

Understanding AB 2011 and SB 6: Keeping Up with State Requirements for Allowing Housing in Commercial Zones

Housing Acceleration Program - Technical Assistance

Agenda



Q&A

Conclusion



Introductions

Introductions

- 1. Name
- 2. Jurisdiction
- 3. Does your jurisdiction have any new housing accomplishments, challenges, or updates to share?
- 4. Do you have any questions or is there something you want to learn about AB 2011 or SB 6?

Housing Monthly E-blasts – Sign Up!



May 2023 Updates

Contents

- 1. What's coming
- 2. What's new
- 3. What did you miss
- 4. Stay Updated

What's Coming?

SIGN UP! HAP Technical Assistance Regional Training #2

When: June 6, 2023 from 12-2pm; optional lunch at 11:30am.

Join us for a free lunch at SANDAG to talk about how to implement AB 2011 and SB 6!

The next HAP Technical Assistance Regional Training will take a deep dive on AB 2011 and SB 6 and share existing and new resources to understand the implications and implementation of these bills. Please come prepared with any

Purpose:

Share resources, trainings, updates, and more

Frequency: Monthly

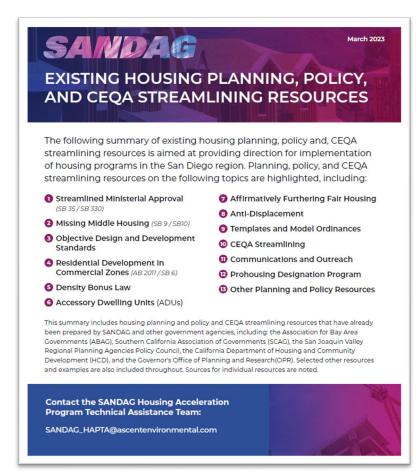
Audience:
All local housing staff

Regional Training #1 – March 21, 2023

Existing housing planning, policy and CEQA streamlining resources:

- Streamlined Ministerial Approval (SB 35 / SB 330)
- 2. Missing Middle Housing (SB 9 / SB10)
- 3. Objective Design Standards
- Residential Development in Commercial Zones (AB 2011 / SB 6)
- 5. Density Bonus Law
- 6. ADUs

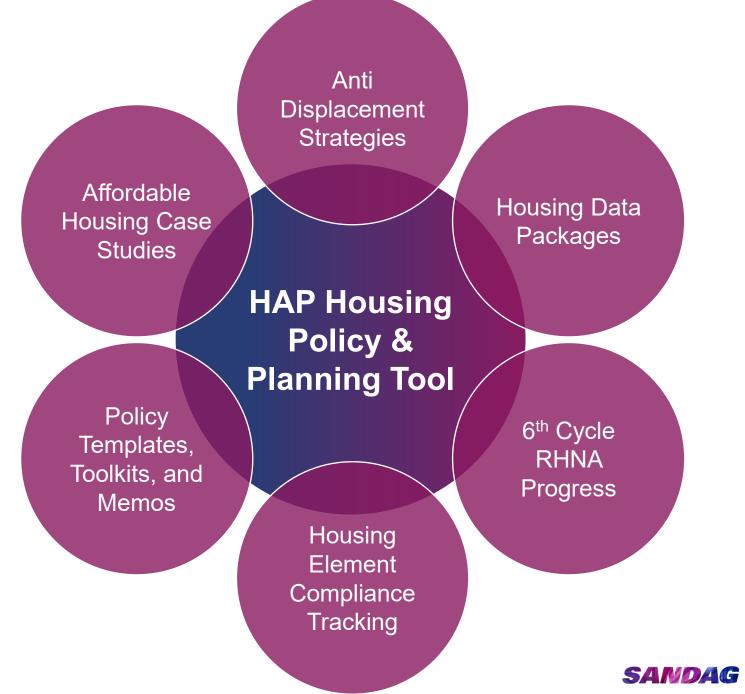
- 7. Fair Housing
- 8. Anti-Displacement
- 9. Prohousing
- Other Templates and Model Ordinances
- 11. Communications and Outreach
- 12. Other Planning and Policy Resources
- 13. CEQA Streamlining





Housing Policy & Planning Tool Update

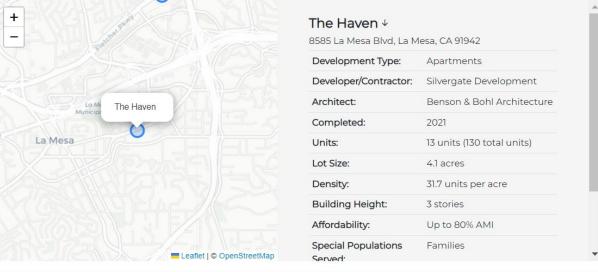
Overview



Affordable Housing Case Studies

Affordable Housing Case Studies

San Diego Region

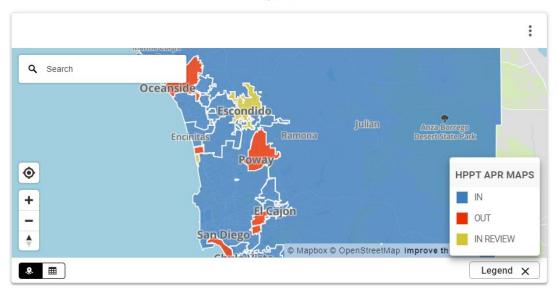


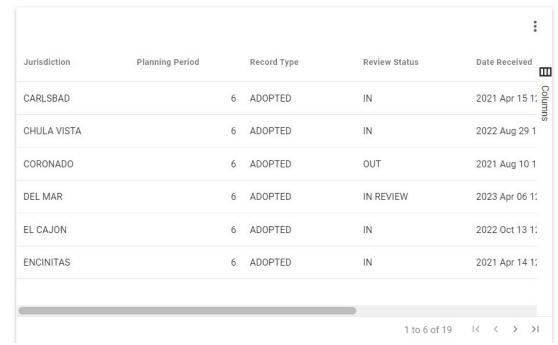
Filter By: Subregion ▼ Jurisdiction ▼ Tags ▼ Project Image Project Image Project Image Project Image Project Image Sustainability **PATH Villas** Estrella del Casa Anita Orange Windsor El Cerrito Mercado Garden Pointe **业** PDF **⊎** PDF **J** PDF **J** PDF **₽DF**



Housing Element Compliance Data

San Diego Regional Housing Element Compliance





Templates & Toolkits & Trainings

Existing Housing Planning, Policy, and CEQA Streamlining Resources

The following summary of existing housing planning, policy and, CEQA streamlining resources is aimed at providing direction for implementation of housing programs in the San Diego region. Planning, policy, and CEQA streamlining resources on the following topics are highlighted, including:

- Streamlined Minsterial Approval (SB 35 / SB 330)
- Missing Middle Housing (SB 9 / SB10)
- Objective Design and Development Standards
- Residential Development in Commercial Zones (AB 2011 / SB
 6)
- Density Bonus Law
- Accessory Dwelling Units (ADUs)

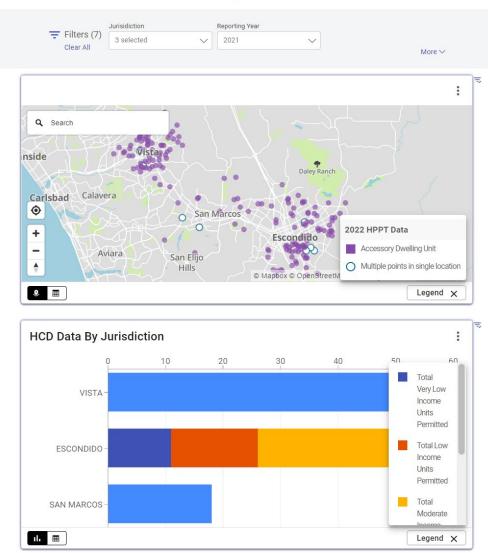
- Affirmatively Furthering Fair Housing
- Anti-Displacement
- Templates and Model Ordinances
- CEQA Streamlining
- Communications and Outreach
- Prohousing Designation Program
- Other Planning and Policy Resources

This summary includes housing planning and policy and CEQA streamlining resources that have already been prepared by SANDAG and other government agencies, including: the Association for Bay Area Governments (ABAG), Southern California Association of Governments (SCAG), the San Joaquin Valley Regional Planning Agencies Policy Council, the California Department of Housing and Community Development (HCD), and the Governor's Office of Planning and Research (OPR). Selected other resources and examples are also included throughout. Sources for individual resources are noted.

Housing Element Implementation: ADU Report

- Top: Map of 2021
 ADUs permitted in Vista, San Marcos, & Escondido
- Bottom: ADUs permitted in 2021, by jurisdiction and affordability

Housing Element Implementation & Data Explorer





Understanding Assembly Bill (AB) 2011 & Senate Bill (SB) 6

AB 2011 and SB 6 TA Resources

- 1. Understanding AB 2011 and SB 6
- 2. AB 2011 Checklist
- 3. AB 2011 Checklist
- 4. SB 6 Checklist



Overview

Assembly Bill (AB) 2011, the Affordable Housing and High Road Jobs Act of 2022, and Senate Bill (SB) 6, the Middle Class Housing Act of 2022, both allow housing in areas designated for office, retail, or parking, and are intended to expand the number of sites available for housing. AB 2011 and SB 6 offer different approaches to allowing residential in commercial zones. Key differences between AB 2011 and SB 6 include:

- AB 2011 establishes qualifying criteria based on affordability, while SB 6 does not require affordable housing to be provided.
- SB 6 establishes qualifying criteria based on use, and defines two eligible project types as:
 1) 100% residential development; 2) mixed-use development. AB 2011 also allows mixed-use development for eligible projects.
- AB 2011 requires a streamlined ministerial approval process; SB 6 does not (unless SB 35 is invoked). As a result, AB 2011 also provides streamlining under the California Environmental Quality Act (CEQA).
- SB 6 requires stricter labor standards than AB 2011.

Table 1 provides a comparison of AB 2011 and SB 6, highlighting some of the similarities and differences specified in AB 2011 and SB 6 related to project eligibility and requirements, including the applicability development standards specified, the CEQA, the California Coastal Act (Coastal Act), labor requirements, and the required approval process. The provisions of both AB 2011 and SB 6 are applicable to local jurisdictions without an implementing ordinance, although if utilized, the ordinance is exempt from CEQA. Both bills go into effect on July 1, 2023.

Purpose

The purpose of this material is to provide guidance, which agencies and other entities may use at their discretion. This guidance does not alter lead agency discretion in decision-making, independent judgment and analysis, and preparing environmental documents for project or governmental action subject to CEQA requirements. This material is for general information only and should not be construed as legal advice or legal opinion.

Contact the SANDAG Housing Acceleration Program Technical Assistance Team:

 ${\tt SANDAG_HAPTA@ascentenvironmental.com}$



SANDAG

Project Checklist - AB 2011 Mixed-Income Housing Developments Along Commercial Corridors

1	Gov. Code	1. Project Eligibility	Yes / No / Comment
А	65912.121 (a)	Development project is proposed to <u>be located in</u> a zone where office, retail, or parking are a principally permitted use. ²	Yes No Comment: Click or tap here to enter text.
В	65912.121 (b)	Development project is proposed to be located on a legal parcel or parcels that either: Is in a city where the city boundaries include some portion of either an urban area; *or Is in an unincorporated area, and the parcel(s) are 100% within the boundaries of an urban area.	Yes No Comment: Click or tap here to enter text.
С	65912.121 (c)	Project site abuts a commercial corridor ⁴ , and has a minimum of 50 feet frontage along the commercial corridor.	Yes No Comment: Click or tap here to enter text.
D	65912.121 (d)	Site is 20 acres or less.	Yes No Comment: Click or tap here to enter text.
E	65912.121 (e)	At least 75% of the perimeter of the site must adjoins parcels developed with urban uses. Parcels that are only separated by a street of highway shall be considered adjoined.	Yes No Comment: Click or tap here to enter text.
F	65912.121 (f)	Site is not on/adjoined to a parcel where more than 1/3 of the square footage on the site is dedicated to industrial use ⁷ .	Yes No Comment:

² A "principally permitted use" is a use that may occupy more than one-third of the square footage of the site without conditional use permit.

AB 2011 Mixed-Income Housing Developments Along Commercial Corridors Project Checklist |

³ Note: The terms "urbanized area" and "urban cluster" referenced in Section 65912.111(b) no longer exist. The US Census Bureau has replaced these with the term "urban area."

⁴ "Commercial corridor" means a highway, as defined in Section 360 of the Vehicle Code, that is not a freeway, as defined in Section 332 of the Vehicle Code, and that has a right-of-way, as defined in Section 525 of the Vehicle Code, of at least 70 and not

³ Parcels that are only separated by a street or highway shall be considered to be adjoined.

^{6 &}quot;Urban uses" means any current or former residential, commercial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses. See Section 65912.101(p)

^{7 &}quot;Industrial use" means utilities, manufacturing, transportation storage and maintenance facilities, and warehousing uses. "Industrial use" does not include power substations or utility conveyances such as power lines, broadband wires, and pipes. See Section CODITION.

Overview

- 1. Introduction and Comparison of AB 2011 and SB 6
- 2. AB 2011 Affordable Housing Development
- 3. AB 2011 Mixed Income Housing Development
- 4. Other Requirements for All AB 2011 Projects
- 5. SB 6 Housing Development Project
- 6. SB 6 and SB 35
- 7. Policy Decisions and Actions



Introduction and Comparison of AB 2011 & SB 6

Residential Development in Commercial Zones

AB 2011 and SB 6 both allow multi-family residential development as a permitted use in zones where office, retail, or parking are principally permitted uses.*

Effective July 1, 2023

* AB 2011 defines "principally permitted use" as "a use that may occupy more than one-third of the square footage of the site and does not require a conditional use permit." SB 6 does not define principally permitted use.

Overview of AB 2011

- Affordable Housing and High Road Jobs Act of 2022
- See Ca. Gov. Code § 65912 et. seq.
- Prescriptive development standards, especially mixed-income
- Eligible for CEQA streamlining
- Applicable in Coastal Zone
- Limited labor standards

AB 2011 Project Types

Affordable Housing Development

- 1. 100% Affordable
- 2. Multifamily Development (5 or more units)
- 3. Basic Project Eligibility and Site Criteria
- 4. Density Standards

Mixed Income Housing Development

- 1. Specified Affordability Levels
- 2. Multifamily Development (5 or more units)
- 3. Commercial Corridor Frontage Req.
- 4. Expanded Project Eligibility and Site Criteria
- 5. Density Standards
- 6. Additional Development Standards

Overview of SB 6

- Middle Class Housing Act of 2022
- See Cal. Gov. Code § 65852.24
- Much less prescriptive than AB 2011 yet stricter labor standards than AB 2011
- No new ministerial approval process (unless invoking SB 35)
 - No prescribed review timelines
 - No ministerial process
 - CEQA applies
 - Applicable in Coastal Zone
- Developers will likely use SB 6 if the project doesn't qualify for AB 2011

Comparison of AB 2011 & SB 6 Overview

	AB 2011	SB 6
Allowable Use	Permits residential development in commercial zone.	Permits residential development in commercial zone.
Affordable Housing Requirements	May be either:100% affordable; orMixed-income	No requirement to provide affordable housing specified, unless SB 35 invoked.
Use Requirements	 May be either: 100% residential; or Mixed-use project, where at least 2/3 of square footage is residential. 	 May be either: 100% residential; or Mixed-use project, where at least 50% of square footage is residential.
Density Standards	Yes	Yes
Other Development Standards	Yes, for mixed-income projects.	No
Approval Process	Yes	No, unless SB 35 is invoked.
Labor Requirements	Prevailing wage	Prevailing wage and "skilled and trained"



Questions?



AB 2011 Affordable Housing Development

Applicable Zones and Use Requirements

- Located in a zone where office, retail, or parking are a principally permitted use.
- "Principally permitted use" means a use that may occupy more than one-third of the square footage of the site without conditional use permit. See Section 65912.101(n).
- May be either:
 - 1. 100% residential; or
 - 2. Mixed-use project, where at least 2/3 of square footage is residential.

Affordable Housing Requirements

- 1. 100% affordable housing: All units (excluding managers units) dedicated to lower-income households at an affordable cost or affordable California Tax Credit Allocation Committee rent.
- 2. Recorded deed restriction:
 - 55 years for rental units
 - 45 years for owner-occupied units

Project Eligibility and Site Criteria

- Legal parcel in urban area
- Not limited to certain street types or frontage requirements
- No site size requirements
- 75% of perimeter of the site must adjoin parcels developed with urban uses
- Not on/adjoined to a parcel where more than 1/3 of the square footage on the site is dedicated to industrial use
- Not a governed mobile home site

Project Eligibility and Site Criteria

- If within a neighborhood plan area, plan allows for multifamily housing on site
- Completed Phase 1 ESA and required mitigation
- Cannot be located within:
 - 500 ft of a freeway
 - 3,200 ft of a oil/gas refinery
- If site is vacant, cannot:
 - Be in very high fire hazard severity zone
 - Have tribal resources that could be affected

SB 35 Environmental Criteria

Satisfies environmental criteria related to the following:

- Prime farmland or farmland of statewide importance
- Wetlands
- High or very high fire hazard severity zone
- Hazardous waste site
- Delineated earthquake fault zone

- 100-year Flood Zone
- Regulatory Floodway
- Lands identified in an adopted natural resources protection plan
- Protected Habitat
- Conservation easement

Density Standard and Applicable Zoning

- Meet objective standards for the zone that allows residential use at a greater density between the following:
 - The existing zoning designation for the parcel if it allows multifamily residential use.
 - The zoning designation for the closest parcel that allows residential use at a density that is appropriate to accommodate the affordable housing.*

^{*} The default density standards for metropolitan jurisdictions is 30 du/ac; for suburban jurisdictions it is 20 du/ac.

See: Default Density Standard Option – 2020 Census Update. California Department of Housing and Community Development.

https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/defaultdensity2020censusupdate.pdf



Questions?



AB 2011 Mixed Income Housing Development

Applicable Zones

- 1. Located in a zone where office, retail, or parking are a principally permitted use.
- 2. "Principally permitted use" means a use that may occupy more than one-third of the square footage of the site without conditional use permit. See Section 65912.101(n).

Affordable Housing Requirements

- Mixed-income affordable housing projects which must provide a minimum number of on-site affordable units.
 - Rental housing developments must include either:
 - 8 percent very-low income and 5 percent extremely- low units; or
 - 15 percent lower income units
 - 55-year deed restriction
 - Owner-occupied housing developments must include either:
 - 30 percent moderate income units; or
 - 15 percent lower income units
 - 45-year deed restriction

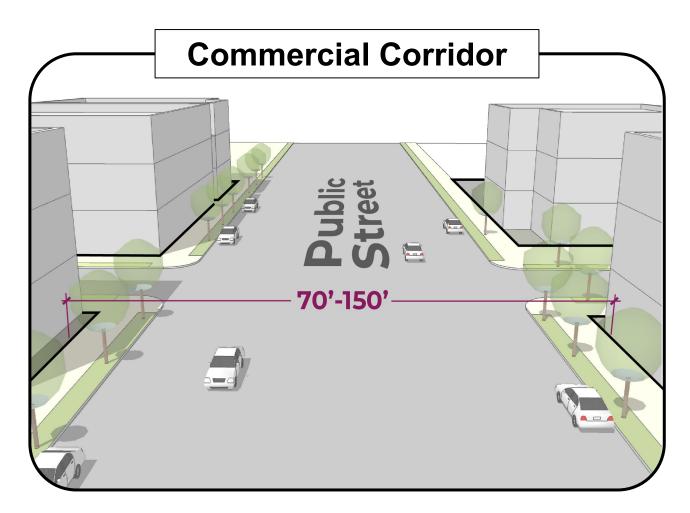
Local Inclusionary Housing Requirements

If the project is subject to a local affordable housing requirement, the project shall:

- Include the percentage of affordable units required by this section or the local requirement, whichever is higher.
- Meet the lowest income targeting in either policy
- If the local requirement is greater than 15 percent of the units to be dedicated for lower income units affordable to very low and extremely low income households, than it must include:
 - 8 percent of units for very low income households and 5 percent of the units for extremely low income households;
 - 15 percent of units affordable to lower income households shall be subtracted from the percentage of units required by the local policy at the highest required affordability level.

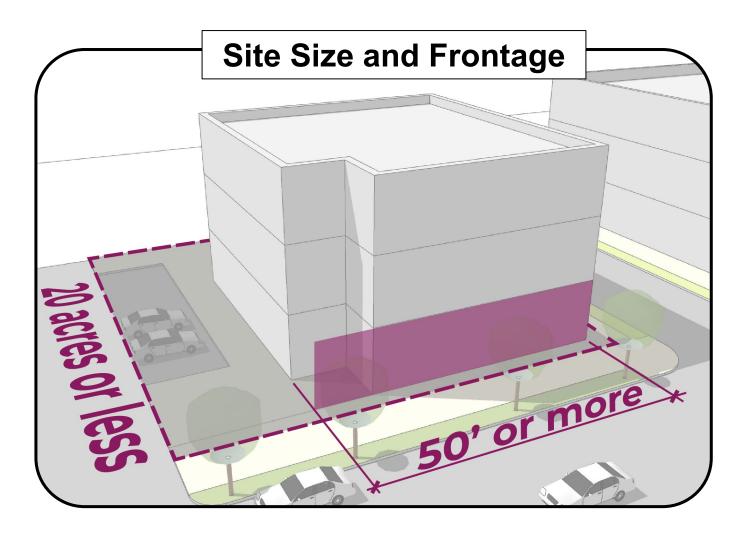
Project Eligibility and Site Criteria

- Legal parcel in urban area
- Abuts a "commercial corridor" that is between 70 and 150 feet in width.
- 75% of perimeter of the site must adjoin parcels developed with urban uses
- Not on/adjoined to a parcel where more than 1/3 of the square footage on the site is dedicated to industrial use



Project Eligibility and Site Criteria

- Abuts a "commercial corridor" and has 50 ft min frontage
- Less than 20 acres
- Not on a site with 1-4 existing dwelling units
- Not zoned for single-family



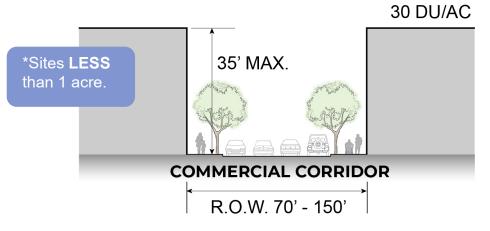


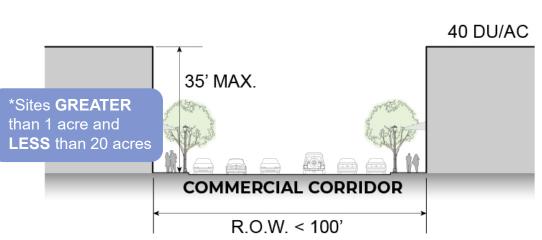
Additional Requirements

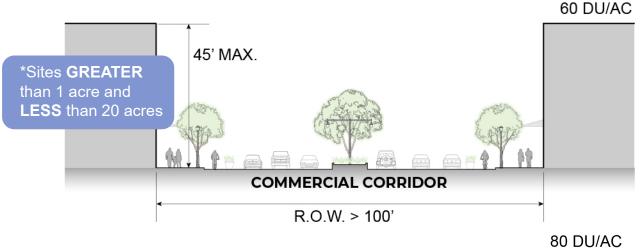
- No demolition of historic structures, affordable housing, rent-controlled housing or housing occupied by tenants in last 10 years
- No demolition of residential use within last 10 years, and other restrictions
- Must provide required notice to commercial tenants and relocation assistance

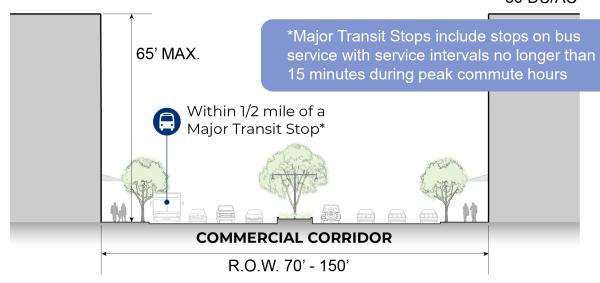
Height and Density Standards

Metropolitan



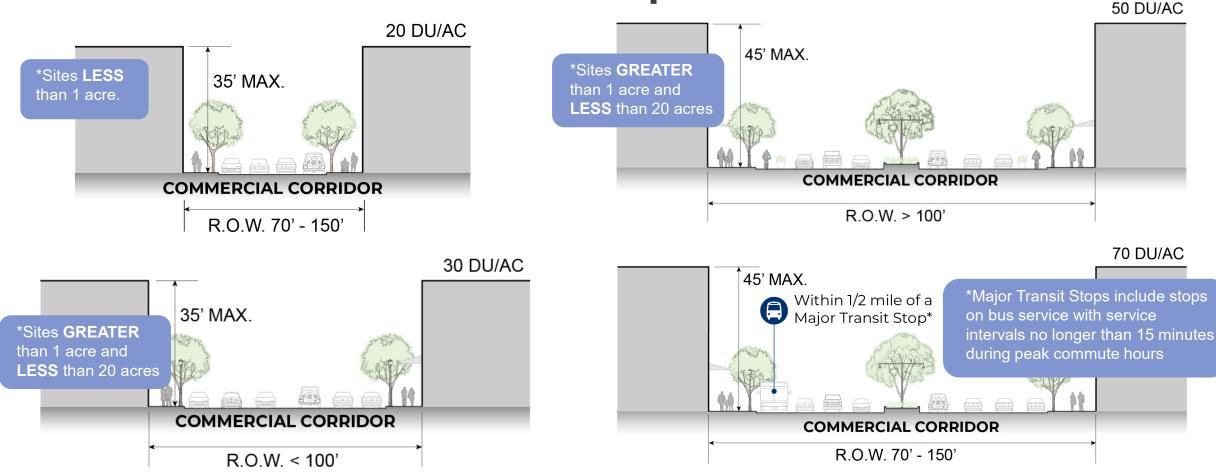






Height and Density Standards

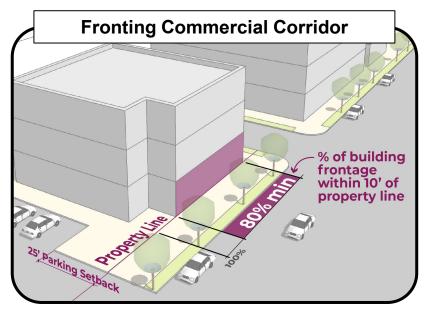
Non- Metropolitan

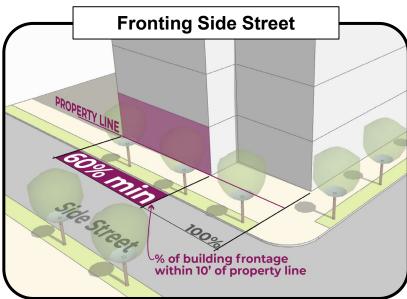


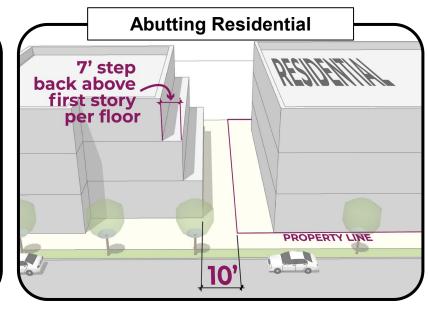
Height Limits in the Coastal Zone

- AB 2011 can be used in the coastal zone for eligible projects, but does not change the applicability of the California Coastal Act.
- Increased height limits for projects within ½ mile of transit are not applicable within the coastal zone.

Setback Requirements







Development Standards and Design Review

- Cannot require parking except bicycle, electric vehicle and disabled spots
- Incorporates objective zoning, subdivision and design review standards for either:
 - Closest zone allowing required multi-family residential density OR
 - If required density does not exist, zone allowing greatest multi-family residential density in the jurisdiction



Questions?

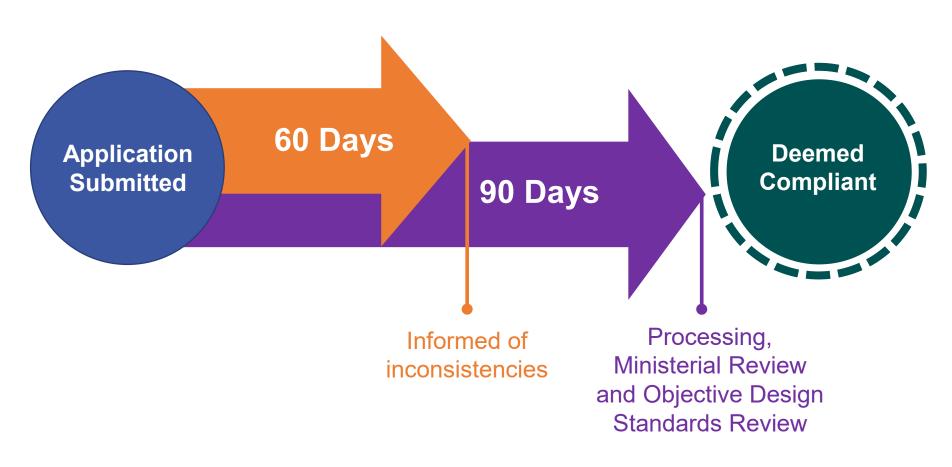


Other Requirements for All AB 2011 Projects

Labor Requirements

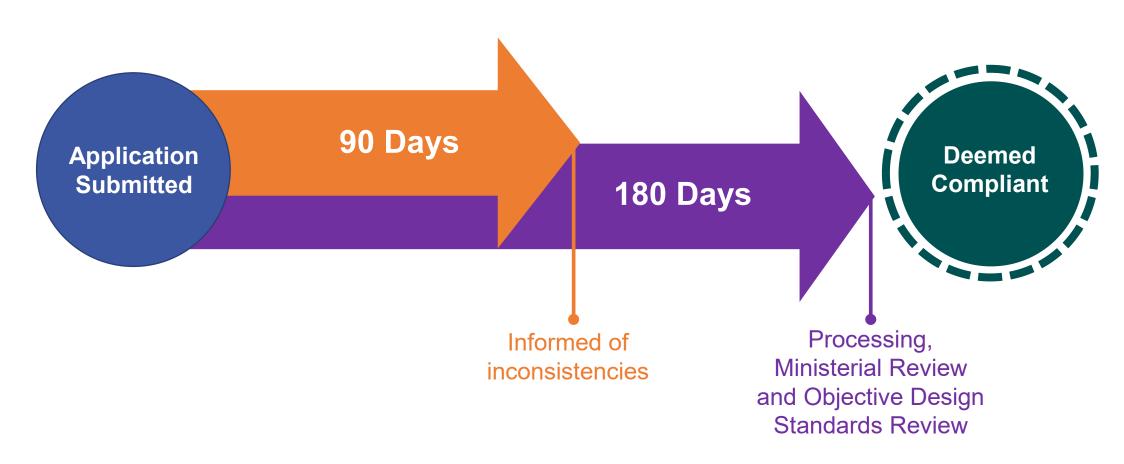
- All projects that qualify for AB 2011 must pay prevailing wage.
- AB 2011 projects greater than 50 units must meet additional standards:
 - Apprenticeship requirements
 - Health care contributions
 - Other contracting & reporting criteria

Ministerial Review for Projects < 150 Units



* If applicants are not notified of inconsistencies within applicable timeline, then project is deemed compliant with qualifying criteria

Ministerial Review for Projects > 150 units



* If applicants are not notified of inconsistencies within applicable timeline, then project is deemed compliant with qualifying criteria

Streamlining and CEQA

- Qualifying AB 2011 projects must be reviewed on a ministerial basis and:
 - Are exempt from CEQA;
 - Local jurisdictions are not permitted to require any discretionary approvals, such as a conditional use permit.

Exempting Properties from AB 2011

- Properties may be exempt, if substitute parcels are identified.
- Must ensure that the development of substitute parcels will affirmatively further fair housing, and not reduce the total zoned capacity for residential development or affordable residential development.
- Must exempt properties before application for AB 2011 streamlining is submitted.

Other Requirements

Other

- Eligible for density bonus, incentives, concessions, waivers or parking ratios under Density Bonus Law (Gov. Code § 65915 -65918)
- Cannot adopt standards that apply only to AB 2011 projects
- Must comply with SB 330 (Gov. Code § 66300(d)) replacement housing requirements even if not in affected city/county
- Must include AB 2011 projects in Annual Progress Report



Questions?



SB 6 Housing Development Project

Applicable Zones and Use Requirements

- Located in a zone where office, retail, or parking are a principally permitted use.
- "Principally permitted use" means a use that may occupy more than one-third of the square footage of the site without conditional use permit. See Section 65912.101(n).
- Principally permitted use is not explicitly defined in SB 6.

Affordable Housing Requirements

- Affordable housing is NOT required, except to:
 - Satisfy local inclusionary requirement
 - Qualify for SB 35

Project Eligibility and Site Criteria

- May be either:
 - 1. 100% residential; or
 - 2. Mixed-use project, where at least 50% of square footage is residential.
- Less than 20 acres

Density Standard and Applicable Zoning

- Incorporates objective zoning, parking, design, etc. for either:
 - 1. Closest parcel that allows default density* OR
 - Existing zoning for parcel if it allows density greater than default density
- Must comply with all other objective standards for parcel

^{*} The default density standards for metropolitan jurisdictions is 30 du/ac; for suburban jurisdictions it is 20 du/ac.

See: Default Density Standard Option – 2020 Census Update. California Department of Housing and Community Development.

https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/defaultdensity2020censusupdate.pdf

Exempting Parcels

- May exempt sites IF findings with substantial evidence of:
 - 1. Concurrently relocated lost density to other sites **OR**
 - 2. Accommodation of lost density on sites by allowing greater residential density than required by SB 6
- Replacement sites must:
 - 1. Be suitable for residential development AND
 - 2. Allow by-right development



Questions?



SB 6 and SB 35

SB 35 Recap

- Project must meet affordable housing requirements based on RHNA performance
- Projects with more than 10 units must pay prevailing wages
- Contractors must use 'skilled and trained workforce' for larger projects (100% affordable projects exempt)
- Sites must not have contained housing within the last 10 years
- Sites must not be in the coastal zone
- Subdivisions not included

SB 6 Expansion of SB 35

	SB 35	SB 6
Location	 Urbanized infill site Residential or mixed-use zone Must comply with Gov. Code Sec. 65914.3(a)(6)(A)-(K) 	Site where office, retail or parking are principally permitted use
Project Type	 100-percent residential; or Mixed-used projects with at least 2/3rd residential 	 100-percent residential; or Mixed use project with at least 50% residential
Labor Requirements	Prevailing wage required	 Prevailing wage and "skilled and trained workforce" required
Affordable Housing	 Must provide at least 10, 20 or 50% affordable housing 	 Must provide at least 10, 20 or 50% affordable housing
Approval Process	Same as AB 2011 except tribal consultation required	Same as AB 2011 except tribal consultation required

AB 2011 vs. SB 35

	AB 2011	SB 35
Location	+ Permits residential development in commercial zone	- Must be zoned or planned for residential or mixed-use development
Project Type	+ May be a mixed-use project so long as 2/3 residential	+ May be a mixed-use project so long as 2/3 residential
Affordable Housing	- Must provide some affordable housing	- Must provide at least 10, 20 or 50% affordable housing
CEQA	+ Exempt from CEQA	+ Exempt from CEQA
Labor Requirements	- Prevailing wage required	- Prevailing wage required
Approval Process	+ Streamlined, ministerial process	+ Streamlined, ministerial process
Other	+ No required tribal consultation	- Required tribal consultation process

SB 6 & SB 35

- If <u>consistent</u> with 'Objective Design Standards' NO CEQA review!
- Projects receiving a density bonus or other regulatory incentives are considered <u>consistent</u>.
- Maximum unit allocations must be ignored
- Maximum density should be consistent with what is shown in General Plan

*General Plan and Zoning standards not required to be met if SB 6 criteria are satisfied.



Questions?



Policy Decisions and Actions

Implementing Ordinance(s)

- Both bills allow but do not require jurisdictions to adopt implementing ordinances
- A jurisdiction could adopt:
 - Separate ordinances for each law
 - One ordinance that covers options for residential development in "zones where commercial, retail, or parking are principally permitted uses"

Recommended Clarifications/Actions

- Define "project site"
- Clarify how "closest parcel" will be determined: Which zones have office, retail, or parking as principally permitted uses?
- Prepare maps of eligible parcels:
 - 1. Where additional density and height may apply
 - 2. By project type that applies (AB 2011 AH/MIH and SB 6)

Policy Decisions

- Decide if parcels will be exempted and how density will be reallocated
- Determine how to enforce relocation assistance requirements for qualified commercial tenants and displaced residents
- Decide if and how jurisdiction will monitor labor requirements including reviewing reports from developers



Discussion on AB 2011 / SB 6



Conclusion

What's Next?

- Local Staffing Assistance & Legislation Tracking (Ongoing)
- Regional Trainings/Templates and Toolkits:
 - AB 2097 Guidance
 - Anti-Displacement Regional Training and Subregional Discussions
 - Objective Design Standards Workshop

Reminder! Submit TA Requests to:

SANDAG_HAPTA@ascentenvironmental.com

Connect with SANDAG's HAP-TA Team

Project website:

sandag.org/projects-and-programs/regional-initiatives/housing-and-land-use/housing-acceleration-program

Local Staffing Assistance Requests
Email: SANDAG_HAPTA@AscentEnvironmental.com

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