



DATE: May 19, 2025

TO: Honorable Mayor and Members of the City Council through the City Manager

FROM: Brian Oh, Director of Community Development
Andrew Trippel, Planning Manager

SUBJECT: Resolution Accepting the Annual Housing Element Progress Report for the 2024 Calendar Year and Authorizing Staff to Submit the Report to the California Department of Housing and Community Development (HCD) and the Governor's Office of Planning and Research (OPR) and Finding that this item is Not a Project Pursuant to CEQA guidelines Section 15378(b)(5)

RECOMMENDATION

It is recommended that the City of Petaluma City Council receive the Housing Element Annual Progress Report for the 2024 calendar year, including staff presentation on the City's annual progress toward achieving Housing Element goals and Regional Housing Needs Allocation (RHNA) requirements, and approve a Resolution (Attachment 1) accepting the 2024 Housing Element Annual Progress Report and authorizing staff to submit the report to the California Department of Housing and Community Development and the Governor's Office of Planning and Research.

EXECUTIVE SUMMARY

State law (Government Code Section 65400) requires that the City submit an Annual Progress Report (Annual Report) on the status and implementation of Petaluma's Housing Element to the Governor's Office of Planning and Research (OPR) and the California Department of Housing and Community Development (HCD). Specifically, the Annual Report outlines progress made in meeting the City's share of regional housing needs (RHNA) as described in the certified Housing Element. Submittal to the State is required by April 1 of each calendar year within the associated eight-year housing cycle; however, a 60-day grace period is allowed for submittals, as per Government Code 65400(b)(2).

There are several different metrics that the State requires in the Annual Report, including the number of housing units approved, the number of housing units applied for, and the number of housing units constructed and approved for occupancy. In 2024, the City of Petaluma approved Planning discretionary entitlements [Site Plan and Architectural Review (SPAR) or Minor Conditional Use Permit (Minor CUP)] for the development of 68 dwelling units, comprised of

three Single-family detached and 65 Multi-family dwelling units. It received discretionary Planning entitlement applications (SPAR) proposing the development of 399 dwelling units (see below). At the conclusion of 2024, applications for 265 dwelling units were under discretionary Planning review.

In 2024, the City issued 296 Certificates of Occupancy for 97 Single-family detached units, 178 Multi-family units, and 21 Accessory Dwelling Units (ADUs) (see Table 3, p. 6). During this same calendar year, the City issued 27 building permits for the construction of new units (8 Single-family detached units and 19 ADUs) that, when constructed, will provide 4 units for Extremely Low/Very Low Income households, 6 units for Low Income households, 6 units for Moderate Income households, and 11 units for Above Moderate Income households.

At the end of 2024, the City had completed approximately 76% of the work required by the Housing Action Plan, which supports implementation of the City's RHNA strategy. Discussed in greater detail below, this included ongoing activities such as ADU permit streamlining implemented on each ADU building permit application. Of the 102 Specific Actions directed by the Housing Action Plan, 9 have been **Completed**, 43 are **Ongoing**, 43 are **In Progress**, and 7 are pending **Future** implementation. See **Attachment 3** for a detailed analysis.

BACKGROUND

Housing Elements and the RHNA Process

All California cities and counties are mandated by State law to update their Housing Element and have it certified by California's Department of Housing and Community Development (HCD) every eight years. On March 20, 2023, the City Council approved Resolution No. 2023-037 N.C.S., adopting the City's 6th Cycle (2023-2031) Housing Element (**Attachment 2**). HCD certified the adopted Housing Element on May 18, 2023.

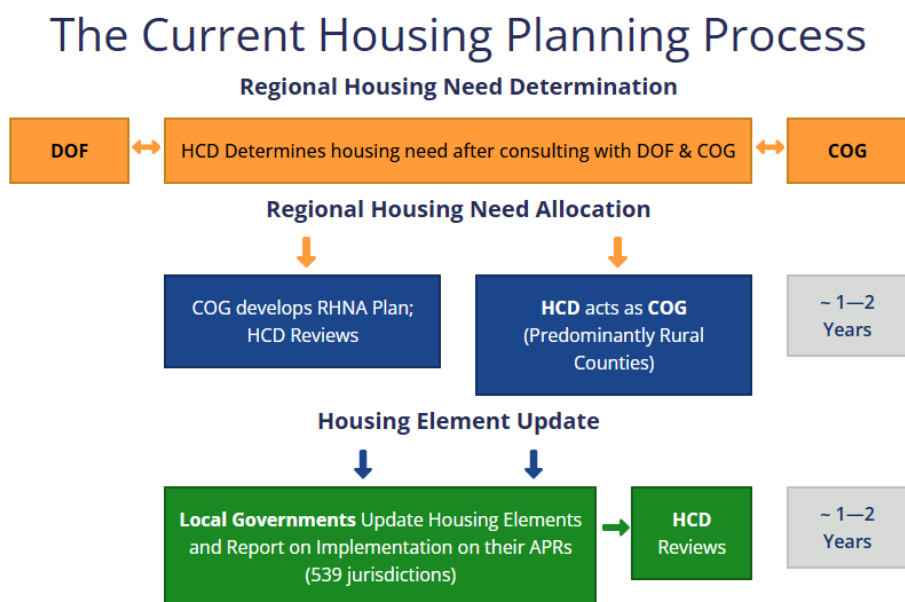
Petaluma's Housing Element aims to facilitate the production of various housing types at different income levels for diverse household and family types. Through its implementation, the Housing Element supports housing production, improves and preserves existing housing in the community, and promotes fair housing practices. It is a required element in the General Plan, but it is updated on a State-mandated timeframe that differs from other General Plan elements.

Throughout the State, local housing elements primarily respond to the Regional Housing Needs Allocation (RHNA), which is a critical component of California's housing planning process that encompasses the initial steps of determining and allocating housing needs across the State's regions. The RHNA process refers to the first two steps—Determination and Allocation—of a multi-step process that California governments use to plan for housing needs in each region of the state. Each region is represented by its associated Council of Governments (COG), which is the Association of Bay Area Governments (ABAG) for Petaluma, or by HCD in predominantly rural counties. Statute requires that the COGs develop a RHNA allocation methodology that furthers five statutory objectives [[Gov. Code Section 65584\(d\)](#)]. Overall, the statutory objectives encourage the development of an allocation plan that **promotes more economically and racially integrated communities by allocating housing to high-resource, job-rich areas**, while also meeting the state's **greenhouse gas reduction goals by promoting infill development and protecting environmental resources**.

During the Determination step, RHNA assesses the minimum number of additional housing units required to accommodate projected household growth across all income levels by the end of a housing element's statutory planning period. Each locality's RHNA is segmented into five income categories, based on Average Median Income (AMI)¹ to ensure a balanced approach to housing development:

- Extremely Low Income (0-30% of AMI)
- Very Low Income (30-50% of AMI)
- Low Income (50-80% of AMI)
- Moderate Income (80-120% of AMI)
- Above Moderate Income (+120% of AMI)

Figure 1: RHNA Process



Source: Downloaded from <https://www.hcd.ca.gov/planning-and-community-development/regional-housing-needs-allocation>, accessed on March 31, 2025

In the allocation process, COGs distribute these housing needs among their local jurisdictions, which then develop housing elements—comprehensive plans outlining strategies to meet their assigned housing requirements. This structured approach aims to promote equitable and adequate housing throughout California.

Petaluma's 6th Cycle Housing Element shapes and guides housing development from January 31, 2023, through January 31, 2031. It addresses Petaluma's housing needs for that time frame (as established by ABAG during the RHNA process), identifying opportunities to support the development of needed housing and establishing clear goals and policies to inform future housing decisions.

¹ The Average Median Income (AMI) in 2024 for the County of Sonoma is \$128,400 annually for State and Local programs and \$128,100 for Federal programs. The AMI is updated annually but has not yet been updated for 2025.

Annual Progress Report (Annual Report) Requirement

State law (Government Code Section 65400) requires that the City submit an Annual Progress Report (Annual Report) on the status and implementation of Petaluma's Housing Element to the Governor's Office of Planning and Research (OPR) and the California Department of Housing and Community Development (HCD). Specifically, the Annual Report outlines progress made in meeting the City's share of regional housing needs (RHNA) as described in the certified Housing Element. Submittal of an Annual Report qualifies the City for certain grant funds that address the needs of lower-income households, including families, individuals, seniors, persons with disabilities, and other groups. Submittal is required by April 1 of each year; however, a 60-day grace period is allowed for submittals, as per Government Code 65400(b)(2). The City's 2024 Annual Progress Report is attached hereto as **Exhibit A to Attachment 1** and as further described below, meets the requirements of Government Code Section 65400.

2024 HOUSING ELEMENT ANNUAL PROGRESS REPORT

Preparation and submittal of the City of Petaluma's 2024 Housing Element Annual Progress Report (Annual Report) fulfills the reporting requirement of Government Code Section 65400. The required Annual Report includes quantitative reporting about building permits issued or completed, housing development applications submitted or approved, and less rigorous qualitative reporting on the City's Housing Action Program status. This section summarizes the content of the required 2024 Annual Report, and the DISCUSSION section of this Staff Report offers staff analyses and recommendations based on the Annual Report's content.

The 2023-2031 Housing Element provides a comprehensive strategy for meeting the City's RHNA requirement of 1,910 housing units, which is allocated across four income categories (Very Low, Low, Moderate, and Above Moderate) as prescribed by California Health and Safety Code Section 50093. An additional category, Extremely Low Income, is aggregated with the Very Low Income category, which, when combined, represents 0% to 50% of the Area Median Income (AMI). Table 1 below describes Petaluma's RHNA requirement by Income Category for the current Housing Element cycle.

Table 1: Regional Housing Need Allocation (RHNA) (2023-2031, Current Housing Cycle)

Petaluma	Extremely Low/Very Low	Low	Moderate	Above Moderate	Total
RHNA	499	288	313	810	1,910
% of Total	26%	15%	16%	42%	100%

Source: 2023-2031 Housing Element, p. 9

To fulfill the requirement of generating 1,910 new housing units by 2031, the City developed a RHNA strategy that includes:

- remaining RHNA from the 5th cycle;
- pipeline projects as of 2022-2023;
- potential ADU development; and

- opportunity sites, such as vacant sites, shopping center parking lots, and under-utilized sites.

Table 2 below describes this strategy quantitatively. The RHNA strategy is implemented by executing the Housing Element's Housing Action Plan, which comprises Goals, Programs, and Specific Actions (**Attachment 2**, Housing Element, p. 11). The City's progress in implementing Specific Actions is evaluated in the Annual Report.

While the Housing Element demonstrates that the City currently has an appropriate amount of land zoned to allow housing production activity to exceed the RHNA requirement, it does not account for these external factors that impact private and nonprofit housing developers, such as real estate markets and financing, other macroeconomic factors, and State-level regulations.

Table 2: City's adopted RHNA strategy (2023-2031, Current Housing Cycle)

	Units by Income Group				Total
	Very Low	Low	Moderate	Above Moderate	
RHNA	499	288	313	810	1,910
Likely Sites	236	191	106	1,355	1,888
Potential ADUs	38	38	38	14	128
Pipeline Projects	198	153	68	1,341	1,760
Opportunity Sites	214	215	358	566	1,353
Vacant Sites	37	37	44	220	338
Parking Lots of Shopping Centers	10	11	-	221	242
Underutilized sites	167	167	314	125	773
Total Capacity	450	406	464	1,921	3,241
Buffer (Opportunity Sites over Remaining RHNA) ¹	+19%		+73%	N/A ²	NA

1. Buffer percentage was calculated by dividing the surplus/deficit by the remaining need.

2. There is no remaining need for Above Moderate units (RHNA was met with pipeline projects and potential ADUs).

3. **Remaining RHNA** data included in the original table were removed, and production activity types under **Likely Sites** and **Opportunity Sites** were indented to clarify information.

Source: 2023-2031 Housing Element, p. 10

2024 Housing Production Activity

Jurisdictions are required to use an Annual Housing Report workbook provided by HCD. The workbook is comprised of 13 tables, most of which are aggregated in a summary table. Data entered into the workbook include:

- the number and status of residential units created through the Planning entitlement process,
- the number of residential units for which building permits have been issued,
- the number of residential units that have received Certificates of Occupancy,
- Housing Action Plan implementation status data, and
- Other data related to HCD grants.

The Summary table of the 2024 Annual Report workbook (**Attachment 1, Exhibit A, Worksheet 3**) is broken down below, with staff commentary, to give the City Council and community a more approachable understanding of the Report's contents. All data reflect local housing activity from January 1 through December 31, 2024.

In Table 3 below, the number of residential units in each category of structure type as defined by HCD that were created through Planning entitlement approvals (“Entitled”), or for which building permits were issued (“Permitted”), or that received Certificates of Occupancy (“Completed”) during 2024 are summarized.

Table 3: Units Entitled, Permitted, and Completed by Structure Type (2024)

Units by Structure Type	Entitled	Permitted	Completed
Single Family Attached	0	0	0
Single Family Detached	3	8	97
2-4 Units per Structure	5	0	0
5+ Units per Structure	60	0	178
ADU	0	19	21
Mobile/Manufactured Home	0	0	0
Total	68	27	296

Source: 2023-2031 Housing Element Annual Progress Report (2024)

2024 Planning Discretionary Entitlement Application Activity²

In 2024, Petaluma approved Planning discretionary entitlements [Site Plan and Architectural Review (SPAR) or Minor Conditional Use Permit (Minor CUP)] for the development of 68 dwelling units, comprised of three Single-family detached and 65 Multi-family dwelling units. These approvals include the following projects:

- **Rovina Lane Apartments (100% affordable)** – SPAR approval of a **32-unit Multifamily** for rent project with Density Bonus at 2 Rovina Lane
- **Scott Ranch Residential (Market-rate)** – SPAR approval of a **28-unit Single-family detached** for sale project at 1860 D Street
- **413 Via Gigi Ct. (Market-rate)** – SPAR approval of a **Single-family detached** dwelling unit

² Pursuant to current City policy, all residential development projects are required to comply with the City’s Inclusionary Housing Ordinance, which establishes affordable housing requirements for projects comprised of 5+ residential units (Implementing Zoning Ordinance [Section 3.040](#)).

- **118 Kimberly Ct. (Market-rate)** – SPAR approval of a **Single-family detached** dwelling unit
- **719 Petaluma Blvd N. (Market-rate)** – Minor CUP and SPAR approvals of a **3-unit Multifamily** for rent project³
- **10 Keller St. (Market-rate)** – Minor CUP approval to convert commercial square footage in an adapted residential structure into **2 Single-family attached** dwelling units
- **407 C St. (Market-rate)** – Minor CUP approval to re-establish a **Single-family detached** dwelling unit

Petaluma received discretionary Planning entitlement applications (SPAR) proposing the development of 399 dwelling units (see below) in 2024. At the end of the year, applications for 265 units were under review. The 131-unit Oyster Cove Mixed Use project SPAR application was withdrawn, and the 2-unit 10 Keller St. and 1-unit 407 C St. applications were approved.

- **Sid Commons Apartments (Market-rate)**–SPAR application for a **180-unit Multifamily** for rent project at 18 Bernice Ct.
- **Gallager Senior Living (Market-rate)**–SPAR application for a commercial residential senior living facility comprised of **85 independent living units** and assisted living and memory care services at 1221 Petaluma Blvd North. Independent living units are counted toward housing production. Assisted living and memory care units are not counted.
- **Oyster Cove Mixed Use (Market-rate)**–SPAR application for a **131-unit Single-family Attached** for sale mixed-use condominium project at 101 E D Street. This project application was subsequently withdrawn in 2024.
- **10 Keller St. (Market-rate)**–Minor CUP approval to convert commercial square footage in an adapted residential structure into 2 dwelling units
- **407 C St. (Market-rate)**–Minor CUP approval to re-establish a Single-family detached dwelling unit

Tables 3a through 3c below provide detailed information about discretionary Planning entitlement applications for residential projects received between January 1, 2024, and December 31, 2024.

Table 3a: Discretionary Planning Entitlement Housing Applications Summary (2024)

Total Housing Applications Submitted	5
Number of Proposed Units in All Applications Received	399
Total Housing Units Approved	3
Total Housing Units Disapproved	0

Source: 2023-2031 Housing Element Annual Progress Report (2024)

³ This project was submitted in 2021 and approved in 2024 following a period of inactivity directed by the applicant. Due to HCD's Annual Report spreadsheet configuration, this project was not reported in Table A; however, the three units approved are reported in Table A2. In the 2024 Annual Report spreadsheet Summary Table, Housing Applications Summary table, Housing Units Approved in 2024 would be six units if this project were reported in Table A.

Table 3b: Ministerial and Discretionary Planning Entitlement Applications (2024)

	Applications	Units
Ministerial	0	0
Discretionary	5	399

Source: 2023-2031 Housing Element Annual Progress Report (2024)

Table 3c: Density Bonus Applications and Units Permitted (2024)

Number of Applications Submitted Requesting a Density Bonus	0
Number of Units in Applications Submitted Requesting a Density Bonus	0
Number of Projects Permitted with a Density Bonus	0
Number of Units in Projects Permitted with a Density Bonus	0

Source: 2023-2031 Housing Element Annual Progress Report (2024)

Over the course of the current Housing Element cycle, a total of 540 units have been proposed. This includes 3 units proposed during the projection period between June 30, 2022, and January 30, 2023, 138 units proposed during the rest of 2023, and 399 units in 2024. The submitted housing application calculations do not include Deer Creek 2, which applied for a SPAR application in 2023 but was not included in the 2023 APR. The project proposes 80 multifamily units, including 8 units affordable to Very Low Income households and 8 units affordable to Low Income households. If the application is approved, the units will be counted in the future as “Completed Entitlement” units of the year in which the entitlement is approved.

2024 Building Permit Activity

In 2024, Petaluma issued:

- **296 Certificates of Occupancy** (construction completed) for 97 Single-family detached, 178 Multi-family, and 21 ADU units⁴
- **27 building permits** for 8 Single-family detached units and 19 ADUs that, when constructed, will provide 4 units for Extremely Low/Very Low Income households, 6 units for Low Income households, 6 units for Moderate Income households, and 11 units for Above Moderate Income households.

Combined with progress made during this Housing Element cycle, Petaluma has issued 422 building permits, satisfying 19% of the required Extremely Low/Very Low, 13.2% of Low, 8.9% of Moderate, and 32.2% of Above Moderate Income units, resulting in 22.1% of the City’s total RHNA.

Tables 3d through 3g below provide a background on the building permits issued for housing units. They summarize data that will be submitted to the HCD Annual Progress Report, except for the 719 Petaluma Blvd. N. housing activity as discussed on p. 6 (see footnote 3).

⁴ All reported development activity is identified as infill development. The City defines infill development as development that does not require the extension of public roadway infrastructure or city services to meet the needs of the development activity. Infill data are collected only for completed building projects.

Table 3d showcases the number of building permits issued in each of the required four income categories in each year of the current housing cycle (2023-2031). It corresponds to Table A2 in the Annual Report (**Attachment 1, Exhibit A**). Additionally, Table 3d identifies the cumulative percentage of Petaluma's RHNA met through the end of 2024. This table does not include pipeline units that are either under review or entitled but do not have an issued building permit.

Table 3e includes the number of building permits issued between January 1, 2024, and December 31, 2024, sorted by structure type as identified by HCD.

Table 3f provides the income category breakdown of building permits issued between January 1, 2024, and December 31, 2024.

Table 3g includes the number of building permits indicated and not indicated as infill, issued between January 1, 2024, and December 31, 2024.

Table 3d: Building Permits Issued by Income Category (Current Housing Cycle)

Income Category	RHNA Required	Building Permits Issued				
	2023-2031	2022-2023	2023	2024	Total	% RHNA
Extremely/ Very Low (0%-50% AMI)	499	59	32	4	95	19
Low (50-80% AMI)	288	1	31	6	38	13.2
Moderate (80-120% AMI)	313	12	10	6	28	8.9
Above Moderate (120%+ AMI)	810	215	35	11	261	32.2
Total	1,910	287	108	27	422	22.1

Sources: 2023-2031 Housing Element Annual Progress Reports (2022, 2023, 2024)

Table 3e: Building Permits Issued by HCD Structure Type (Current Housing Cycle)

Structure Type	Building Permits Issued			
	2022-2023	2023	2024	Total
Single Family Attached	0	1	0	1
Single Family Detached	81	35	8	126
2-4 Units per Structure	0	0	0	0
5+ Units per Structure	184	50	0	234
ADU	12	22	20	54
Mobile Home	0	0	0	0
Total	287	108	30	425

Sources: 2023-2031 Housing Element Annual Progress Reports (2022, 2023, 2024)

Table 3f: Building Permits Issued by Affordability Summary (2024)¹

Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	4
Low	Deed Restricted	0
	Non-Deed Restricted	6
Moderate	Deed Restricted	0
	Non-Deed Restricted	6
Above Moderate		11
Total Units		27

Sources: 2023-2031 Housing Element Annual Progress Report (2024)

Table 3g: Infill Housing Developments and Infill Units Permitted (2024)

	# of Projects	Units
Indicated as Infill	27	27
Not Indicated as Infill	0	0
Note: Table 3g reports building permit issued data only. As described in Footnote 4 (p. 8), all reported development activity is identified as infill development.		

Sources: 2023-2031 Housing Element Annual Progress Report (2024)

Use of Streamlining Provisions

Annual Progress Reports also track developers' use of legislatively established State “streamlining provisions.” These include SB 423 (formerly SB 35), SB 9, AB 2011, and SB 6. In 2024, the City had one SB 423 project under construction (50-unit, 100% affordable, River Place Apartments at 1601 Petaluma Blvd. S.). It issued building permits for the construction of dwelling units resulting from two SB 9 projects (910 English St. and 53 Grant Ave). Tables 3h through 3j below document the streamlining provisions utilized by housing applications received between January 1, 2024, and December 31, 2024.

Table 3h: Use of SB 423 Streamlining Provisions – Applications (2024)

Number of SB 423 Streamlining Applications	0
Number of SB 423 Streamlining Applications Approved	0

Source: 2023-2031 Housing Element Annual Progress Report (2024)

Table 3i: Units Constructed from SB 423 Streamlining Permits (2024)

Income	Rental	Ownership	Total
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0

Source: 2023-2031 Housing Element Annual Progress Report (2024)

Table 3j: Streamlining Provisions Used – Permitted Units (2024)

Provision	# of Projects	Units
SB 9 (2021) - Duplex in SF Zone	1	1
SB 9 (2021) - Residential Lot Split	1	1
AB 2011 (2022)	0	0
SB 6 (2022)	0	0
SB 423 (2023)	0	0

Sources: 2023-2031 Housing Element Annual Progress Report (2024)

Housing Action Plan Analysis

As was previously mentioned, the City’s RHNA strategy is implemented by executing the Housing Element’s Housing Action Plan (HAP), which is comprised of Goals, Programs, and Specific Actions. Throughout the year, the City Council's housing-related policy and regulatory decisions, brought forward primarily by Community Development’s Planning, Building, and Housing Divisions or Public Works’ Water Resources & Utilities, advance HAP implementation. HCD requires that the City report on the status of each Specific Action as Completed, Ongoing, In Process, or Future.

To support Council decision-making, City staff have taken the additional step of quantifying the progress made. Each Specific Action was evaluated and scored as 0%, 25%, 50%, 75%, or 100% complete, where 0% indicates no action taken and 100% indicates that the action has been completed or an ongoing program has been fully implemented. Using this scaled approach, the impact of decisions to fund specific proposals, such as planning or policy development projects, staff training, technology, etc., can be evaluated. Table 3k below documents the number of Housing Element programs implemented and sites rezoned as of December 31, 2024.⁵

Table 3k: HAPs Implemented and Sites Rezoned (Current Housing Cycle)

Programs Implemented	102
Sites Rezoned to Accommodate the RHNA	0

Sources: 2023-2031 Housing Element Annual Progress Report (2024)

⁵ As described in the current Housing Element, no rezonings were required to accommodate the RHNA requirement.

The Housing Action Plan's 102 Specific Actions are embedded in 29 Programs that support the Plan's six goals:

- **Goal 1: Housing Availability and Choices.** Provide opportunities for residential development to accommodate projected residential growth and diverse housing needs of all existing and future Petalumans.

Programs = 6

Specific Actions = 27

- **Goal 2: Development Constraints.** Remove or mitigate constraints on housing development to expedite construction and lower development costs while avoiding impacts on environmentally sensitive areas.

Programs = 4

Specific Actions = 19

- **Goal 3: Affordable Housing.** Promote the development, preservation, and improvement of housing affordable to lower and moderate income households, including extremely low income households.

Programs = 6

Specific Actions = 19

- **Goal 4: Historic Preservation.** Improve the quality and diversity of residential neighborhoods, preserve the City's existing affordable housing, and ensure the long-term affordability of new below-market-rate units.

Programs = 5

Specific Actions = 18

- **Goal 5: Special Needs Housing.** Promote housing opportunities for persons and households with special needs, including the elderly, disabled, large households, female-headed households, farmworkers, and persons experiencing homelessness.

Programs = 7

Specific Actions = 14

- **Goal 6: Fair Housing.** Affirmatively further fair housing to promote equal access to housing opportunities for all existing and future residents.

Programs = 2

Specific Actions = 5

Many Specific Actions require policy development and/or regulatory implementation to fulfill them. For instance, approximately 50% of Goal 1's 27 Specific Actions depend on the General Plan Update, Zoning Code Update, or other policy development or regulatory amendment actions. This work is underway, and all projects have established strategies for completion. This staff report considers this context in the Discussion section.

Below is a quantitative analysis of the City's progress in accomplishing the RHNA strategy and executing the Housing Action Plan. In 2024, the City completed approximately 76% of the work required by the Housing Action Plan, including ongoing activities such as ADU permit streamlining implemented on each ADU building permit application. Of the 102 Specific Actions

directed by the Housing Action Plan, 9 have been **Completed**, 43 are **Ongoing**, 43 are **In Progress**, and 7 are pending **Future** implementation. See **Attachment 3** for a detailed analysis.

Table 4: 2024 Housing Action Plan Goal Attainment



Source: Community Development Housing Action Plan data (2024)

Although HCD does not require more reporting in the Annual Report, progress can also be reviewed at a more discrete level by considering the status of each Specific Action comprising a Program. In the example below, **Goal 6: Fair Housing** aims to affirmatively further fair housing, promoting equal access to housing opportunities for all existing and future residents. Specific actions to accomplish this goal include more robust communications and monitoring strategies in partnership with the Petaluma People Services Center (**In Process**), assisting residents with landlord disputes (**Ongoing**), and adopting tenant protection strategies (**Completed**).

Table 5: Analysis of Goal 2: Development Constraints progress

Program ID	Program Description	Specific Action ID	2024 HE APR Status	2024 % Complete	Sum of Goal 6 % Complete
28	Fair Housing Outreach and Enforcement	98	In Process	75%	15%
28	Fair Housing Outreach and Enforcement	99	In Process	75%	15%
28	Fair Housing Outreach and Enforcement	100	Ongoing	100%	20%
28 Total					50%
29	Tenant Protection Strategies	101	Completed	100%	20%
29	Tenant Protection Strategies	102	Completed	100%	20%
29 Total					40%
Grand Total					90%

Source: Community Development Housing Action Plan data (2024)

The following Housing Action Plan specific actions were attained, established as ongoing practices, or significantly furthered in 2024:

- a. City continues to exceed annual ADU/JADU goal through its ongoing commitment to providing dedicated support to inquiring property owners and applicants (Goal 1, Program 3, Specific Actions 9, 12, and 16) and processes as-built ADU building permit applications without penalty (Goal 1, Program 3, Specific Action 14)
- b. City Council Ordinance 2879 N.C.S. adopted February 26, 2024, established Objective Design Standards for Qualifying Residential Projects (Goal 1, Program 5, Specific Action 21)
- c. The City exceeds goal of creating 100 new housing units for special needs groups with 60 units completed in 2023, 31 units completed in 2024, and +46 units anticipated in 2025 and beyond (Goal 2, Program 7, Specific Action 30 and Goal 2, Program 8, Specific Action 32)
- d. The City has completed two of five new recycled water connections off Maria Drive to serve public parks and landscape areas. Three remaining park connections are in the planning/design process (Goal 2, Program 10, Specific Action 35)
- e. The installation of Advanced Metering Infrastructure is well underway with project scheduled to be completed in Q4 2025 (Goal 2, Program 10, Specific Action 40)
- f. The City has fully implemented SB 9 requirements and, in 2024, processed two SB 9 applications (Goal 3, Program 15, Specific Action 61)
- g. The City's partnership with Rebuilding Together continues to provide rehabilitation services to low income households, helping to attain the goal of providing funding for housing rehabilitation services to assist an average of 30 households annually or 240 households over eight years (Goal 4, Program 17, Specific Action 67)
- h. Ongoing funding supports the Landlord Recruitment Program administered by HomeFirst (<https://cityofpetaluma.org/homefirst/>) (Goal 4, Program 18, Specific Action 73)
- i. In 2024, the Mobile Home Rent Stabilization Ordinance was completed, with revisions anticipated in 2025 (Goal 4, Program 19, Specific Action 75-77)
- j. To monitor vacancy rates and provide reporting, Housing staff conduct bi-annual surveys in April and October each year (Goal 4, Program 21, Specific Action 82)
- k. Through services provided through ongoing contracts/partnerships funded by HCD Encampment Resolution Program (ERP) and PLHA funds, the City assists various local nonprofits that serve the homeless by supporting 100 households through PPSC Rental Assistance, 80 bed nights through Mary Isaak Center, 25 non-congregate interim housing at People's Village, 60 individuals through COTS Family Shelter, 80 individuals through COTS Family Transitional Homes, and 12 individuals through City-owned transitional housing (Goal 5, Program 23, Specific Action 85)
- l. Burbank Housing's River Place project, which is scheduled for completion in April 2025 will include 17 Joe Serna-funded units, designated as farmworker housing helping to achieve the goal of creating 50 units for farm workers and/or hospitality workers (Goal 5, Program 27, Specific Action 97)

- m. The City's Housing webpage includes a range of fair housing resources, such as information from the California Civil Rights Department (formerly the Department of Fair Employment and Housing), the HUD Office of Fair Housing and Equal Opportunity, and details on the State of California's tenant protection provisions and offers the option to view content in both English and Spanish (Goal 6, Program 28, Specific Action 98)
- n. The City assists an average of 300 residents annually with tenant/landlord dispute resolution, and fair housing inquiries and investigations through ongoing partnership with Petaluma People Services Center (Goal 6, Program 28, Specific Action 100).

Accessory Dwelling Units (ADUs) and Junior ADUs (JADUs) Analysis

ADU/JADU⁶ development activity is seen as a key component of an effective response to the need for affordable housing at both the State and local levels. Because ADUs are typically smaller in square footage than primary dwelling units, there is a perceived "affordable by design" element to ADUs, whereby rents are lower due to the smaller unit size. From a housing production perspective, ADUs are more affordable to develop because the property is already owned by the homeowner, eliminating land acquisition cost(s); new infrastructure requirements are typically limited, and wood frame construction is utilized, thereby reducing development costs; and they can provide a source of income for homeowners. JADUs also contribute meaningfully to providing housing opportunities; however, because JADUs are more fully integrated into and can be more dependent on the primary dwelling unit, JADUs may be better suited to providing intergenerational housing solutions, rather than offering opportunities to a broader cross-section of housing seekers.

Since 2018, California has aggressively supported ADU production statewide through legislative mandates. California ADU, a UC Berkeley's Center for Community Innovation program, reports that homeowners have responded to legislative incentives. ADU permits issued across California increased from almost 9,000 in 2018 to 12,392 in 2020⁷; and in 2023, Los Angeles County alone permitted more than 45,000 ADUs⁸. The State continues to adopt legislation to incentivize ADU development. For example:

- **Separate Sale of ADUs: Assembly Bill 1033** (AB 1033), effective January 1, 2024, allows local agencies to adopt ordinances permitting the separate sale of ADUs from the primary residence through condominium conversion, creating new homeownership opportunities.
- **Amnesty for Unpermitted ADUs: Assembly Bill 2533** (AB 2533), effective January 1, 2025, provides a pathway for legalizing unpermitted ADUs and Junior ADUs (JADUs) constructed before January 1, 2020. Local agencies cannot deny permits based solely on building standard violations, provided the structure isn't deemed substandard. Exempts property owners from retroactive impact fees, connection charges, or capacity charges in most cases, facilitating the integration of existing units into the legal housing market.

⁶ Accessory Dwelling Units (ADUs) are independent residential units with full kitchens and bathrooms, while Junior Accessory Dwelling Units (JADUs) are smaller units (up to 500 square feet) created within a single-family home and may share a bathroom with the primary residence.

⁷ ADU Research 2019-2021: Key Findings. From <https://www.aducalifornia.org/previous-research/>, April 5, 2025

⁸ California's decade-long effort to legalize ADUs offers lessons for other US states and regions. Jenny Schuetz and Eve Devens, August 21, 2024. Brookings Institution, <https://www.brookings.edu/articles/californias-decade-long-effort-to-legalize-adus-offers-lessons-for-other-us-states-and-regions/> April 5, 2025

- **Increased Unit Allowances: Senate Bill 1211 (SB 1211)**, effective January 1, 2025, permits the construction of up to eight detached ADUs on lots with existing multifamily dwellings, provided the number of ADUs does not exceed the number of existing units on the lot.

In 2024, the City issued building permits for the construction of 17 Accessory Dwelling Units (ADUs) and 3 JADUs and Certificates of Occupancy to 15 ADUs and 4 JADUs. When reporting progress on ADU production, cities may allocate them across all income categories: 30% in Very Low Income, 30% in Low Income, 30% in Moderate Income, and 10% in Above Moderate Income categories.

Table 4: RHNA ADU Strategy and 2024 ADU Production

	ADUs Completed by Income Group				Total
	Very Low	Low	Moderate	Above Moderate	
<i>RHNA – Potential ADUs</i>	<i>38</i>	<i>38</i>	<i>38</i>	<i>14</i>	<i>128</i>
2023 ADU occupancy certificates	0	0	0	18	19
2024 ADU occupancy certificates	4	4	4	5	17
<i>TOTAL % RHNA</i>	<i>10.5</i>	<i>10.5</i>	<i>10.5</i>	<i>164</i>	<i>28.1</i>
1. JADUs are reported as ADUs in the Annual Report. 2. There is no significant discrepancy between issued Building Permits and issued Certificates of Occupancy for ADUs. Therefore, there is no significant issue to address regarding permitting versus occupancy certificates.					

Source: 2023-2031 Housing Element, p. 10; 2024 City Record data

The Housing Element forecasts an average of 16 permits issued annually from 2023 to 2031, and the RHNA Potential ADUs figure of 128 is based on this average. The City exceeds this forecast in 2023 and 2024.

The Housing Action Plan includes nine specific actions that support ADU/JADU production. These specific actions are fully described in Goal 1: Housing Availability and Choices, Program 3: Accessory Dwelling Units, Specific Actions 9-18. In 2024, the City will report that of the 10 Specific Actions, 4 are **In Process**, 4 are **Ongoing**, and 2 are planned for **Future action**. Key programmatic activities are highlighted below, with all Specific Actions and their statuses available in Appendix 4.

- **In Process** – In 2025, City Council will be asked to consider an ADU Ordinance update, which will bring the existing ADU Ordinance current with State regulations and help further incentivize ADU/JADU construction. In this interim period, State regulations are being enforced where applicable. Community Development staff will actively evaluate funding available at the state and federal levels to facilitate the development or enhance the affordability of ADUs.
- **Ongoing** – Designated Permit Center staff actively manage ADU inquiries, provide streamlined permit review, and continuously seek to improve ADU support. Additionally, the City maintains a comprehensive ADU program webpage to provide access. The City is currently processing “as-built” ADU building permit applications without penalty.

- **Future** – When resources become available, Community Development will analyze ADU development potential at the neighborhood level and conduct targeted outreach. Focus areas will include high resources areas with access to public transit.

To better understand why residents are building Accessory Dwelling Units (ADUs) and Junior ADUs (JADUs), in 2024, the City of Petaluma surveyed 129 permit applicants from 2020 onward, receiving 18 responses (14% response rate) representing a mix of attached and detached units.

Over 70% of respondents built their ADUs to house family members, highlighting the importance of multigenerational living. About two-thirds are not renting out their units; for those who are, rents range up to \$2,000 per month. It was reported that construction costs varied from \$250 to \$550 per square foot.

While the response rate was modest, the survey offers valuable insights into the personal and financial considerations shaping ADU development in Petaluma, primarily driven by family needs rather than rental income. Future efforts could help expand community input and guide supportive ADU policies.

DISCUSSION

Housing production is a hyper-local activity in that housing development projects directly respond to the local jurisdiction's regulatory incentives and constraints, other financial and non-financial incentives, and articulated policy preferences. At the same time, national-level real estate market activity and state-level regulatory and financial incentives greatly influence the nature and timing of housing development project proposals or decisions to begin construction of an approved housing project. This section begins with a summary of nationwide housing real estate market activity in 2024, and future year trends presented in the *2025 Emerging Trends in Real Estate* report prepared by ULI—the Urban Land Institute. Then, the most relevant and impactful state legislation of the more than 100 California housing legislative actions taken since 2017 is reviewed. Following these national and state context-setting reviews, this section turns local and reports on the status of the City's General Plan Update, the Zoning Code Update, and other actions that adopting the General Plan Update will initiate. It concludes with staff recommendations for advancing Petaluma's housing production activity in a rapidly changing and evolving environment.

Progress in a regional context

Petaluma's progress towards its RHNA is similar to the progress made by other jurisdictions in the region. Regional and nationwide trends and conditions such as high interest rates, increasing labor and materials costs, and limited sources of funding have made the development of housing, both affordable and market-rate, difficult for developers.

Additionally, progress on local RHNA is similar to the progress made by other jurisdictions within the region, as reported in the 2023 Annual Report. Except for Santa Rosa, Petaluma has made greater progress towards achieving both its total RHNA and its lower-income RHNA than similarly sized and smaller jurisdictions.

Table 5: RHNA Progress by Jurisdiction and Income Level

<i>RHNA Progress</i>	<i>Petaluma</i>	<i>Unincorporated Sonoma County</i>	<i>Cotati</i>	<i>Rohnert Park</i>	<i>Santa Rosa</i>
<i>Extremely/Very-Low Income</i>	84 (16.8%)	37 (3.6%)	1 (1.7%)	65 (16.3%)	327 (26.8%)
<i>Low Income</i>	35 (12.1%)	40 (6.8%)	0 (0%)	8 (3.5%)	358 (51.1%)
<i>Moderate Income</i>	25 (8.0%)	99 (15.8%)	1 (2.6%)	8 (3.0%)	75 (9.7%)
<i>Above Moderate Income</i>	251 (80.2%)	346 (21.8%)	4 (4.0%)	140 (20.4%)	1568 (78.6%)
Total	395 (20.7%)	552 (14.4%)	6 (2.6%)	221 (14.0%)	2328 (49.7%)

Source: Petaluma, Sonoma County, Cotati, Rohnert Park, and Santa Rosa 2023 Annual Reports

Real estate market trends

As a best practice, the evaluation of local efforts to stimulate housing production activity should be informed by larger real estate market forces that may impact activity. ULI—the Urban Land Institute, the oldest and largest network of cross-disciplinary real estate and land use experts worldwide, produces its annual *Emerging Trends* report for the real estate industry. The report analyzes market activity for the prior year and suggests future-year trends that are informed by this analysis and by leading industry experts. The 2025 *Emerging Trends in Real Estate* report (**Attachment 4**) presents a complex yet coherent narrative on housing trends and access to capital across the United States and Canada. It underscores an urgent need to address chronic housing undersupply—estimated at 1.8 million units—and identifies the construction of 18 million new units over the next decade as essential to restoring balance. Below are key takeaways from the 2025 report:

1. Rising housing prices and mortgage rates, both significantly outpacing income growth, have compounded affordability challenges and widened the divide between ownership and renting. The average home price has surged by 50 percent since the pandemic began, with nearly 10 percent of homes now valued over \$1 million. Mortgage rates, although declining from their 2023 peak, remain far above pre-pandemic levels, stalling both resale and new construction markets.
2. The residential real estate industry is exploring adaptive strategies, such as promoting rental housing, expanding single-family rental markets, utilizing manufactured housing, repurposing underperforming properties like offices and senior living facilities, and advocating for zoning reforms to allow denser developments. Despite these efforts, systemic barriers such as local regulatory hurdles and NIMBYism continue to hamper housing production. Middle-market senior housing also faces particular strain due to limited affordable options for aging baby boomers, even as this demographic controls vast wealth and is growing at historic rates.
3. Capital markets continue to be shaped by interest rate volatility, lender caution, and evolving borrower profiles. Access to capital remains bifurcated: large, well-established firms with strong banking relationships continue to secure financing—albeit under tighter scrutiny and longer underwriting timelines—while smaller developers face increasing

constraints. This has opened the door for private capital providers, such as family offices and high-net-worth individuals, to step into financing gaps, particularly through mezzanine lending and structured debt.

4. Although commercial real estate (CRE) debt markets remain undersupplied—particularly for development financing—the outlook is cautiously optimistic. Lending activity, which plummeted in 2023, has modestly rebounded and is projected to grow by 26 percent in 2024 and an additional 24 percent in 2025, suggesting a return to pre-pandemic norms. Yet, equity market recovery remains incomplete, and investor wariness persists, especially given the narrowing spreads between cap rates and bond yields.
5. The capital markets are slowly recovering, bolstered by the Federal Reserve's pivot toward rate cuts. While this shift has yet to fully restore market dynamics, it has catalyzed pricing and investor sentiment recalibration. Nevertheless, dealmaking remains inhibited by valuation uncertainty and the “extend and pretend” approach many lenders use to manage maturing, underperforming loans. These trends drive interest in distressed acquisitions and recapitalization strategies, especially for assets trading below replacement cost.
6. The report concludes that the industry stands at an inflection point, where sustained demand for housing collides with affordability crises and capital market recalibrations. Navigating this period will require creative financing, regulatory reform, and bold investments in housing innovation to meet the evolving needs of households and capital sources alike.

Staff anticipate that recent federal tariff activity will affect construction materials, further complicating this landscape, introducing additional uncertainty, and likely driving up all development costs, including housing. News reports from Sacramento, Los Angeles, and other parts of the state support this conclusion. The National Association of Home Builders estimates that approximately 7% of all materials used in construction are imported, including steel, aluminum, and lumber⁹. All of which will be anticipated to be subject to price increases, resulting in overall increases in construction costs.

State Housing Legislation

SB 35 and SB 423 (SMAP)

SB 35 was enacted in 2017 to streamline housing development in cities that fail to meet their state-mandated housing production goals. SB 35 aims to address California’s housing shortage by reducing bureaucratic delays and encouraging more housing development, particularly affordable units, in underperforming jurisdictions. The law allows certain multifamily housing projects, referred to as qualifying residential projects, to bypass discretionary review processes and qualify for ministerial (fast-tracked) approval if they meet specific requirements. To qualify, a project must be a multi-family development that meets objective planning standards, achieves certain affordability thresholds, incorporates labor standards such as prevailing wage, and demonstrates zoning compliance.

In 2023, California enacted SB 423, which extends the provisions of SB 35 until 2036 and makes key changes, including streamlining regulations in coastal zones, strengthening labor standards, and requiring more affordable housing in certain projects. Reflecting the primary intent of SB 35

⁹ How Tariffs Impact the Home Building Industry. Alex Strong, 2025. The National Association of Home Builders. <https://www.nahb.org/advocacy/top-priorities/building-materials-trade-policy/how-tariffs-impact-home-building>

and SB 423, HCD began referring to these legislative actions as “SB 423 Streamlined Ministerial Approval Process (SMAP).”

A city’s progress in meeting its RHNA requirement determines the applicability of SB 423 SMAP provisions. HCD categorizes all jurisdictions as either achieving progress or having made insufficient progress (see **Attachment 5**).

- **Achieving progress** – Jurisdictions that have met their prorated Lower (Very-Low and Low) and Above-Moderate Income Regional Housing Needs Assessment (RHNA) targets for the Reporting Period and submitted their latest Annual Progress Report for 2023. These 47 jurisdictions are not subject to SB 423 SMAP but are still encouraged to promote streamlining.
- **Insufficient Progress ($\geq 10\%$)** – Jurisdictions that have made insufficient progress toward their Above Moderate Income RHNA, or Above Moderate and Lower Income RHNA, and/or have not submitted the latest Housing Element Annual Progress Report (APR) for 2023. There are 254 jurisdictions subject to SB 423 SMAP for proposed developments with *at least 10% affordability*.
- **Insufficient Progress ($\geq 50\%$)** – Jurisdictions that have submitted the latest Housing Element Annual Progress Report (APR) for 2023 but have made insufficient progress toward their Lower Income RHNA (Very-Low and Low Income). There are 238 jurisdictions in this category, and they are subject to the SB 423 SMAP for proposed developments with *at least 50% affordability*. The City of Petaluma is listed in this category (#162).

Under SB 423 SMAP, objective design and development standards perform a primary role in advancing local preferences for multi-family site development and design. On February 26, 2024, the City Council adopted *Objective Design Standards for Qualifying Projects* ([IZO Section 7.120](#)), which provide objective design standards for reviewing residential developments that qualify for streamlined or ministerial planning permit review. These standards contain concise and quantifiable language that is designed for consistent interpretation by applicants, reviewers, and approval bodies alike. As of this writing, no projects have been submitted that would be reviewed under these objective standards.

Petaluma is subject to the SB 35 streamlined ministerial approval process for eligible multi-family housing projects that include at least 50% lower income units for the next two years, through 2026. As of June 3, 2024, Petaluma is one of the 238 California jurisdictions subject to SB 35 (out of 539 total jurisdictions).

SB 330

Senate Bill 330, the Housing Crisis Act of 2019, was enacted to streamline housing development in California in response to the state’s declared housing crisis. It limits local jurisdictions’ ability to downzone properties, impose moratoria on housing, or apply new design standards that would reduce housing capacity. SB 330 also accelerates the permitting process by requiring jurisdictions to process completed housing applications within defined timeframes and maintain consistent zoning and development standards once an application is deemed complete. Importantly, it mandates that any housing units demolished as part of a project be replaced and that displaced tenants receive relocation benefits and the right to return. Originally set to sunset in 2025, SB 330

was extended through January 1, 2030, by SB 8 (2021), which also clarified and expanded tenant protections and provisions around demolition and replacement housing.

State Density Bonus Law (Government Code 65915)

The California State Density Bonus Law (SDB) (Government Code §65915) incentivizes the development of affordable housing by allowing developers to build more units than typically permitted under local zoning laws in exchange for including a certain percentage of affordable housing. The law grants density bonuses (up to 50% extra units, depending on affordability levels), reduced parking requirements, and other incentives like concessions or waivers from height or setback restrictions. It applies to projects that include Very Low-Income, Low-Income, Moderate-Income, or other priority housing types like Senior Housing. The goal is to encourage mixed-income developments and increase housing supply, particularly for lower-income residents, while giving developers financial and regulatory flexibility. Key features of SDB include:

1. **Streamlined Application Process:** The law emphasizes the need for an expeditious processing of density bonus applications. Local governments are required to adopt procedures and timelines, provide a comprehensive list of required documents, and notify applicants about the completeness of their applications in a timely manner. They must also make a determination on the density bonus amount, parking ratios, and requested incentives/concessions based on the project at the time the application is deemed complete.
2. **Eligibility Criteria for Density Bonuses:** Developers become eligible for a density bonus (an increase in the number of units they can build) by agreeing to include a specified percentage of units affordable to various income levels, developing senior citizen housing, housing for transitional foster youth/disabled veterans/homeless persons, lower-income student housing, or by dedicating 100% of units (including bonus units, excluding manager's units) to lower-income households (with a potential for up to 20% moderate-income in this scenario).
3. **Affordability Requirements and Restrictions:** The law mandates continued affordability for the qualifying affordable units. Rental units for lower and very low-income households must remain affordable for 55 years or longer if required by financing programs. For-sale units must be initially sold to and occupied by income-qualified buyers at an affordable housing cost, often with equity sharing agreements, or be purchased by qualified nonprofit housing corporations under specific conditions if not sold within 180 days.
4. **Replacement Housing Requirements:** To prevent the displacement of existing affordable housing, the law generally makes applicants ineligible for a density bonus if their project is proposed on a property with existing or recently vacated/demolished rent-controlled or lower/very low-income occupied rental units, unless those units are replaced within the new development. Specific requirements for the number, size, and affordability levels of replacement units are outlined.
5. **Incentives and Concessions:** In addition to the density bonus, developers are entitled to request and receive a certain number of incentives or concessions from the local government, depending on the percentage of affordable units provided. These incentives are intended to result in identifiable and actual cost reductions for the developer. Local governments can deny a requested incentive or concession only with a written finding based on substantial evidence that it doesn't result in cost reductions, would have a specific

adverse impact on health/safety or historic resources without feasible mitigation, or would be contrary to law.

6. **Waivers or Reductions of Development Standards:** Developers can also request waivers or reductions of development standards that would physically preclude the project's construction at the permitted densities and with the approved concessions/incentives. Like incentives or concessions, local governments can only deny these requests if they would have a specific adverse impact on health/safety or historic resources without feasible mitigation, or be contrary to law.

The Density Bonus Law requires all cities and counties in California to comply with its provisions when an applicant seeks a density bonus for a housing development or a land donation for housing purposes. Local governments must adopt ordinances specifying how they will implement this section, but failure to do so does not exempt them from compliance. The City of Petaluma amended its Residential Density Bonus Ordinance (IZO [Chapter 27](#)) in December 2019.

AB 1287 – Additional “Stackable” Density Bonus

AB 1287 is the most recent update to the State Density Bonus Law, providing the opportunity for additional density bonus, or stacking of density bonuses, for certain qualifying projects. Effective January 1, 2024, AB 1287 enhances the State Density Bonus Law by allowing additional density bonuses for projects that include greater levels of affordability. Specifically, it enables developers to stack up to 50% additional density bonus on top of the existing 50% maximum bonus if they provide units for Very Low-Income or Moderate-Income households. This means qualifying projects could receive up to 100% density bonus in total. Mixed-income and 100% affordable housing developments are also granted additional incentives or concessions, including up to five incentives or concessions for 100% affordable housing developments.

For example, suppose a 0.3-acre project site has a maximum allowable density of 30 units per acre under the current General Plan. A project proposes 17 dwelling units, of which two units, or 20% of the units, would be reserved for Very Low Income households (VLI), and one unit, or 10% of the units, would be reserved for Moderate Income households (MI). The project qualifies for SDB due to the inclusionary units, and the base density is calculated to be 10 units. For the 20% VLI units, State Density Bonus grants 50% additional density, for a new total of 15 units. Then, because the project includes 10% MI units, the project is eligible for additional density of 32.5% or five units. Pursuant to SDB and AB 1287, the project is eligible for density up to 20 units; however, site constraints and developer preferences limit the project proposal to 17 units.

AB 2011, SB 6, and AB 2243

AB 2011 (Affordable Housing and High Road Jobs Act of 2022), effective July 1, 2023, can be useful for advancing housing development on commercially zoned parcels. It allows a streamlined ministerial approval process for eligible residential developments in certain commercial zones¹⁰.

¹⁰ Under AB 2011, a qualifying project utilizing the by-right provisions of the law must be in zones where office, retail, or parking are principally permitted uses. This is defined as a zone where one of these uses may occupy more than one-third of the square footage of the designated use on the site and does not require a conditional use permit. Proposed projects cannot be located on or adjacent to a site with more than one-third of built square footage dedicated to industrial use, which is defined as a site's existing use, the most recent permitted use, or designated for industrial use in the most recent Community Plan, adopted prior to 2022. AB 2011 sites also cannot be located on a

This ministerial process is not subject to the California Environmental Quality Act (CEQA) if certain housing affordability and labor standards are met¹¹. Projects must be in zones where office, retail, or parking are principally permitted uses. This is defined as a zone where one of these uses may occupy more than one-third of the square footage of the designated use on the site and does not require a conditional use permit. The bill creates separate site eligibility requirements, affordability requirements, and development standards for 100% affordable housing and mixed-income housing development projects.

SB 6 (Middle Class Housing Act of 2022) also became effective on July 1, 2023. It also allows residential uses on any parcel zoned for office, retail, or parking without needing a zone change. However, unlike AB 2011, SB 6 does not provide a new ministerial CEQA-exempt approval pathway; instead, it provides that eligible projects may invoke prior streamlining legislation [SB 35 (2017)] and the Housing Accountability Act. SB 6 projects offer lower minimum density requirements and no affordability requirement, except the project must satisfy any applicable inclusionary housing requirement of the local jurisdiction. SB 6 also requires applicants to pay prevailing wages and adhere to “skilled and trained” workforce requirements, but it does not contain affordable housing requirements. It also has fewer site exclusions than AB 2011.

AB 2243 expands AB 2011 project eligibility in several important ways:

- To mixed-income projects located on certain regional mall sites and certain development standards are adopted for such projects;
- To mixed-income projects located in commercial corridors;
- To all AB 2011 projects located within 500 feet of a freeway;
- Imposes more rigorous streamlining requirements for all AB 2011 projects; and
- Limits requirements that may be applied to projects involving converting existing buildings.

An SB 6 criterion for a qualifying housing development project was that the project site could not exceed 20 acres. AB 2243 amends that criterion to provide an exception for regional mall sites. Under AB 2243, if a project site is a regional mall of less than 100 acres, the project will still qualify for special treatment under SB 6.

Housing Accountability Act (HAA) and AB 1893

The Housing Accountability Act seeks to prevent local governments from arbitrarily denying or reducing a project’s density when it complies with existing planning and zoning standards. Projects that comply with objective local development and design standards must be approved unless the local jurisdiction makes specific, adverse impact findings.

Staff previously interpreted Government Code Section 65589.5, subsection (f)(1), as allowing the review authority to impose conditions during entitlement hearings on housing development projects as defined under the HAA. Subsection (f)(1) states: “Except as provided in subdivision (o), nothing in this section shall be construed to prohibit a local agency from requiring the housing

site within any neighborhood plan (as defined, but inclusive of Specific Plans and Transit Neighborhood Plans) that prohibits multifamily residential development of at least five units (including live-work and detached units).

¹¹ Projects seeking to pursue streamlined ministerial approval with less than 50 units must follow the prevailing wage requirements in California GC Section 65912.130, while those with 50 or more units must also follow the apprenticeship and health care provisions of Section 65912.131.

development project to comply with objective, quantifiable, written development standards, **conditions**, and policies...” (emphasis added).

Based on this language, staff determined that, aside from the limitations in subsection (o), the HAA did not restrict the authority to impose conditions during entitlement hearings, so long as those conditions were “written,” “objective,” and “quantifiable.” For example, if the City’s Planning Commission imposed a condition requiring the development to include five additional trees or increase EV charging parking stalls by 10%, such conditions would be lawful to include in the entitlement resolution as they met the criteria for being written, objective, and quantifiable.

However, to provide greater clarity, and perhaps in response to others interpreting HAA as the City has done so above, AB 1893, enacted in September 2024, introduced a definition for “objective, quantifiable, written development standards, conditions, and policies” in subsection (f)(9) of Government Code Section 65589.5, specifying that it means: “criteria that involve no personal or subjective judgment by a public official and **are uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowledgeable** by both the development applicant or proponent...” (emphasis added).

This new definition under (f)(9) effectively limits the review authority’s ability to impose conditions, such as requiring five additional trees or increasing EV charging stations by 10%. Because such conditions are determined on a project-by-project basis, rather than being tied to external and uniform benchmarks, they inherently involve some level of subjective judgment and are not necessarily known or verifiable by the developer in advance. As a result, they do not meet the “uniformly verifiable” standard established by AB 1893 and can no longer be imposed during an entitlement hearing. Accordingly, as amended by AB 1893, the HAA now restricts the review authority’s ability to impose conditions on a project unless they are based on pre-existing, written policies or standards (referred to as external and uniform benchmarks).

Given the statutory limitations of Govt. Code Section 65889.5 on imposing mandatory conditions, City staff recommend that any new conditions a review authority may propose be framed as recommendations. Doing so will still inform the project applicant about the review authority’s preferences and offer these meaningful benefits:

1. Voluntary Compliance: The developer may incorporate the recommendations into the project, as their goal is to create a development that aligns with community interests.
2. Future Consideration: Developers may pursue future developments in the City. By considering the recommendations now, they may integrate similar elements into their future projects.
3. Policy Development: The City may incorporate these recommendations into future development standards and policy amendments, ensuring long-term alignment with community priorities.

SB 10 and SB 684

SB 10 allows jurisdictions to authorize the construction of up to ten units on a single parcel on infill sites near transit without environmental review. To utilize SB 10, local jurisdictions must pass a resolution to adopt the plan. The City of Petaluma does not currently have an ordinance that authorizes SB 10 locally.

SB 684 enables SB 10 and requires local agencies to ministerially consider a parcel map or a tentative and final map for a housing development project, provided that it meets certain requirements. The proposed subdivision must result in 10 or fewer parcels and the resulting housing development project on the lot must contain 10 or fewer residential units.

SB 9

SB 9 requires ministerial approval of housing developments with two or fewer units of at least 800 square feet in size in a single-family zone, the subdivision of a parcel in a single-family zone into two parcels, or both. SB 9 allows for creating up to four housing units in the lot area typically used for one single-family home. The law also contains eligibility criteria for environmental constraints, such as the presence of wetlands and the site's wildfire risk.

AB 1763

AB 1763 allows a development within ½ mile of a major transit stop and provides 100% of units for lower-income households to be exempt from maximum density controls. In Petaluma, parcels within ½ mile of the Petaluma North and Downtown Petaluma SMART stations are eligible to take advantage of AB 1763. However, developments that take advantage of unlimited density would not be allowed additional concessions or waivers and would have to adhere to the other development standards established by the IZO (maximum height, setbacks, etc.).

General Plan Update, Zoning Code Update, Fee Study, and other statuses

The current General Plan is a comprehensive long-term plan for Petaluma that was adopted in 2008. Since 2021, we have been moving ahead in the General Plan Update process through extensive community outreach and deep technical analysis. The City's General Plan Update process is underway to create an updated community vision, including goals, policies, and implementation to guide the evolution of Petaluma over the next 25 years. The provision of affordable housing and diversity of housing options, in addition to prioritizing infill development in appropriate locations throughout the City, are key guiding principles that demonstrate the importance of housing in the overarching discussion of the General Plan Update.

Petaluma's approved and certified Housing Element will be incorporated as a primary element of the new General Plan.

Ongoing ADU/JADU support

The City continues to support and expand opportunities for Accessory Dwelling Units (ADUs) through a more streamlined and accessible approval process. In alignment with state requirements, staff have implemented a fast-tracked review for ADU applications. When a complete application is submitted, it is subject to a ministerial approval process designed to reduce processing time and improve predictability for applicants significantly.

As part of ongoing program improvements, staff actively explore the feasibility of reducing or waiving certain development impact fees to encourage ADU construction further. This effort aims to lower financial barriers for homeowners interested in developing ADUs on their properties.

Additionally, staff have identified a set of pre-approved ADU plans that could be made available to the community at no cost. These plans would help reduce design expenses and speed up property

owners' development timelines. However, implementation of this initiative is budget-dependent and contingent upon available funding.

Together, these efforts reflect the City's commitment to increasing housing options, promoting affordability, and supporting residents in developing ADUs through efficient processes and practical resources.

2025 IZO/HE Amendments

City staff are preparing a project scope for the comprehensive update of the Implementing Zoning Ordinance, which will follow the City Council's adoption of the General Plan update. The project scope is central to a Request for Proposal document anticipated to be issued in 2025. However, the increasing volume changes to State housing law, including the addition of new housing regulations, necessitate local consideration of housing-related IZO updates so that local ordinances fully comply with State law and to incentivize housing production by providing clear local regulations. Therefore, City staff are preparing a package of housing-related IZO amendments for review in mid-2025. Regulatory areas subject to amendment include ADU and Density Bonus ordinances, and the development of new regulations around SB 9 and SB 684.

Homeless services and impacts on housing need

Homelessness remains a critical issue that directly impacts the City's overall housing needs. It intensifies demand for deeply affordable housing, strains emergency shelter systems, and highlights the ongoing shortage of permanent supportive housing. Individuals experiencing homelessness, particularly seniors, people with disabilities, and marginalized groups who encounter significant barriers to accessing stable housing, often compete for a limited number of low-income units. As a result, homelessness contributes to prolonged housing instability and increases the burden on public systems, including emergency healthcare, law enforcement, and social services. Additionally, it consumes scarce City budget and staff resources that could otherwise facilitate housing production as stipulated by the Housing Element.

The Housing Action Plan and the Homeless Services Strategic Plan act as guides and direct the current and ongoing programs, specific to services for vulnerable members of the community. As an example, the City has implemented a coordinated, housing-focused response emphasizing prevention and long-term stability to address these interconnected challenges. A key component of this strategy is engaging with individuals early in their housing need journey through street outreach efforts that prioritize housing-focused outcomes. By supporting clients at the initial stages of contact through assessments, case management, and service navigation, the City can help ensure more direct and effective pathways into housing. These outreach efforts are complemented by targeted programs like the *Keep People Housed* Prevention Program and the *Landlord Recruitment Program*, which provide financial assistance to stabilize households and expand access to rental units through partnerships with property owners. Together, these initiatives reduce the inflow of persons into homelessness and support the City's broader housing goals, helping to create a more resilient, inclusive, and sustainable housing system for all residents.

To implement these programs, the City uses flexible funds, such as the Permanent Local Housing Allocation (PLHA) and Prohousing Incentive Program (PIP) funds that can be used for services or the production of housing units. The City of Petaluma received \$8,098,978 from HCD to launch the three-year Project, which aims to transition at least 100 individuals from six encampments into stable housing. This comprehensive initiative will expand emergency shelter capacity, support

interim housing operations, increase access to permanent supportive housing, and provide clinical behavioral health services and medium-term rental assistance. The project will also fund housing-focused outreach teams and housing retention case managers to ensure long-term stability. The City partners with community organizations to implement a coordinated, housing-first approach to address homelessness and improve housing outcomes for its most vulnerable residents. (See <https://cityofpetaluma.org/city-receives-8-million-award-for-encampment-resolution-homeless-services/>)

Other housing updates not included in the Housing Element

In addition to the programs identified in the Housing Element, the City has advanced several other initiatives to address local housing challenges:

- On December 16, 2025, the City Council adopted the *City of Petaluma Relocation Assistance Benefits to Residential Tenants Displaced by an Order to Vacate Policy*, pursuant to California Health & Safety Code Sections 17975 through 17975.10. This policy provides financial assistance to tenants who are displaced, through no fault of their own, due to serious property maintenance violations. It ensures that property owners are held accountable for relocation costs, allowing the City to advance funds when necessary and recover those costs from noncompliant owners.
- The City has initiated affirmative litigation against a mobilehome park operator alleged to be in violation of the *Senior Mobilehome Overlay Ordinance*, adopted by the Council in 2023. This legal action is intended to preserve the integrity of the senior housing designation, protect existing residents, and ensure that future tenants can benefit from access to affordable senior living.
- Staff is preparing to present amendments to the *Mobilehome Rent Stabilization Ordinance* in May 2025. The updates are intended to strengthen the City's enforcement capabilities and streamline arbitration proceedings.

Staff Recommendations

The Housing Action Plan directs 102 actions to facilitate housing production activity and achieve the City's RHNA requirement. Many of these actions initiate policy or regulatory changes, which will be addressed in the IZO update after the General Plan Update is adopted. To accelerate housing production in 2025 and beyond, staff offer the following actionable recommendations for the Council's consideration.

Focused dialogues to initiate or facilitate housing production. Staff regularly discuss opportunities to produce housing with interested property owners and project applications. Staff will continue this focused approach in 2025, focusing on the projects/sites listed below to facilitate new housing production.

- Haystack Pacifica to advance permitting the previously approved project, which is still active based on extensions granted
- Downtown SMART site with SMART property owner and transit partner
- Oyster Cove development with the property owner
- Petaluma River Park housing development options with the property owner

Infill housing strategies. Often referred to as “missing middle housing,” staff will continue to look for opportunities to incentivize and support preferred infill, small-scale housing development. This includes anticipated regulatory incentives for the forthcoming General Plan and IZO updates. For example, the developer typically funds all costs associated with project development, including City review costs, until the project’s construction loan is issued. The City may wish to consider a program whereby the City would “loan” funds to support the City’s required project review, securing those funds through a legal agreement or a property lien.

Density allowances. Staff will continue to monitor, analyze, and be responsive to State laws that incentivize housing development through density incentives while taking advantage of opportunities to refine density allowances through appropriate administrative tools.

Local Planning review streamlining. The State fully supports local streamlined review processes that align with or supersede required Streamlining and Ministerial Processes (SB 423 SMAP). For instance, some local jurisdictions have reduced their discretionary design review requirements or created ministerial review processes for preferred housing development projects. Revising IZO Section 24.050(B) to allow Administrative Site Plan and Architectural Review for housing projects with a unit count greater than five may be a worthwhile streamlining measure to consider.

Best Practices. Cities in California, including San Francisco (HOME-SF), Los Angeles (Transit Oriented Communities - “TOC”), San Diego (Affordable Homes Bonus Program), Santa Monica, Berkeley, Oakland, and San Jose have adopted local ordinances that are tailored to address specific housing needs or to encourage certain types of development within the community. The ordinances are unique and offer varying amounts of ministerial approval processes and/or menus of incentives to assist developers. The Council may wish to support best practices research to identify similar opportunities for Petaluma to support preferred housing development characteristics such as affordability, unit size, location, and so forth.

PUBLIC OUTREACH

This agenda item appeared on the City’s tentative agenda document on May 5, 2025, which was a publicly noticed meeting. Significant public outreach was integrated into the certified Housing Element’s preparation and public review for adoption. The development of this Annual Report utilized 2024 City permit record data, and no public outreach activities were offered. The City Council may wish to receive public comments during its review of this Annual Report; however, it is not required by the review process to provide this opportunity.

COUNCIL GOAL ALIGNMENT

While not explicitly on the City Council’s approved list of Top 10 Citywide Goals, the adopted and certified Housing Element is a required part of the General Plan Update underway. The Housing Element furthers many of the Council’s overarching goals for the community in seeking to provide housing opportunities for all Petalumans.

CLIMATE ACTION/SUSTAINABILITY EFFORTS

The City of Petaluma is committed to achieving greenhouse gas carbon neutrality in Petaluma by 2030. The City adopted the [Blueprint for Climate Action](#) (Blueprint) on November 4, 2024, to

further this work. The City also considered climate impacts in the Housing Element by focusing on infill development accessible to transit and away from high-VMT areas, water conservation initiatives, increased densities in transit-accessible areas, revising the City's development fee structure to promote the development of smaller and more affordable units, and revising the City's parking ordinance to encourage a mode shift away from single-occupancy vehicles. The Blueprint also focuses on energy and water efficiency in new and existing buildings, a shift away from natural gas usage, and many other avenues for reducing climate impact. The Blueprint contains cornerstone (foundational) actions TLUC-1: General Plan Update and TLUC-2: Zoning Code Revisions which acknowledge the connections between housing, jobs, and high-quality transit corridors, the importance of infill development, and the potential to reduce greenhouse gas emissions.

ENVIRONMENTAL REVIEW

The City of Petaluma's 6th Cycle Housing Element 2024 Annual Progress Report does not qualify as a project as defined in the California Code of Regulations Section 15378 in that the Annual Report is an administrative activity conducted by the City in compliance with the California Department of Housing and Community Development. The Annual Report does not result in direct or indirect physical changes in the environment. Because the Annual Report is not a project pursuant to CEQA, no environmental review is required.

FINANCIAL IMPACTS

Staff time and materials costs are associated with preparing this Annual Report. There are no policy or development project-related financial impacts that would result from a decision by the City Council to accept the 2024 Housing Element Annual Progress Report and to authorize staff to submit the report to the California Department of Housing and Community Development and the Governor's Office of Planning and Research.

ALTERNATIVES

Housing Element Annual Progress Reports are limited in their ability to provide alternatives for the Council's consideration. Any modifications of the city's certified Housing Element would likely require a discussion with the state's Housing and Community Development Department, which is responsible for administering the state program. The Discussion section of this staff report includes recommendations to the City Council for future actions that could be taken to continue to support Housing Element goal attainment and advance its Housing Action Plan.

ATTACHMENTS

- Attachment 1: Resolution of the City Council of the City of Petaluma Accepting the Annual Housing Report - DRAFT
Exhibit A – 2024 Annual Progress Report as of December 31, 2024
- Attachment 2: 2023-2031 6th Cycle Housing Element, certified
- Attachment 3: 2024 Housing Action Plan implementation analysis as of December 31, 2024

Attachment 4: ULI – the Urban Land Institute Emerging Trends 2025 Report

Attachment 5: SB 423 SMAP Statewide Determination Summary as of June 3, 2024