



AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: William Gilchrist
Director, Planning and
Building

SUBJECT: Amendments to Planning Code
Chapter 17.96 S-14 Housing Sites
Combining Zone Regulations

DATE: January 26, 2026

City Administrator Approval


Jestin Johnson (Feb 12, 2026 18:36:02 PST)

Date: Feb 12, 2026

RECOMMENDATION

Staff Recommends That The City Council Conduct A Public Hearing And, Upon Conclusion, Adopt An Ordinance, As Recommended By The Planning Commission:

- 1) Amending Title 17 Of The Oakland Municipal Code (The Planning Code) To:**
 - a. Amend Chapter 17.96 S-14 Housing Sites Combining Zone To Update The Definition of Development Project And To Include A Conditional Use Permit Procedure for Non-Housing Developments; And**
 - b. Update “Work/Live” And “Live/Work” Residential To Non-Residential Unit Area, As Referenced Throughout Title 17, To Correspond With Revisions To The California Building Code and Oakland Building Regulations; And**
- 2) Making Appropriate California Environmental Quality Act Findings.**

EXECUTIVE SUMMARY

The Housing Sites Inventory, adopted into the Planning Code as the S-14 Housing Sites Combining Zone, is a crucial part of the Oakland General Plan Housing Element, which identifies the City's "fair share" capacity to meet regional housing production quotas for all income categories as required by CA Government Code Section 65583.2(c). The S-14 Zone provides a by-right review process for projects proposed on Housing Element Sites so long as the project meets specified affordable requirements. The S-14 Zone has helped to provide streamlined development review, but staff continue to hear a growing concern that it may also be serving as a constraint on the activation of vacant or minimally developed parcels in the City.

The proposed ordinance would include provisions to amend Chapter 17.96 S-14 Housing Sites Combining Zone Regulations of the City of Oakland (City) Planning Code (Title 17 of the Oakland Municipal Code) to include a pathway to allow for non-residential development on Housing Element Inventory Sites if the proposal meets certain Conditional Use Procedure

CED Committee
February 24, 2026

(CUP) findings, including a no net loss or surplus sites determination. This procedure has been discussed with and accepted by State Department of Housing and Community Development (HCD).

The proposed amendments do not reduce Oakland's Housing Element capacity below state-mandated requirements. Non-residential projects on S-14 sites would only be approved upon a demonstrated no-net-loss finding consistent with Government Code Section 65863, ensuring the City maintains adequate capacity to meet its remaining RHNA obligations by income level.

Additionally, staff is proposing amending applicable "Work/Live" and "Live/Work" development standards across seven chapters of the Planning Code to provide consistency with the California Building Code (C.B.C.) Standards and Oakland Building Regulations.

BACKGROUND / LEGISLATIVE HISTORY

S-14 Housing Sites Combining Zone

To address an ongoing housing crisis and meet state law, Oakland's 6th Cycle Housing Element (2023–2031) directs the City to close the gap between affordable and market-rate housing production by expanding affordable housing opportunities. Among many other strategies, this is accomplished through Action 3.4.10, which calls for the City to implement a Housing Sites Overlay Zone to permit sites included in the Housing Element Sites Inventory to develop with mixed-income and affordable housing by right.

The sites inventory is a crucial part of the Oakland Housing Element, which identifies the City's "fair share" capacity to meet regional housing production quotas for all income categories as assigned by the State Department of Housing and Community Development (HCD) and the Association of Bay Area Governments (ABAG) through the Regional Housing Needs Allocation (RHNA).

On October 3, 2023, Oakland adopted the S-14 Overlay Zone to implement Action 3.4.10. The S-14 Zone provides a by-right review process for projects proposed on Housing Element Sites from prior Housing Element cycles so long as twenty percent (20%) of the units will be affordable to lower income households. An additional by-right approval process is available for sixth cycle sites that are not included in prior housing elements where the project meets specified affordable housing and minimum density requirements. This provision goes above and beyond state requirements for prior cycle by right review.

The S-14 Housing Sites Combining Zone has helped to provide streamlined development review; however, as previously noted, staff continue to hear a growing concern that it may also be constraining the activation of vacant or minimally developed parcels in the City and related economic and community opportunities. Staff have proposed updating the majority residential use requirements as we have continued to receive applications on S-14 sites that do not meet those requirements. For example, there have been cases in which businesses on S-14 Housing Element sites have been prevented from expanding their existing square footage, including development on existing parking lots, due to S-14 regulatory thresholds that would require the inclusion of housing units. These regulatory constraints have impacted nonprofits and other community-serving enterprises that directly benefit Oaklanders.

Due to these cases and circumstances under which they could be appropriately developed in an S-14 Zone, city staff propose to add a provision to the S-14 Zone to allow non-residential development to proceed upon the issuance of a Conditional Use Permit (CUP). The CUP would need to make certain findings, including finding of No-Net-Loss of housing development sites. consistent with the California Government Code Section 65863.

On November 20, 2025, City staff met with representatives from the State Department of Housing and Community Development (State HCD) to discuss the proposed zoning amendments and to obtain guidance on maintaining consistency with the Housing Element Action 3.4.10 program commitment. State HCD confirmed in a written email that the proposed modifications to the S-14 overlay are consistent with Housing Element Action 3.4.10. Specifically, State HCD indicated that allowing non-residential projects on S-14 sites through a Conditional Use Permit (CUP) process—supported by findings that include a no net loss or surplus sites determination—would comply with Action 3.4.10 of the Housing Element.

Planning Commission Recommendation

On January 21, 2026, City staff presented to the Planning Commission the proposed amendments to the Planning Code that would allow for non-housing development in the S-14 Combining Zone through a CUP, under the condition that the proposed development would provide substantial community or economic benefit and the development would contribute to a no-net loss of housing development sites. The Planning Commission unanimously recommended that the City Council approve the proposed Planning Code amendments as stated below:

Recommend That The City Council Conduct A Public Hearing And, Upon Conclusion, Adopt An Ordinance:

- 1) Amending Title 17 Of The Oakland Municipal Code (The Planning Code) To:
 - a. Amend Chapter 17.96 S-14 Housing Sites Combining Zone To Update The Definition of Development Project And To Include A Conditional Use Permit Procedure for Non-Housing Developments; And
 - b. Update “Work/Live” And “Live/Work” Residential To Non-Residential Unit Area, As Referenced Throughout Title 17, To Correspond With Revisions To The California Building Code and Oakland Building Regulations; And
- 2) Making Appropriate California Environmental Quality Act Findings.

With the following revision from the Planning Commission:

To include in the Ordinance authorization and direction to staff to create Administrative Guidelines to describe to the public the standards that must be met to satisfy the use permit criteria described in Planning Code Chapter 17.96.

ANALYSIS AND POLICY ALTERNATIVES

The proposed Ordinance to amend Chapter 17.96 S-14 meets the Citywide priority of housing, economic, and cultural security because it allows for S-14 sites to be used for economic and

community needs to activate vacant and underutilized parcel if there is a no net-loss finding to show there are still adequate housing sites available to meet the City's RHNA obligation.

The following Planning Code chapters are proposed to be amended:

1. Chapter 17.96 S-14 Housing Sites Combining Zone Regulations to Amend Applicable Development Provisions:

- The S-14 zoning includes a definition of what constitutes a "Development Project." An amendment would clarify the "Development Project" definition and enable limited expansion for businesses within existing buildings.
 - The following project types are now clearly defined to **not** be included in the definition of a "Development Project:" Development Project does not include the making of improvements, renovations, or updates to an existing building; adding floor area to an existing building that is occupied by a business established in that building on or before January 1, 2026; or the placement of temporary structures.
 - And, the following project types are clearly defined to be a "Development Project:" Adding floor area to an existing building that is occupied by a business established in that building after January 1, 2026 where the square footage of the building is increased by 50% or more than 30,000 square feet (whichever is less).
 - Additional non-residential expansion could be allowed via the proposed Conditional Use Permit process as outlined below.
- Section 17.96.040 currently requires all development on S-14 Housing Sites to either constitute a majority residential use or meet one of the four exemptions listed. A proposed amendment would include an additional exemption from the majority residential use requirement via the Conditional Use Procedure (CUP) process. A CUP for non-housing development would be granted only if the proposal conforms to all applicable general use permit criteria provided under Section 17.134.050 and conforms to both of the following findings:
 - The proposed development will provide substantial economic or community benefit to the surrounding neighborhood; and
 - The City shall find, based on substantial evidence in the record at the time of approval, that the proposed development will not result in a reduction of residential capacity necessary to accommodate the City's remaining RHNA obligation for the 2023–2031 Housing Element cycle, consistent with Government Code Section 65863 (No Net Loss). This finding shall quantify the City's progress toward RHNA by income level, the remaining unmet need by income level, and the remaining realistic capacity of Housing Element inventory sites by income level.

In order for a proposed project to receive a CUP pursuant to Section 17.96.040, the number of dwelling units shown as the realistic capacity for the proposed development site would need to be accommodated on other identified housing inventory sites.

- These proposed amendments do not alter or limit the by-right opportunities for mixed-income and affordable housing proposed within the S-14 Housing Sites Combining Zone.

2. “Work/Live” and “Live/Work” Development Standards Amendments to Provide Consistency with Building Code Regulations:

- In order to be consistent with recent amendments to the Oakland Building Code (in response to California Building Standards Code updates), a set of amendments are proposed to Chapter 17.65 HBX Housing and Business Mic Commercial Zone Regulations, Chapter 17.73 CIX, IG and IO Industrial Zones Regulations, Chapter 17.101E D-CE Central Estuary District Zones Regulations, and Chapter 17.101K D-DT Downtown District Zones Regulations to update specific regulations for “Work/Live” and “Live/Work” Development Standards. The proposed set of amendments would update the maximum non-residential unit area from existing ratios to not allow more than fifty (50) percent for non-residential square footage in “Work/Live” and “Live/Work” units throughout the Planning Code.

FISCAL IMPACT

Implementation of these changes will be a component of the existing approval process administered by the Department of Planning and Building, which collects fees for such review and approvals as established in the Master Fee Schedule. Staff will inform the public of the new regulations as part of all applicable inquiries and apply the new regulations as part of all applicable planning and building permit applications. Staff will also develop any application materials including summaries and guides using internal resources and staff’s time. Implementation will require additional staff time for preparation of Administrative Guidelines but is not anticipated to require new appropriations.

PUBLIC OUTREACH / INTEREST

A public hearing was conducted by the Planning Commission (PC) on January 21, 2026. The PC meeting was noticed in the *Oakland Tribune* on January 2, 2026.

The Planning and Building Department has received feedback in recent years about the challenges associated with meeting S-14 Zone requirements while pursuing development opportunities that could be considered under a CUP if the S-14 Zone were amended accordingly. The proposed amendments would facilitate the activation of vacant or underutilized S-14 sites, support economic and community vitality, and help retain businesses that can both support existing residents and attract new housing.

COORDINATION

Planning staff, in consultation with the City Attorney’s Office, drafted the proposed Planning Code amendments. The City’s Economic and Workforce Development Department engaged in

early discussions to identify the issues to be addressed. This report and legislation have been reviewed by the Office of the City Attorney and by the Budget Office.

SUSTAINABLE OPPORTUNITIES

Economic: By amending the Planning Code to provide a Conditional Use Process for non-residential development in the S-14 Housing Sites Combining Zone, the proposed Planning Code amendments would allow for commercial development on sites that are currently vacant and would otherwise not be developed in the foreseeable future. Allowing this development will support existing communities by revitalizing unused or underused buildings or space, providing commercial services and amenities, and expanding potential for local jobs.

Environmental: The proposed Planning Code amendments would facilitate the opening of new neighborhood-serving businesses in existing commercial districts. This would improve residents' access to services, which would reduce travel distances.

Race & Equity: The proposed Planning Code amendments would allow for non-residential development that provides economic development and/or social benefits to the surrounding community. This will expand access to services for Oakland residents, including residents of underserved neighborhoods. Furthermore, the proposed amendments would help implement various goals of the Environmental Justice Element including EJ-5.1 New Healthy Food Grocers, and EJ-7.1 Complete Neighborhoods. The required no-net-loss finding ensures that housing capacity at each income level is maintained, protecting affordable housing production commitments while allowing strategic community-serving development.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The proposed amendments to the Planning Code rely on the following California Environmental Quality Act (CEQA) findings: (1) a determination that no further environmental review is required following the certified Oakland 2045 General Plan Update - Phase 1 Environmental Impact Report and Downtown Oakland Specific Plan Environmental Impact Report pursuant to Public Resources Code section 21166 and CEQA Guidelines Section 15162 or 15163; (2) this proposal is exempt pursuant to CEQA Guidelines section 15183 (projects consistent with General Plan and zoning); and (3) this proposal is exempt pursuant to CEQA Guidelines Sections 15061(b)(3) (general rule, no significant effect on the environment). Each of these findings provide a separate and independent basis for CEQA clearance and when viewed collectively provide an overall basis for CEQA clearance.

ACTION REQUESTED OF THE CITY COUNCIL

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- 2) Making Appropriate California Environmental Quality Act Findings.

For questions regarding this report, please contact MICHELLE MATRANGA, PLANNER III, at (510) 238-3550.

Respectfully submitted,



William Gilchrist (Feb 12, 2026 13:20:01 PST)

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