



Memorandum

Technical Memorandum

Housing Data and Policies to Guide PDA Investment and Growth Strategy Updates

October 7, 2016

The Bay Area Housing Challenge

The high cost of housing and resulting pressure on Bay Area households is one of the most significant challenges facing the region. Over the past several decades, housing production in the region has not kept pace with demand, contributing to high housing costs. The recent economic recovery has intensified the lack of affordable housing options, as housing costs have increased sharply, especially in many areas with the best access to jobs and amenities. These patterns, in combination with slow regional median wage growth, are leading to the displacement of lower income households, limited housing choices, and long commutes.

In light of these challenges, MTC's Commission took action on three housing related items as part of the approval of OBAG-2 via MTC Resolution 4202¹ at its July 27th, 2016 meeting. Copied below is the text from the Resolution.

1. MTC and ABAG staff will distribute a technical memo to guide this task by October 1, 2016, including data to identify jurisdictions' challenges (e.g. RHNA performance and current affordability) and a listing of the Bay Area's best housing policies that are intended to address a range of housing challenges. (Resolution Attachment A, Appendix A-8, Page 4). For more information on Investment and Growth Strategies, please see the Commission adopted OBAG-2 resolution, linked below.
2. CMAs must adopt a specific scoring methodology for funding allocation to projects within PDAs or Transit Priority Areas (TPAs) that rewards jurisdictions with the most effective housing anti-displacement policies. (Resolution Attachment A, Page 17).
3. General law cities and counties must adopt a surplus land resolution by the date the CMAs submit their OBAG 2 project recommendations to MTC. The resolution must verify that any disposition of surplus land undertaken by the jurisdiction complies with the State Surplus Land Act, as amended by AB 2135, 2014. MTC will issue guidance to assist cities and counties in drafting a resolution to meet this requirement. (Resolution Attachment A, Page 19).

This technical memo to the Congestion Management Agencies (CMAs) is intended to guide the update of Priority Development Area (PDA) Investment and Growth Strategies (Item #1, above). The memo includes data, a sampling of relevant housing policies, and links to adopted policies from around the region and state to

¹ http://mtc.ca.gov/sites/default/files/RES-4202_approved_0.pdf

assist with their update process. Regarding #2 above, the MTC Commission gave each CMA Board flexibility to choose both a) the number of points allocated to “the most effective housing anti-displacement policies” and b) the list of policies eligible for scoring. Regarding #3 above, a draft resolution for local jurisdictions is available on the OBAG 2 webpage in the coming weeks².

Meeting the Region’s Housing Needs

Although local impacts of the Bay Area’s housing crisis vary across the region, every community has a role to play in providing sufficient affordable housing choices for the Bay Area’s residents. Every jurisdiction has already taken a key step forward by adopting an updated General Plan Housing Element for the current Regional Housing Needs Allocation (RHNA) cycle. Addressing the region’s housing crisis requires complementary policies and strategies that fit into the following categories:

- **Produce housing for the full range of workers within your community.** Building new homes—both market-rate and affordable—is critical. How local governments plan to increase the number of available homes, particularly in Priority Development Areas, is key to addressing high housing costs, increasing access to transit and walkable neighborhoods, and sustaining economic vitality in the region.
- **Protect existing residents from displacement.** Protecting current residents, mostly renters, from rapid housing cost increases and deter market-motivated evictions of rent-paying tenants in the near-term is a challenge for many communities. Displacement pressures are felt most acutely in a constrained housing market, characterized by low vacancies, and may be felt at the household, neighborhood and regional level. A longer discussion can be found in *Understanding Displacement in the Bay Area*³.
- **Preserve existing affordable units.** Preserving subsidized or unsubsidized affordable housing is a cost effective strategy for maintaining current levels of affordability for existing residents—both homeowners and renters.

A variety of tools and strategies are available to jurisdictions to address the needs that arise in each of the above categories. Communities can find solutions that make the most sense for their size, location, and housing market. Jurisdictions should consider a full suite of options that address all of the three goals: protecting residents, preserving affordable homes, and increasing housing supply.

Assess Community Needs

For a community to identify housing policies that fit, it is important to understand its existing housing conditions and challenges. To assist in this effort, MTC/ABAG staff have provided the data listed below for every jurisdiction, which can be found on the OBAG-2 webpage linked below. The CMAs may complement this information with other data to inform their efforts.

- RHNA performance for 1999-2006 and 2007-2014
- DRAFT 2015 Housing Permit Information
- Current affordability data

² <http://mtc.ca.gov/our-work/fund-invest/federal-funding/obag-2>

³ <http://abag.ca.gov/abag/events/agendas/o091115a-tem%2006,%20Understanding%20Displacement%20in%20the%20Bay%20Area.pdf>

- Displacement risk information (UC Berkeley)
- Low-wage worker in-commute data (UC Davis)
- Share and number of renters by city
- Expiring affordable units

Tools and Resources for Every Community

MTC and ABAG staff have identified the policies listed below as the most impactful anti-displacement policies for Bay Area jurisdictions. This list includes a variety of policies to address all aspects of housing need in the region and to offer choices in meeting local conditions and needs. Each of these policies is described in brief in the following pages. ABAG has also compiled an inventory of a wider set of housing policies that are in use in jurisdictions throughout the region at:

<http://abag.ca.gov/planning/housing/housing-policies.html>.

Housing Policy	Protect	Preserve	Produce
Permitting for Conforming Uses and/or Housing Element Sites (Affordable and Market Rate)			X
Implementation of SB 743 (Infill Development Level of Service Reform)			X
Accessory Dwelling Unit Creation			X
Reduced Parking Requirements for Housing (Affordable and Market Rate)			X
General Fund Allocation for Affordable Housing		X	X
Housing Impact or Commercial Linkage Fees		X	X
Inclusionary Zoning			X
Density Bonus Program that Exceeds State Mandates			X
Just/Good Cause Evictions	X		
Rent Stabilization	X		
Condominium Conversion Controls	X	X	
Mobile Home Park Preservation	X	X	
Single Room Occupancy (SRO) Preservation	X	X	
Acquisition/Rehabilitation/Conversion	X	X	

Policies to Promote Housing Production

The following policies can assure that jurisdictions provide a mix of housing choices for households of all incomes over time. These policies complement a current general plan, clear zoning, and a housing element and local entitlement process to provide a predictable path for permitting new homes. As noted above, the production of homes for all income levels as well as various types of housing (low/moderate/market rate, single and multi-family units, rental and ownership options) is essential to maintaining long-term affordability for households that already call the region home, the region's senior population who are living longer than ever before, as well as new arrivals to the Bay Area.

Key Issues to Consider: Promoting Housing Production

- How many permits has the jurisdiction produced since 2007 by income?
- Is housing affordable in the community? What has the trend been?
- What types of housing have been permitted recently?
- Is the jurisdiction permitting homes at all incomes?

Policies to Support Housing Construction at All Income Levels

- **Permitting for Conforming Uses and/or Housing Element Sites** – Discretionary review of proposed development projects tends to increase the public and private cost of the entitlement process for all types of housing projects and increase the duration of project approval, effectively discouraging housing developments of all types. Jurisdictions can reduce development costs for new housing units by implementing policies and procedures to streamline approval of projects that conform to the development standards identified through a locally-adopted plan or for projects located on a site identified in the jurisdiction's adopted Housing Element and account for various CEQA benefits for infill projects (including **SB 375**, **SB 743** and **SB 226**). For more information on the current use of the CEQA provisions allowed by these laws see the ABAG memo attached to this report.

MTC and ABAG provide up to \$4 million annually to assist jurisdictions with planning, zoning and programmatic EIR funding to help communities plan for a variety of uses through the Priority Development Area Planning Grant and Technical Assistance program. These plans can reduce permitting challenges, eliminating conditional use permit requirements for multi-family projects when compatible with the housing element and zoning. In addition, the state's Housing Accountability Act⁴ lays out the conditions for a jurisdiction to reduce the density of proposed housing development that complies with the applicable, objective general plan and zoning standards.

⁴ http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=65589.5

- **Implementation of SB 743** –Jurisdictions can update their CEQA Thresholds of Significance Guidelines and remove automobile delay measured by level of service (LOS) and replace it with vehicle miles traveled (VMT) to determine whether a project causes a significant impact on the environment. This will change the orientation of evaluating project impacts from driver inconvenience to encouraging use of transit, promoting the development of multimodal transportation networks, and encouraging a diversity of land uses within PDAs.

City of San Francisco adopted resolution implementing SB 743:

http://commissions.sfplanning.org/cpcpackets/Align-CPC%20exec%20summary_20160303_Final.pdf

City of Oakland’s Planning Commission has also directed staff to revise the City’s CEQA Thresholds of Significance Guidance in accordance with SB 743. See the Staff Report for more information:

<http://www2.oaklandnet.com/oakca1/groups/ceda/documents/agenda/oak060721.pdf>

- **Accessory Dwelling Unit (ADU) Creation** – ADUs (also known as secondary units, granny flats, or in-law units) are a sustainable way to add flexible, affordable, and diverse housing options with minimal impacts on existing development patterns and infrastructure. In recognition of the importance of this housing strategy, State law requires local jurisdictions to permit ADUs without discretionary review⁵. Jurisdictions can also take steps to make development of ADUs easier by considering changes to parking requirements, development standards, and utility hook-up fees.

California’s Housing and Community Development (HCD) ADU Overview:

http://www.hcd.ca.gov/housing-policy-development/housing-element/sia_secondunits.php

City of Santa Cruz ADU Policy: Includes waivers for low income households and a manual for homeowners.

https://www.smartgrowthamerica.org/app/legacy/documents/Accessory_Dwelling_Santa_Cruz_Ordinance.pdf

Rewarding ADU Inclusion in Residential Development Projects: Morgan Hill's Residential Development Growth Process gives additional points to developers competing for allotments if they provide 15% of total units with secondary units.

https://www.municode.com/library/ca/morgan_hill/codes/code_of_ordinances?nodeld=TIT18ZO_DIVIVREDECO_CH18.78REDECOSY_ARTIISPPO_18.78.190EVTACR

⁵ https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB1069

Junior ADUs: The City of Novato developed standards for “Junior” ADUs, which are created by repurposing spare bedrooms into private apartments.

https://www.municode.com/library/ca/novato/codes/code_of_ordinances?nodemd=CHXIXZO_ART3SIPLGEDEST_DIV19.34STSPLAUS_19.34.031JUACDWUN

- **Reduced Parking Requirements**– Parking spaces are expensive to build, costing from \$15,000 - \$75,000 per space depending on the type of construction (surface, underground, or garage) and location within the region, costs that inflate housing costs. In addition, excess parking increases auto ownership and neighborhood travel impacts. Reducing minimum parking requirements is a way to reduce development costs and increase housing supply by making more projects financially feasible. These policies also encourage the use of public transit, put lower cost units into the supply of housing, and reflect numerous recent studies showing lower auto ownership among households living near transit.

City of Oakland: Parking code includes changed parking requirements, parking maximums and eliminations of parking minimums depending on neighborhood characteristics

<http://www2.oaklandnet.com/oakca1/groups/ceda/documents/agenda/oak060928.pdf>

City of Sacramento: In select neighborhood types, parking minimums are either eliminated or reduced by half.

<http://www.cityofsacramento.org/Community-Development/Planning/Current-Planning/Zoning/Zoning-Code-Parking-Regulations>

Policies to Support Funding for and Construction of Affordable Housing

- **General Fund Allocation for Affordable Housing** – In addition to federal and state funding, local jurisdictions can make general fund allocations toward affordable housing. At a minimum, “boomerang funds” returned to jurisdictions following the dissolution of their redevelopment agencies can be committed to subsidize affordable housing development and/or jurisdictions can issue bonds against those funds to increase the funds available for affordable housing.
- **Housing Impact or Commercial Linkage Fees** – New residential and commercial development create new lower-wage jobs that will be filled by workers who typically need affordable housing. After conducting a nexus study to show the relationship between new development and the demand for affordable housing, jurisdictions can impose impact fees that can be dedicated as a source of funding for the preservation and development of affordable housing.
- **Inclusionary Zoning (IZ)** – Can require or encourage developers to set aside a certain percentage of housing units in new or rehabilitated projects for low- and moderate-income residents. These policies can provide developers with options to build the affordable units on-site, offsite or to pay in-lieu fees into a local housing trust fund.

- **Density Bonus Program that Exceeds State Mandates** – State density bonus law establishes that a residential project of five or more units that provides affordable or senior housing at specific affordability levels may be eligible for a “density bonus” to allow more dwelling units than otherwise allowed on the site. Local jurisdictions can provide larger bonuses in exchange for more affordable housing or deeper affordability.

City of Fremont Density Bonus Program

<http://www.codepublishing.com/CA/Fremont/html/Fremont18/Fremont18165.html#18.165>

Policies to Protect Existing Residents

Policies for Just/Good Cause Evictions

In low vacancy, high-cost housing markets landlords may be tempted to evict rent-paying tenants who have not violated any lease terms in order to obtain higher rents. A Just/Good Cause Eviction Ordinance requires a landlord to prove a legally recognized reason for eviction of tenants. A Just/Good Cause Eviction Ordinance provides a detailed outline of the conditions or “just causes” under which a tenant can be evicted, as well as the landlord’s responsibilities for how they communicate with the tenant about and conduct the eviction process. These ordinances are an important tool for promoting tenant stability, particularly when paired with rent stabilization.

Key Issues to address: Just /Good Cause Eviction Ordinance:

- Are rent-paying tenants being evicted in the jurisdiction?
- What types of housing units could be protected?
- What are the “just causes” for eviction?
- How will special circumstances such as owner move in, seniors/disabled tenants, and length of tenure be taken into consideration?

Sample policies:

City of East Palo Alto:

<http://www.ci.east-palo-alto.ca.us/index.aspx?NID=469>

City of Oakland:

<http://www2.oaklandnet.com/Government/o/hcd/o/RentAdjustment/DOWD008793>

City of Berkeley:

<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=9284>

Policies for Rent Stabilization

Rent Stabilization Ordinances seek to protect tenants from excessive rent increases, while allowing landlords a return on their investments. These policies index annual allowable rent increase that private landlords may charge tenants and include specific processes for landlords or tenants to petition for higher or lower increases.

Rent Stabilization Ordinances only limit rent increases while the unit is occupied. State law allows landlords to raise rents to the market rate once the unit becomes vacant. Also, Rent Stabilization Ordinances do not apply to newly constructed units and some types of units, such as single-family homes, are usually exempt. Rent stabilization policies are often paired with just/good cause eviction ordinances to ensure that landlords cannot use “no fault evictions” to force tenants to vacate the unit so the landlord can increase the rent.

Some communities without a rent stabilization ordinance have a Rent Board to establish allowable rent increases and hear tenant / landlord disputes. For example, the City of San Leandro has a Rent Review Board Ordinance, which applies to complexes with three or more units. If a tenant receives an increase that is more than 10% of what they are currently paying, or that is more than \$75.00, or has received more than one increase within a 12-month period, they have the right to request a hearing before the Rent Review Board.

Key issues to Consider: Rent Stabilization Ordinances

- How fast are rents increasing in our community? How do rents compare to median incomes?
- What units could be covered by the ordinance?
- What is the process for ensuring that tenants and landlords are informed and educated about their rights?
- What impact could a policy have on future housing construction depending on the criteria above?
- How often should rents be adjusted and how might rents be indexed?

Sample policies:

City of San Leandro: Rent Review Board Ordinance (adopted spring 2016).

<http://sanleandro.org/depts/cd/housing/rentreview/default.asp>

The City of Hayward: rent stabilization program attempts to achieve multiple goals of stabilizing rents for tenants in aging buildings and encouraging investment in aging rental stock.

<https://www.haywardca.gov/sites/default/files/documents/Residential%20Rent%20Stabilization%20Ordinance%202016-19.pdf>

City of Berkeley:

<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=9296>

Condominium Conversion Policies

Condominium Conversion Ordinances allow for the conversion of rental units to ownership units. While providing more affordable homeownership opportunities for some households, without additional regulations condominium conversions displace existing tenants and reduce a jurisdiction's rental housing stock without increasing housing supply. Jurisdictions can guide condominium conversions through zoning codes, minimizing the potential for displacement of current tenants and the potential decrease in the overall rental housing stock.

Key Issues to consider: Anti-displacement strategies for condominium conversions Include:

- Are a large share of rental units being converted to condominiums?
- Should there be a limit the number of units that can be converted in any given year based on total figures or a share of jurisdiction-wide rental stock?
- Should there be a replacement requirement for converted units or application of any inclusionary policy requirement?
- Is there a fee paid into an affordable housing trust fund?

Sample policies:

City of Mountain View: has an absolute minimum number of apartment units which it seeks to maintain, there is an exception if over 50% of all the current tenant households are purchasing a unit then conversion beyond the baseline unit count will be considered, relocation benefits are applicable to all rental units.

https://www.municode.com/library/ca/mountain_view/codes/code_of_ordinances?nodeId=PTIITHCO_CH28SU_ARTIXCOLIAC_S28.92LICO

City of Walnut Creek: limits annual conversions to 5% of total rental stock (buildings of 2 units or more), conversions are subject to inclusionary requirements, some tenant protections are provided for low- and moderate-income families, and local residents and workers are prioritized for purchasing converted units.

<http://www.codepublishing.com/CA/WalnutCreek/html/WalnutCreek10/WalnutCreek1001.html>

City of Larkspur: links conversions to the annual vacancy rate, applies inclusionary to all converted units, requires 40% of the total units in the project be maintained as rental units in perpetuity with restrictions on rent increases and requires relocation assistance.

<http://www.codepublishing.com/CA/Larkspur/html/Larkspur18/Larkspur1838.html>

Mobile Home Park Preservation

Mobile home parks are a hybrid of rental housing and ownership housing: in most parks, residents own their homes and rent the spaces where the homes are located. Despite the terminology, mobile homes

are generally not mobile—it is difficult to move a mobile home once it is installed in a park, and older mobile homes generally cannot be moved.

Many mobile home parks in the Bay Area face development pressure for conversion to more profitable residential or commercial uses. Mobile home ordinances can protect mobile home parks from conversion to other uses by establishing conditions of conversion that would be permitted. Furthermore, there are 15 cities in the state that have adopted rent stabilization ordinances for mobile home park residents.

Key Issues to Consider: Mobile home park preservation:

- Is there a need to protect mobile home parks based on changing land uses and relative affordability?
- Is the land zoned to reduced development pressures or increase them?
- Is there a need for rent stabilization protections for mobile home parks tenants based on past rents?
- Will subdivision conversion protections help protect identified mobile home parks?
- What relocation and inclusionary requirements, if any, are in place to support residents in the event of a change of use?

Sample policies:

City of Hayward Mobile Home Space Rent Stabilization Ordinance

<http://www.hayward-ca.gov/sites/default/files/documents/DOC090107.pdf>

City of Fremont: links conversion to vacancy rate, provides existing tenants first right of refusal to housing developed on site, priority for below market rate units constructed on site and relocation assistance.

<http://www.codepublishing.com/CA/Fremont/html/Fremont09/Fremont0955.html#9.55>

City of Mountain View: requires conversion impact report, possibility of relocation costs, identification of relocation site, purchase of mobile home at the in-space fair market.

<http://laserfiche.mountainview.gov/WebLink/0/doc/13221/Page1.aspx>

Single Room Occupancy (SRO) Preservation

Single Room Occupancy Hotels (SROs) are a unique form of housing that does not exist in all communities. Composed of a single room for residents, they are distinguished from studio or efficiency units in that they typically do not include a private bathroom or kitchen in the room. Residential hotels do not typically require a security deposit, credit references, proof of income, or long-term lease agreement. For these reasons, residential hotels have provided housing for vulnerable populations with unstable finances or little access to credit and, in many cases, have been the housing of last resort.

Key Issues to Consider: SRO Preservation

- Is there a need to protect, and possibly rehabilitate, existing SRO hotels?
- Does a replacement requirement in cases of conversion provide enough of these units?
- Does a zoning category allow SRO hotels?

Sample policies:

City of San Francisco requires 1:1 replacement of SRO units:

<https://law.resource.org/pub/us/code/city/ca/SanFrancisco/Administrative%20Code/chapter41.html>

City of Napa Operating and Zoning requirements:

http://qcode.us/codes/napa/?view=desktop&topic=city_of_napa_municipal_code-17-17_52-17_52_460

City of San Jose Zoning Requirements provide for two types of SROs. SRO Living unit facility and SRO residential hotel:

https://www.municode.com/library/ca/san_jose/codes/code_of_ordinances?nodeId=TIT20_ZO_CH20.80SPUSRE_PT15SIROOCFA

Policies to Preserve Housing

Acquisition/Rehabilitation/Conversion

This strategy refers to acquiring existing housing units, rehabilitating them (if needed), and converting them to long-term affordable units, which could then be deed restricted. Acquiring typically older, under-valued apartment that already house low- and moderate-income households is a strategy aimed at preventing the displacement of existing residents, and maintaining housing affordability, while investing in and stabilizing neighborhoods. An Acquisition/Rehabilitation/Conversion strategy is a flexible tool that can be adapted to meet the housing needs in jurisdictions of all sizes and types of housing stock. Cities can provide local funding for non-profit housing organizations to use with Low Income Housing Tax Credits, in some cases, to fund acquisition and rehabilitation, converting them to long-term affordable housing. This serves to increase the supply of permanently affordable housing, and helps revitalize neighborhoods with concentrations of aging rental housing. MTC has set aside \$10 million to establish a fund to help demonstrate preservation, and a number of housing related bonds on the November 2016 ballot make this an eligible investment for program funds.

In addition, every jurisdiction can manage its inventory of its existing deed-restricted affordable units, know when the deed-restrictions are set to expire, and have a strategy to avoid losing scarce affordable units. For information about at-risk affordable housing in your jurisdiction see California Housing Partnership's (CHPC) Preservation Clearinghouse:

<http://chpc.net/advocacy-research/preservation/preservation-database/>

PDA Investment and Growth Strategy Updates

As required by the OBAG 2 policy framework, each CMA must adopt a Priority Development Area (PDA) Investment and Growth Strategy Update by May 2017. This technical memorandum and the data provided below should inform the CMAs' PDA Investment and Growth Strategy update process, specifically to help them address Section 2, Planning Objectives: *Encourage and support local jurisdictions in meeting their housing objectives established through their adopted Housing Elements and RHNA*. In addition to the content of this memo, the following data is provided to support complementary analysis of housing production and affordability for the Investment and Growth Strategies:

- [Bay Area Displacement, Housing and Travel Data Summary Table](#)
- [UC Berkeley displacement risk data from the Regional Early Warning System for Displacement](#)
- [UC Davis Jobs-Housing Fit \(JHFIT\) ratio indicators](#)
- [RHNA Performance \(1999-2014\), ABAG](#)
- [RHNA Progress \(2015-2023\), ABAG](#)
- [ABAG Housing Policy Database v.1.0](#)
- [ABAG Housing Affordability and Neighborhood Stability Toolkit](#)

ATTACHMENT A

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



Date: August 10, 2016
From: Miriam Chion, ABAG Planning & Research Director
Subject: **Use of CEQA Streamlining Provisions in the Bay Area**

Summary

As part of a legal settlement with the Building Industry Association following the adoption of Plan Bay Area 2013, ABAG and MTC are required to report on the use of CEQA streamlining created by Senate Bill 375 in the issuance of building permits in the Bay Area. This memo reports on permits issued using not only SB375 streamlining provisions, but also provisions created by subsequent legislation that require consistency with Plan Bay Area—Senate Bill 226 (SB226) and Senate Bill 743 (SB743)—which are intended in part to address the limitations of the SB375 streamlining provisions.

Because there is no systematic reporting of the permitting and environmental review process across the Bay Area, staff relied upon independent research and outreach to local jurisdictions to gather information about the use of streamlining provisions. This research identified two projects that utilized the provisions of SB375, 29 projects that utilized the provisions of SB226 and 103 projects that utilized the provisions of SB743. The projects utilizing SB375 are expected to produce a total of 306 units. According to local staff, the eligibility requirements to utilize SB375 streamlining are onerous, while the additional flexibility offered by SB226 and SB743 make these streamlining provisions easier to apply.

Background

Senate Bill 375, adopted in 2007, requires that California's metropolitan areas produce Sustainable Communities Strategies. In an effort to support implementation of these plans, the bill also included a provision for full or partial CEQA exemption for projects consistent with the development pattern of a region's adopted SCS that are also within Transit Priority Areas (TPAs) and meet a host of additional requirements ranging from project size to resource conservation. In the Bay Area, projects within Priority Development Areas are typically consistent with Plan Bay Area (our SCS). Transit Priority Areas are defined as locations within ½ mile of a planned or existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with peak frequencies of 15 minutes or less.

In general, developers and local jurisdictions found it challenging to take advantage of the SB375 streamlining provisions, largely due to the extensive list of requirements projects must meet to utilize the full or partial exemption. Subsequent legislation, AB226 and SB743, attempts to expand streamlining opportunities for projects consistent with an SCS and within a TPA.

Adopted in 2011, AB226 provides streamlined CEQA review for a broader range of infill projects that are consistent with a SCS, within a TPA, and address soil, water, and air quality hazards if present. Residential, commercial, and civic development projects that meet these criteria are eligible for varying levels of streamlining—ranging from full exemption to exemption from specific types of analyses—depending upon the level of environmental review already completed for the project location. For example, a qualifying project in an area with an adopted Specific Plan and certified EIR is typically exempt from all required CEQA analyses already completed in the Plan’s EIR.

Senate Bill 743, adopted in 2013, provides full CEQA exemption for residential, mixed use, and office projects that are: consistent with a SCS; within a TPA; and within an area for which a Specific Plan and certified EIR has been adopted. For projects not seeking a full exemption, SB 743 exempts qualifying projects from CEQA analysis of potential Aesthetics and Parking impacts. In addition, SB 743 requires that the Office of Planning and Research (OPR) update CEQA guidelines to replace Level of Service (LOS) with new multi-modal environmental impact analysis. Draft guidelines are currently being reviewed.

Use of CEQA Streamlining Tools

Staff sent a request to the planning directors of every Bay Area jurisdiction to identify the number of projects for which the jurisdiction had utilized the streamlining provisions of SB375, SB226, and SB743. Planning directors were also invited to provide commentary on the utility of the streamlining provisions. Follow up calls were made to multiple jurisdictions to elicit additional information from local staff or to clarify responses. Forty-two cities, including the region’s three largest, responded to the request for information. Staff also performed web searches using the CEQA and PRC codes associated with streamlining provisions, which elicited results from several additional cities. In addition, staff reviewed planning commission staff reports over the past three years for the region’s ten largest cities.

Summary: Use of Recent CEQA Streamlining Legislation in the Bay Area

Streamlining Legislation	Relevant Code Citation	Number of Projects* Using Provisions	Number of Jurisdictions* Using Provisions
SB375	Public Resources Code Section 21155.1	2	2
SB226	CEQA Section 15183.3	29	6
SB743	Public Resources Code Section 2115.4(a)	163	4

*Based upon survey of all Bay Area jurisdictions (42 responses) and independent research

SB375 CEQA Streamlining

Staff review identified two Bay Area projects with a total of 306 housing units and 9,000 square feet of commercial floorspace that have successfully utilized the provisions of SB375. Each projects conducted a Sustainable Communities Environmental Assessment (SCEA), which is an abbreviated version of a full environmental review. This is different from the full, categorical exemption also provided by SB375. No projects that utilized the categorical exemption were identified. The projects using a SCEA include:

- Dillon Avenue Townhomes and Apartments, Campbell: 100 market-rate residential units, (81 townhomes and 19 apartments) on 4 acres (25 units/acre)
Reference: <http://www.ci.campbell.ca.us/ArchiveCenter/ViewFile/Item/331>
- 4619 Brunswick Street, Daly City: 206 market rate senior studio apartments, 9,000 square feet of ground floor commercial floorspace on 1.15 acres (179 units/acre, 2.47 floor area ratio)
Reference:
http://www.dalycity.org/City_Hall/Departments/ECD/planning/Planning_Division_Library/4619_Brunswick_Sustainable_Communities_Environmental_Assessment.htm

City of San Francisco staff also indicated that it is likely to consider a SCEA for a project currently under review.

Staff from multiple jurisdictions indicated that utilizing the SB375 provisions require an inordinate amount of staff resources, and that existing streamlining provisions—in particular, the infill exemption under CEQA section 15332—fulfill the intent of the Transit Priority Project exemption and the Sustainable Communities Environmental Assessment partial exemption. The environmental documents for the two projects that utilized a SCEA were prepared by consultants on behalf of a private developer.

SB226 Streamlining Provisions

The streamlining provisions of SB226 have been much more widely utilized than those of SB375. According to several discussions with developers and cities, these provisions are applicable to a much wider range of projects and require dramatically less staff time than those provided by SB375. Staff identified 29 Bay Area projects that have utilized the streamlining provisions provided by SB226. Use of these provisions is heavily concentrated in Oakland and Berkeley, with additional projects in cities ranging from Menlo Park to American Canyon. Examples include:

- StoneFire Mixed-Use Project, Berkeley: 90 market-rate and 8 affordable apartments and 7,800 square feet of commercial floorspace on 0.5 acre
Reference:
https://www.cityofberkeley.info/uploadedFiles/Planning_and_Development/Level_3_-_ZAB/2014-08-28_ZAB_ATT3_1974%20University_CEQA_Appendix%20N%20and%20M.pdf
- Greenheart Project, Menlo Park: 220 market rate housing units, 405,000 square feet of office floorspace, and 22,000 square feet of retail floorspace in multiple buildings across

6.4 acres.

Reference: <http://www.menlopark.org/DocumentCenter/View/4629>

SB743 Streamlining Provisions

The full and partial CEQA exemption provided by SB743 (codified as section 21155.4 of CEQA) has been utilized more than 160 times by projects consistent with specific or equivalent plans and the SCS. Nearly all of these instances were in San Francisco, where staff estimated that the provisions have been used to exempt 163 projects from aesthetic and parking impacts analysis. Local staff across the region indicated that use of this provision is likely to increase as familiarity grows. A project that utilized the full exemption (as opposed to the partial exemption frequently used by San Francisco) is provided below:

- Contra Costa Centre Block C, Pleasant Hill: 200 market-rate apartments (increase from previous permit for 100 market-rate townhomes) on 1.61 acres (124 units/acre)

Reference:

http://64.166.146.245/docs/2015/BOS/20150728_615/22652_Res%20No.%2016-2015.pdf

Other CEQA Streamlining Provisions

The streamlining provision utilized by the largest number of surveyed cities is the categorical infill exemption (CEQA Guideline 15332), which fully exempts from CEQA infill residential projects of 5 acres or less. According to numerous local staff, this exemption is easier to use than the more recently adopted provisions (SB375, SB226, and SB743) established in concert with the introduction of Sustainable Communities Strategies. The Community Plan exemption (CEQA Guideline 15183), which provides an exemption for projects consistent with an adopted Community Plan and certified EIR (e.g. Specific Plan, Area Plan, or Precise Plan) is also very widely used and generally considered simpler than the recently created set of streamlining provisions.