

DATE: March 8, 2018

TO: Members of the Planning Commission

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RE: California State Senate Bill 827

Dear Planning Commissioners,

This memo is in response to the Commission's request for an analysis and informational hearing on the proposed State Senate Bill ("SB") 827 and its potential effects on San Francisco. This memo's analysis is based on the version of the bill as currently proposed, which includes amendments announced by Senator Wiener on February 28, 2018 and formally amended in the Senate on March 1. It is highly likely that future versions of the bill would change this analysis. This analysis is necessarily preliminary in nature; interpretations and applications will evolve as the understanding of SB 827 grows and specific development scenarios are evaluated. Analyses and interpretations are also likely to be provided by other State and local entities. NOTE: This memo replaces the memo dated February 5, 2018 sent to the Commission prior to the March 1 amendments. A copy of the current bill, as amended, along with a summary of the March 1 amendments is attached.

SB 827 Summary

SB 827 proposes to increase housing development capacity in areas that meet minimum levels of transit service with state-imposed minimum zoning standards for certain key development controls. The bill would have its greatest impact on the State's core metropolitan regions with more extensive transit service. In San Francisco, the majority of the city would be affected, with a range of impacts depending on current height limits and street widths. In the rest of the Bay Area, large swaths of Oakland, Berkeley, and San Jose would be affected, as would all areas right around Caltrain, BART, and SMART stations, various singular corridors along both sides of the Bay, such as San Pablo Avenue and El Camino Real, and areas around ferry terminals¹. Outside of the Bay Area, the state's two largest cities—Los Angeles, and San Diego—would be substantially rezoned under this bill, with much lesser changes in other cities with less frequent transit.

SB 827 would remove residential density limits, minimum parking requirements, and impose minimum height limits and floor area ratio limits statewide for residential projects on residentially zoned parcels within defined proximity to transit stations and stops that meet certain minimum criteria, as follows (See attached map). Amendments to the bill published on March 1, 2018 clarify that sites not zoned to permit housing, such as districts exclusively for industrial use, would not be able to use SB 827.

SB 827 Proposed Height Limits by Proximity to Transit and Right-of-Way Width

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¹ The Regional Planning and Transportation Agency: Metropolitan Transportation Commission has a map of "Transit Priority Project Eligible Areas" that may proximate Bay Area lands that may be subject to SB 827, if adopted.

			ROW Width (feet)			
			>=70 ft		<70 ft	
	Radius		Bas		Bas	w/SD
Category	Affected	Transit Type	е	w/ SDB	e	В
А	1/4 mile	Major transit stop OR Stop on a high quality transit corridor	85 ft	~105 ft	55 ft	~75 ft
В	1/2 mile	Major transit stop	55 ft	~75 ft	45 ft	~65 ft

SDB= State Density Bonus (see text below for more information)

As currently drafted, SB 827 does not change or affect a municipality's established process for reviewing and entitling housing projects. The March 1 amendments to the bill clarify that locally adopted mandatory inclusionary housing requirements shall apply and that any established local processes for evaluating demolition permits (including any legislated limits to or prohibitions on demolitions) would remain in effect for any transit-rich bonus projects developed under SB 827. Those amendments also clarified that local adopted design standards (such as open space, setback and yard requirements, and bulk limits) would remain enforceable, so long as the cumulative effect of such standards does not reduce a proposed transit-rich bonus project below specified minimum FARs.

San Francisco Policies Relevant to Growth and Transit

San Francisco's General Plan, including the Housing Element and Transportation Element, explicitly emphasizes the importance of focusing growth in close proximity to major transit services, as well as providing flexibility to maximize unit count within the allowed building envelope and minimizing the impact of parking on the provision of housing. These core policies assume that transit-oriented, walkable dense development is the basis for efficient, sustainable cities and furthers the provision of more affordable, diverse choices for people to live and commute without cars for most daily needs. Moreover, higher urban densities create a rich environment for varied experiences and encounters, and contribute to both economic and cultural vibrancy.

San Francisco also recognizes the importance of comprehensive regional planning for jobs and housing, and the wide disparities at the regional level in the extent to which cities have been actively and willingly planning for and building housing, particularly in areas with greater access to transit. Increased housing development around transit in more jurisdictions around the Bay Area could open up housing opportunities in both higher income, higher opportunity suburbs in addition to core urban areas. Substantially increased housing production is necessary to improve housing affordability not just in the Bay Area, but statewide, and zoning is the foundational regulation that determines how much housing can be built over time.

The stated objective of the bill is to provide more transit accessible housing statewide, helping to both meet sustainability and transportation needs while and moderating housing prices by increasing zoned housing capacity. It appears that the intent of SB827 is aligned with San Francisco's policies of encouraging transit-oriented walkable and dense neighborhoods.

Although the General Plan, as the embodiment of the City's guiding policy document for the evolution of San Francisco, shares these key objectives with SB 827, the General Plan also explicitly emphasizes the importance of planning for land use change in consultation with communities and in consideration of a variety of relevant factors in the context of each area—urban form, open space, historic preservation, and other factors. Additionally, in its analysis of the bill, the Planning Department makes a number of observations about the practicalities of implementing the bill and potential inconsistencies with other General Plan policies, such as the notion of transit "richness."

Planning Department Analysis of Current Bill

Analysis of SB 827's potential effects on San Francisco are organized below by topic area. The below analysis includes issues covered in the <u>previous memo</u> (February 5, 2018) as well as new analysis based on March 1 2018 amendments to the bill.

Where and How SB 827 may apply within San Francisco

SB 827 would apply to most of San Francisco and would significantly upzone most of the city. As shown in the attached map, almost 96% of the city's parcels are within ½-mile of a major transit stop or ¼-mile of a stop² on a transit corridor meeting the definition in the bill. San Francisco's transit network is expansive and most bus lines run service at or more frequent than every 15 minutes during peak commute hours. Over 90% of the city's parcels currently have a height limit of 45' or less; under this bill many of them would have height limit increases, to height limits ranging from 45' on narrower streets to 85' on wider streets.3 The General Plan endorses the common urban design principle that street width—the whole street, inclusive of sidewalks—is an appropriate frame by which to establish comfortable building height limits. Even where height limits are not raised significantly, the elimination of density controls could result in significantly more units per parcel, as many of these areas are zoned RH-1 or RH-2. Approximately 72% of San Francisco parcels are zoned RH-1 or RH-2. Overall, these parcels would receive the most substantial upzoning under SB 827, combining the height and density changes. For example, on a typical 2,500 square foot RH-1 lot on an eligible street, current zoning permits two units (one primary unit plus one ADU) and an effective height limit of 35 feet. Under SB 827, zoning would likely result in an estimated range of ten to sixteen residential units depending on whether the lot falls within the bill's 55' or 85' height zones. (Note this does not account for use of the State Density Bonus, which would allow more height and greater building mass. See below.) The zoning changes would also upzone areas recently rezoned under such plans as the Market & Octavia Plan and Eastern Neighborhoods, which are already density decontrolled (in such districts as NCT, RTO, and UMU) but where height limits are lower than 85'.

² The March 1 amendments changed the transit corridor criteria to refer to stops rather than simply proximity to a corridor, in order to recognize that some transit lines meeting the frequency criteria may have widely spaced or infrequent stops.

³ The March 1 amendments changed the height limit classification system to relate to overall right-of-way width, rather than the previously proposed curb-to-curb width. The original proposal would have resulted in shifting building height limits when sidewalks are widened or narrowed in the future.

SB 827 explicitly allows utilizing the State Density Bonus to compound bonuses. The March 1, 2018 amendments to the legislation clarify that the State Density Bonus would apply on top of the bill's rezoning, utilizing the SB 827 heights and density provisions as the base upon which to apply allowed bonuses under the State Density Bonus (i.e. up to 35% bonus, between 0-3 concessions or incentives, and waivers of development standards necessary to accommodate the bonus). Hence what is proposed as 45', 55', and 85' heights in SB 827 could actually be higher and so should be viewed in that light. It is important to note that State Density Bonus law does not limit, require or prescribe any building height bonus minimum or maximum, but is bounded only by the percentage density bonus allowed per the law. The height bonuses described in the table above (i.e. "w/SDB") are illustrative based on the Department's experience of typical projects utilizing State Density Bonus at the 35% bonus limit.

SB 827 may preclude the City from rezoning any property to PDR in order to protect industrial districts and uses. While the March 1 amendments clarified that the provisions of the bill would not permit housing in any district where housing is not otherwise permitted (e.g. PDR districts), the bill would freeze in place all zoning as pertains to allowances for housing as of January 1, 2018 to prevent cities from avoiding housing construction.4 While San Francisco rezoned most of the land it intended to protect as industrial to PDR (which does not permit housing) over the past decade, there remains a scattering of parcels (approximately 375 parcels exclusive of parcels that are under the Port's jurisdiction) around the east side of the City that retain the old M-1 and M-2 designation. The Department is currently initiating a process to consider rezoning these remaining parcels to designations that either affirmatively allow or disallow housing, such as PDR, Public, or other district (e.g. UMU, NC). These efforts include a citywide review of these parcels as well as a comprehensive neighborhood-focused effort in the Bayview where many of these parcels are located. Housing is allowable with a Conditional Use in M-1 and M-2 districts. Many of these parcels are embedded within contiguous PDR districts and many contain active PDR uses. This provision of the bill may preclude the City from rezoning these parcels or other parcels to PDR or other designations that did not permit housing.

SB 827 appears to allow the City to enforce any and all adopted objective design standards, so long as the cumulative effect does not reduce the development potential of a transit-rich housing project below certain minimum FARs. This component is a significant amendment to the original bill. The original bill appeared to effectively eliminate all design standards (including the Planning Code) related to building envelope other than the height limits prescribed in the bill. As amended on March 1 the bill now contains minimum FAR limits below which design or Code standards could not be enforced. These specific limits are as follows: 2.5 FAR (for lots with 45 ft height limits under the bill), 3.25 FAR (for lots with 55ft height limits) or 4.5 (for lots with 85 ft height limits). As such, municipalities may continue to maintain objective standards regarding rear yard, lot coverage, exposure, open space, setbacks, bulk controls, and other performance standards (e.g. shadow, wind controls) for example, so long as they do not reduce the FAR of a development below the above thresholds. If the bill is enacted with such controls, local jurisdictions would be able to maintain unique controls for building form within the bounds established by the bill. For

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⁴ The proposed bill prevents a city from downzoning tranist rich areas after January 1, 2018, and allows HCD to review new or revised zoning or design standards adopted after SB827 is operative. If HCD finds the zoning or design standards inconsistent with the requirements of SB827, the new/revised standards are invalid.

example, SB 827 explicitly allows local municipalities to require a unit mix of up to 40% 2-bedrooms in transit-rich housing projects. Note that a project utilizing SB 827 must comply "with all local objective zoning design standards that were in effect at the time that the applicant submits its first application." Without extensive detailed further analysis by the Planning Department, it is unclear which specific existing standards, combinations of standards, or zoning districts might be affected.

Since the combination of the physical controls in the City's many zoning districts varies substantially and their effect often varies based on the specifics of individual lots, the effect of this rule would vary. It is likely that in some existing zoning districts these minimum FARs could have the effect of overriding the application of certain combinations of controls, but in many cases there would be no effect since the achievable FARs would exceed those in the bill. The FAR limits proposed in the bill appear to allow building volume to achieve a lot coverage of roughly 55-65%, which falls generally between the standards of existing districts with 25% rear yard requirements (eg C, Eastern Neighborhoods, NC, RC, and RH-1) and those with 45% rear yard requirements (eg RH-2, RH-3, RM-1, RM-2, and RTO), though many other factors apply that would vary this analysis by district and lot.

How SB827 interacts with local Planning regulations and approval processes

SB827 clarifies that "transit rich housing projects" would be required to comply with local inclusionary housing ordinances. In San Francisco this means transit rich housing projects would be required to satisfy Planning Code Section 415 by providing affordable units on-site, off-site or pay the off-site equivalent fee. The inclusionary amount would be calculated based on the full transit rich housing project, inclusive of the bonus received under SB 827.

SB 827 explicitly states that local controls, restrictions, and review processes on demolition permits would not be reduced. The March 1 amendments to SB 827 explicitly state that a city's discretion to limit or prohibit demolition or removal of units remains intact. In San Francisco, any transit-rich housing project proposing to demolish an existing residential unit would be required to seek a Conditional Use Authorization and be required to make findings pursuant to Planning Code Section 317. The effect of the bill may be initially to direct growth to conventional "soft sites" (i.e., underdeveloped sites without existing residential uses) along with encouraging additions to existing residential properties. In the longer term, however, absent any outright Code prohibition on demolishing existing units, which does not currently exist in most of San Francisco, it is possible that more and more sites containing existing residential units, including single family

⁵ For example, in the typical NC district, the required rear yard is 25% of the lot, and there are no side or front yard requirements, therefore a project could theoretically attain an FAR of up to 3.0 within a 45′ height limit (0.75 lot coverage * 4 stories). This would both not run afoul of the minimum 2.5 FAR limit, and would still leave room for additional design standards reducing bulk and volume further to achieve building sculpting, such as through upper story stepbacks, lightwells, and other treatments. On the other hand, current rear yard requirements in RTO, RH-2, RH-3, and RM districts are 45%, thus potentially resulting in maximum FAR of 2.2 (0.55 lot coverage * 4 stories), thus running afoul of the minimum 2.5 FAR limit. The effect of SB 827 in such cases would be slightly larger building volumes than currently allowed and limitations on the applicability of other building sculpting controls.

⁶ This memo utilizes the same terminology as that used in SB 827 for projects utilizing the zoning bonus provisions of the bill, which is "transit rich housing project."

homes, would be incentivized to seek approval as an SB 827 project, particularly as property ownership changes.

SB 827 would likely increase demolition controls in San Francisco as certain residential demolitions⁷ could be prohibited in conjunction with the bill's "transit rich housing projects" unless the Board of Supervisors were to pass a resolution explicitly authorizing an avenue for demolitions under the parameters outlined in the bill. This proposed bill places the onus on local municipalities to decide if they wish to allow demolition of rent-controlled units. Should San Francisco choose not to pass such a resolution after adoption of SB 827, it is possible that no parcels containing rent-controlled or price-controlled units would be eligible for the transit rich bonus. It appears as though the demolition prohibition under SB 827 would override any existing local processes or ordinances that would allow such demolition to occur or be considered for approval. However, rental units not subject to rent control, and single-family homes or condominiums (even ones that have rental tenants) would not be subject to this same prohibition.

If the Board of Supervisors authorized demolitions associated with SB 827 projects, then any developer of a transit-rich housing project that proposes to demolish any occupied rental units, whether subject to a local rent control ordinance or not, would also be required to submit a relocation benefits and assistance plan, including a "right to remain" guarantee to displaced residents. "Right to Remain" would be more intensive than traditional "Right to Return" requirements in that housing would not only be provided in the final building but also during the period of construction for the new building. Specifically, the bill would require a developer proposing a transit-rich project that demolishes rent controlled units to do the following for any tenants living in those units:

- 1) Pay "moving and related expenses"
- 2) Provide "relocation benefits", including helping tenants find comparable replacement units and providing rental assistance for up to 42 months
- 3) Offer displaced tenants a right of first refusal for a comparable unit in the completed transit-rich project, at the same rent that tenant was paying prior to relocation.

The bill's proposed language around this topic is extensive and detailed. However, some implementation specifics are still unclear; including details such as how the right to return would work if the replacement transit-rich housing project was a for-sale project rather than a rental project.

The new version of the bill includes a robust set of requirements around relocation support and right to remain for existing tenants of buildings proposed for redevelopment, but it does not appear to address those who may have been evicted prior to the submittal of a transit-rich housing bonus development application. This could have the effect of incentivizing eviction of tenants in order to deliver a vacant building or house to a potential developer of a transit-rich housing bonus project. Having said that, the bill does not prevent any city from enacting

⁷ Currently, the San Francisco Planning Code regulates the loss of dwelling units in Section 317. While the demolition or merger of units is discouraged through the application of the Conditional Use Authorization criteria, the loss of dwelling units is not currently prohibited by Code.

legislation similar to San Francisco's local ADU ordinance that attempts to prevent this by requiring applicants to prove there have been no no-fault evictions on the property for 10 years (and/or no Owner Move-In evictions for five years) prior to submittal of an application in order to be eligible.⁸

SB 827 does not explicitly change local approval and design review processes, however uncertainty exists about the extent of discretion that would be retained by the City. The bill affects key zoning provisions determining what is allowable on a lot, but does not otherwise mandate review and approval timelines or processes. This would appear to leave in place traditional local powers and processes of Conditional Use, discretionary review, variance, large project authorization, and other processes, including CEQA. However, it is unclear whether the discretion typically vested in the Planning Commission under these processes could be exercised. It is unclear, for example, whether the Commission could invoke design considerations that would cause any reduction of buildable envelope below the height and FAR minimums prescribed in the bill, as noted above. It is also unclear whether the Commission could reduce the envelope of any project that exceeds the minimum FAR limits but meets all objective standards. This uncertainty would extend to historic preservation considerations that may otherwise result in smaller projects but for this bill.

SB 827 does not limit use of streamlined approvals. The March 1, 2018 amendments to the legislation clarify that any transit-rich housing project can also qualify for ministerial approval under SB35 (now Section 65913.4 in the California Government Code) or other mechanisms if the proposed project meets the eligibility criteria established by law.

Other Issues and Considerations

SB 827 would reduce interest in local affordability incentive programs, but may result in more affordable housing overall. The upzoning proposed under SB 827 does <u>not</u> require increased levels of affordability and could blunt the use of local bonus programs such as HOME-SF <u>but</u> would likely result in the production of <u>more</u> affordable housing due to overall significantly greater housing production under SB 827 than under existing zoning.

HOME-SF removes density restrictions and allows an additional two stories to generally permit height limits between 65′ and 85′, in exchange for 30% on-site affordable units in Neighborhood Commercial Districts (NCD) and a number of other zoning districts throughout the city that still have density limits. The program relies on the additional development capacity offered by the city to justify the 30% on-site affordability requirement.

SB 827 would, in most cases, offer greater development capacity than allowable under HOME-SF, thus removing the incentive to use HOME-SF. However, it would be likely that SB 827's much broader and more significant up-zoning would result in more total inclusionary units than current

⁸ Note that the State Density Bonus law features a look-back provision to ensure that projects using that bonus system do not circumvent unit replacement or tenant protection requirements via demolition or eviction in years prior to application.

zoning even with HOME-SF because more and larger buildings with on-site inclusionary would be developed under SB 827. Note that SB 827 does not limit the City's ability to adjust inclusionary housing requirements to capture the benefits of the additional development capacity created by SB 8279. Further financial feasibility analysis would be necessary to ascertain what, if any, increases to inclusionary requirements and other impact fees would be warranted under SB 827.

Because of the current density limitations in lower density zoning districts, such as RH-1, RH-2, and RH-3, affordable housing in these districts is rarely produced since the existing inclusionary requirement is triggered for projects larger than 9 units. Such projects are only possible in these districts in the cases of unusually large lots or the merger of lots. This bill would likely have the effect of creating more affordable housing in these districts by allowing for denser development, increasing the opportunities for projects with more than 9 units.

The bill provides potentially very large increases in zoning and density without time or resources for cities to concurrently adopt measures to mitigate any impacts. San Francisco typically spends substantial time and effort crafting rezonings that try to balance demands for housing and jobs, while also providing for mitigation of impacts caused by new development, including inclusionary housing, impact fees for local infrastructure, and other measures. The recent amendments to the bill specifically note that local governments can continue to implement impact fees and other mitigation programs. However, given that the bill's upzoning would take effect immediately, the bill would not permit local jurisdictions to conduct necessary studies and implement programs to mitigate the impacts at the same time as the intensified zoning is implemented. The bill would leave this task up to local jurisdictions to undertake on their own after the bill takes effect. Moreover, given the broad scope of upzoning proposed under SB 827, further economic study would be needed to ascertain the bill's potential effects on local land values.

SB 827 definition of "transit rich"-ness is broad, especially for "corridors." The minimum standard for a corridor to trigger the major rezoning is a single bus line that runs four times an hour during peak morning and afternoon commute hours (i.e. a couple of hours per day). This bus could run only during these peak hours (such as an express bus) or have much lower headways at other times of day (e.g., 20-30 minutes). It may not run at all on weekends and there may be no other transit that serves other destinations other than that one bus. The Housing Element explicitly notes that the presence of a bus line does not equate with transit "richness." Rather transit corridors considered "rich" are those that offer round-the-clock, daily (including weekend), high-frequency, high-capacity, and efficient service.

Tying Zoning to Transit Service Introduces Substantial Uncertainties Over Time. Bus routes can change over time, as well as increase and decrease service levels. The zoning map would be dynamically tied to shifting factors and would require regular monitoring of transit service levels and routes to maintain an updated zoning map. This could mean that zoning could fluctuate substantially over time as service levels increase or decrease due to transit budgets, ridership,

⁹ However, note that AB 1505, adopted in 2017, allows the California Department of Housing and Community Development (HCD) to review the feasibility of any new inclusionary requirement over 15%.

travel patterns, or agency service strategy. Under the proposed bill, if an operator were to cut service from 15 minutes to 18 minutes, that would trigger a sudden rezoning for 1/4-mile around the bus route; similarly minor increases in transit service could trigger significant rezoning. Certainly, delivered transit service performance often doesn't match scheduled transit service. Similarly, if a bus route were shifted from one street to the next, or lines truncated or consolidated, it could significantly affect zoning. Furthermore, it could create pushback from jurisdictions or neighborhoods who oppose increased density to suspend already planned transit service enhancements or avoid planning for increased transit service altogether. There are also yet un-analyzed nuances, such as how services provided by regional transit providers, such as Golden Gate Transit and SamTrans, which provide bus service through San Francisco, would impact zoning under SB 827, as well as transit services provided by private operators or major institutions.

SB 827 Could Lead to Potentially Significant CEQA Analysis Requirements for Land Use Changes Triggered by Transit Service Changes or Investments. By tying zoning changes to transit service and infrastructure, changes to transit would necessarily lead in many cases to significant upzoning. Therefore transit projects, or even modest changes in transit service, could be forced to conduct CEQA analysis of the land use effects triggered by the transit changes due to SB 827, as the bill does not exempt such indirect but state-mandated land use effects from CEQA. This could require lengthy and expensive analyses for transit projects that otherwise involve no direct land use or zoning proposals (and therefore would not otherwise be typically required to study land use effects), including the possibility of triggering full EIRs or other lesser levels of CEQA review where little or none would be necessary absent the mandatory zoning trigger under this bill. In addition to the additional cost and time of such analyses for delivery of the transit changes or enhancements, this feature would provide opponents of transit projects or service changes a new legal avenue to challenge or delay such endeavors. Transit service in San Francisco is already such that the majority of the city already appears eligible for SB827's proposed bonus, so this particular effect may not be felt most acutely in San Francisco; however further analysis would be necessary to confirm this and any future changes to specifics in the bill's provisions regarding transit criteria, proximity, height limits and street widths would affect this analysis.

Attachments

- 1. Text of SB 827, as amended on March 1, 2018
- 2. Summary Memo of March 1 amendments (from Office of Senator Scott Wiener)
- 3. Map of Potentially Affected Areas of San Francisco under SB 827



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SB-827 Planning and zoning: transit-rich housing bonus. (2017-2018)

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Date Published: 03/01/2018 09:00 PM

AMENDED IN SENATE MARCH 01, 2018

CALIFORNIA LEGISLATURE — 2017-2018 REGULAR SESSION

No. 827 **SENATE BILL**

> **Introduced by Senator Wiener** (Principal coauthor: Senator Skinner) (Principal coauthor: Assembly Member Ting) (Coauthor: Senator Hueso)

> > January 03, 2018

An act to add-Section 65917.7 to Chapter 4.35 (commencing with Section 65918.5) to Division 1 of Title 7 of the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 827, as amended, Wiener. Planning and zoning: transit-rich housing bonus.

The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of a local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents.

This bill would authorize a require a local government to, if requested, grant a development proponent of a transit-rich housing project-to-receive a transit-rich housing-bonus. bonus if that development meets specified planning standards, including complying with demolition permit requirements, local inclusionary housing ordinance requirements, preparing a relocation benefits and assistance plan, any locally adopted objective zoning standards, and any locally adopted minimum unit mix requirements. The bill would define a transit-rich housing project as a residential development project the parcels of which are all within a 1/2 mile radius of a major transit stop or a 1/4 mile radius of a stop on a high-quality transit-corridor, as those terms are further defined. corridor. The bill would exempt a project awarded a housing opportunity bonus an eligible applicant who receives a transit-rich housing bonus from various requirements, including maximum controls on residential density or floor area ratio, density, maximum controls on floor area ratio that are lower than a specified amount, minimum automobile parking requirements, maximum height limitations, and zoning or design standards that restrict the applicant's ability to construct the maximum number of units consistent with any applicable building code, and maximum height limitations, as provided. controls that have the effect of limiting additions onto existing structures or lots that comply with those maximum floor area ratios and height limitations. The bill would require an eligible applicant who receives a transit-rich housing bonus to provide benefits to eligible displaced persons who are displaced by the development, including requiring the applicant to offer a right to remain guarantee to those tenants, and to make payments to eligible displaced persons for moving and related expenses as well as for relocation benefits. The bill would also require an eligible applicant to submit a relocation benefit and assistance plan for approval to the applicable local government to that effect, and to provide specified information and assistance to eligible displaced persons.

The bill would declare that its provisions address a matter of statewide concern and apply equally to all cities and counties in this state, including a charter city.

By adding to the duties of local planning officials, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares that this act addresses a matter of statewide concern and shall apply equally to all cities and counties in this state, including charter cities.

SEC. 2. Chapter 4.35 (commencing with Section 65918.5) is added to Division 1 of Title 7 of the Government Code, immediately following Chapter 4.3, to read:

CHAPTER 4.35. Transit-Rich Housing Bonus

65918.5. For purposes of this chapter:

- (a) "Development proponent" means an applicant who submits an application for a transit-rich housing bonus pursuant to this chapter.
- (b) "Eligible applicant" means a development proponent who receives a transit-rich housing bonus.
- (c) "FAR" means floor area ratio.
- (d) "High-quality transit corridor" means a corridor with fixed route bus service that has service intervals of no more than 15 minutes during peak commute hours.
- (e) "Local government" means city, including a charter city, a county, or city and county.
- (f) "Transit-rich housing project" means a residential development project the parcels of which are all within a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality transit corridor. A residential development project does not qualify as a transit-rich housing project if that project would result in the construction of housing in zoning districts that prohibit the construction of housing as a principal or conditional use, including, but not limited to, exclusively industrial or manufacturing zoning districts. A project shall be deemed to be within a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality transit corridor if both of the following apply:
- (1) All parcels within the project have no more than 25 percent of their area outside of a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality transit corridor.
- (2) No more than 10 percent of the residential units or 100 units, whichever is less, of the project are outside of a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality transit corridor.
- **65918.6.** (a) Notwithstanding any local ordinance, general plan element, specific plan, charter, or other local law, policy, resolution, or regulation, a local jurisdiction shall, if requested, provide an eligible applicant with a transit-rich housing bonus that shall exempt the project from all of the following:
- (1) Maximum controls on residential density.

- (2) Maximum controls on FAR lower than those specified in paragraph (4) of subdivision (c).
- (3) Minimum automobile parking requirements.
- (4) Maximum building height limits that are less than those specified in subdivision (b).
- (5) Zoning or design controls that have the effect of limiting additions onto existing structures or lots if such additions comply with the height and FAR limits established in subdivision (b) or paragraph (4) of subdivision (c).
- (b) An eligible applicant shall be exempt from local maximum height limits as follows:
- (1) If the transit-rich housing project is within a one-quarter mile radius of either a major transit stop or a stop on a high-quality transit corridor, the maximum height limitation shall not be less than 85 feet, except in cases where a parcel facing a street that is less than 70 feet wide from property line to property line, in which case the maximum height shall not be less than 55 feet. If the project is exempted from the local maximum height limitation, the maximum height limitation for a transit-rich housing project shall be 85 feet or 55 feet, as provided in this paragraph.
- (2) If the transit-rich housing project is within one-half mile of a major transit stop, but does not meet the criteria specified in paragraph (1), any maximum height limitation shall not be less than 55 feet, except in cases where a parcel facing a street that is less than 70 feet wide from property line to property line, in which case the maximum height shall not be less than 45 feet. If the project is exempted from the local maximum height limitation, the maximum height limitation for a transit-rich housing project shall be 55 feet or 45 feet, as provided in this paragraph.
- (3) For purposes of this subdivision, if a parcel has street frontage on two or more different streets, the maximum height limitation pursuant to this subdivision shall be based on the widest street.
- (c) A development proponent may submit an application for a development to be subject to the transit-rich housing bonus process provided by subdivision (b) if the application satisfies all of the following planning standards:
- (1) Any demolition permit that is related to an application for a transit-rich housing project is subject to all demolition permit controls, restrictions, and review processes enacted by the applicable local government. Additionally, an applicant shall be ineligible for a transit-rich housing bonus if the housing development is proposed on any property that includes a parcel or parcels on which existing rental units that are subject to any form of rent or price control through a local government's valid exercise of its police power would need to be demolished, unless the local government passes a resolution explicitly authorizing a review process for demolition permit applications.
- (2) The development complies with any local inclusionary housing ordinances. For purposes of this paragraph, local inclusionary housing ordinances include either of the following:
- (A) A mandatory requirement, as a condition of the development of residential units, that the development include a certain percentage of residential units affordable to, and occupied by, households with incomes that do not exceed the limits for moderate-income, lower income, very low income, or extremely low income households specified in Sections 50079.5, 50093, 50105, and 50106 of the Health and Safety Code. The ordinance may provide alternative means of compliance that may include, but are not limited to, in-lieu fees, land dedication, off-site construction, or acquisition and rehabilitation of existing units. If the ordinance is adopted after January 1, 2018, it shall meet all the requirements of Section 65850.01.
- (B) For the purposes of this section, if a community does not have a mandatory requirement as described in subparagraph (A), a locally adopted voluntary incentive-based program that grants a range of incentives to developments that include an objective and knowable amount of on-site affordable housing. The knowable amount of on-site affordable housing and number of incentives shall be calculated based on the project's proximity to different types of public transportation, and include proximity to both regular bus lines, bus rapid transit, and rail stations. In the case that a local inclusionary housing ordinance is a voluntary or incentive-based program as described in this subparagraph, on-site affordable housing requirements for a transit-rich housing project shall be calculated based on the height, density, floor area ratio, bulk, and automobile parking included in the final design of the transit-rich housing project.
- (3) The development proponent prepares and submits to the applicable local government a relocation assistance and benefits plan as described in subdivision (d) of Section 65918.8.

- (4) Except as specified in subdivision (a), the transit-rich housing project complies with all local objective zoning design standards that were in effect at the time that the applicant submits its first application to the local government pursuant to this section, except as provided in Section 65918.10, provided that those local zoning design standards shall not result in a FAR for the development that received the bonus that is less than the following:
- (A) 2.5 FAR for lots with a maximum height limit of 45 feet pursuant to this section.
- (B) 3.25 FAR for lots with a maximum height limit of 55 feet pursuant to this section.
- (C) 4.5 FAR for lots with a maximum height limit of 85 feet pursuant to this section.
- (5) Any locally adopted objective zoning standard that involves no personal or subjective judgment by a public official and is uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and public officials before the application is submitted, including but not limited to essential bulk and FAR requirements, except as specified in paragraph (4), codified design standards, and development fees.
- (6) Any locally adopted minimum unit mix requirements, provided that those requirements do not have the effect of requiring more than 40 percent of all units in a transit-rich housing project to have two bedrooms or more.
- (d) An eligible applicant who receives a transit-rich housing bonus pursuant to this section may also apply for a density bonus, incentive or concession, or waiver or reduction, pursuant to Section 65915. For purposes of calculating any base development standard, including maximum allowable residential density, for purposes of granting a density bonus, incentive or concession, or a waiver or reduction of a development standard pursuant to that section, any transit-rich housing bonus granted pursuant to this chapter shall be used as that base development standard.
- (e) An eligible applicant who receives a transit-housing bonus pursuant to this section, and who requests a streamlined, ministerial, approval process pursuant to Section 65913.4, shall be deemed to be in compliance with local zoning requirements for purposes of determining eligibility pursuant to paragraph (5) of subdivision (a) of Section 65913.4, and for purposes of enforcing legal protections for new developments under Section 65589.5.
- 65918.7. In the event that a transit-rich housing project is issued a demolition permit by a local government as described in paragraph (1) of subdivision (c) of Section 65918.6, the project shall comply with any state or local tenant relocation benefit and assistance program or ordinance serving residential tenants living in the units that will be demolished. Moreover, in the event that issuance of a demolition permit would result in the direct displacement of a residential tenant or tenants, the local government may not issue demolition permits for rental housing units as a part of the application for a transit-rich housing project, unless the development proponent complies with relocation benefits and assistance and a right to remain guarantee, as follows:
- (a) The development proponent prepares and submits a relocation assistance and benefits plan to the jurisdiction as described in subdivision (d) of Section 65918.8.
- (b) The development proponent offers all eligible displaced persons a right to remain guarantee that is a right of first refusal for a comparable unit in the transit-rich housing project after it finishes construction, and a new lease for that unit at a rate not to exceed the base rent defined in paragraph (2) of subdivision (f) of Section 65918.9.
- **65918.8.** (a) An eligible applicant that receives a transit-rich housing bonus shall comply with the procedures and requirements in this section in providing relocation benefits and a right to remain guarantee to any eligible displaced person.
- (b) For purposes of this chapter, "eligible displaced person" means the following:
- (1) Any person who occupies property that is located within the development, and who will become displaced by the development.
- (2) Any person who moves from property located within the boundaries of the development after an application for a development proposal subject to a transit-rich housing bonus is deemed complete.

- (c) An eligible applicant shall inform all eligible displaced persons regarding the projected date of displacement and, periodically, should inform those persons of any changes in the projected date of displacement.
- (d) A development proponent shall prepare a detailed relocation benefits and assistance plan, and submit that plan to the applicable local government for approval to determine whether the plan complies with the requirements of this section. That plan shall include all of the following:
- (1) A diagrammatic sketch of the project area.
- (2) Projected dates of displacement.
- (3) A written analysis of the aggregate relocation needs of all eligible displaced persons and a detailed explanation as to how these needs are to be met.
- (4) A written analysis of relocation housing resources, including vacancy rates of the neighborhood and surrounding areas.
- (5) A detailed description of relocation payments to be made and a plan for disbursement.
- (6) A cost estimate for carrying out the plan.
- (7) A standard information statement to be sent to all eligible displaced persons who will be permanently displaced.
- (8) Plans for public review and comment on the development project and relocation benefits and assistance plan.
- (e) A development proponent shall provide notice of the relocation benefits and assistance plan to all eligible displaced persons at least 30 days before submitting the plan to the local government for approval pursuant to subdivision (d).
- (f) After the applicable local government approves the relocation benefits and assistance plan pursuant to subdivision (d), the eligible applicant shall do all the following:
- (1) Notify all eligible displaced persons of the following:
- (A) The availability of relocation benefits and assistance.
- (B) The eligibility requirements of relocation benefits and assistance.
- (C) The procedures for obtaining relocation benefits and assistance.
- (2) Determine the extent of the need of each eligible displaced person for relocation benefits and assistance.
- (3) Provide the current and continuing information on the availability, prices and rentals of comparable sales and rental housing, and as to security deposits, closing costs, typical down payments, interest rates, and terms for residential property in the area to all eligible displaced persons.
- (4) Assist each eligible displaced person to complete applications for payments and benefits.
- (5) Assist each eligible displaced person to obtain and move to a comparable replacement dwelling.
- (6) Supply to each eligible displaced person information concerning federal and state housing programs.
- (7) Inform all persons who are expected to be displaced about the eviction policies to be pursued in carrying out the project, which policies shall be in accordance with the relocation benefits and assistance plan approved pursuant to subdivision (d).
- (g) An eligible applicant's obligation to provide relocation benefits and assistance to an eligible displaced person shall cease if any of the following occurs:
- (1) An eligible displaced person moves to a comparable replacement dwelling and receives all assistance and payments to which he or she is entitled.
- (2) An eligible displaced person moves to substandard housing, refuses reasonable offers of additional assistance in moving to a decent, safe and sanitary replacement dwelling, and receives all payments to which he or she entitled.

- (3) The eligible applicant has failed to trace or locate the eligible displaced person after making all reasonable efforts to do so.
- (4) An eligible displaced person from his or her dwelling refuses, in writing, reasonable offers of assistance, payments and comparable replacement housing.
- (h) An eligible applicant shall not evict an eligible displaced person from property, except as a last resort. If an eligible displaced person is evicted as a last resort pursuant to this subdivision, that eviction in no way affects the eligibility of that person for relocation payments.
- **65918.9.** An eligible applicant that receives a transit-rich housing bonus shall make relocation payments to or on behalf of eligible displaced persons that otherwise meets all basic eligibility conditions set out in Section 65918.8, for all actual reasonable expenses incurred for moving and related expenses to move themselves, their family, and their personal property, and for relocation benefits. In all cases, the amount of payment shall not exceed the reasonable cost of accomplishing the activity in connection with a claim that has been filed. In making payments under this section, the eligible applicant shall comply with all of the following:
- (a) For purposes of this section, "moving and related expenses" include all of the following:
- (1) Transportation of persons and property, not to exceed a distance of 50 miles from the site from which they were displaced, except where relocation beyond 50 miles is justified.
- (2) Packing, crating, unpacking and uncrating personal property.
- (3) Storage of personal property, for a period not to exceed 12 months.
- (4) Insurance of personal property while in storage or transit.
- (5) The reasonable replacement value of property lost, stolen or damaged (not through the fault or negligence of the displaced person, his agent, or employee) in the process of moving, where insurance covering such loss, theft or damage is not reasonably available. A claim for payment hereunder shall be supported by written evidence of loss which may include appraisals, certified prices, bills of sale, receipts, canceled checks, copies of advertisements, offers to sell, auction records, and other records appropriate to support the claim.
- (b) An eligible applicant may pay an eligible displaced person for their anticipated moving expenses in advance of the actual move. An eligible applicant shall provide advance payment as described in this subdivision whenever later payment would result in financial hardship to the eligible displaced person. In determining financial hardship for purposes of this subdivision, particular consideration shall be given to the financial limitations and difficulties experienced by low and moderate income persons.
- (c) This section does not preclude an eligible applicant from relying upon other reasonable means of relocating an eligible displaced person, including contracting to have that eligible displaced person moved to satisfy the requirements of this section, and arranging for assignment of moving expense payments by eligible displaced persons.
- (d) An eligible displaced person who elects to self-move may submit a claim for their moving and related expenses to the eligible applicant in an amount not to exceed an acceptable low bid or an amount acceptable to the displacing entity. An eligible displaced person is not required to provide documentation of moving expenses actually incurred.
- (e) Except in cases of a displaced person conducting a self-move as provided in subdivision (d) above, an eligible displaced person who submits a claim for relocation payments under this section shall include a bill or other evidence of expenses incurred. An eligible applicant may enter into a written arrangement with the eligible displaced person and the mover so that the eligible displaced person may present to the eligible applicant an unpaid moving bill, and the eligible applicant can then pay the mover directly for any moving expenses incurred.
- (f) For purposes of this section, "relocation benefits" means a payment of an amount necessary to enable that person to lease or rent a replacement dwelling for a period not to exceed 42 months, as follows:
- (1) The amount of payment necessary to lease or rent a comparable replacement dwelling shall be computed by subtracting 42 times the base monthly rental of the displaced person, from 42 times the monthly rental for a comparable replacement dwelling, provided, that in no case may such amount exceed the difference between 42 times the base monthly rental as determined in accordance with this subdivision and 42 times the monthly rental actually required for the replacement dwelling occupied by the eligible displaced person.

- (2) The base monthly rental shall be the lesser of the average monthly rental paid by the eligible displaced person for the three-month period before the eligible applicant submitted the relocation benefits and assistance plan pursuant to subdivision (d) of Section 65918.8, or 30 percent of the eligible displaced person's average monthly income.
- (3) A dependent who is residing separate and apart from the person or family providing support, whether that residence is permanent or temporary shall be entitled to payment under this section, but that payment shall be limited to the period during which the displaced dependent resides in the replacement dwelling. At the time the displaced dependent vacates that dwelling, no further payment under this section shall be made to that person.
- (4) Except where specifically provided otherwise, the eligible applicant may disburse payments for relocation benefits under this section in a lump sum, monthly or at other intervals acceptable to the displaced person.
- (g) Upon request by an eligible displaced person who has not yet purchased and occupied a replacement dwelling, but who is otherwise eligible for a replacement housing payment, the eligible applicant shall certify to any interested party, financial institution, or lending agency, that the eligible displaced person will be eligible for the payment of a specific sum if they purchase and occupy a dwelling within the time limits prescribed.
- **65918.10.** (a) If, on or after January 1, 2018, a local government adopts an ordinance that eliminates residential zoning designations or decreases residential zoning development capacity within an existing zoning district in which the development is located than what was authorized on January 1, 2018, then that development shall be deemed to be consistent with any applicable requirement of this chapter if it complies with zoning designations that were authorized as of January 1, 2018.
- (b) The Department of Housing and Community Development may, at any time, review any new or revised zoning or design standards after the operative date of the act adding this section to determine if those local standards are consistent with the requirements of this section. If the department determines that those standards are inconsistent, the department shall issue, in a form and manner provided by the department, a finding of inconsistency, and those standards shall be rendered invalid and unenforceable as of the date that finding is issued.
- **SEC. 3.** No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.
- SEC. 2.Section 65917.7 is added to the Government Code, to read:
- 65917.7.(a)As used in this section, the following definitions shall apply:
- (1)"Block" has the same meaning as defined in subdivision (a) of Section 5870 of the Streets and Highways Code.
- (2)"High-quality transit corridor" means a corridor with fixed route bus service that has service intervals of no more than 15 minutes during peak commute hours.
- (3)"Transit rich housing project" means a residential development project the parcels of which are all within a one half mile radius of a major transit stop or a one quarter mile radius of a high quality transit corridor. A project shall be deemed to be within a one half mile radius of a major transit stop or a one quarter mile radius of a high quality transit corridor if both of the following apply:
- (A)All parcels within the project have no more than 25 percent of their area outside of a one half mile radius of a major transit stop or a one-quarter mile radius of a high-quality transit corridor.
- (B)No more than 10 percent of the residential units or 100 units, whichever is less, of the project are outside of a one half mile radius of a major transit stop or a one quarter mile radius of a high quality transit corridor.
- (4)"Major transit stop" has the same meaning as defined in Section 21064.3 of the Public Resources Code.
- (b)Notwithstanding any local ordinance, general plan element, specific plan, charter, or other local law, policy, resolution, or regulation, a transit rich housing project shall receive a transit rich housing bonus which shall exempt the project from all of the following:
- (1)Maximum controls on residential density or floor area ratio.

(2)Minimum automobile parking requirements.

(3)Any design standard that restricts the applicant's ability to construct the maximum number of units consistent with any applicable building code.

(4)(A)If the transit-rich housing project is within either a one-quarter mile radius of a high-quality transit corridor or within one block of a major transit stop, any maximum height limitation that is less than 85 feet, except in cases where a parcel facing a street that is less than 45 feet wide from curb to curb, in which case the maximum height shall not be less than 55 feet. If the project is exempted from the local maximum height limitation, the governing height limitation for a transit-rich housing project shall be 85 feet or 55 feet, as provided in this subparagraph.

(B)If the transit-rich housing project is within one-half mile of a major transit stop, but does not meet the criteria specified in subparagraph (A), any maximum height limitation that is less than 55 feet, except in cases where a parcel facing a street that is less than 45 feet wide from curb to curb, in which case the maximum height shall not be less than 45 feet. If the project is exempted from the local maximum height limitation, the governing height limitation for a transit rich housing project shall be 55 feet or 45 feet, as provided in this subparagraph.

(C)For purposes of this paragraph, if a parcel has street frontage on two or more different streets, the height maximum pursuant to this paragraph shall be based on the widest street.

SEC. 3.No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.



Senator Scott Wiener, 11th Senate District

Senate Bill 827 – More Homes Near High-Quality Transit

SUMMARY OF FEBRUARY 2018 AMENDMENTS

- 1. Locally adopted mandatory inclusionary housing requirements shall apply to SB 827 projects.

 Additionally, voluntary programs that grant zoning bonuses and waivers for different levels of affordable housing based on proximity to bus and rail transit, such as the Transit Oriented Communities Guidelines in Los Angeles, shall dictate affordability requirements based on the final design of the building.
- 2. **Ban on demolishing rent-controlled housing units.** Rent-controlled housing may not be considered for demolition permits unless a local government certifies by resolution, after the passage of SB 827, that the city will consider demolition permits for rent-controlled housing based on criteria and processes set forth in the resolution, and affirm that every displaced tenant will have a Right to Remain Guarantee (#4). After the resolution passes, the city retains full discretion to deny, restrict, or limit issuance of these permits in accordance with its policy.
- 3. **All local processes for evaluating demolition permits shall apply to SB 827 projects.** These local processes may include reviews through a Planning Commission or City Council, or even be categorical bans on certain types of demolition. Additionally, a demolition permit may not be issued for an SB 827 project until an adequate Right to Remain Guarantee for all displaced tenants regardless of whether the housing was rent-controlled or not has been approved by the local government.
- 4. An adequate Right to Remain Guarantee at minimum must include a developer providing to all displaced tenants:
 - a. Moving expenses for moving into, and out of, an interim unit in the area.
 - b. Up to 42 months of rental assistance for the price of an available, comparable unit in the area.
 - c. A right of first refusal for a comparable housing unit in the new building, and offered with a new lease at the rent previously enjoyed by the tenant in their demolished unit.
- 5. Local setback and yard requirements will remain enforceable as long as the SB 827 building is permitted to occupy a reasonable amount of the lot area. This will be measured in minimum floor area ratio requirements established in SB 827 for the different height tiers, and be comparable to 50-60% of the lot area.
- 6. Projects seeking a Transit-Rich Housing Bonus through SB 827 may also, concurrently, seek a State Density Bonus. The waivers and concessions for the State Density bonus shall be calculated using SB 827 criteria as base development standards.
- 7. Transit-rich projects will qualify within ¼ mile of a high-quality transit stop on a corridor not the corridor itself. A parcel must be within ¼ mile of a stop on a high-frequency bus line *or* ½ mile of a major transit stop in order to qualify for SB 827.
- **8. Street width is measured from property line to property line ("right of way") instead of curb-to-curb.** A street shall be considered subject to higher height tiers if there is a >70ft right of way.
- **9. Parcels in zoning districts permissive to residential development may use SB 827.** In most communities, this includes residential and residential mixed-use zoning districts. A site adjacent to transit that is currently zoned exclusively for industrial use would not be able to use SB 827.
- 10. SB 827 projects will be protected by the Housing Accountability Act and may be eligible for SB 35 streamlining. For the purpose determining eligibility for these laws, SB 827 projects shall be considered "compliant with local zoning."

