicycle connections, landscaping, etc.).
- Clarification that SB 35 projects may be modified following SB 35 approval, and limitation on local agency discretion in reviewing such modification requests.

At this time, only projects including 50% or more affordable housing units are subject to SB 35 streamlining in Palo Alto. The impacts of the bill seem largely to affect our review process and procedures. It is not anticipated that these types of updates would require changes to the Title 18.

[AB 1851 \(Wicks\):](#)

This bill seeks to support development of housing on religious-use land (churches, synagogues, etc.). The bill would prohibit the City from requiring the replacement of religious-use parking spaces eliminated to enable development of an affiliated affordable housing project. The maximum number of parking spaces that could be eliminated could not exceed 50% of the number of existing spaces at the time the project was submitted. Additionally, the City could not require existing, non-complying parking standards to be upgraded. The bill would authorize a local agency to require up to one parking space per dwelling unit for a religious institution affiliated housing development project.

The City will need to update Title 18 for consistency with the State law and will provide more analysis of the effects of the regulations at that time.

[California Environmental Quality Act \(CEQA\)](#)

[SB 288 \(Wiener\):](#)

This bill creates new statutory CEQA exemptions for various transit-related projects and extends some existing transit-related exemptions, set to expire January 2021, to expire January 2030. The general intent of the bill is to streamline infrastructure improvements.

This bill would create new CEQA exemptions for certain projects, including:

- Projects for the creation or increase of new bus rapid transit, bus, or light rail services on public rail or highway rights-of-way.

- Projects for the designation and conversion of general purpose lanes, high-occupancy toll lanes, high-occupancy vehicle lanes, or highway shoulders.
- Transit prioritization projects.
- Projects that improve customer information and wayfinding for transit riders, bicyclists, or pedestrians.
- Projects by a public transit agency to construct or maintain infrastructure to charge or refuel zero-emission transit buses.
- Projects carried out by a city or county to reduce minimum parking requirements.
- Projects for pedestrian and bicycle facilities.

The creation of new CEQA exemptions and the extension of existing ones will help facilitate the implementation of new transit related projects. The implementation of this bill is not anticipated to require additional staff work to maintain compliance.

### **Environmental Review**

The California Environmental Quality Act (CEQA) does not apply to the subject matter of this staff report since it not considered a “project” under CEQA.

### **Public Notification, Outreach & Comments**

The Palo Alto Municipal Code does not require notice of this item because it is a Study Session and staff did not conduct any public outreach for this discussion.

### **Next Steps**

Staff will review the adopted legislation and determine the appropriate follow-up actions needed. Title 18 will need to be updated to bring certain code sections into compliance with the new State law. Staff will develop a workplan and initiate the staff work to codify the required changes.

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<sup>1</sup> Emails may be sent directly to the PTC using the following address: [planning.commission@cityofpaloalto.org](mailto:planning.commission@cityofpaloalto.org)