



DATE: September 24, 2019

CATEGORY: Consent

DEPT.: Community Development

TITLE: **SB 2 Planning Grant Authorization – R3 Zoning Code Update**

RECOMMENDATION

1. Adopt a Resolution of the Mountain View City Council Authorizing the Application for, and Receipt of, SB 2 Planning Grant Program Funds, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Authorize the City Manager or designee to execute an SB 2 funding agreement with the State of California.

BACKGROUND

In 2017, Governor Brown signed a housing bill package aimed at addressing the State's housing shortage and high housing costs. One of the bills, SB 2, created funding for all California cities and counties to help prepare, adopt, and implement plans and processes that streamline housing approvals and accelerate housing production.

Funded activities are intended to achieve the following program objectives:

- Accelerate housing production;
- Streamline the approval of housing development affordable to owner and renter households at all income levels;
- Facilitate housing affordability for all income groups;
- Promote development consistent with the State Planning Priorities (Government Code Section 65041.1); and
- Ensure geographic equity in the distribution and expenditure of allocated funds.

The Notice of Funding Availability (NOFA) for SB 2 was released in March 2019, and cities have until November 30, 2019 to submit a grant proposal. The grant program initially does not use a competitive process to award funds. Cities may be awarded a maximum grant amount using a sliding scale based on their population. For Mountain View, the maximum grant award can be \$310,000.

All localities that meet the program’s threshold requirements (adoption of a certified Housing Element; submittal of annual Housing Element reports; demonstration of a nexus to accelerate housing production; and consistency with State Planning priorities) will be funded. The City meets these threshold requirements.

SB 2 eligible activities may include:

- Updates to general plans, community plans, specific plans, local planning related to implementation of sustainable communities strategies, or local coastal plans;
- Updates to zoning ordinances;
- Environmental analyses that eliminate the need for project-specific review; and
- Local process improvements that improve and expedite local planning.

ANALYSIS

Staff proposes to use SB 2 grant funds to implement the City Council’s Major Goal to **“improve the quantity, diversity, and affordability of housing by providing opportunities for subsidized, middle-income, and ownership housing.”** Work Item 2.5 on the Council Goals Work Plan for 2019-21 proposes to implement this goal by updating the City’s R3 (Multiple-Family) Zoning Standards that may consider form-based zoning, incentivizes stacked flats, and updates the Rowhouse Guidelines.

While the specific scope of work has not yet been finalized, staff expects it to help facilitate increased housing production as the City’s R3 standards are outdated and limit the range of potential new R3 Zone housing types and strategies. A planning consultant team would be used to help staff with this work, and the SB 2 grant funds would be used to help pay for the consultant. The final proposed scope of work will be presented to Council later this fall.

The City's grant proposal includes several key tasks that will be necessary regardless of the ultimate approved scope of work. These tasks include:

- **Existing conditions.** Analysis of current R3 Zoning Ordinance development standards, such as setbacks, densities, parking standards, FAR and other standards, and how they may impede multi-family redevelopment opportunities;
- **Feasibility analysis.** Economic and planning analysis on the feasibility of multi-family projects and how feasibility may be improved based on updated R3 standards and/or modifications to fees;
- **Form-based code/design guidelines analysis.** Studying the potential to incorporate Smart Code, form-based development standards, and/or design guidelines to provide greater predictability to developers, the community, and decision makers in terms of new development form and character outcomes; and
- **R3 Code recommendations.** Recommendations on updates to the City's R3 (Multiple-Family) Zoning Standards that may consider form-based zoning, incentivize stacked flats, and update the Rowhouse Guidelines.

FISCAL IMPACT

The endorsement of the \$310,000 SB 2 grant proposal will help supplement the City's proposed R3 update work. Staff has estimated costs for the R3 project at about \$1,000,000 for urban design and CEQA consultants, and the funding is included in the Fiscal Year 2019-20 budget.. As noted, the final cost will depend on Council review of the project scope. If the grant is funded, it would supplement City funding. Staff proposes to use the SB 2 funds first before using any City funds.

ALTERNATIVES

1. Do not authorize the grant application.
2. Provide other direction.

PUBLIC NOTICING – Agenda posting.

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Attachment: 1. Resolution