
THIRD READING

Bill No: SB 902
Author: Wiener (D), et al.
Amended: 5/21/20
Vote: 21

SENATE HOUSING COMMITTEE: 9-0, 5/26/20

AYES: Wiener, Caballero, Durazo, McGuire, Moorlach, Roth, Skinner, Umberg,
Wieckowski

NO VOTE RECORDED: Morrell, Bates

SENATE APPROPRIATIONS COMMITTEE: 6-1, 6/18/20

AYES: Portantino, Bradford, Hill, Jones, Leyva, Wieckowski

NOES: Bates

SUBJECT: Planning and zoning: housing development: density

SOURCE: California YIMBY
Habitat for Humanity California

DIGEST: This bill permits a local government to pass an ordinance to zone any parcel up to 10 units of residential density per parcel, at a height specified by the local government in the ordinance, if the parcel is located in a transit-rich area, a jobs-rich area, or an urban infill site, as specified.

ANALYSIS:

Existing law:

- 1) Requires a local jurisdiction to give public notice of a hearing whenever a person applies for a zoning variance, special use permit, conditional use permit, zoning ordinance amendment, or general or specific plan amendment.
- 2) Requires the board of zoning adjustment or zoning administrator to hear and decide applications for conditional uses or other permits when the zoning

ordinance provides therefor and establishes criteria for determining those matters, and applications for variances from the terms of the zoning ordinance.

- 3) Exempts the adoption of an accessory dwelling unit (ADU) ordinance by a city or county from the California Environmental Quality Act (CEQA).

This bill:

- 1) Defines “transit rich area” as a parcel within one-half mile of a major transit stop or a parcel on a high quality bus corridor. Defines “high-quality bus corridor” as a corridor with a fixed-route bus service that meets specified service interval times.
- 2) Defines “jobs-rich area” as an area defined by the Department of Housing and Community Development (HCD), in consultation with the Office of Planning and Research (OPR) that is high opportunity and either jobs rich or would enable shorter commuter distances based upon whether, in a regional analysis, the tract meets both of the following:
 - a) The tract is high opportunity, meaning its characteristics are associated with positive educational and economic outcomes for households of all income levels.
 - b) The tract meets either of the following criteria:
 - i) New housing sited on the tract would enable residents to live near more jobs than is typical for tracts in the region.
 - ii) New housing sited in the tract would enable shorter commute distances for residents, relative to existing commute patterns for jobs-housing fit.
- 3) Requires HCD, beginning January 1, 2022, to publish and update, every five years thereafter a map showing “jobs-rich areas” as described in 2) above.
- 4) Defines “urban infill” site as a site that satisfies all of the following:
 - a) A site that is a legal parcel or parcels located in a city if, and only if, the city boundaries include some portion of either an urbanized area or urban cluster, or for unincorporated areas, a legal parcel or parcels wholly within the boundaries of an urbanized area or urban cluster.
 - b) A site in which at least 75% of the perimeter of the site adjoins parcels that are developed with urban uses.

- c) A site that is zoned for residential use or residential mixed-use development, or has a general plan designation that allows residential use or a mix of residential and nonresidential uses, with at least 2/3 of the square footage of the development designated for residential use.
- 5) Permits a local government to pass an ordinance, notwithstanding any local restrictions on zoning ordinances, to zone any parcel up to 10 units of residential density per parcel, at a height specified by the local government in the ordinance, if the parcel is located in one of the following:
- a) A transit-rich area.
 - b) A jobs-rich area.
 - c) An urban infill site.
- 6) Specifies that ordinances consistent with (5) above is not a project for purposes of CEQA.

Comments

- 1) *Author's Statement.* According to the author, "SB 902 is a thoughtful and balanced approach to California's housing crisis that provides cities with a powerful new streamlining tool, if they choose to take advantage of it, for increasing density in non-sprawl areas to as many as 10 housing units per parcel. By allowing rezoning to occur in a sensible and streamlined way, SB 902 will help ease California's housing crisis, spurred by a statewide shortage of 3.5 million homes and California ranking 49 out of 50 states in homes per capita. Given that cities face significantly increased housing production goals under the revised Regional Housing Needs Assessment and are required by the state Housing Element Law to complete rezonings to accommodate these goals, SB 902 is a timely and powerful new tool for cities to use in their comprehensive planning efforts."
- 2) *Housing needs and approvals generally.* Every city and county in California is required to develop a general plan that outlines the community's vision of future development through a series of policy statements and goals. A community's general plan lays the foundation for all future land use decisions, as these decisions must be consistent with the plan. General plans are comprised of several elements that address various land use topics. Seven elements are mandated by state law: land use, circulation, housing, conservation, open-space, noise, and safety. Each community's general plan must include a housing element, which outlines a long-term plan for meeting

the community's existing and projected housing needs. The housing element demonstrates how the community plans to accommodate its "fair share" of its region's housing needs. To do so, each community establishes an inventory of sites designated for new housing that is sufficient to accommodate its fair share. Communities also identify regulatory barriers to housing development and propose strategies to address those barriers. State law requires cities and counties to update their housing elements every eight years.

- 3) *Zoning ordinances generally.* Cities and counties enact zoning ordinances to implement their general plans. Zoning determines the type of housing that can be built. In addition, before building new housing, housing developers must obtain one or more permits from local planning departments and must also obtain approval from local planning commissions, city councils, or county board of supervisors. A zoning ordinance may be subject to CEQA if it will have a significant impact upon the environment. The adoption of ADU ordinances, however, are explicitly exempt from CEQA. There are also some several statutory exemptions that provide limited environmental review for projects that are consistent with a previously adopted general plan, community plan, specific plan, or zoning ordinance.
- 4) *Denser Housing in Single-Family Zoning.* California's high — and rising — land costs necessitate dense housing construction for a project to be financially viable and for the housing to ultimately be affordable to lower-income households. Yet, recent trends in California show that new housing has not commensurately increased in density. In a 2016 analysis, the Legislative Analyst's Office (LAO) found that the housing density of a typical neighborhood in California's coastal metropolitan areas increased only by four percent during the 2000s. In addition, the pattern of development in California has changed in ways that limit new housing opportunities. A 2016 analysis by BuildZoom found that new development has shifted from moderate but widespread density to pockets of high-density housing near downtown cores surrounded by vast swaths of low-density single-family housing. Specifically, construction of moderately-dense housing (2 to 49 units) in California peaked in the 1960s and 1970s and has slowed in recent decades.

A 2019 Zillow report found that even modest densification, such as duplexes and fourplexes could result in millions more homes. Across 17 metro areas analyzed nationwide, allowing 10% of single-family lots to house two units instead of one could yield almost 3.3 million additional housing units to the existing housing stock. In the L.A. region, if one in five single-family lots were re-zoned to hold two homes, the local housing stock could be boosted by

775,000 homes. Allowing four homes instead of two on those same 20% of single-family lots could yield a housing stock increase of more than 2.3 million homes, or a 53.4% boost over the current stock when combined with homes already expected to be built.

- 5) *Housing near Transit.* Research has shown that encouraging more dense housing near transit serves not only as a means of increasing ridership of public transportation to reduce greenhouse gases (GHGs), but also a solution to our state's housing crisis. As part of California's overall strategy to combat climate change, the Legislature began the process of encouraging more transit oriented development with the passage of SB 375 (Steinberg, Chapter 728, Statutes of 2008). SB 375 is aimed at reducing the amount that people drive and associated GHGs by requiring the coordination of transportation, housing, and land use planning.

The McKinsey Report found that increasing housing demand around high-frequency public transit stations could build 1.2 – 3 million units within a half-mile radius of transit. The report notes that this new development would have to be sensitive to the community's character, and recommends that local communities proactively rezone station areas for higher residential density to pave the way for private investments, accelerate land-use approvals, and use bonds to finance station area infrastructure.

- 6) *Zoning not a project under CEQA.* In an effort to encourage denser housing, this bill authorizes a local government to pass an ordinance for the construction of housing up to 10 units in "transit-rich areas" (near transit), "jobs-rich areas" (high opportunity neighborhoods), and on infill sites. The local government may set the height requirements, and this ordinance would override any restrictive local zoning ordinances that limit the ability to adopt zoning ordinances. The ordinance authorized by this bill is not considered a project for purposes under CEQA. This provision is similar to the exemption authorized for the adoption of ADU ordinances. Current law requires ministerial approval of one ADU and one junior accessory dwelling unit (JADU) per lot that is within an existing structure, as specified; one detached ADU within a proposed or existing structure or the same footprint as the existing structure, along with one JADU, as specified; multiple ADUs within existing multifamily structures; or two detached ADUs on a multifamily lot, as specified.

The "jobs-rich" sites are intended to be similar to a mapping exercise that the California Tax Credit Allocation Committee in the State Treasurer's Office

underwent to encourage low-income housing developments in high opportunity areas, with the goal of encouraging more inclusive communities in California.

- 7) *Senate's 2020 Housing Production Package*. This bill has been included in the Senate's 2020 Housing Production Package. As such, the bill was amended to remove provisions related to by right approval of duplexes, triplexes, and fourplexes, as specified, as well as the addition of coauthors.
- 8) *Triple-referral*. This bill was triple referred to the Committees on Governance and Finance and Environmental Quality. Please see the Senate Housing Committee analysis for comments from those committees.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- HCD estimates total General Fund costs of \$462,000 in the first year, and \$329,000 annually thereafter as follows:
 - \$262,000 in the first year and \$249,000 annually thereafter for 1.25 PY of staff time to: produce guidance materials and provide technical assistance to local governments and developers; coordinate with the OPR and academic researchers to identify jobs-rich areas, perform IT services to publish maps; and update the jobs-rich data and mapping every five years.
 - \$200,000 in the first year and \$80,000 annually ongoing to contract with researchers to develop, host, and update the jobs-rich maps.
- Unknown, likely minor costs for OPR to coordinate with HCD to identify high opportunity areas that are either jobs-rich or enable shorter commute distances, as specified. (General Fund)

SUPPORT: (Verified 6/18/20)

California YIMBY (co-source)

Habitat for Humanity California (co-source)

350 Sacramento

All Home

American Planning Association, California Chapter

Bay Area Council

Bay Area Housing Action Coalition

California Apartment Association

California Building Industry Association

California Community Builders
Central City Association
Chan Zuckerberg Initiative
East Bay for Everyone
Facebook, INC.
Hollywood YIMBY
House Sacramento
League of Women Voters of California
Livable Sunnyvale
Monterey Peninsula Renters United
New Pointe Communities
Non-profit Housing Association of Northern California
North County YIMBY
Peninsula for Everyone
San Francisco Bay Area Planning and Urban Research Association
San Luis Obispo County YIMBY
Santa Cruz YIMBY
Schneider Electric
Silicon Valley At Home
Silicon Valley Community Foundation
South Bay YIMBY
TechEquity Collaborative
The Greenlining Institute
TMG Partners
Ventura County YIMBY
Westside Young Democrats
YIMBY Action
YIMBY Democrats of San Diego County
YIMBY Voice
1 individual

OPPOSITION: (Verified 6/18/20)

A Better Way Forward to House California
California State Association of Electrical Workers
California State Pipe Trades Council
California Teamsters Public Affairs Council
City of Dublin
City of Livermore
City of Newport Beach
City of Pleasanton

City of Redondo Beach
City of San Ramon
City of Thousand Oaks
International Union of Elevator Constructors, Local 8
International Union of Elevator Constructors, Local 18
Los Angeles County Division, League of California Cities
New Livable California Db a Livable California
Orange County Council of Governments
San Francisco Tenants Union
Sherman Oaks Homeowners Association
South Bay Cities Council of Governments
State Building and Construction Trades Council of CC
Sustainable Tamalmon te
Town of Danville
Town of Hillsborough
Western States Council Sheet Metal, Air, Rail and Transportation
19 Individuals

ARGUMENTS IN OPPOSITION: Some writing in opposition are opposed to removing community driven planning processes and stakeholder involvement. Some are opposed to upzoning single-family neighborhoods and are concerned about the lack of affordable housing requirements. Many writing in opposition to this bill are opposed to provisions that are proposed to be stricken from the bill. Several labor groups write in opposition to this bill and request worker protections and training standards that include both prevailing wage coverage and skilled and trained workforce requirements so that any unintended consequence that exploits the workforce that will build the housing under this bill is not created. They write that these two requirements provide middle-class wages and benefits to construction workers as well as also help put local construction workers and apprentices to work.

Prepared by: Alison Hughes / HOUSING / (916) 651-4124
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