



# City Council Report

**DATE:** March 24, 2026

**TITLE:** Discussion of SB 79 and request for Council feedback regarding approach to implementation in Campbell, including potential preparation of a Transit Oriented Development Alternative Plan (TOD Alt Plan)

## **RECOMMENDED ACTION:**

Provide direction to staff regarding which SB 79 implementation pathway to pursue: Option 1 – Direct staff to initiate preparation of a Transit-Oriented Development Alternative Plan (TOD Alt Plan) immediately; Option 2 (Staff Recommended) – Direct staff to defer initiation of a TOD Alt Plan and return for further Council discussion following publication of the official SB 79 station area maps by the metropolitan planning organization and related state guidance; Option 3 – Direct staff to evaluate targeted land use and zoning map amendments for select sites that may affect SB 79 applicability; Option 4 – Allow SB 79 to take effect without further action.

## **EXECUTIVE SUMMARY**

Senate Bill 79 (SB 79), effective July 1, 2026, establishes statewide minimum development standards for housing located near qualifying transit stops and significantly expands allowable housing capacity in those areas. In the City of Campbell, SB 79 would apply to **nearly 25% of the City's land area** and **enable over ten times (10x)** the housing capacity anticipated by the City's Housing Element's regional housing needs allocation (RHNA) (reference **Attachment 1** – SB 79 Study Area).

This report provides:

- An overview of SB 79 and how it applies locally;
- A summary of potential community and land use impacts;
- An explanation of the City's statutory tools available to implement SB 79, including "site exclusions" and adoption of a "*Transit Development Alternative Plan / TOD Alt Plan*";
- A discussion of related, legally required zoning updates and discretionary policy initiatives currently under development in the Community Development Department that could be addressed in tandem with the development of a SB 79 Alt Plan.

The report seeks City Council direction on whether to pursue a TOD Alt Plan and whether that effort should be coordinated with related policy and zoning updates to improve

efficiency, such as the By Right Housing Ordinance and the Multifamily Development Design Standards (MFDSS), as discussed later in this report.

As a separate but related public hearing item, staff also recommends advancing an urgency ordinance to allow for the removal of sites from SB 79, as permitted under state law.

## **DISCUSSION**

The following discussion is presented in three key sections:

- I. **Senate Bill 79**, to explain the core requirements and local effects of the legislation on Campbell;
- II. **Transit Development Alternative Plan (TOD Alt Plan)**, which represents an expanded local implementation option under SB 79; and
- III. **Related Policy and Zoning Updates**, a discussion of other related essential and discretionary workplan efforts that can be pursued under the options presented.

### **I. Senate Bill 79**

Senate Bill 79, known as the Abundant and Affordable Homes Near Transit Act, will take effect on July 1, 2026. The law requires cities to allow qualifying housing development projects on sites zoned for residential, mixed-use, or commercial development that are located within one-half mile of a designated transit-oriented development (TOD) stop.

The law establishes statewide minimum standards for residential density, building height, and residential floor area ratio (FAR). These standards vary based on proximity to the transit stop and the stop's classification as either Tier 1 or Tier 2.

SB 79 does not create a new entitlement process and does not provide a standalone exemption from the California Environmental Quality Act (CEQA). Projects that qualify under SB 79 must proceed through existing permit processes, although some projects may independently qualify for ministerial approval, statutory or categorical CEQA exemptions, or streamlined environmental review under other State housing laws.

#### **A. Eligibility Criteria for SB 79 Projects**

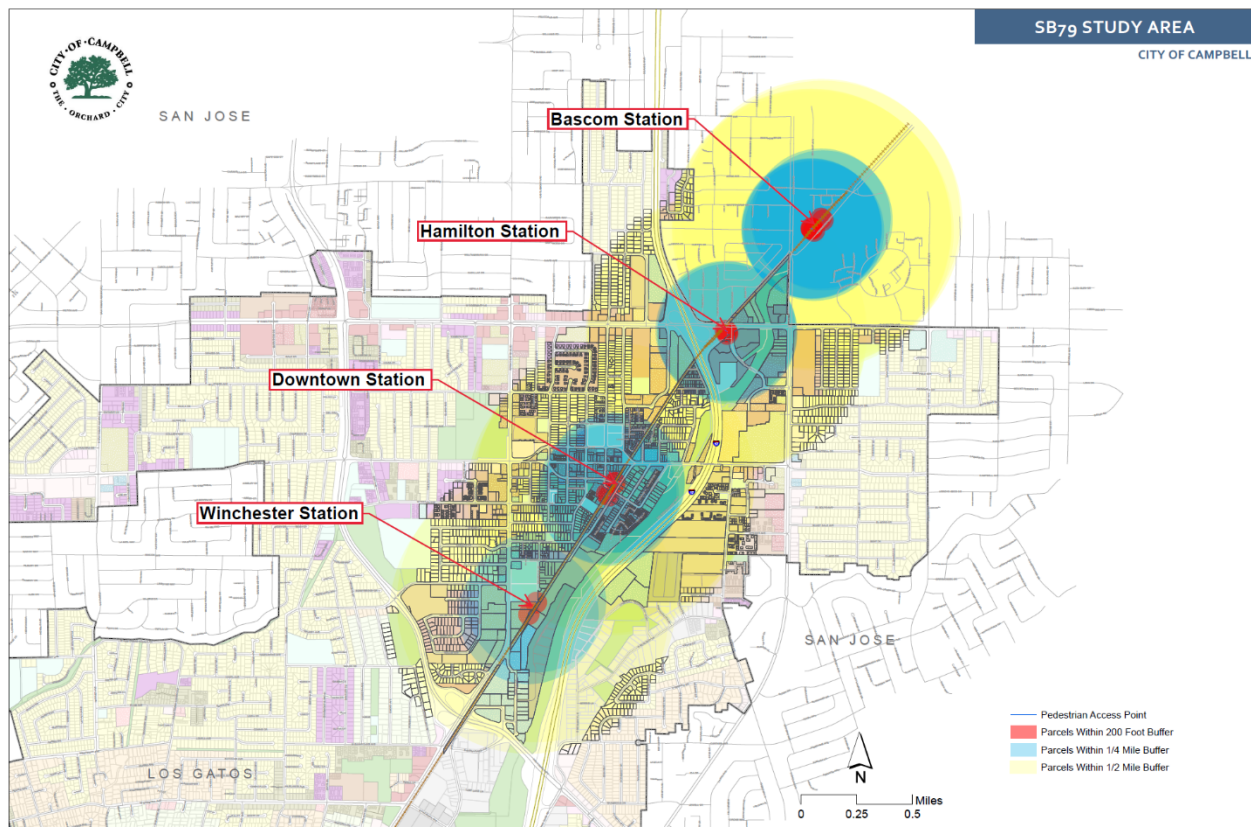
To qualify for SB 79, a project must satisfy all statutory eligibility criteria, including:

- **Housing development project.** The project must be a "housing development project" under the HAA, generally consisting of residential or mixed-use development with at least two-thirds of the floor area devoted to residential use.
- **No transient lodging.** No portion of the project may be designated for transient lodging, including hotels, motels, or bed-and-breakfast inns.
- **Five or more housing units.** The project must include five or more housing units.
- **Minimum density.** The project must be at least 30 dwelling units per acre or the minimum density required under local zoning.

- **Zoning.** The project must be located on a site that is zoned for residential, mixed-use, or commercial development.
- **Average unit size.** Individual housing units may not exceed 1,750 net habitable square feet, excluding garages, parking areas, and other non-habitable space.
- **Affordable housing.** The project must provide affordable housing the greater of:
  - The City’s local inclusionary housing requirement; or
  - The SB 79 affordability thresholds, which apply to projects of 11 units or more.
- **Prevailing wage.** Projects exceeding 85-feet in height must comply with prevailing wage and skilled and trained workforce requirements.

***B. Where SB 79 Applies in Campbell***

Within Campbell, SB 79 applies to areas located within one-half mile of four VTA light rail stations: Hamilton, Downtown Campbell, and Winchester Stations, as well as a limited number of properties within one-half mile of the Bascom Station located north of Hamilton Avenue in the City of San José. The one-half mile distance is measured in a straight line from the nearest edge of the parcel containing the proposed project to a pedestrian access point serving the applicable station.



**Figure 1 – SB 79 Study Area**

Because SB 79 does not define “pedestrian access point,” staff identified the access points that serve as the basis of the SB 79 Study Area Map (reference **Attachment 1**).

Under the statute, the metropolitan planning organization<sup>1</sup> is required to publish official maps, Staff's analysis reflects a conservative interpretation pending publication of those maps which are not anticipated to be produced until after the effective date of SB 79 (July 1, 2026).

As the bill only applies to areas currently zoned for residential, mixed-use, or commercial development, sites with an Industrial, Research and Development, Public Facilities, or Open Space land use designation are excluded. In addition, the City may exclude properties that lack a pedestrian access path of less than one mile, as well as qualifying historic sites (see related discussion under "Permanent and Temporary Site Exclusions Under SB 79"). Consistent with this framework, the city is advancing the consideration of site exclusions as an initial implementation action ("Phase 1"), tentatively scheduled for March 24, 2026.

### **C. Which SB 79 Standards Apply to Campbell**

Campbell's three light rail stations, as well as the Bascom Station located north of Hamilton Avenue in the City of San José, are classified as "Tier 2" transit stops under SB 79 and are therefore subject to the following standards, as described below:

- **Adjacent to a TOD stop** (within 200 feet of a pedestrian access point):
  - Maximum height: 85 feet
  - Maximum density: 140 dwelling units per acre
  - Minimum residential FAR: 4.0
  
- **Within one-quarter mile of a TOD stop:**
  - Maximum height: 65 feet
  - Maximum density: 100 dwelling units per acre
  - Minimum residential FAR: 3.0
  
- **Between one-quarter mile and one-half mile of a TOD stop:**
  - Maximum height: 55 feet
  - Maximum density: 80 dwelling units per acre
  - Minimum residential FAR: 2.5

Although SB 79 allows substantially more intensive residential development than currently planned, building heights are generally limited to **55 to 85 feet**<sup>[1]</sup>, depending on proximity to transit. As a result, the actual physical scale of development may be more constrained than implied by the density of development allowed. In addition, these standards cannot be increased through the State Density Bonus Law, including through waivers or concessions.

In order to allow reconciliation between SB 79 and the City's objective standards ("MFDDS") staff is recommending targeted updates to the MFDDS, as a related policy and zoning effort, to avoid unintended outcomes and ensure building heights are applied intentionally and consistently (see related discussion under "Related Policy and Zoning Updates").

### **D. Transit Agency Projects**

SB 79 also expands the ability of transit agencies to exercise land use authority over properties they own within a ½-mile radius of qualifying transit stops, allowing these agencies to establish their own minimum development standards for sites held before July 1, 2025.

In Campbell, the 1.6-acre Winchester Station property at 2400 Winchester Boulevard is the primary VTA-owned site with development potential. While VTA could adopt standards for building heights, residential density, and other parameters, the likelihood of major changes is low, as the site was recently approved for a housing development.

Any standards adopted by VTA would be subject to approval by the VTA Board of Directors. City staff will continue to coordinate with VTA staff concerning redevelopment of the Winchester site.

**E. Potential Community Impacts**

The city has proactively planned for high-density housing development around its light rail stations through its adopted Housing Element, identifying multiple housing sites as Transit-Oriented and prescribing residential densities up to 75 dwelling units per acre. These targeted opportunity sites reflect the City’s strategic approach to concentrating growth where infrastructure and transit access can best support it. However, the breadth of parcels affected by SB 79 extends well beyond the City’s planned opportunity sites, encompassing areas not previously intended for higher-density development.

While SB 79 establishes a clear statutory framework for increasing housing capacity near transit, applying these State standards in Campbell raises several implementation considerations, including:

1. Increase in Housing Capacity

SB 79 would impact **nearly 25% of Campbell’s land area**, creating the potential to increase housing capacity by **over ten times** beyond what was allocated under the previous Housing Element.

<b>RHNA 6 Assignment</b>	<b>SB 79 Additional Capacity</b>
<b>2,977 units</b> (RHNA assignment)	<b>±40,409</b> (after removal of historic properties; and sites >1 mile walk distance)

While most of these units remain theoretical for now, particularly as developers pursue lower-density projects based on current market conditions, they could be developed as economic conditions improve.

2. Impact on Low-Density Residential Areas

Depending on proximity to qualifying transit stops, SB 79 would require minimum residential densities that are substantially higher than those currently permitted in many low-density residential neighborhoods. In Campbell, maximum densities under SB 79 **would be at least 40 dwelling units per acre**, even in areas where existing development is predominantly single-family in character. This represents a significant departure from current zoning and could introduce redevelopment pressure in neighborhoods not historically planned for multifamily housing.

While other state laws, including SB 450 and SB 1123, already allow for increased density in single-family areas (up to 10 units per parcel), SB 79 would further expand these allowances by establishing higher maximum density standards tied to transit proximity.

### 3. Conversion Pressure on Downtown & Commercial Properties

SB 79 applies to sites zoned for residential, mixed-use, or commercial development and does not exempt properties designated for employment-generating uses. As a result, SB 79 may incentivize the conversion of commercial or light industrial properties to residential use, particularly in areas near transit where housing densities are highest.

Many of these areas were already subject to potential residential conversion under prior State legislation, including Senate Bill 6 (SB 6) and Assembly Bill 2011 (AB 2011), which authorize housing development on qualifying commercial and commercial corridor sites subject to specific affordability, labor, and project eligibility requirements. However, SB 79 increases the likelihood of redevelopment by allowing higher residential densities on sites located near transit and by expanding housing eligibility to include parcels dedicated to industrial use that were not previously eligible for residential development.

Of particular note for Campbell are properties south of Winchester Station along Camden Avenue, which carry a General Commercial / Light Industrial land use designation. Application of SB 79 standards in these areas could undermine long-term economic development objectives and reduce opportunities for job-generating uses if not carefully managed through available statutory tools, including a TOD Alt Plan or authorized site exclusions.

### 4. Risk to Mobile Home Parks

SB 79 does not categorically exempt mobile home parks from eligibility. As a result, mobile home park properties located within SB 79-eligible TOD zones could be subject to redevelopment pressure under the statute.

In Campbell, Timber Cove Mobile Home Park would be the most exposed of the City's two mobile home parks based on proximity to qualifying transit. The City's second mobile home park, Paseo de Palomas, is resident-owned, which may limit practical redevelopment risk.

The State is currently considering adopting a trailer bill to SB 79 that would explicitly exclude mobile home parks from eligibility. If adopted, it would provide additional protection for these communities without the City needing to take any action.

## **F. Permanent and Temporary Site Exclusions Under SB 79**

SB 79 also provides specific, statutorily authorized mechanisms for local governments to exclude certain sites from SB 79 eligibility through adoption of local ordinances subject to review by the Department of Housing and Community Development (HCD).

Relevant exclusion mechanisms include:

- **Permanent exclusion based on pedestrian access**, where a site within one-half mile of a TOD stop lacks a pedestrian access path of less than one mile, supported by substantial evidence; and
- **Temporary exclusion for historic resources**, applicable to sites designated on a local historic register as of January 1, 2025.

SB 79 requires any local exclusions from SB 79 applicability to be adopted by ordinance<sup>ii</sup> and submitted to the California Department of Housing and Community Development (HCD) in advance of the law taking effect on July 1, 2026. The statute provides HCD 90 days to review a submitted ordinance and determine whether the exclusions are consistent with the statute. During that period, HCD may object or require revisions. If HCD does not object within the review window, the exclusions are deemed effective.

In light of these requirements, staff has prepared and recommends adopting an urgency ordinance as a separate but related public hearing item at this same Council meeting to identify sites eligible for permanent or temporary exclusions under SB 79, including properties on Campbell's historic register and sites located more than one mile away by pedestrian travel. Adoption on March 24, 2026, will allow sufficient time for HCD review and confirmation of consistency before the statute's effective date. This approach allows the City to preserve its ability to implement site-specific exclusions authorized by SB 79, regardless of whether it elects to pursue a Transit-Oriented Development Alternative Plan, as described in the following section.

## II. **Transit Development Alternative Plan (TOD Alt Plan)**

In addition to site-specific exclusions, SB 79 authorizes local governments to adopt a TOD Alt Plan as a means of modifying how State development standards apply across TOD zones.

An Alternative Plan may take the form of a zoning ordinance, overlay, specific plan, or Housing Element program and may be applied citywide, to multiple TOD stations, or to individual TOD areas. Unlike permanent and temporary exclusions, a TOD Alt Plan does not need to be adopted by July 1, 2026; however, it must be submitted to and reviewed by HCD and reevaluated as part of the next Housing Element cycle.

SB 79 imposes several key guardrails on TOD Alt Plans, including:

- **Overall Capacity:** The plan must maintain at least the same total net zoned housing capacity, measured in both dwelling units and residential FAR, as would be allowed under direct application of SB 79. Existing units and existing developed floor area must be discounted when calculating net capacity.
- **Site Specific Limits:** The plan may not reduce the maximum residential density or FAR on any individual site, on which the plan allows residential use, by more than 50 percent of what SB 79 would otherwise allow, except for limited categories such as historic resources or hazard-constrained sites. The plan may also not increase site capacity beyond 200 percent of the SB 79 maximum on any individual parcel.
- **Station-Area Limits:** The plan may not reduce total residential capacity within a single TOD zone by more than 50 percent.

Within these statutory parameters, the City retains some flexibility to redistribute density, establish locally tailored development standards, and shape long-term development patterns around transit. At the same time, these guardrails constrain the degree to which a TOD Alt Plan can meaningfully reduce development capacity or materially alter near-term development outcomes.

The following discussion provides an overview of the potential advantages and disadvantages of preparing a TOD Alt Plan under SB 79, focusing on how the remaining areas of local discretion could be used and whether pursuing a TOD Alt Plan would provide sufficient policy or implementation benefits to justify the required effort and cost at this time. Additionally, the discussion includes examples illustrating the potential land use outcomes of pursuing or not pursuing a TOD Alt Plan.

#### **A. Potential Advantages of Adopting a TOD Alt Plan**

The items below summarize key reasons why it may be appropriate for the City to consider preparation of a TOD Alt Plan, especially from a long-range policy perspective:

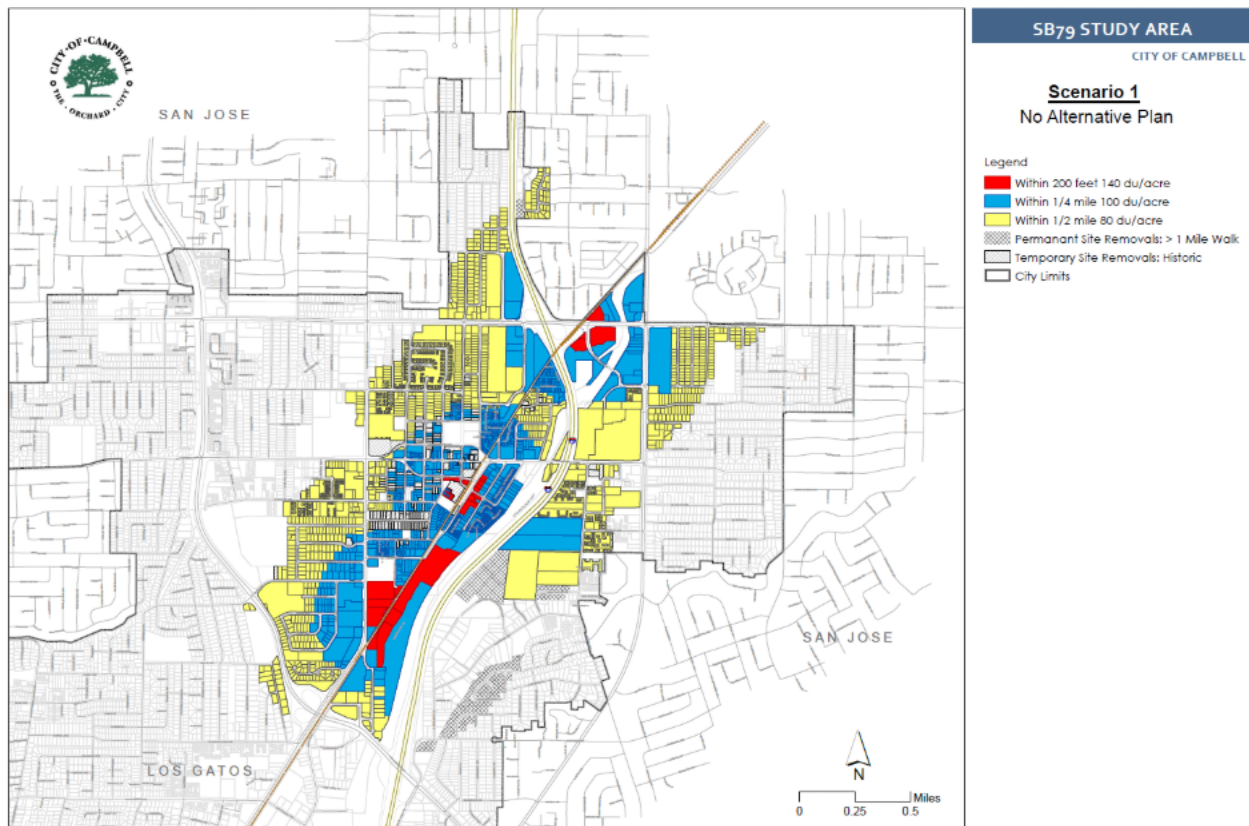
- **Reassignment of Development Capacity.** Provides the City with a mechanism to evaluate and redistribute residential density and development capacity across transit-oriented development areas in a deliberate and analytically supported manner, including directing higher-intensity development away from established single-family neighborhoods, the Downtown area, historic sites, and commercially important sites that are critical to the City's long-term economic viability.
- **Preservation of Areas Designated for Commercial Use.** A TOD Alternative Plan may exclude commercial sites that do not permit residential use, such as The Home Depot, Legacy Hamilton Plaza, or the Hamilton Shopping Center (anchored by Wholefoods). Accordingly, the City may preserve key commercial properties or uses provided that the corresponding loss of capacity is made up for on other sites.
- **Option to Designate Additional Areas/Sites as Historic.** Without a TOD Alternative Plan, the City may only exclude sites that were designated on a Historic Register prior to January 1, 2025. Under a TOD Alternative Plan, however, the City may designate additional sites as historic and exclude them from applicability, provided that such designations do not exceed 10 percent of the eligible area within any transit-oriented development zone and provided that the corresponding loss of capacity is made up for on other sites.
- **Option to Establish Higher Minimum Densities.** As part of a TOD Alternative Plan, the City could consider establishing higher minimum densities to better align with the new maximum densities allowed under SB 79. For sites that do not currently have a residential land use designation, the minimum density would default to 30 dwelling units per acre. As a result, if development proposals are submitted for these sites, key parcels could be developed with lower-density townhome projects which are favorable to build under current market conditions unless the City increases the minimum density to narrow the allowable density range. For example, the City's Transit-Oriented Mixed-Use

land use designation currently establishes a range of 57–75 dwelling units per acre. Similarly, areas affected by SB 79 could be assigned higher minimum densities (57+) to ensure development outcomes that better support transit-oriented goals and better utilize non-residential properties redeveloped for housing.

- **Advance Housing Element Planning.** Allows the City to begin addressing how state-mandated capacity is allocated in advance of the next Housing Element update, rather than deferring those determinations to a compressed Housing Element schedule.

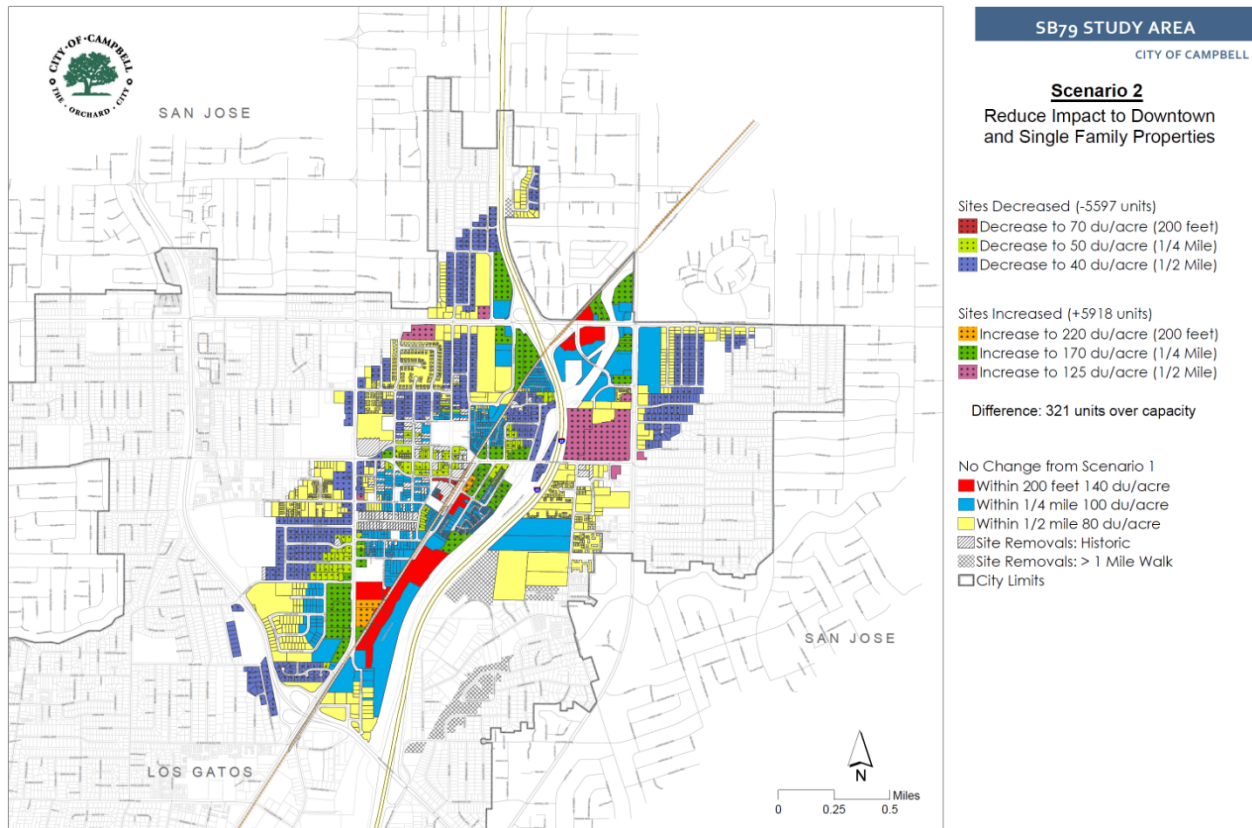
To help illustrate the potential benefits of adopting a Transit-Oriented Development (TOD) Alternative Plan, the following maps present three scenarios: (1) not adopting a TOD Alternative Plan, (2) adopting a TOD Alternative Plan that reduces impacts in sensitive areas, and (3) adopting a TOD Alternative Plan that prioritizes housing growth in already planned higher-density areas.

The first map shows the potential impact of SB 79 if the City does not adopt a TOD Alternative Plan. In this scenario, the default densities established by SB 79 would apply.



**Figure 2 – Outcome without TOD Alternative Plan (Attachment 2)**

The second scenario illustrates how the City could reduce potential impacts to the downtown and single-family areas by reducing the density assigned by SB 79 in those locations by half, in exchange for increasing the allowable density on sites already designated for higher-density housing, including parcels with High Density Mixed-Use (HD-MU), Commercial Corridor Mixed-Use (CC-MU), and Transit-Oriented Mixed-Use (TO-MU) land use designations.



**Figure 3 – Scenario 2 – Reduce Impact to Downtown & Single-Family Properties**

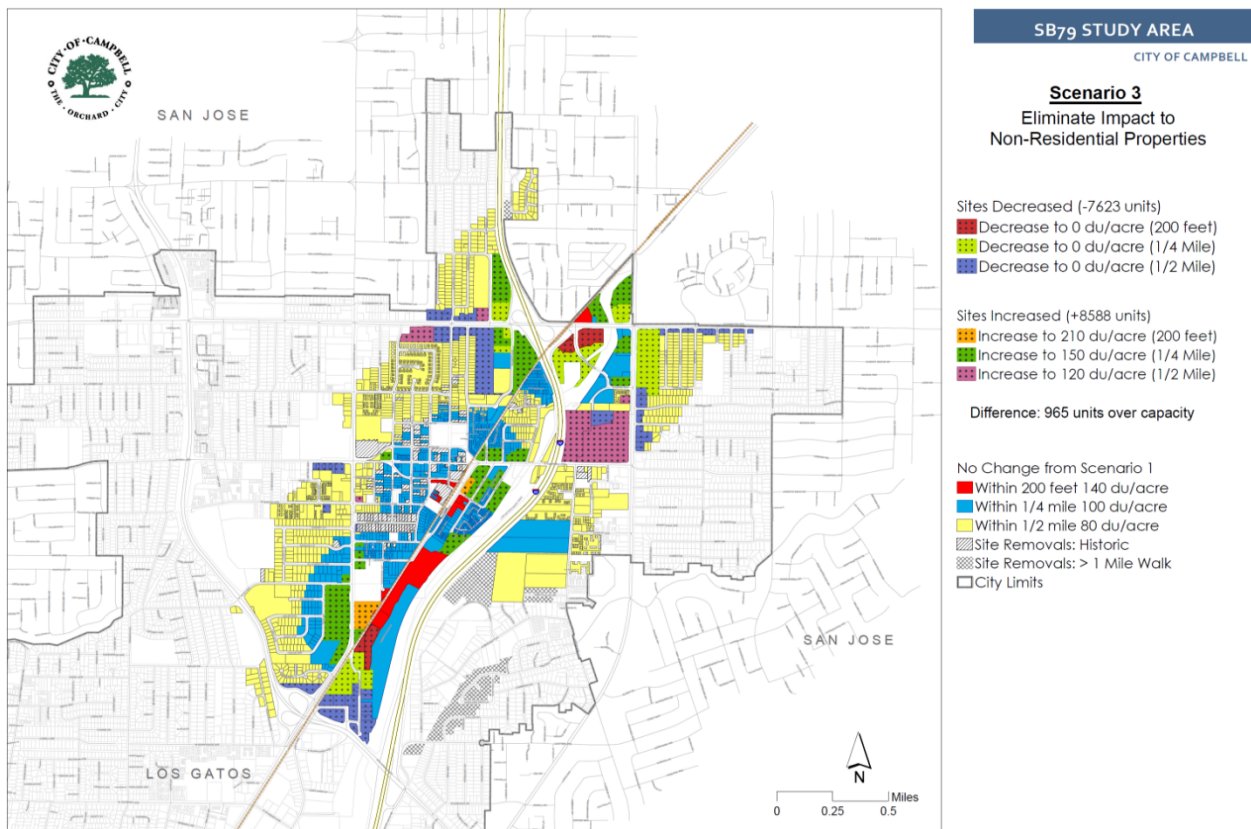
	<b>Existing Max. Density<sup>1</sup></b>	<b>Scenario 1 Without TOD Alternative Plan</b>	<b>Scenario 2 Reduce Impact to Downtown and Single-Family Properties<sup>2</sup></b>
<b>Downtown Areas</b> (Central Business Mixed-Use)	33 du/ac	80 du/ac (1/2 mile)	50 du/ac (predominantly)
<b>Single-Family Neighborhoods</b> (Low-Density Residential)	<7.5 du/ac	100 du/ac (1/4 mile) 140 du/ac (200 ft)	40 du/ac (predominantly)

<sup>1</sup> Utilizing the City’s small-unit density bonus program and density increases allowed under State Density Bonus law, the actual maximum allowable density is significantly greater.

<sup>2</sup> Predominantly, outcomes on individual properties will vary based on proximity to qualifying transit stop.

<b>HD-MU, CC-MU, &amp; TO-MU</b> (High Density Residential)	45, 60, & 75 du/ac respectively		125 du/ac (½ mile)  170 du/ac (¼ mile)  220 du/ac (200 ft.)
--	---------------------------------------	--	---

The third scenario illustrates how non-residential properties, including parcels with a General Commercial (GC), General Commercial/Light Industrial (GC/LI), Professional Office (PO), and Neighborhood Commercial (NC) land use designations, many of which may be particularly susceptible to redevelopment under SB 79 and currently support employment and generate significant sales tax revenue (reference **Attachment 5 – Economic Development Considerations**) could be excluded from SB 79. In exchange, the City could maximize the densities allowed under SB 79 on sites already planned for higher-density housing, including parcels with HD-MU, CC-MU, and TO-MU land use designations.



**Figure 4 – Scenario 3 - Eliminate Impact to Non-Residential Properties (Attachment 4)**

	<b>Existing</b>	<b><u>Scenario 1</u></b>	<b><u>Scenario 3</u></b>
--	-----------------	--------------------------	--------------------------

	<b>Max. Density</b>	<b>Without TOD Alternative Plan</b>	<b>Reduce Impact to Non-Residential Properties<sup>3</sup></b>
<b>GC, GC/LI, PO, NC</b> (Commercial)	0 du/ac	80 du/ac (½ mile)	0 du/ac
<b>HD-MU, CC-MU, &amp; TO-MU</b> (High Density Residential)	45, 60, & 75 du/ac respectively	100 du/ac (¼ mile) 140 du/ac (200 ft)	160 du/ac (½ mile) 200 du/ac (¼ mile) 280 du/ac (200 ft.)

Scenario 2 and Scenario 3 demonstrate the potential benefits of adopting a TOD plan if the City chooses to pursue it. Further refinement will be required, including consideration of public input and how other City actions, such as those described under "Option 3," could be implemented in combination with a TOD plan.

**B. Potential Disadvantages and Considerations**

The items below summarize key considerations that may weigh against initiating a TOD Alt Plan in the near term, including market feasibility, statutory limitations, costs, and resource demands.

- **Limited Near-Term Redevelopment Likelihood.** Under current market conditions, the likelihood of significant redevelopment that would fully leverage SB 79 incentives in the near term appears relatively low. Most properties are not economically or logistically positioned for higher-density development without major lot consolidation, which introduces significant additional costs, complexity, and risk. Market demand for higher-density residential projects remains weak, and financing such projects is challenging in the near term. Moreover, the sites most capable of supporting redevelopment are already designated as Housing Opportunity Sites in the Housing Element, meaning that any incremental benefits from a TOD Alternative Plan would likely be minimal in the foreseeable future.
- **Statutory Constraints on Outcomes.** SB 79 significantly constrains the City’s ability to reduce development capacity and intensity on parcels within its affected area. Even with a TOD Alt Plan, the City must maintain most of the state-mandated capacity.

For example, SB 79 states that a TOD Alt Plan may only reduce the assigned maximum residential density of a site that allows residential use by half of its initial assignment. Thus, for the single-family neighborhoods in the ½ mile radius affected by SB 79 with a prescribed density of 80 du/acre, the TOD Alt Plan can only reduce this density to 40 du/acre.

However, a TOD Alt Plan may be used to eliminate eligibility for sites that do not permit residential use – including sites in the City with a Commercial/Light Industrial land use designation.

---

<sup>3</sup> Predominantly, outcomes on individual properties will vary based on proximity to qualifying transit stop.

- **Process and Timeline Requirements.** Preparation of a TOD Alt Plan would require a substantial planning process, including technical capacity analysis, policy development, public outreach, and HCD review. As the TOD Alt Plan is a new process, there is no established track record for estimating the time needed to prepare a Plan and complete the HCD review. Based on experience from preparation of the last Housing Element, staff roughly expects the process could take 12-18 months. The plan must also be revisited and potentially amended as part of the next Housing Element cycle, creating ongoing workload commitments.
- **Legislative Uncertainty.** Preparation of a Transit-Oriented Development (TOD) Alternative Plan may not be warranted at this time due to ongoing legislative and regulatory uncertainty surrounding SB 79.

The bill's author, Senator Scott Wiener, is currently working with Senator Aisha Wahab and Assembly member Alex Lee on amendments to address concerns related to [mobile home parks and potential displacement](#). Because targeted updates to the bill are actively being discussed, there is a reasonable possibility that the statutory framework will change. Initiating a TOD Alt Plan now could result in expending resources on a planning effort that may need to be revised or restarted once amendments are adopted.

- **Limited Staff Resources, Costs, Competing Workplans** Development of a TOD Alt Plan would require significant staff time in addition to consultant support. Dedication of staff time to preparing the TOD Alt Plan would compete with other high-priority policy initiatives and state-mandated planning efforts, such as completion of the Hamilton Avenue Precise Plan and adoption of ordinances implementing other state housing laws. The city currently has five urgency ordinances requiring follow-up, including those related to SB 450, SB 1123, SB 1211, the City's Wireless Ordinance, and the Tobacco Ordinance. Staff estimates that the consultant costs needed to support the plan will be between roughly \$100,000 and \$300,000.

## Related Policy and Zoning Updates

In addition to Senate Bill 79 implementation, the City is currently working on several related policy and zoning matters that affect many of the same geographic areas and regulatory topics as SB 79.

### 1. By-Right Housing (BRH) Update

The City will be required to update its Zoning Map and associated By-Right Housing Overlay regulations in response to the recent appellate court decision in *New Commune DTLA LLC v. City of Redondo Beach*. That decision clarified that housing overlays used to satisfy Housing Element site inventory requirements may not continue to allow nonresidential development on sites relied upon to meet RHNA obligations. In short, a By Right Housing zoning designation must only allow residential development and cannot continue to allow commercial development. As the city assigned its By-Right Housing Overlay to several commercial sites, such as shopping centers, it must modify and re-assign the zoning to avoid conflicts with ongoing commercial uses.

## 2. Multi-Family Development and Design Standards (MFDDS)

When the City of Campbell adopted its Multi-Family Development and Design Standards in 2023, it was acknowledged that the standards would need to be tested and refined over time to reflect best practices and staff experience. Subsequent changes to state law have reinforced the need for updates and revising the MFDDS with local implementation of SB 79 would help ensure the standards appropriately account for increased residential densities.

Thus, staff recommends the city adopt adjustments to the MFDDS to prevent unintended outcomes under SB 79, where inaction may result in development intensities exceeding those required by state law.

For example, in areas without an existing form-based zone, such as single-family residential neighborhoods, the MFDDS currently assigns zones and standards based on project density, which could allow building heights of up to 75 feet, exceeding the requirements of SB 79 for properties located more than 200-feet from a pedestrian access point. In these situations, staff recommends targeted updates to ensure that building heights and development intensities are applied intentionally, consistently, and in alignment with state law.

## 3. MTC Transit-Oriented Communities Policy

The City's consideration of SB 79 implementation may occur alongside its evaluation of consistency with the Metropolitan Transportation Commission's Transit-Oriented Communities (TOC) Policy, as discussed at the Planning Commission study session on [October 28, 2025](#).

MTC's TOC Policy prescribes that cities adopt certain high density residential standards and more intensive commercial floor area ratio requirements in areas around transit stations, in addition to actions to minimize parking and support multimodal planning and housing and business support programs. While adoption of MTC's TOC Policy is not required, compliance helps the City's competitiveness for future regional transportation funding opportunities, including the One Bay Area Grant (OBAG 4) program. Several SB 79 provisions, particularly those establishing maximum residential density near transit, directly advance TOC objectives, while other TOC policy areas would require separate and discretionary City action. **If the city does pursue adoption of a TOC Alt Plan, staff recommends concurrently pursuing updates to address TOC policy consistency.**

## 4. Urban Land Institute Technical Advisory Panel (ULI-TAP) Recommendations

The Urban Land Institute Technical Advisory Panel (ULI-TAP) recommendations for the East Campbell Avenue corridor also intersect with SB 79 implementation. The TAP emphasized enabling higher-density residential development, improving walking and multimodal access, and focusing investment on catalyst sites to better connect Downtown Campbell and the Pruneyard. These recommendations align geographically with SB 79-affected station areas and may inform how development capacity and public realm improvements are considered as part of a broader station-area planning approach.

## **IMPLEMENTATION OPTIONS**

To support Council deliberation, staff has identified three principal implementation pathways. Each option preserves the City's ability to adopt site-specific exclusions under SB 79, which are being advanced separately through the proposed urgency ordinance presented under a separate agenda item.

### **Option 1 – Direct staff to initiate preparation of a TOD Alt Plan immediately**

This approach would position the City to proactively respond to SB 79 prior to its effective date of July 1, 2026. Initiating work now would allow staff to develop a scope of work and release a request for proposals for consultant services, positioning the City to execute a contract promptly once the law and related guidance are clarified. This approach could allow work to commence with minimal delay.

**Staff believes commercial parcels present the greatest potential for development under SB 79 and, for that reason, would likely recommend focusing a TOD Alternative Plan on these areas (Scenario 3 above).** While the plan could also evaluate single-family neighborhoods and the Downtown area, development in these locations would likely require significant lot consolidation and is further constrained by limits on shifting density from these areas. As a result, staff believes there is less immediate need to focus on these areas.

However, if SB 79 is substantially modified through a budget trailer bill or other legislative action that takes effect as early as July 1, 2026, it may be necessary to recirculate the RFP to ensure alignment with final statutory requirements. While this option provides the most proactive timeline, it requires committing staff time and consultant procurement resources in advance of finalized mapping and potential legislative changes.

### **Option 2 (Staff Recommended) – Defer consideration of initiation**

Under this approach, the city would wait until MTC publishes the official SB 79 station area maps and the California Department of Housing and Community Development provides related implementation guidance before initiating preparation of a TOD Alt Plan. Deferral would provide clarity regarding the specific parcels affected, applicable density standards, and procedural requirements.

This timing would also allow the City to evaluate the scope and funding of a TOD Alt Plan following adoption of the annual budget, providing a more refined understanding of available resources and how this effort would compete with or complement other Council priorities.

Overall, this option reduces the risk of duplicative work or premature policy decisions, allows the City to account for any legislative amendments that may occur in July, and ensures that scope, cost, and strategy are grounded in finalized mapping, clear statutory direction, and confirmed budget capacity. A second option available to the City in a delayed approach to preparing a TOD Alt Plan would be to enfold the work into the next Housing Element (7<sup>th</sup> Cycle) update, starting in 2031. While this would be a notable delay, it allows for an economy of scale and a reduction in duplication of efforts.

Under Option 2, staff recommends providing an update to Council in the fall of 2026 with more information on the status of SB 79 (amendments to the law, HCD guidance) and recommendations on next steps

### **Option 3 – Evaluate targeted land use and zoning amendments as an alternative to a TOD Alt Plan**

Under SB 79, certain industrial properties with a mixed-use designation may be at risk of conversion to residential uses. This option would direct staff to explore targeted General Plan and zoning map amendments to align certain properties with a General Commercial/Light Industrial land use designation consistent with their existing use (e.g., redesignating a site such as Hayward Lumber as Industrial rather than Commercial/Industrial), as an alternative to preparing a TOD Alt Plan. Because SB 79 applies to sites that allow residential uses, redesignating parcels with an industrial land use to match their active use could remove them from the statute's applicability. In the near term, this approach could provide temporary protection for select sites, but it would not achieve the full benefits of a TOD Alt Plan in terms of shifting residential densities among parcels to better manage growth and station-area development.

A key advantage of this option is that it would not require review or approval by the California Department of Housing and Community Development (HCD), which could allow the City to pursue the changes on a faster timeline. Because the amendments would involve relatively targeted land use and zoning updates, the effort could likely be completed with limited or no outside consultant support, relying primarily on existing staff resources. However, this strategy is legally more tenuous, as it could invite scrutiny or challenge from the California Department of Housing and Community Development or other parties. The Legislature could also act to close such a gap through subsequent amendments and potentially apply those changes retroactively. Accordingly, the legal defensibility and long-term durability of this approach would require careful evaluation.

### **Option 4 – Allow SB 79 to take effect without further action.**

Under this option, the City would not pursue preparation of a Transit Oriented Development (TOD) Alternative Plan or initiate targeted land use and zoning amendments in response to SB 79. Instead, the City would allow the statute to take effect

as written and continue administering development proposals consistent with State law and existing local regulations.

If no action is taken, the City would retain its current General Plan land use designations and zoning framework within station areas. However, beginning July 1, 2026, development proposals that qualify under SB 79 could proceed with the standards and allowances established by State law, which may override certain local development regulations in applicable areas.

This approach would require the least immediate staff effort and would avoid the need for near-term policy or zoning updates. However, it would also forgo the opportunity for the City to proactively shape how SB 79 is implemented locally, including the ability to designate areas for exclusion through a TOD Alternative Plan or to explore land use changes intended to preserve certain existing commercial or industrial sites.

## **FISCAL IMPACT**

There is no immediate fiscal impact associated with providing direction.

If the City Council directs preparation of a Transit-Oriented Development Alternative Plan (TOD Alt Plan) or pursues Option 3 to evaluate targeted land use and zoning amendments, consultant costs are estimated between **\$100,000 and \$300,000** depending on the scope of work.

- **Under Option 1**, staff would proceed with a request for budget appropriation now, in advance of the FY 2026-27 budget, to allow the City to issue a request for proposals and potentially award a contract promptly once the law and guidance are clarified.
- **Under Option 2 (Staff Recommended)**, the budget request and subsequent RFP and contract award would occur following adoption of the FY 2026-27 budget, allowing Council to confirm available funds and prioritize this effort alongside other budget items.
- **Under Option 3**, little to no consultant support is anticipated to evaluate site-specific land use and zoning amendments. Staff would return to the City Council to request a budget appropriation only if challenges arise that cannot be addressed with existing staffing resources.
- **Under Option 4**, no direct costs would be incurred. However, over the longer term, the City could experience a loss of revenue if key commercial properties are redeveloped with non-commercial uses.

All work would be subject to budget authorization and the availability of funds.

## **PUBLIC OUTREACH**

Courtesy notifications were provided via the City's email service, SB 79 project website, and agenda center. No public comments were received at the time of report preparation.

## **ENVIRONMENTAL DETERMINATION**

This Study Session is not a "project" under CEQA (CEQA Guidelines §15378) as it involves policy review only. CEQA review will occur as part of future planning efforts as described in the staff analysis and/or potential future actions.

[□](#) While these height limits generally may not be exceeded, even when utilizing State Density Bonus Law, projects that meet the requirements of Government Code section 65915(d)(2)(D) may be eligible for an additional height increase of up to three stories, or 33 feet.

**PREPARED BY:** Stephen Rose, Senior Planner

## Report Approval Details

Document Title:	Discussion of SB 79 Impacts in Campbell and Council Feedback on Preparation of a Transit Oriented Development Alternative Plan (TOD- Alt Plan).docx
Attachments:	Attachment 1 - SB79 Study Area.pdf.pdf Attachment 2 - Scenario 1 (No TOD Alternative Plan).pdf.pdf Attachment 3 - Scenario 2 (Reduce Impacts to Downtown & SFR).pdf Attachment 4 - Scenario 3 (Eliminate Impacts to Nonresidential Properties).pdf Attachment 5 - Economic Development Considerations.pdf
Final Approval Date:	March 18, 2026

This document and all of its attachments were approved and signed as outlined below:



Rob Eastwood, Community Development Director



Will Fuentes, Finance Director



Andrea Sanders, City Clerk



Brian Loventhal, City Manager

---

<sup>i</sup> For Santa Clara County, the metropolitan planning organization is the Metropolitan Transportation Commission (MTC).

<sup>ii</sup> And