



## Legislation Text

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Staff Report for Adoption of a City of San Leandro City Council Resolution that Authorizes the City Manager or his designee to Submit an Application for Senate Bill 2 Planning Grants Program Funds for a potential grant of up to \$310,000 (to develop objective residential design standards and stimulate high quality residential and mixed use development)

### **SUMMARY AND RECOMMENDATIONS**

Staff recommends the City Council adopt a resolution that authorizes the City Manager or his designee, in this case Planning staff, to apply for Senate Bill 2 Planning Grant funding for a potential grant of up to \$310,000 to develop objective residential design standards and stimulate high quality residential and mixed use development.

### **BACKGROUND**

In 2017, Governor Brown signed Senate Bill 2 (SB 2), titled the "Building Homes and Jobs Act," which specifically established a permanent, on-going source of funding dedicated to promoting and facilitating affordable housing development. The source of funding is secured through a real estate transaction fee (exempting the sale of single-family homes), which became effective January 1, 2018, and is projected to generate \$200 million annually statewide.

The law prescribes that the revenue collected for the 2018 calendar year be deposited into two funds. Fifty percent of the revenue is to be placed in a fund and made available to local governments for planning grants and 50 percent is to be placed in a fund made available to the California Department of Housing and Community Development (HCD) to assist persons experiencing or at risk of homelessness. The local government share of this revenue is to be dispersed through a grant program administered by HCD. Revenues collected after January 1, 2019 are directed to be used to implement planning policies and more directly to facilitate the production of affordable housing throughout California.

#### SB 2 Planning Grants Program:

On March 28, 2019, HCD released a Notice of Funding Availability (NOFA) for approximately \$123 million in revenue earmarked for local government planning grants. Under this grant program, local governments are provided an eligibility allowance based on community population. The City of San Leandro falls within the "medium localities" category, which is eligible for up to \$310,000 in grant funding. The purpose of the Planning Grants Program is to provide financial and technical assistance to local governments to update planning documents to:

- Accelerate housing production;
- Streamline the approval of housing development;
- Facilitate housing affordability;

- Promote the development of housing; and
- Ensure geographic equity in the distribution and expenditure of allocated funds.

Details on the SB 2 Planning Grants Program can be found on the HCD website [here](http://www.hcd.ca.gov/grants-funding/active-funding/planning-grants.shtml) [\(<http://www.hcd.ca.gov/grants-funding/active-funding/planning-grants.shtml>](http://www.hcd.ca.gov/grants-funding/active-funding/planning-grants.shtml)). The administration of this Planning Grant Program is governed by guidelines provided by HCD, which can be located [here](http://www.hcd.ca.gov/grants-funding/active-funding/planning-grants/docs/SB2-Planning-Grant-Guidelines.pdf) [\(<http://www.hcd.ca.gov/grants-funding/active-funding/planning-grants/docs/SB2-Planning-Grant-Guidelines.pdf>](http://www.hcd.ca.gov/grants-funding/active-funding/planning-grants/docs/SB2-Planning-Grant-Guidelines.pdf)) and are also attached. A summary of the guidelines is as follows:

- The call for applications for grant funding is open through November 30, 2019;
- HCD anticipates that the timeframe for awarding the grant is approximately two to three months from the date of application filing;
- Activities eligible for the grant funds include, among others: a) updates to General Plans and Zoning Ordinances to promote or accelerate housing production; b) environmental analyses that eliminate the need for project review; c) local improvements to the permit process to expedite local planning review; d) establishing and implementing special districts and zones such as a workforce housing opportunity zone; and e) rezoning for “by-right” supportive housing, for special needs populations and for multi-family housing in high resource areas; and
- To be eligible for grant funds, the local government agency must: a) have a certified and compliant Housing Element; b) have completed the required Annual Progress Report (APR) on the Housing Element and submitted the APR to HCD; and c) demonstrate that the project will support a nexus to accelerate housing production.

The program guidelines require that the grant request be accompanied by an adopted City Council resolution, which endorses the request.

## **Analysis**

The Planning Grants Program provides an opportunity and funding for the City of San Leandro to evaluate the General Plan and Zoning Ordinance and develop objective design and development standards.

In 2017, Senate Bill 35 (SB 35) was signed by the Governor, establishing a mandated, ministerial (streamlined) review process for multi-family residential projects under specific conditions and near transit locations. To qualify for this process, an applicant would be required to pay prevailing wage for construction labor. This law exempts such projects from environmental (CEQA) review and limits the local government agency’s project review to locally adopted “objective design and development standards.”

Developing objective design standards is a challenge, as design is subjective and not typically prescribed or quantitative. The City of San Leandro has design guidelines, which are found in more recent specific plans such as for the Downtown and Bay Fair transit-oriented development (TOD) areas. However, not all of these design guidelines are “objective” design standards. Development of objective residential design standards would serve to provide proactive, more uniform and clearer guidance to developers seeking to pursue housing and/or mixed-use projects in San Leandro and would help ensure that the value added through a discretionary review process is not lost if streamlined approvals apply. Developing objective residential design standards would help retain

local control of high-quality design in new multi-family and mixed-use residential developments.

### **Applicable General Plan Policies**

- Policy CD-5.4 Architectural Consistency. In established neighborhoods, protect architectural integrity by requiring infill housing, replacement housing, and major additions or remodels to be sensitive to and compatible with the prevailing scale and appearance of adjacent development.
- Policy LU-6.1 Downtown Plans. In accordance with the adopted Downtown Plan and Urban Design Guidelines and the Downtown San Leandro Transit Oriented Development Strategy, ensure that new downtown development is attractive and creates an image conducive to revitalization.
- Housing Element Policy 59.01 Zoning Regulations. Ensure that the development standards, use restrictions, parking requirements, and other regulations contained in the San Leandro Zoning Code enable the production of housing for all income groups. Overly restrictive or redundant requirements should be strongly discouraged.

### **Environmental Review**

There is no environmental review required to apply for and receive a SB2 planning grant.

### **Fiscal Impacts**

There is no fiscal impact on General Funds associated with this item. The SB2 Planning Grants Program does not require a local financial commitment or “match” from local jurisdictions requesting grant funds. City staff time required for administering the grant applications and managing the projects funded by the grant would be absorbed as part of the staff workload. Up to 5% of the grant may be used to cover administrative support for the applications.

### **ATTACHMENT(S)**

#### **Attachment(s) to Staff Report**

- SB2 Guidelines

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