



## CITY OF ORLAND STAFF REPORT MEETING DATE: May 28, 2026

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**TO:** Planning Commission

**FROM:** Lisa Lozier – City Planner

**SUBJECT:** Assembly Bill 507 – Adaptive reuse: Streamlining: Incentives

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### Background

At the April 9, 2026, Special Meeting, Planning Commission directed staff to present a discussion item to regarding Assembly Bill 507 and the potential implications this bill may have on residential development in the City of Orlando.

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### Discussion

Assembly Bill (AB) 507 was approved by the Governor on October 10, 2025 and will go into effect July 1, 2026. AB 507 is intended to streamline the adaptive reuse of existing buildings by allowing such projects to be considered a “use by right” in all zoning areas, bypassing traditional conditional use permit processes. This bill establishes affordability standards and exempts certain projects from parking requirements to facilitate the conversion of underutilized structures into multifamily housing.

#### Key Impacts on Local Government:

**Loss of Discretionary Authority:** Local planning commissions and city councils can no longer reject or significantly alter adaptive reuse projects that comply with objective planning standards.

**Strict Application Deadlines:** Local agencies must process and approve or deny applications within specified, rapid timeframes. If the project is rejected, local staff must provide the developer with immediate, detailed written documentation of which objective standard was violated. Local governments are required to review and approve or deny project applications within strict deadlines (60 to 90 days, depending on the size of the project).

**Affordability Requirements:** To qualify, projects must devote at least 50 percent of their space to housing and include designated affordable units (for example, rental housing requires a minimum of 8% very low-income and 5% extremely low-income units)

**Impact Fee Relief:** The bill exempts adaptive reuse projects from certain impact fees unless the fees are strictly tied to the actual impacts caused by changing the building from nonresidential to residential

**CEQA Exemption:** Local governments are prohibited from requiring environmental impact reports under CEQA for qualifying adaptive reuse projects.

**Elimination of Parking Minimums:** Cities and counties are barred from requiring parking for the converted portions of buildings that do not already have on-site parking.

**Creation of Incentive Programs:** The legislation authorizes (but does not mandate) local agencies to establish tax-increment financing programs. This allows local governments to set aside ad valorem property tax revenues to subsidize affordable housing units in adaptive reuse projects for up to 30 years.

**Applicability to Charter Cities:** The bill includes state legislative findings that this housing crisis response is a matter of statewide concern, meaning its rules apply to all cities, including charter cities.

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**In summary:**

Assembly Bill (AB) 507 is statewide legislation designed to streamline and incentivize the conversion of vacant nonresidential buildings, such as offices and hotels, into new residential or mixed-use housing. It is anticipated that the most notable impacts will be through grant funded housing requests and mandatory updates to the seventh cycle housing element as required by the State. The City of Orland Housing Element was adopted May 21, 2024. The current housing element covers the eight-year time frame from November 2021 through 2029.

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**Staff Recommendation**

Receive this report for discussion

ATTACHMENT: LegiScan: Text for Assembly Bill 507