

## CITY OF MOUNTAIN VIEW

ENVIRONMENTAL PLANNING COMMISSION  
STAFF REPORT  
FEBRUARY 19, 2025

### 5. STUDY SESSION

#### 5.1 R3 Zoning District Update—Increased Densities

##### RECOMMENDATION

That the Environmental Planning Commission make recommendations to the City Council on:

1. Locations where increased densities will be allowed in the Multiple-Family (R3) Zoning District;
2. Densities in those locations identified for increased density; and
3. Locations where Two-Family (R2) zoned properties may be integrated into the R3 Zoning District, pursuant to Housing Element Program 1.3(h).

##### PUBLIC NOTIFICATION

The Environmental Planning Commission (EPC) agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. All tenants and property owners within 750' of a proposed R3 Change Area and the R2 Zoning District, as well as all R3 Zoning District property owners, were sent a postcard regarding this meeting. A newspaper notice was also published. Neighborhood associations and groups that had previously expressed interest in the project were also notified. Electronic notices were sent to those who signed up to receive them regarding this project. Meeting information was also posted on the City's website: [www.mountainview.gov/r3zoningupdate](http://www.mountainview.gov/r3zoningupdate). A virtual presentation and Q&A were held, where this meeting was advertised. Flyers were distributed regarding this project at the Lunar New Year event on February 1, 2025. In addition, various outreach activities have advertised this project as described below.

##### BACKGROUND

The R3 Zoning District Update project was identified in the 2019-2021 City Council Goals, to "review and propose revisions to the R3 Zone standards that consider form-based zoning, incentivizing stacked flats, and updated rowhouse guidelines." The project has been included in each of the City Council's subsequent work plans. On November 12, 2019, the

City Council authorized the scope of work and budget for this project, which included hiring the project consultant, Opticos.

### **Previous Council Direction**

The project has been reviewed by the City Council at three Study Sessions on [October 13, 2020](#), [April 13, 2021](#), and [April 9, 2024](#).

The first Study Session report focused on densities and development standards that would support development feasibility. The second Study Session report presented a character subzone framework and draft map for Council review. Also at the second Study Session, the City Council directed staff to conduct further outreach, to develop criteria for locations for increased density, and to develop a displacement response strategy concurrently with or prior to the R3 Zoning District Update.

At the third (2024) Study Session, the City Council approved the following project goals:

1. Create opportunities for diverse unit types, including middle-income ownership and stacked flats;
2. Produce better design that reflects the community's vision through objective form-based standards, including pedestrian-friendly neighborhoods, respectful transitions, and increased tree canopy and landscaping;
3. Create opportunities for neighborhood-serving uses;
4. Update the R3 Zoning District to be consistent with state law and the General Plan while addressing Housing Element programs and improving development review;
5. Use density change in targeted areas to achieve desired goals, implement changes to large-parcel areas rather than small, and increase the supply of housing;
6. Consider a series of incentives for developers that are more attractive than the density bonus; and
7. Encourage parcel aggregation.

In addition, the City Council provided feedback on the project process, a density framework for the zone, and criteria for locating increased densities. More information about the project goals, density framework, and location criteria are provided in the Analysis section below. A project chronology, including previous Council direction, is included in Exhibit 1.

## **Overview of Project Outreach**

Project workshops were held in 2020 and 2021, prior to the first two Council Study Sessions. In 2022, a series of workshops were held for each of the City's six Council Neighborhoods Committee neighborhoods. Along with those workshops, the City collected comments through an online comment tool. In December 2023, a tenant-focused workshop was held. Throughout this time, and more recently prior to this meeting, staff has met with neighborhood groups, interest groups, and other stakeholders about the project. More information about project outreach can be found in the [April 9, 2024](#) packet.

Prior to this meeting, a virtual presentation and Q&A session were held with approximately 60 attendees on February 3, 2025. The City also published information on a website to collect feedback on the draft "Change Areas" and R2 rezoning areas.

Exhibit 2 includes all previously unpublished public comment received as of February 10, 2025. The following are key themes from the comments and questions:

- Questions about:
  - Zoning update process, how to include certain properties, and what properties are under consideration;
  - Tenant protections, notice, displacement, and similar issues;
  - Opportunities for ownership housing;
  - Opportunities to improve pedestrian/bicycle infrastructure; and
  - Parking requirements.
- Comments about:
  - General support for density;
  - Supporting density near downtown, Moffett Boulevard, El Camino Real, and other transit facilities;
  - Environmental concerns (such as freeway pollution) near new development;
  - Concerns that transition standards may not be adequate;
  - Including areas that are surrounded by change areas;

- Concerns related to parking impacts;
- Concerns related to scale, shadows, privacy, vehicle congestion, character, etc.;
- Concerns related to safe routes to school; and
- Considering more rowhome and condominium sites.

### **State Laws**

The following key state laws inform the R3 Zoning District Update process:

- **State Density Bonus Law** (Government Code Section 65915, *et seq.*) allows applicants to increase their allowed density by a prescribed amount based on the number and type of affordable units they provide.<sup>1</sup> It also allows broad latitude to development applicants to select waivers of development standards in order to physically construct the increased density. For example, under the current R3 Zoning District, a development at 918 Rich Avenue was recently entitled to five stories with the State Density Bonus while the maximum allowed in the R3 Zoning District is only three stories. In addition, it also allows other exceptions to development standards, including incentives/concessions (which are related to lowering project costs) and reduced parking. **The City has no control over these waivers, concessions, and reduced parking other than to verify that they are consistent with State Density Bonus Law, so it is not realistic for the R3 Zoning Update to anticipate every project that might be allowed within the district.** Nonetheless, an applicant is required to identify all waivers and concessions they are using, which may be able to inform future zoning policy.
- **Senate Bill (SB) 330** (2019) includes several major provisions that apply until 2030, including the following:<sup>2</sup>
  - Adds provisions to the Housing Accountability Act to define “objective standards,” which may be used to deny or reduce the development capacity of a housing development project;

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<sup>1</sup> The current maximum density bonus is 100% (i.e., double the allowed density). The maximum density bonus for projects that simply meet the City’s 15% Below-Market-Rate (BMR) requirement is 50%. However, projects that replace existing rent-stabilized units may be eligible for the highest bonuses.

<sup>2</sup> Other provisions have limited effect on the R3 Zoning District Update, such as the five-hearing limit and the preliminary application process.

- Limits actions that may reduce residential development capacity or implement growth-control measures; and
- Imposes replacement housing and relocation requirements for projects that demolish residential units.<sup>3</sup>
- **SB 478** (2021) prohibits the City from imposing the following standards on multi-family development between three and 10 units:
  - Minimum lot size;
  - Floor area ratio (FAR) less than 1.0 (three to seven units) or 1.25 (eight to 10 units); and
  - Lot coverage physically precluding FARs in the previous bullet.
- **SB 684** (2023) and **SB 1123** (2024) create a ministerial (nondiscretionary) approval pathway for development projects with subdivisions up to 10 units in residential zoning districts (including, with some limitations, single-family districts). A project cannot use this process if it demolishes or alters an existing building subject to rent stabilization or where rental tenants resided in the last five years. There are other key criteria for the subdivisions, including minimum densities, and the City is prohibited from imposing standards, such as:
  - Side and rear setbacks more than 4’;
  - FAR less than those in SB 478; and
  - Minimum parking, if located near transit or car share.
- **SB 1211** (2024) updates existing statutes regarding the ministerial approval of accessory dwelling units (ADUs) for multi-family sites. It increases the allowance for detached ADUs from two to eight at existing sites and allows up to two new ADUs with new multi-family developments. The number of ADUs cannot be greater than the number of other units on the lot.

### **Housing Element Program 1.3**

The City’s certified 2023-2031 Housing Element includes several programs affecting multi-family residential zoning. **While the Housing Element does not require increases in density**

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<sup>3</sup> State Density Bonus Law includes a similar replacement and relocation provision that does not expire.

**in the R3 Zoning District, these programs affect the standards in R3 and should be completed during the R3 Zoning District Update process.** The deadline to implement these programs is December 2025.

- **Program 1.3(a):** “Conduct a development prototype study, update definitions as necessary for consistency between plans and districts, and revise multi-family development standards in major districts (including R3) and Precise Plans to ensure projects can, at minimum, meet their allowed density and are economically feasible where possible through reductions of physical development standards. Economic feasibility and the cumulative effects of standards will be inputs in the reduction of standards. Where appropriate, calibrate standards to lot size. Focus on standards with the greatest feasibility impacts on underutilized sites, such as open area, parking, and building coverage.”
- **Program 1.3(c):** “Ensure that the Zoning Code is updated to reflect densities and other standards as required by state law (e.g., SB 478).”
- **Program 1.3(e):** “Study live-work as an allowed residential use near retail areas, major corridors, and other viable locations.”
- **Program 1.3(h):** “Conduct a review of R2-zoned properties. For all properties, upzone to either allow density greater than typical R1 properties under SB 9 (at least four units per typical parcel, plus ADUs) or integrate the sites into the R3 Zone. Sites selected to integrate into the R3 Zone should be based on affirmatively furthering fair housing, access to transit, schools, and services and other policy goals.”

### **Displacement Response Strategy**

The Fiscal Year 2023-25 Council Strategic Work Plan includes the Displacement Response Strategy (Strategy) to, among other priorities, evaluate local replacement requirements for redevelopment projects involving rent-stabilized units covered under the City’s Community Stabilization and Fair Rent Act (CSFRA), evaluate an acquisition/preservation program, and update the Tenant Relocation Assistance Ordinance. In compliance with Housing Element Program 3.2, the Strategy also includes other programs such as the development of a Community Ownership Action Plan. The Strategy and R3 Zoning District Update project are interrelated since nearly all dwelling units covered by the CSFRA are within the R3 Zoning District.

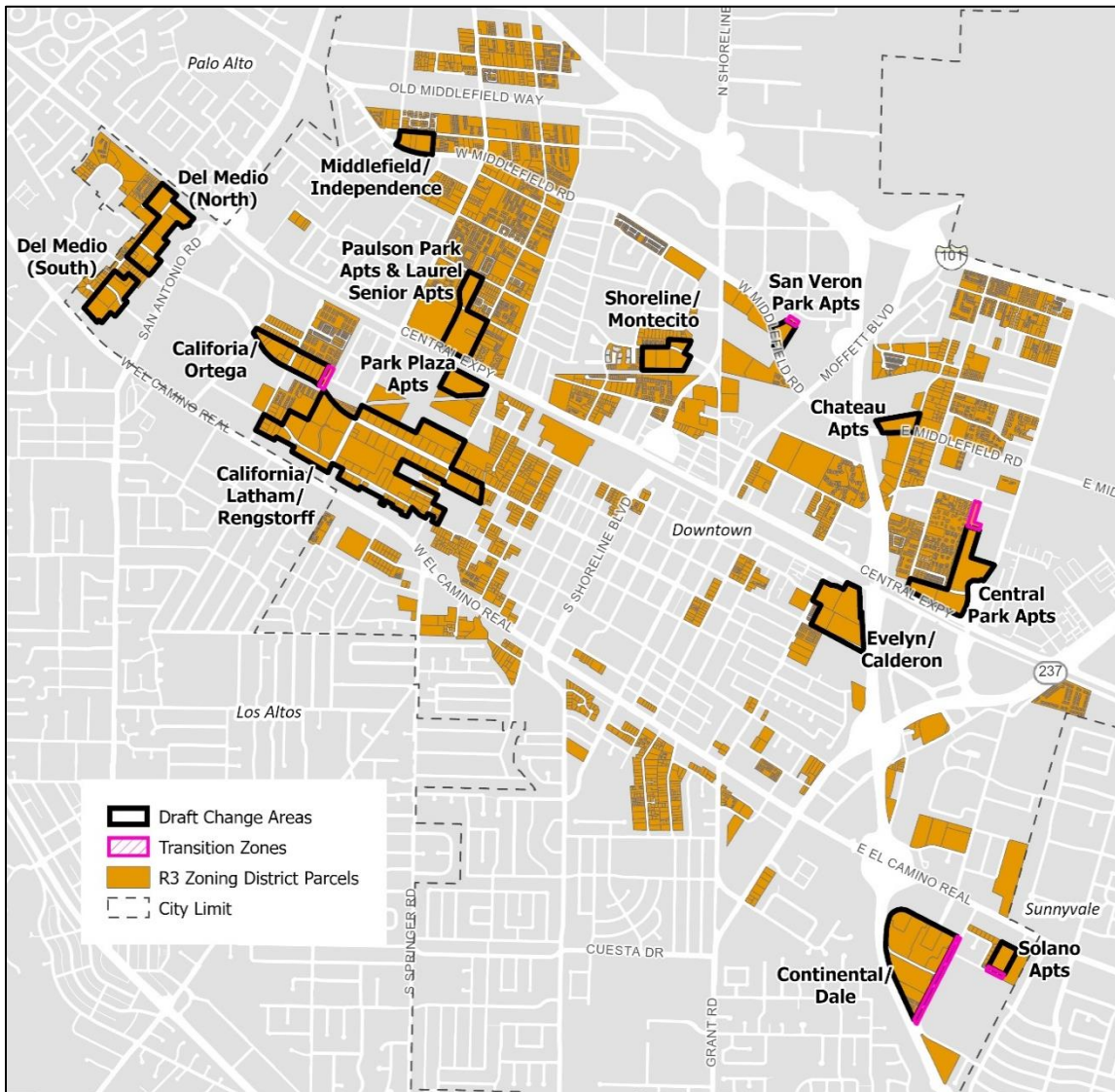
At its [October 10, 2023 meeting](#), the City Council directed staff to prepare a local replacement ordinance that would go into effect when SB 330 sunsets (currently set for 2030). This replacement ordinance is tentatively expected to come before the City Council in the spring.

A local replacement ordinance would have a significant effect on the economic feasibility of redeveloping CSFRA properties, especially those properties that are not allowed increased density under the R3 Zoning District Update project. The Housing Department is looking into how a replacement ordinance could facilitate project feasibility while achieving the Strategy's tenant protection goals. Additionally, it was noted in the October 2023 Council meeting that: (1) the R3 project and local replacement requirements would move forward on separate (but parallel) tracks; and (2) staff is not aware of any other jurisdiction working on local replacement requirements at this time, so there are no benchmarks or Best Practices to draw from. Staff recommends reviewing the local replacement ordinance prior to the 2030 effective date based on how the updated R3 Zoning District interacts with SB 330.

## **ANALYSIS**

### **R3 Change Areas**

The City Council's Goal 5 for the R3 Zoning District Update is: **"Use density change in targeted areas to achieve desired goals, implementing changes to large-parcel areas rather than small, and increasing the supply of housing."** The critical path for this project is to identify these growth areas so that environmental review can begin and development standards can be drafted. To support this decision, the project team has identified 14 draft "Change Areas" in the R3 Zoning District that meet the language and intent of Goal 5, illustrated in Figure 1.



**Figure 1: Change Area Map**

At the April 9, 2024 meeting, the City Council selected the following criteria for locating higher densities:

1. Densest existing General Plan and zoning designations.
2. Access to public transit.
3. Adjacent to commercial and employment areas.
4. Along major corridors.



5. Density transitions near single-family neighborhoods.
6. Individual OR prevailing parcel size.
7. Parcel pattern and existing uses that do not constrain envisioned development.
8. Support the creation of parks and open space.

A strict adherence to utilization of all the above criteria would have eliminated every site in the R3 Zoning District. Therefore, rather than using these criteria to eliminate areas, this report presents a different Change Area methodology that adheres closer to the project goals, then evaluates those Change Areas based on the criteria above. This process allows the EPC and City Council to use their own judgment to determine which criteria are most important in each location.

This section will discuss the methodology for establishing the Draft Change Areas. A full description of all 14 areas, including maps and analysis of how they meet the City Council's location criteria, is included in Exhibit 3 (Change Area Maps and Data) and Exhibit 4 (Change Area Criteria Table).

#### Methodology for Identifying Change Areas

The methodology below focuses on large-parcel areas, which is directly referenced in Goal 5, and also supports several key outcomes related to other project goals:

- Large parcels facilitate economically feasible redevelopment at higher densities.
- Large parcels can better internalize transitions to lower-density areas, and areas with larger parcels tend to be farther from R1 and other lower-density neighborhoods.
- Large parcels can support the dedication of new park land, midblock connections, and other public open spaces.

Based on these outcomes, the 14 draft Change Areas were established through the following methodology, illustrated with a hypothetical neighborhood and first shown below with standard R1 and R3 Zoning Districts:



1. **Find areas where most of the parcels are large and more likely to redevelop.** Parcels were categorized as likely or unlikely to redevelop at higher densities. For example, properties less than 25,000 square feet, condominiums and rowhouses, institutional and church properties, and those that had been developed more recently were categorized as unlikely to redevelop and are shown in grey in the example below.




- Remove parcels with significant R1/R2/Mobile Home adjacencies.** Parcels where more than 20% of the area is within 100' of properties zoned R1, R2, and for mobile home sites and where the frontage is within a single-family neighborhood were removed from consideration. Transition standards on these sites would presumably make the higher densities infeasible or less compatible with the densities allowed on adjacent sites. Some of the sites that remain "in" through this methodology have a small portion of the site adjacent to properties zoned R1, R2, or mobile home sites. These properties will be required to create "transition areas" directly adjacent to the lower-density sites, and new development would be required to maintain lower heights and densities along those property lines. The diagram below shows two sites adjacent to R1 that had not previously been excluded, one with more than 20% within 100' and one with less than 20% within 100' (red dotted lines). The one with more than 20% within the transition zone is removed from change area consideration.





Table 1 shows a summary of the R3-D1 and R3-D2 districts, as presented at the April 9, 2024 meeting. The information provided about each subdistrict is tentative and approximate. Density standards would be subject to further analysis based on development standards, intended character, and other goals. Further, dwelling units per acre (DU/ac) does not always determine building type/form.

**Table 1: R3-D1 and R3-D2**

| Subdistrict   | Description   |
|---|---|
| <p><b>R3-D1.</b> Four-story, “block-scale”</p>  | <p>~50-75 DU/ac</p> <p><u>Building Types:</u></p> <ul style="list-style-type: none"> <li>• Midrise</li> <li>• Core courtyard</li> </ul> <p><i>Recommended General Plan Consistency:</i><br/>High-Low-Density Residential</p>                              |
| <p><b>R3-D2.</b> Six-story, “block-scale”</p>  | <p>~75-110 DU/ac</p> <p><u>Building Types:</u></p> <ul style="list-style-type: none"> <li>• Midrise</li> <li>• Core courtyard</li> </ul> <p><i>Recommended General Plan Consistency:</i><br/>High-Density Residential (incorporating R4 into project)</p> |

The City Council can direct staff to study each of the selected Change Areas, or portions thereof, at the R3-D1 (4 stories) subdistrict or the R3-D2 (6 stories) subdistrict.

Feasibility and Prototype Analysis

To support the density discussion, Exhibit 5 (Feasibility and Prototype Analysis) includes a feasibility and prototype analysis for high-density projects. **This analysis shows that rental**

**and ownership projects at six to seven stories (roughly 75 to 135 dwelling units per acre, depending on unit size) are economically feasible.**

This analysis incorporates key assumptions that are realistic for developments of this scale in Mountain View, including typical lot sizes in the Draft Change Areas, smaller unit sizes for rental projects and larger unit sizes for ownership projects, and typical parking ratios proposed by projects that are not subject to minimum parking requirements. The analysis also assumes larger setbacks to accommodate new public paths, and, for larger properties, the provision of new public open spaces.

In addition, this analysis includes fully replacing all of the units of a typical CSFRA apartment building that would have previously existed on that site with new deed-restricted affordable units, consistent with replacement requirements in SB 330 and the City's forthcoming local ordinance that would go into effect when SB 330 sunsets. These affordable units amount to 26% to 47% of the units in the project (significantly more than the 15% typically required under the City's Below-Market-Rate (BMR) Affordable Housing Program) and are a major cost factor to the development.<sup>4</sup> A summary of the unit program modeled in Exhibit 5 is shown in Table 2.

**Table 2: Number of Units Modeled in Exhibit 5**

|                                 | <b>Total Units</b> | <b>Affordable Units</b> |
|---------------------------------|--------------------|-------------------------|
| Medium Lot (0.69 acre) For Sale | 51                 | 24                      |
| Medium Lot (0.69 acre) Rental   | 91                 | 24                      |
| Large Lot (2.07 acre) For Sale  | 156                | 72                      |
| Large Lot (2.07 acre) Rental    | 274                | 72                      |

### Density Bonus

It is reasonable to assume that development projects will take advantage of State Density Bonus Law. This is because compliance with the City's BMR requirements, as well as the state's current replacement requirements under SB 330 (and the City's tentative future replacement requirements at the sunset of SB 330), also potentially qualifies the development for density bonuses, parking reductions, incentives/concessions, and waivers under State Density Bonus Law. Further, if replacement requirements apply, it is reasonable to assume that most projects will be eligible for the maximum 100% density bonus. This could result in a much higher density on a site than what would be allowed under the base density provided in the zoning. For example, if a zoning subdistrict had a

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<sup>4</sup> As described above, replacement BMR units would need a six- to seven-story building to meet feasibility thresholds. If the analysis did not assume these replacement BMR units and only assumed 15% BMR consistent with the City's BMR Ordinance, a four- to five-story project would meet the feasibility thresholds.

base density allowance of 65 to 70 units per acre (consistent with the R3-D1 subdistrict), under State Density Bonus Law, they would be eligible to build up to about 140 units per acre, which is consistent with the higher end of the modeled feasible density.

### Local Bonus

The City Council directed staff to study a local bonus more attractive than the State Density Bonus. The City currently utilizes local bonuses in several Precise Plans, including North Bayshore and East Whisman. These bonuses are structured to allow significantly more density (2.5 to 4.5 times) than the “base” zoning allowed under the General Plan. In exchange for allowing additional density, developers are expected to provide more affordable housing<sup>5</sup>, community benefits that help support the vision of the Precise Plan, and a review process that typically includes the City Council. In general, applicants have opted to use these local bonuses because they are carefully crafted to be more financially attractive than the State Density Bonus or the base development.

There are some challenges with applying a local bonus to the R3 Zoning District. These include the following:

- New state laws allow up to 100% density bonus. In order to be more attractive than State Density Bonus Law, the local bonus would need to allow significantly more than that. To achieve this, there would need to be no increase in “base” density, and/or the bonus would need to allow much higher densities, such as high-rises (12 stories or more), and/or other ideas beyond those staff has used in the past would need to be identified as items that could be offered (i.e., fee reductions).
- The feasibility analysis found that, with replacement requirements, the threshold of feasibility is near the maximum envelope of the building type<sup>6</sup> used for midrise buildings (up to seven stories). If the City Council is interested in additional requirements associated with the local bonus, such as community benefits, the feasibility threshold may be higher, requiring a different building type that may only be feasible with significantly larger and denser buildings (e.g., 12 stories or greater).
- In Mountain View, local bonuses apply within Precise Plans since these documents provide the policy-level language needed to implement and interpret the bonus. It also provides a focused location where community benefits can serve the development and immediate neighborhood. Staff is aware of local bonuses within a

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<sup>5</sup> Developers must provide affordable housing based on the total project not just the base project as in the State Density Bonus.

<sup>6</sup> In this context, “building type” refers to how the building is built, including materials and other structural elements. Typically, above seven stories, more expensive materials and structural elements are required, resulting in significantly higher construction costs.

municipal code (rather than an area plan like a Precise Plan) in Los Angeles (the [Transit-Oriented Communities Program](#)) and San Francisco (the [HOME-SF Program](#)). While a local bonus outside a Precise Plan may be possible in Mountain View, it would be more challenging because of the City's historical reliance on Precise Plans tailored to subareas of the City.

- Recent changes to state law have added uncertainty to the implementation of local bonuses, and future changes to state law are expected to continue to erode the local discretion effectuated through local bonuses.
- Given recent changes to state law, it is increasingly difficult to model the potential benefits conferred under State Density Bonus, resulting in significant uncertainty for any local bonus program.
- Specific to the Del Medio South Area, the General Plan already allows more density; therefore, a local bonus would not likely be more attractive than State Density Bonus in that area.

If the City Council is interested in a local bonus, the project team is scoped to conduct the economic analysis to determine the necessary densities. However, staff would still need to carry out significant additional analysis and determine if it is possible to draft a functional local density bonus ordinance. Below, the report presents several options for potential densities, one of which includes a local bonus approach.

### Trade-Offs

The following are key trade-offs for the EPC to consider in recommending density subdistricts for each of the Draft Change Areas. Some of these considerations may be more relevant in some locations than others. In that case, the EPC may recommend higher densities in some areas and lower densities in others.

- **Appeal of State Density Bonus Law to applicants.** A lower base density could provide opportunity for a more attractive local bonus; however (as described in more detail below), if that is a goal of the City Council, the base density should stay close to the current maximum densities in the R3 Zoning District. Alternatively, a higher base density may, hypothetically, reduce the bonus percent requested by projects through the State Density Bonus. This is because few projects are built between eight and 12 stories due to higher construction costs. However, it is important to note that this theory has not been studied in Mountain View specifically, and project-specific finances are difficult to anticipate.



- **Redevelopment.** Higher base densities may result in the redevelopment of more properties. This can have positive results, including newer buildings with more amenities and opportunities for new commercial uses, open spaces, and better design consistent with City goals. It can also have negative results, such as more households experiencing disruption due to displacement; however, the City's tenant relocation assistance, local replacement ordinance, and other displacement response strategy actions are intended to mitigate this disruption to some extent.
- **Number of Units.** Higher densities may result in more units. Construction of more units may have benefits, such as increased demand for neighborhood-serving businesses, less competition for housing, and lower vehicle miles traveled. Alternatively, more units may result in increased demand for public services and infrastructure<sup>7</sup> and character/shadow/privacy impacts to surrounding developments.

### Summary of Density Options

The following are potential density options to consider. Option 1 focuses on the highest densities and is economically feasible without any bonuses or only a small State Density Bonus. Options 2A and 2B rely on bonuses to be economically feasible—the former relies on State Density Bonus and the latter on a local bonus.<sup>8</sup> Should EPC express a preference for Option 2B, there may be challenges and uncertainties in its implementation as described above.

- **Option 1—R3-D2 Base:** This option would allow six stories (seven stories with provision of public park or significant open space), consistent with the R3-D2 subdistrict, as a base density. Developments would be allowed to build higher than this through the State Density Bonus. No local bonus would apply.

**Option 1 would allow the most overall units.** Base projects would tend to be economically feasible, but developers would still opt for State Density Bonus to maximize the number of units that could be built. With the State Density Bonus, these projects would be similar to or denser than development allowed elsewhere in the City, including North Bayshore.

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<sup>7</sup> It should be noted that according to most recent fiscal analyses by the City, increased density results in a net fiscal benefit for the City. In other words, higher property and other taxes more than offset the costs of increased demand for City services. This only considers fiscal health and does not consider other constraints on public services and infrastructure, such as vehicle congestion.

<sup>8</sup> The EPC and City Council can direct the project to increase base densities *and* develop a local bonus program, even though that option is not listed here. It is not listed for several reasons: (1) because the local bonus would be at its most effective and flexible with the lowest base density; and (2) to better convey the issues through fewer, simpler options.

- **Option 2A—R3-D1 Base:** This option would allow four stories (five stories with provision of public park or significant open space), consistent with the R3-D1 subdistrict, as a base density. Developments would be allowed to build at higher densities than this, likely at densities that result in feasible development, through the State Density Bonus. No local bonus would apply. *NOTE: This would be a down-zoning in the Del Medio South Area and, pursuant to SB 330, an equivalent upzoning elsewhere may need to occur if Council selects this option.*
- **Option 2B—No Base Density Increase:** This option would allow higher densities only through a local bonus instead of a State Density Bonus. In order to ensure the local bonus is more attractive than State Density Bonus, this approach may result in buildings higher than six stories and may have other legal or operational challenges as described above. *NOTE: As described above, it would be more difficult to apply a local bonus in the Del Medio South Area.*

**Question No. 2: For the Change Areas selected, what density option should the City study as the R3 Zoning District Update is carried out?**

### **Upzoning R2 Areas into R3**

As described above, Program 1.3(h) of the Housing Element commits the City to the following:

*Conduct a review of R2-zoned properties. For all properties, upzone to either allow density greater than typical R1 properties under SB 9 (at least four units per typical parcel, plus ADUs) or integrate the sites into the R3 Zone. Sites selected to integrate into the R3 Zone should be based on affirmatively furthering fair housing, access to transit, schools, and services and other policy goals.*

There are two actions in this task. The first action is to apply the SB 9 approach to the R2 Zoning District, which is straightforward and does not need additional policy direction. The second action is to integrate some R2 sites into the R3 Zoning District. Doing this with the R3 Zoning District Update would be more efficient than doing them separately since the City would be able to consider the range of sites affected and conduct environmental review for both at the same time.

### **Draft Locations to Integrate into R3**

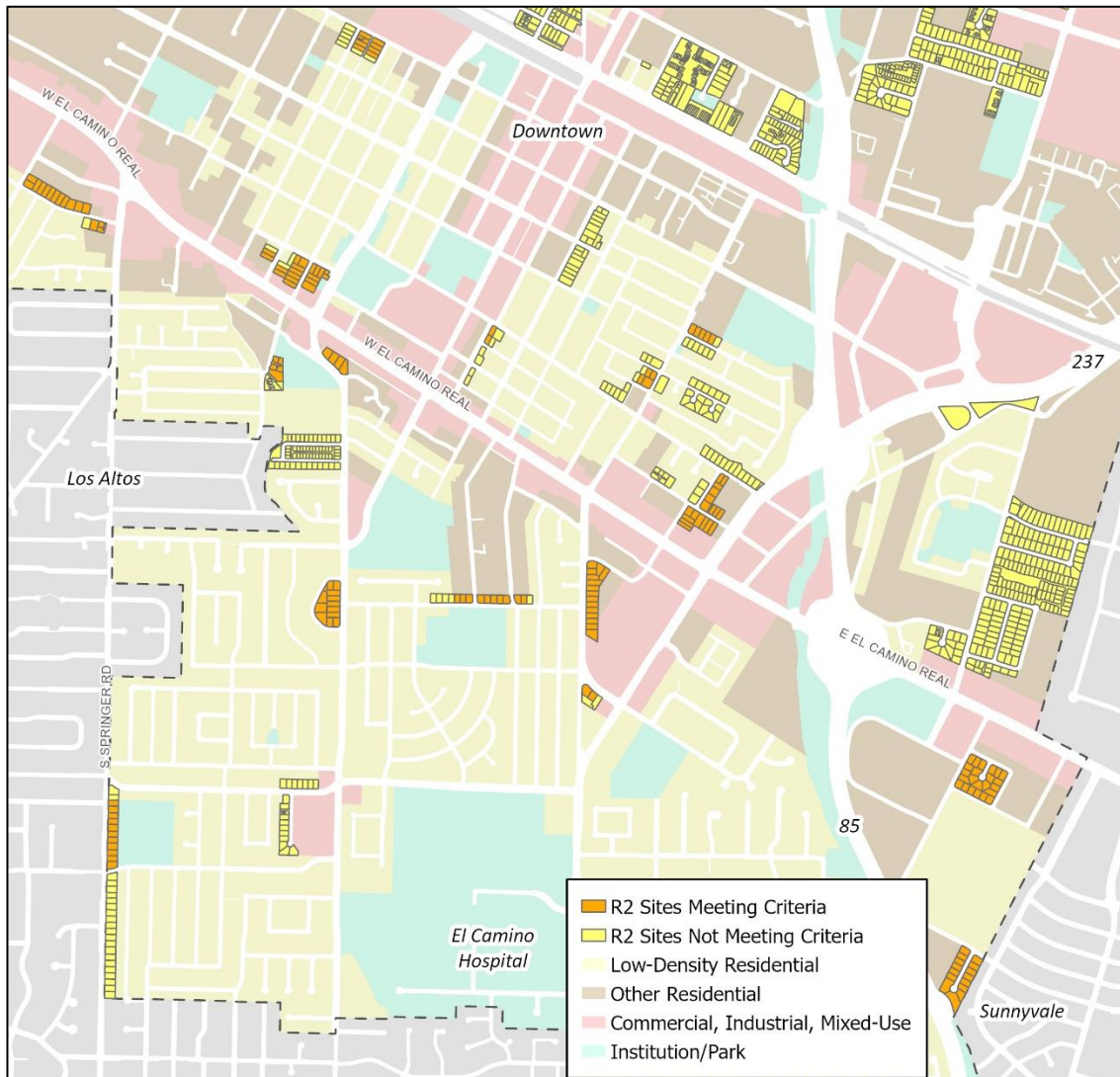
The Housing Element program identifies several factors that should be considered in locating the R3 sites (e.g., affirmatively furthering fair housing) but does not provide any metrics for considering them. In addition, the program also acknowledges that “other policy goals” may apply. One key policy goal, based on feedback from the R3 process, may

be neighborhood transitions, particularly in areas immediately adjacent to single-family residences.

The Housing Element has a strong focus on affirmatively furthering fair housing, and several programs are specifically targeted to increasing the supply of housing in the City's highest-opportunity neighborhoods. There is no specific area in the Housing Element defined as "highest opportunity," but the areas south of El Camino Real and around downtown are the focus of other programs that are intended to support affirmatively furthering fair housing. These areas also have good access to transit and services (especially downtown and areas near El Camino Real) and are served by the City's highest-performing schools.

Based on the information above, a draft rezoning map, shown in Figure 2, was developed based on two criteria:

1. Sites within the areas south of El Camino Real and in the vicinity of downtown; and
2. Sites that do not border on the rear or side yards of R1 (Single-Family Residential) properties.




**Figure 2: Draft Rezoning Map**

R3-A Subdistrict

At the April 9, 2024 meeting, the City Council endorsed a draft framework of subdistricts for the R3 Zoning District. One such subdistrict, R3-A, would allow for less-intensive development than current R3 zoning districts but may be appropriate to use when upzoning R2 properties. Table 3 shows the summary of R3-A as presented for the meeting.

**Table 3: R3-A Summary**

| Subdistrict  | Description   |
|--|---|
| <p><b>R3-A. 2.5-Story, “house-scale”</b></p>  | <p>~15-25 DU/ac</p> <p><u>Building Types:</u></p> <ul style="list-style-type: none"> <li>• Duplex stacked</li> <li>• Cottage court</li> <li>• Pocket neighborhood</li> <li>• Fourplex</li> <li>• Neighborhood townhouse</li> </ul> <p><i>Recommended General Plan Consistency:</i><br/>                     May be appropriate for upzoning some Medium-Low Density Residential (R2) areas as required under the Housing Element.</p> |

Densities Allowed Under State Laws

The R2 Zoning District, like the R3 Zoning District, would allow developments pursuant to state laws, including State Density Bonus Law and SB 684/SB 1123. In addition, both districts would allow additional units to be built as ADUs. Table 4 provides a summary of the existing R2 Zoning District and the R3-A subdistrict and the number of units allowed on various-sized sites. The table illustrates that there are already significant opportunities for additional density on these sites under state law.

**Table 4: R2 and R3-A Summary**

|  | <b>R2 Zoning District<br/>(12 DU/acre)</b>                                       | <b>R3-A Zoning District<br/>(Approx 20 DU/acre)</b> |
|--|--|---|
| Number of units allowed on typical 7,000 square foot lot, not including ADUs                                   | 2  | 3   |
| Minimum lot area to be eligible for State Density Bonus (allows four units plus fraction)                      | 14,520.1 square feet   | 8,712.1 square feet                                 |
| Number of ownership units allowed through SB 684/SB 1123 (only applies to sites without existing rental units) | 7,000 square foot lot—8 units<br>14,000 square foot lot—10 units                 |   |
| Number of ADUs allowed based on SB 1211  | With new development—2<br>New ADUs at an existing—No more than the units on-site |   |

***Question No. 3: Does the EPC support or recommend modifications to the proposed criteria and density for upzoning R2 properties?***

**Nonconforming Density in R3**

As part of the 2021-2023 Strategic Roadmap Action Plan, the City Council directed staff to conduct a study of sites with nonconforming densities and to hold a Study Session to discuss a recommended approach. At their [March 8, 2022 Study Session](#), the City Council provided direction on R1- and R2-zoned sites. This direction was integrated into the Housing Element as Program 1.5: Nonconforming R1 and R2 Multi-Family Developments. Staff is currently studying nonconforming density sites in R3. There are a number of sites that currently include more density than is allowed. Some of these may be addressed through the upzoning in this project, but others will not.

The project team will present several options for addressing these nonconforming densities at a later date. Some options may address the issue through this project, such as different density standards (such as FAR) or standard exceptions. Alternatively, the City could adopt updates to the nonconforming code to allow more flexibility to rebuild in the R3 Zoning District (similar to the R1/R2 approach). These options need to be further studied before providing options for City Council input. In the meantime, developments are prohibited under SB 330 from reducing the number of units on their site, even if they are nonconforming.

**Next Steps**

The EPC's recommendations will be forwarded to the City Council, tentatively scheduled for March 25, 2025.

The City Council's direction will inform the project description under the California Environmental Quality Act (CEQA), and the project team can begin environmental review. In addition, Council's direction can inform the initial drafting of development standards.

The project team will also conduct additional outreach to neighborhoods affected by the upzoning to help inform the development standards.

The project also includes several analyses as directed by Council: a local bonus strategy, a commercial/live-work strategy, small parcels feasibility and standards (including incentives for lot consolidation), and an overall design strategy.

## CONCLUSION

Staff is seeking EPC recommendations to City Council on the following questions:

1. Do the identified areas reflect Council's goals and criteria? Should any areas be reconsidered based on the criteria?
2. For the Change Areas selected, what density option should the City study as the R3 Zoning District Update is carried out?
3. Does the EPC support or recommend modifications to the proposed criteria and density for upzoning R2 properties?

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- Exhibits:
1. R3 Project Chronology
  2. Public Comment
  3. Change Area Maps and Data
  4. Change Area Criteria Table
  5. Feasibility and Prototype Analysis