



CITY OF HEALDSBURG CITY COUNCIL AGENDA STAFF REPORT

MEETING DATE: September 2, 2025

SUBJECT: Update on Recent State Housing Legislation

PREPARED BY: Scott Duiven, Community Development Director

STRATEGIC INITIATIVE(S):

- Establish Proactive Policies and Programs to Continue to Promote Economic Diversity and Sustainable Growth
- Expand Affordable Housing Opportunities

RECOMMENDED ACTION(S):

Receive and discuss presentation from City Staff on recent changes to California housing laws.

COMMUNITY ENGAGEMENT/OUTREACH:

The adoption of the City's 6th Cycle Housing Element in 2023 involved extensive community engagement and outreach. Implementation of the Housing Element's policies and programs offers additional engagement and outreach opportunities. In addition to this presentation there will be opportunities for community input at both the Planning Commission and City Council as ordinances are presented for adoption to implement the State legislation outlined below.

BACKGROUND:

The City's Housing Element, adopted on May 1, 2023, and certified by the State on June 29, 2023, includes a program calling for amendments to the City's Land Use Code that expand housing development capacity and reduce constraints, including increasing density. Changes in State housing laws over the past few years mandate opportunities for infill development at higher densities and with streamlined approval processes. Incorporating these changes into local ordinances along with objective design standards can help ensure that future development continues to reflect community goals.

DISCUSSION/ANALYSIS:

In recent years, the State legislature has adopted changes to State law aimed at increasing the supply and diversity of housing types throughout California. What began as efforts to incentivize the production of accessory dwelling units (ADUs) has expanded into small lot subdivisions and housing development that circumvents local zoning and approval processes. While these laws represent a loss of local control, they also present an opportunity to address the need for missing-

middle housing in Healdsburg and throughout the state. Below is a summary of recent legislation that allows both increases in density throughout Healdsburg as well as streamlined review and approval of certain housing projects.

Senate Bill 9 – HOME Act

California Senate Bill 9 (SB 9), also known as the Housing Opportunity and More Efficiency (HOME) Act, is a state law that took effect on January 1, 2022. It aims to address California's housing shortage by allowing increased residential density in areas previously zoned exclusively for single-family homes. Overall, SB 9 represents a significant shift in California's approach to residential zoning, aiming to increase housing supply and affordability through modest densification of existing neighborhoods. SB 9 effectively eliminates single-family zoning in California by allowing up to four homes on any parcel zoned for single-family residential.

Key Provisions of SB 9

- **Ministerial Approval:** SB 9 mandates that local agencies approve qualifying housing projects ministerially, meaning without discretionary review or public hearings. This streamlines the approval process for eligible developments. The City must approve or deny a complete application within 60 days of receipt.
- **Two-Unit Developments:** Homeowners can construct up to two residential units on a lot currently zoned for single-family residential.
- **Lot Splits:** The law permits the subdivision of an existing single-family residential lot into two separate parcels, each of which can host up to two units, potentially allowing for four units on what was previously one single-family lot.
- **Lot Size:** Lots must be split roughly in half with the smaller lot at least 40% of the original lot and each new lot must be at least 1,200 square feet in size.
- **Unit Size:** Jurisdictions must allow each primary unit to be at least 800 square feet in size. There currently is no upper limit on unit size in the legislation.
- **Setback Requirements:** SB 9 establishes a maximum four-foot side and rear yard setback for new construction, overriding local zoning codes that might require larger setbacks.
- **Parking:** Jurisdictions cannot require more than one automobile parking space per unit or any parking spaces if parcel is located within ½ mile of a major transit stop (e.g. SMART rail station).
- **Owner-Occupancy Requirement:** For lot splits, the applicant must sign an affidavit stating their intent to occupy one of the housing units as their primary residence for a minimum of three years.
- **Exemptions and Protections:** The law includes safeguards to prevent the displacement of existing tenants and excludes properties in historic districts or properties with environmental constraints such as flooding, steep hillsides, and very high severity fire zones.
- **Objective Design Standards:** Jurisdictions may develop objective design standards which are clearly defined, measurable criteria used to regulate the physical appearance and layout of buildings in order align design with community values. Objective design standards can leave no room for interpretation by reviewers or decision-makers.

Implementation and Impact

While SB 9 was designed to facilitate the creation of additional housing units, its impact, to date, has been limited. Efforts are underway to amend and strengthen the law to better achieve its goals. Proposed changes include removing the owner-occupancy requirement and limiting the ability of homeowner associations to restrict SB 9 projects. To date, Healdsburg has received four SB 9 applications. Except for one application, the SB 9 lot splits have taken advantage of the streamlined approval process for lot splits only and have not proposed new development.

Subsequent to the adoption of SB 9, the CA Department of Housing and Community Development (HCD) issued guidance that the wording of SB 9 applies to single-unit developments. As such, outside of designated historic districts, the City cannot currently require design review for qualifying single-unit residential projects, and they must be reviewed under the streamlining provisions of SB 9.

While the intent of SB 9 is to create small infill units geared toward starter homes, unlike the legislation discussed below, there is no limit to the size of units developed under SB 9. Local jurisdictions may however limit the size of units developed under SB 9 through adoption of a local ordinance as long as they allow a minimum unit size of 800 square feet. Staff will be recommending that Healdsburg's ordinance define an upper size limit for SB 9 units to ensure that projects taking advantage of SB 9 are more reflective of the unit types envisioned under the legislation's intent and in line with the City's need for missing-middle housing. Staff will prepare objective design standards for consideration and inclusion in the SB 9 ordinance. Homes beyond the established size limit would be ineligible for SB 9's streamlining provisions and subject to design review and the Citywide Design Guidelines.

Senate Bill 10 – Local Upzoning for Housing

California Senate Bill 10 (SB 10) was enacted on September 16, 2021, and effective January 1, 2022. The intent of SB 10 is to give cities and counties a streamlined tool for increasing housing capacity, particularly “missing middle” housing near transit and jobs. SB 10 is voluntary, but in order to utilize its provisions, requires that local jurisdictions adopt an ordinance that allows up to 10 units per parcel within eligible areas. SB 10 provides small lots with limited density to be upzoned for up to 10 units without requiring general plan and zoning map amendments.

Key Provisions of SB 10

- Areas eligible under SB 10 include transit-rich areas (within ½ mile of a major transit stop, e.g. SMART), job-rich areas as defined by state housing agencies, and urban infill sites.
- Ordinances must clearly identify affected parcels.
- Rezoning under SB 10 is not subject to CEQA review.
- ADUs and Junior ADUS do not count toward the 10-unit cap.
- Ordinance may be adopted by a simple majority, but a two-thirds vote is required if overriding voter-adopted land use restrictions.
- Density cannot be reduced in the future on parcels upzoned under SB 10.
- SB 10 sunsets on January 1, 2029, unless extended.

Implementation and Impact

With the more recent adoption of Senate Bills 684 and 1123 discussed below an argument can be made that there is little benefit to adopting an ordinance to implement SB 10 when there is now a pathway for by-right projects up to 10 units per parcel on both single-family zoned parcels and parcels zoned for multi-family housing. To date, there does not appear to be any city in California that has adopted an SB 10 ordinance.

Senate Bill 684 – Starter Home Revitalization Act

California Senate Bill 684 (SB 684), enacted in 2023 and effective July 1, 2024, is designed to streamline the approval process for small-scale residential developments. SB 684 allows any parcel zoned for multi-family housing and under 5 acres in size to be developed with 10 or fewer units, including subdivision into individual parcels for single-family units. Because Healdsburg's commercial zoning districts allow multi-family housing, these zones, in addition to the Multi-Family Residential zone, would be eligible for development under SB 684. Newly created lots must have a minimum lot size of 600 square feet and the maximum average total floor space among proposed units of 1,750 net habitable square feet.

Key Provisions of SB 684

- **Ministerial Approval:** SB 684 mandates that local agencies provide ministerial (non-discretionary) approval for qualifying housing projects, eliminating the need for public hearings or environmental reviews under the California Environmental Quality Act (CEQA). City must approve or deny an SB 684 project within 60 days of receiving a complete application.
- **Eligible Projects:** The law applies to developments of 10 or fewer residential units on urban lots under 5 acres zoned for multi-family residential. Newly created lots must be no smaller than 600 square feet.
- **Subdivision Map Act Amendments:** SB 684 amends the Subdivision Map Act to facilitate the subdivision of parcels for small-scale housing projects, allowing for quicker development timelines.
- **Unit Size:** The average total area of floorspace of proposed units may not exceed 1,750 net habitable square feet.
- **Density and Development Standards:** Mandates that developments achieve at least the maximum allowable residential density of the parcel and prohibits local agencies from imposing height limits lower than existing zoning allows. The density requirement was subsequently revised to a minimum of 66% of maximum allowable residential density under SB 1123 discussed below.
- **Side & Rear Setbacks:** Required rear and side yard setbacks from the original lot shall equal four feet. No setback between units is required except as provided for in the California Building Code.
- **Objective Design Standards:** Similar to SB 9, jurisdictions may develop objective design standards in order align project design with community values.
- **Tenant Protections:** The bill includes safeguards to prevent the displacement of existing tenants by prohibiting the removal of housing that is low-income, rent-controlled, or has been occupied by tenants within the last 7 years.
- **Parking:** Cannot require more than one automobile parking space per unit or any parking spaces if within ½ mile of a major transit stop (e.g. SMART rail station).

- **Environmental Standards:** Projects approved under SB 684 must meet environmental sustainability standards, ensuring responsible development practices. For example, the site cannot be located on prime farmland, wetlands, very high fire hazard severity zone, within a special flood hazard area, or delineated earthquake fault zone.
- **Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs):** Cities are not required to permit an ADU or JADU on parcels created through SB 684.

Implementation and Impact

SB 684 aims to facilitate the development of small, lower-cost homeownership opportunities, particularly on lots zoned for multi-family housing. By streamlining the approval process the law seeks to address California's housing shortage and promote generational wealth through increased access to homeownership. Healdsburg recently received and approved an SB 684 application for a 6-lot subdivision on Ward Street.

Overall, SB 684 represents a significant step in California's efforts to streamline housing development processes and increase the supply of missing-middle housing through modest densification and reduced regulatory barriers. A subsequent law, SB 1123 (2024), further expands the applicability of SB 684 by allowing its provisions to be applied to vacant lots in single-family zones and clarifying eligibility for various lower-cost homeownership models, including tenancies in common and community land trusts.

Senate Bill 1123 – Starter Home Revitalization Act (expansion)

California Senate Bill 1123 (SB 1123), signed into law on September 19, 2024, and effective July 1, 2025, builds upon SB 684 to further streamline the development of small-scale housing projects. It aims to increase affordable homeownership opportunities by expanding ministerial approval processes to include vacant lots in single-family residential zones. SB 1123 allows for the development of up to 10 units on vacant lots zoned for single-family residential.

Key Provisions of SB 1123

- **Expansion to Single-Family Zones:** Extends SB 684's streamlined approval process to vacant lots zoned for single-family residential use, allowing for subdivisions of up to 10 parcels and the construction of up to 10 housing units. Vacant is defined as a lot that does not have a permanent habitable structure, is not subject to affordability covenants, rent or price controls, or has not been occupied within the last five years.
- **Lot and Parcel Size Regulations:** Limits eligible parcels to a maximum of 1.5 acres and requires newly created parcels to be no smaller than 1,200 square feet.
- **Ownership Models:** Permits alternative homeownership structures, including tenancies in common and community land trusts, to facilitate diverse and affordable housing options.
- **Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs):** Clarifies and specifies that ADUs and junior ADUs, if permitted by local jurisdiction, are not counted toward the 10-unit cap, encouraging additional housing flexibility/intensity.
- **Density and Development Standards:** Mandates that developments achieve at least 66% of the maximum allowable residential density and prohibits local agencies from imposing height limits lower than existing zoning allows.

- **Environmental and Tenant Protections:** Maintains exemption from discretionary reviews and CEQA for qualifying projects while upholding protections against the displacement of existing tenants.

Implementation and Impact

SB 1123 aims to address California's housing shortage by facilitating the development of small-scale, missing-middle housing in areas traditionally limited to single-family homes. By reducing regulatory barriers and expanding eligible areas for streamlined development, the bill seeks to promote equitable housing opportunities and support the creation of diverse, transit-oriented communities. One of the policies areas for the Planning Commission and City Council to consider is whether or not ADUs and JADUs count toward the 10-unit count. Given the relatively small size of qualifying vacant lots (up to 1.5 acres) and the potential for 10 units, allowing ADUs in addition for all intents and purposes could amount to the equivalent of 20 units on a single-family zoned parcel.

Implications for the Growth Management Ordinance (GMO)

The wording of SB 9, SB 684, and SB 1123 require ministerial approval of small-scale subdivisions and associated development within 60 days of application provided all statutory requirements are met. This prevents the City from enforcing local standards including the City's Growth Management Ordinance (GMO) cap on building permits for qualifying projects. For example, if the City reached its building permit cap within any given cycle under the GMO and received an application for a project that meets all the requirements of this legislation, denial would likely violate State law. Staff recommend including this exemption within the City's SB 9 and SB 684/1123 ordinances to ensure consistent application of State housing law and the GMO. Staff has reached out to the California Department of Housing and Community Development (HCD) for guidance on this issue.

Assembly Bill 1287 – State Density Bonus Law

California Assembly Bill 1287 (AB 1287), signed into law in October 2023, enhances the State Density Bonus Law to promote the development of affordable and moderate-income housing. Effective January 1, 2024, the law introduced additional incentives for housing projects that exceed existing affordability requirements.

Key Provisions of AB 1287

- **Stackable Density Bonuses:** AB 1287 allows developers to receive an additional density bonus ranging from 20% to 50% on top of the existing maximum of 50% if they provide more affordable units than previously required. By meeting the affordable housing requirements for both the initial maximum density bonus and the additional "stackable" bonus under AB 1287, a project can achieve a total density bonus of 100%.
- **Expanded Incentives and Concessions:** The law increases the number of incentives or concessions available to qualifying projects from two to four incentives/concessions.
- **Clarification of Density Definitions:** AB 1287 redefines "maximum allowable residential density" to mean the highest number of units permitted under applicable zoning ordinances, specific plans, or general plans, ensuring developers can utilize the most favorable density figures.

- **Applicability to Various Ownership Models:** The law applies to both rental and for-sale housing developments, including alternative ownership structures like tenancies in common and community land trusts, broadening the scope of projects that can benefit from the enhanced density bonuses.

Implementation and Impact

AB 1287 aims to address California's housing shortage by incentivizing the construction of additional affordable and moderate-income housing units. By offering increased density bonuses and concessions, the law encourages developers to include more affordable units in their projects, thereby further boosting housing production.

Senate Bill 1211 – Accessory Dwelling Units

Senate Bill 1211 went into effect on January 1, 2025, and expands opportunities for constructing Accessory Dwelling Units (ADUs) on properties zoned for multi-family residential. Prior ADU law allowed for two detached ADUs per lot with an existing multifamily dwelling. SB 1211 allows up to eight detached ADUs, provided the total number does not exceed the number of pre-existing units on the property (for example, an existing six-unit building can add up to six ADUs). A vacant parcel may include up to two detached ADUs with a proposed multifamily dwelling. In addition, the bill prohibits a local agency from requiring the replacement of off-street parking spaces if an uncovered parking space is demolished in conjunction with the construction of, or is converted to, an ADU.

Assembly Bill 130 – CEQA Reform

AB 130 enacted as part of the 2024 budget trailer bills includes, among other things, changes to the California Environmental Quality Act (CEQA) aimed at streamlining housing development by substantially reducing litigation risk and review time for qualifying projects. AB 130 creates a new statutory exemption for infill housing developments up to 20 acres if the following criteria are met:

- Located in incorporated cities or defined urbanized areas.
- Previously developed or surrounded by urban uses.
- Consistent with local general plan or zoning (or both).
- Meet minimum density: 15/acre in metropolitan areas, 10/acre suburban, 5/acre non-metro

Exclusions include demolition of historic structures, sensitive lands or hazardous sites, and hotels/transient lodging. No Land Use Code updates are necessary to implement these changes. Most projects in Healdsburg are typically five acres or less and fall under the existing CEQA infill exemption, as such staff does not anticipate this expansion will make a substantial impact locally due to limited residential development opportunity sites and smaller parcel sizes. Mixed use projects and comprehensive plans (e.g. general plans and specific plans) will still require CEQA review.

Senate Bill 79 – Housing Development: Transit Oriented Development (Pending)

Senate Bill 79 (SB 79) was introduced January 15, 2025, passed the California Senate in June 2025, and is currently moving through the Assembly. The goal of this legislation is to increase housing near high-quality transit stops, support public transit systems, and alleviate housing shortages. In Healdsburg the SMART station would qualify as a high-quality transit stop. The

legislation provides a tiered approach to development standards around transit. Healdsburg's SMART station would be considered Tier 3 which applies to moderate-frequency commuter rail. Furthermore SB 10 establishes density requirements that increase with proximity to the rail station.

Key Provisions of SB 79

- Projects consistent with standards eligible for streamlined, ministerial approval.
- Within ¼ mile of SMART station – 55-foot height limit, 80 units per acre, FAR of 2.5.
- Within ½ mile of SMART station – 45-foot height limit, 60 units per acre, FAR of 2.0.
- Immediately adjacent to station – 75-foot height limit, 100 units per acre, FAR of 3.5.
- Requires the inclusion of affordable housing of at least 7 percent to 13 percent depending on income level.

Implementation and Impact

The legislation would provide a significant increase in density around the SMART station. Staff will continue to monitor this legislation in terms of its impacts on density surrounding the planned SMART station, the upcoming station area planning effort, and implications for meeting Metropolitan Transportation Commission's (MTC) Transit-Oriented Communities Policy (TOC Policy) which seeks to increase densities around transit stations in addition to increasing station area access and connectivity.

Next Steps

To effectively implement the changes in State law outlined above, Staff is beginning the process of updating the Land Use Code by preparing the following ordinances:

- SB 9 Ordinance
- SB 684 & 1123 Ordinance
- Updated Density Bonus Ordinance
- Updates to ADU Ordinance

The tentative schedule for adoption of ordinances:

- Planning Commission Workshop September 23rd
- Planning Commission Hearing October 28th
- City Council 1st Reading November 17th
- City Council 2nd Reading December 15th

In addition to updating the Land Use Code, Staff will update the City's website to help the Healdsburg community and development community understand the opportunities presented by these new laws which have the potential to increase the supply of missing-middle housing in Healdsburg. Staff will continue to monitor state housing legislation and its potential benefits and impacts on Healdsburg.

ENVIRONMENTAL STEWARDSHIP:

Development of housing within Healdsburg at higher densities reduces urban sprawl, preserves open space, supports transit-oriented development, and can reduce Vehicle Miles Traveled (VMT) as residents drive less to meet daily needs and employees of local businesses find opportunities to live and work within Healdsburg thereby reducing VMT associated with commuting.

ALTERNATIVES:

The report is a presentation to City Council and Staff welcomes Council questions and feedback on the information provided.

FISCAL IMPACT:

Staff time associated with drafting of ordinances is included within the budget.

ENVIRONMENTAL ANALYSIS:

This action does not qualify as a project pursuant to the California Environmental Quality Act (“CEQA”) Guidelines Section 15378(b)(5) that states that organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment are not projects. Pursuant to CEQA Guidelines Section 15060(c)(3) any activity that is not a project is not subject to environmental review under CEQA.

ATTACHMENTS:

None.