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April 23, 2019

Los Angeles City Council c/o Office of the City Clerk City Hall, Room 395 Los Angeles, California 90012

Attention: PLUM Committee

Dear Honorable Members:

SB 50 (WIENER) / LEGISLATION IMPACTS ON CITY ZONING AND REGULATORY PROCESSES; CF 18-1226

This report is in response to the Council's request for analysis regarding proposed State Senate Bill 50 (SB 50) and its potential effects on zoning and land use regulations in Los Angeles. Specifically, the report analyzes how these changes could impact the City's neighborhood development patterns and urban form as well as existing City policies, plans and procedures. In addition, the analysis provides background information on the bill and considers its potential relationship to state and local goals surrounding housing affordability, sustainability and equity.

The proposed legislation was recently amended on March 11, 2019 and is likely to be amended further. The analysis presented in this report is preliminary and reflects the March 11th version of the bill. The Department can prepare a supplemental report with additional analysis and policy considerations based on any future revisions for the Council should the bill proceed.

SUMMARY

SB 50 (Wiener), named the "More HOMES (Housing, Opportunity, Mobility, Equity, and Stability) Act" represents a bold and aggressive attempt to respond to California's housing crisis. It aims to significantly increase housing construction in areas well served by transit and job opportunities across the state by expanding areas where multi-family residential projects could be built. The bill would allow qualifying residential projects that meet minimum affordability requirements to benefit from statewide development standards in lieu of certain local planning and zoning rules.

California faces a severe housing crisis. The state's major cities, including Los Angeles, are some of the most unaffordable in the country and have some of the highest levels of homelessness. While a variety of factors contributed to this crisis, most experts agree that a significant reduction in statewide home construction, including affordable housing, has been a primary cause, resulting in a mounting housing deficit. Governor Newsom has stated a goal of closing this housing deficit by 2025 through the construction of 3.5 million homes. Recent analysis from the UCLA Lewis Center indicates the state does not have adequate zoned capacity for all these homes, and that

much of the existing (2.8 million) capacity for new housing is located in areas with lower demand away from the coast... SB 50 would allow for additional housing capacity by providing minimum development standards for much of this new housing to occur in areas that have access to high-quality public transit, jobs and high opportunity, including well-performing schools and higher income communities.

One of the City's critical priorities, as expressed in the General Plan, is to provide for increased housing supply and affordability, particularly in areas near transit and job opportunities. In recent years, the City has made important strides towards this end with the adoption of several citywide housing policy initiatives and local community planning efforts that have increased housing capacity and advanced affordability objectives. In fact, the December 4, 2018 SB 50 Factsheet from Senator Wiener's office cites the City's Transit Oriented Communities (TOC) Program as a positive example of a city taking the lead to address the housing crisis.

Since Los Angeles has so many qualified transit and jobs-rich areas and covers such a geographically large and diverse area, the bill will potentially have far-reaching effects. The bill aims to make major gains on important issues such as affordability, sustainability and equity. However, any benefits should be considered in light of the loss of long established, locally determined planning and zoning standards such as density, height, parking and floor area. In addition, potential impacts to infrastructure and public facility needs would need to be carefully considered in impacted areas.

This report includes a full analysis of SB 50. Following is a summary of the key considerations related to the potential impact of SB 50 in Los Angeles, and some issues that may need to be further addressed.

- SB 50 includes approximately 63% of the City's developable area.² within its boundaries; however, when considering parcel-level eligibility requirements in the bill, it is estimated that approximately 43% of the developable area of the City would be eligible for SB 50 incentives.
- SB 50 is likely to have impacts in all eligible areas, though they will differ according to a
 mix of factors such as current zoning, existing use, physical constraints, market factors
 and allowable incentives.
- The largest impacts of the bill are anticipated to occur in lower-density areas that are located within ½ mile of a rail station or about 6% of single-family zoned parcels and 8% of R2 and RD zoned parcels. These areas would be eligible for significant increases in allowable height, mass (floor area ratio) and/or density.
- By directly expanding zoned capacity for multi-family housing across the state, SB 50 is expected to lead to a significant increase in home construction, and lead to more housing, including affordable housing, being built.
- SB 50 may move development focus away from commercial corridors and high-density zoned residential areas and into lower-density zoned areas.
- The legislation appears to allow for the City's design and preservation controls to be superseded in many instances.
- Special land use regulations for historic preservation, hillside areas, flood zones, very high fire hazard severity zones, non-urbanized areas and coastal properties do not appear to be specifically addressed, as they often are in other statewide legislation.

¹ <u>https://www.lewis.ucla.edu/2019/02/28/not-nearly-enough-california-lacks-capacity-to-meet-lofty-housing-goals/</u>

² Developable area refers to total zoned areas of the City (excluding any major manufacturing areas and major open space areas), measured in acres.

- On-site affordability requirements for most SB 50 projects will often be lower than comparable density bonus and TOC requirements.
- While SB 50 includes protections for rental housing and sites where rental housing has been recently converted or demolished, the bill will likely lead to an increase in demolition of owner-occupied single-family homes, particularly near rail transit.
- The "sensitive communities" designation that allows for delayed implementation would apply to approximately 15% of the parcels eligible for SB 50 incentives, but would not recognize the very recent community planning efforts in South Los Angeles. Future planning efforts in sensitive communities would only be recognized if upzones match SB 50 levels within the plan areas.
- There remain several unknowns about the bill that could greatly affect impacts to bulk and form, particularly in lower-scale neighborhoods.
- It is unclear if the City's TOC Program or the Affordable Housing Linkage Fee (AHLF) are intended to be considered "inclusionary housing ordinances" for the purposes of alternative compliance with the bill's affordability requirements.

Legislation Summary

SB 50 is sweeping legislation that could impact all parcels that are zoned to allow "housing as an underlying use" within defined transit and jobs-rich areas. The bill promotes multifamily development within affected areas, which are likely to encompass approximately 63% of the City's developable area. Approximately 43% of the developable area would be eligible for incentives under SB 50. By doing so, it would restrict the ability to enforce many Planning and Zoning Code standards and other design standards that have been developed at a community level.

Equitable Communities Incentives

The legislation would establish a new type of statewide density bonus incentive ("equitable communities incentive") when certain eligibility criteria are met, including affordability and location requirements. SB 50 would apply to lots zoned for residential use in three geographic areas defined by the law: within ½-mile of "major transit stops" (rail or ferry), within ¼-mile of "high-quality bus corridors" and within "job-rich areas" (all defined in the next section). The incentives may be provided if the qualified project meets all other local zoning standards, meets any applicable affordability requirements and the site has not been home to any rental unit tenants within specified periods (even if currently vacant or demolished).

In all three qualified areas, the incentives provided by SB 50 include removal of residential density limits and removal or reduction minimum parking requirements. Within ½-mile of a rail stop cities would also be prohibited from enforcing height limits and floor area ratio (FAR) limitations below a specified minimum on qualifying projects. Minimum parking requirements would be removed for areas near rail and reduced to ½-space per unit in other areas. Additionally, all SB 50 projects would be eligible for three additional incentives or concessions (modifications of development standards pursuant to current state density bonus law). See Table 1 below for details on the applicable SB 50 incentives by each defined geographic area.

Table 1. Applicable SB 50 Geographic Areas and Equitable Communities Incentives

| | Maximum Height | Maximum Floor Area Ratio (FAR) | Density Limits (Number of Units) | Parking | Additional Incentives or Concessions |
|--|-------------------|--------------------------------------|--|--------------------------|--|
| 1/4 Mile of a Rail or Ferry Stop (Major Transit Stop) | 55 feet | 3.25 FAR | Waived | Waived | 3 |
| ½ Mile of a Rail or Ferry Stop (Major Transit Stop) | 45 feet | 2.5 FAR | Waived | Waived | 3 |
| 1/4 Mile of stop on a High-Quality Bus Corridor | No Change | No Change | Waived | Minimum ½ space per unit | 3 |
| Within a Jobs- Rich Area | No Change | No Change | Waived | Minimum ½ space per unit | 3 |

Note that the colors used on this table are meant to correspond to the colors on the maps below.

Affordability Requirements

In order to qualify for an "equitable communities incentive" under SB 50, a project with 11 or more units would be required to meet set affordability requirements, based on project size. Projects requesting between 11-20 units "may pay into an in-lieu fee to the local government," while larger projects of 21 units are required to provide on-site affordable units at levels that begin roughly on par with current density bonus requirements and increases to nearly double that for projects of 351 units or more (see Table 2 below). Comparable affordability contributions are also permitted as an alternative to on-site units. Additionally, if a local jurisdiction has an existing inclusionary housing law that has higher affordability requirements than those specified in SB 50, the local requirements will be the minimum.

Table 2. SB 50 - Proposed Affordability Requirements

| Project Size | Affordability Requirement |
|-------------------|---|
| 1-10 units | None |
| 11-20 units | May pay an in-lieu fee to the local government for affordable housing, where feasible |
| 21– 200 units | 15% low income; or 8% very low income; or 6% extremely low income; or Comparable affordability contribution |
| 201–350 units | 17% low income; or 10% very low income; or 8% extremely low income or Comparable affordability contribution |
| 351 or more units | 25% low income; or 15% very low income; or 11% extremely low income or Comparable affordability contribution |

[&]quot;Equitable Communities Incentive" Eligibility Requirements and Definitions

SB 50 applies to residential projects that meet specified requirements and are located in defined geographic areas, including designated ½-mile from a "major transit stop," ¼-mile from a "high-quality bus corridor" and within "jobs-rich areas." These terms are defined as follows:

- "Major transit stop" is a rail transit station or a ferry terminal as defined pursuant to subdivision (b) of Section 21155 of the Public Resources Code. This definition includes planned future rail stations identified in the Regional Transportation Plan.
- "High-quality bus corridor" is a corridor with fixed route bus service that meets all the following average service intervals:
 - 1) Average service intervals of no more than 15 minutes during the peak hours between 6 a.m. to 10 a.m., inclusive, and the peak hours between 3 p.m. and 7 p.m., inclusive, on Monday through Friday;
 - 2) Average service intervals of no more than 20 minutes during the hours of 6 a.m. to 10 p.m., inclusive, on Monday through Friday; and
 - 3) Average service intervals of no more than 30 minutes during the hours of 8 a.m. to 10 p.m., inclusive, on Saturday and Sunday.
- "Jobs-rich area" is an area identified by the Department of Housing and Community Development (HCD), in consultation with the Office of Planning and Research (OPR), is both high opportunity and jobs-rich, as determined by whether, in a regional analysis, the tract meets criteria (a) and (b) below. HCD shall, beginning January 1, 2020, publish and update a statewide map showing areas identified as "jobs-rich areas" every five years.

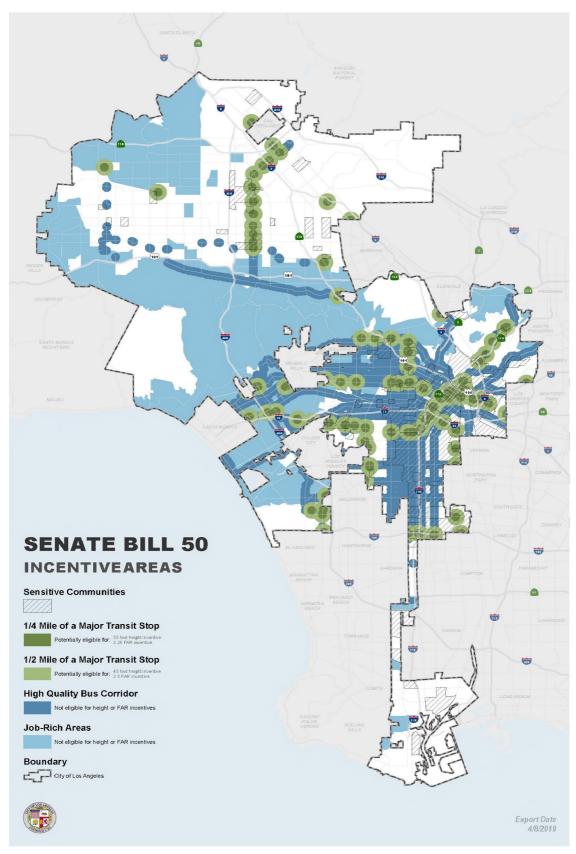
- a) The census tract is higher opportunity and its characteristics are associated with positive educational and economic outcomes for households of all income levels residing in the tract; and
- b) The census tract meets either of the following:
 - i) New housing sited in the tract would enable residents to live in or near a jobs-rich area, as measured by employment density and job totals.
 - ii) New housing sited in the tract would enable shorter commute distances for residents, compared to existing commute levels.

As HCD has not yet released a statewide job-rich area maps, the Department based the job-rich analysis presented in this report on a dataset that was prepared in response to the legislation by the Mapping Opportunity in California project..³ It represents the best information available on areas likely to be included and has been cited in several media reports on SB 50. The reach of the jobs-rich areas according to this methodology is very significant, covering large swaths of the City and region. The map of SB 50 areas impacted by the proposed incentives is shown in Map 1 below.

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³ http://mappingopportunityca.org/

Map 1. SB 50 Incentive Areas



Beyond geographic location, a SB 50-eligible project must be located on a site zoned for residential use and meet any applicable affordability requirements (outlined above). A project must comply with all otherwise applicable approval requirements, including any discretionary approval processes, environmental review under the California Environmental Quality Act (CEQA), and applicable labor regulations. Furthermore, a SB 50-eligible project must comply with all other relevant standards, requirements, and prohibitions imposed by the local government regarding architectural design, restrictions on or oversight of demolition, impact fees, and community benefits agreements

SB 50 incorporates several additional provisions that are intended to provide tenant protections and prevent evictions. In particular, SB 50 would not apply to any property where there has been a rental tenant in the previous seven years. This would include any previously tenant-occupied units that are vacant or have been demolished. Properties that have been removed from the rental market via the Ellis Act within the previous fifteen years would also be ineligible for SB 50 incentives.

Additionally, particular areas will be designated by the California Department of Housing and Community Development (HCD) as "sensitive communities," or areas that are specifically vulnerable to displacement pressures (see Map 8 in Attachment 2). These areas will be exempt from SB 50 incentives for five years (2025), which is meant to provide time for a community planning effort to occur. This planning effort, if meeting certain SB 50 criteria, could permanently prevent the SB 50 incentives from being utilized. Sensitive communities are defined as follows:

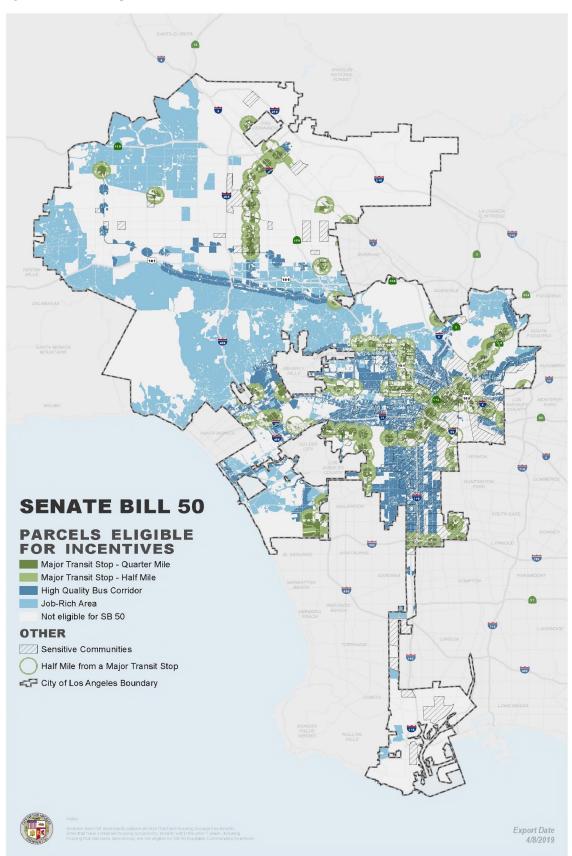
"Sensitive Community" means an area identified by HCD every five years, in consultation with local community-based organizations in each metropolitan planning region, as an area where both of the following apply:

- a) 30% or more of the census tract lives below the poverty line, provided that college students do not compose at least 25% of the population; and
- b) The location quotient of residential racial segregation in the census tract is at least 1.25 as defined by HCD.

Given that HCD has not yet identified sensitive community areas in Los Angeles, the Department has based analysis in this report on data available from the California Tax Credit Allocation Committee Opportunity Area Maps.⁴ that identify "High Segregation and Poverty" census tracts. While those areas are based on additional indicators beyond those that are included in the bill's definition of a sensitive community, the Department anticipates that similar areas are likely to be identified as sensitive communities. These areas can be seen in the hatched areas of the Maps 1 and 2 and highlighted on Map 8 in the Attachment 2.

⁴ https://www.treasurer.ca.gov/ctcac/opportunity.asp

Map 2. Parcels Eligible for SB 50 Incentives



ANALYSIS OF KEY IMPACTS

Impact on Physical Environment and Urban Form

The City of Los Angeles is extremely large and diverse, in terms of its population, physical environment and urban form. Some of the most characteristic neighborhoods of Los Angeles are high-density and some are lower scale and lower-density. SB 50 takes a generalized view that may compromise the ability to maintain unique community scale and form, as well as neighborhood features such as yards, trees, adequate off-street parking, sunlight and privacy.

Impact on Form Will Vary by Location

SB 50 is likely to have impacts in all eligible areas, though they will differ according to a mix of factors such as current zoning and use, physical constraints, market conditions and allowable incentives. A key factor in the scale of physical impacts is whether a site is within ½-mile of a rail station, because these areas receive minimum height and mass standards, as described above. About 10% of the potentially eligible parcels are within 1/2 mile of a rail station, whereas 36% would be located in a high-bus corridor or in a jobs-rich area. Areas outside the rail station radius do not receive the minimum height or floor area incentives, which will create the most visible physical changes to the environment; however, the type of buildings in these areas is likely to transition to higher density multi-family as limits on the number of units per lot are removed and minimum parking requirements are reduced in all SB 50 areas.

Because sites with existing rental housing are excluded from SB 50 eligibility, the largest impacts are likely to occur in single-family and lower-density zoned areas. Under existing zoning regulations, single-family zoned sites (R1, RA, RE, RS) do not allow for multiple-family uses and typically have the lowest scale due to existing bulk and mass regulations (typically 33 feet height limit and 0.45 FAR). R2 zoned (duplex) areas generally allow for much higher floor areas (3.0 FAR) than single-family areas, but normally only for 33 feet in height, and are limited to no more than two units per lot. Most areas already zoned for multiple-family residential uses (RD, R3, R4, R5 and C zones) are either likely to be ineligible due to the presence of rental housing or already allow for the minimum heights and FARs permitted under SB 50.

The bill may therefore have the practical effect of shifting development focus away from commercial corridors and high-density zoned residential areas and into lower-density zoned areas. This is contrary to many of the current planning and land use policies adopted by the City, which prioritize new development along underutilized commercial corridors. In addition, certain neighborhoods may be impacted in very different ways depending on current use. For example, some areas are zoned for multiple-family development but consist largely of owner-occupied single-family homes. It would be anticipated that significant development activity may be stimulated in neighborhoods such as these. Other areas with the same zoning may be built out mostly or wholly with existing apartments. These areas will be unlikely to see many changes due to the prohibition on building on sites where rental housing has been located with seven years.

To illustrate different impacts in different zones, Table 3 below illustrates existing development standards compared to those that would apply under SB 50. Table 4 and Figures 1-2 below provide some potential development examples.

Table 3. Existing Development Standards vs. Proposed Under SB 50*

| Zone | | Existing Development Standards | 1/4 Mile from Rail Station | 1/2 Mile from Rail Station | 1/4 Mile of High Quality Bus Stop or in Job Rich Area |
|--|--------------|--------------------------------------|-------------------------------|-------------------------------|---|
| | Density | 1 Family + ADU | No Limit | No Limit | No Limit |
| Single-Family (A, R1, RE) | Parking | 2 Spaces / Unit | No Requirement | No Requirement | 0.5 Space / Unit |
| | FAR | 0.45:1* | 3.25:1 | 2.5:1 | No Change |
| | Height Limit | 28 / 33 ft.** | 55 ft. | 45 ft. | No Change |
| | | | | | - J |
| Duplex (R2) | Density | 2 Family | No Limit | No Limit | No Limit |
| | Parking | 2 Spaces / Unit | No Requirement | No Requirement | 0.5 Space / Unit |
| | FAR | 3.0:1 | 3.25:1 | 2.5:1 | No Change |
| | Height Limit | 33 ft. | 55 ft. | 45 ft. | No Change |
| | | | | | |
| Multi-Family in | Density | Density Calculation | No Limit | No Limit | No Limit |
| Height District 1 (RD, R3, R4, R5, C Zones) | Parking | 1-2 Spaces / Unit | No Requirement | No Requirement | 0.5 Space / Unit |
| | FAR | 3.0:1 | 3.25:1 | 2.5:1 | No Change |
| | Height Limit | 45 ft. | 55 ft. | 45 ft. | No Change |
| | | | | | |
| Multi-Family in Height District 2 (RD, R3, R4, R5, C Zones) | Density | Density Calculation | No Limit | No Limit | No Limit |
| | Parking | 1-2 Spaces / Unit | No Requirement | No Requirement | 0.5 Space / Unit |
| | FAR | 3.0:1 | 3.25:1 | 2.5:1 | No Change |
| | Height Limit | 45 ft. | 55 ft. | 45 ft. | No Change |

Legend

No Significant Change to Existing Development Standards Relaxation of Existing Development Standards More Restrictive than Existing Development Standards

The get a sense of what could be built under current zoning regulations versus under SB 50 as proposed, Table 4 below provides examples of potential development types under both scenarios. These scenarios are for illustrative purposes only. The examples illustrate that the largest changes in buildable potential would occur in lower-density residential zones in areas near rail stations. They are meant to correspond to the renderings in Figures 1 and 2 below.

^{*}Chart does not include the additional three incentives and concessions that may be requested by all SB 50 projects (if they provide higher affordable housing percentages)

Table 4. Examples of Potential Development Types

| Lot Type (Size and Zoning) | Current Zoning | SB 50 | |
|---|---|--|--|
| R1 (single-family) zoned 5,000 square foot lot in a "high-quality bus" or "job rich area" | Construction of a 2,250 square foot single-family | Construction of a potential 3,000 square foot 2-4 unit building*, likely 33 feet in height** | |
| R1 (single-family) zoned 5,000 square foot lot within ½-mile of rail | home with a maximum height of 33 feet (28 feet with flat roof). | Construction of a potential 12,500 square foot 4-12 unit building*, up to 45-56 feet in height (4-6 stories)** | |
| R2 (duplex) zoned 6,000 square foot lot within ¼-mile of rail ("major transit stop") | Construction of a 4,000 square foot duplex or single-family home with a maximum height of 33 feet. | Construction of a potential 19,500 square foot 8-25 unit building*, up to 55-66 feet in height. | |
| C2-1VL zone 10,000 square feet within 1/4-mile of rail ("major transit stop") | Construction of a 30,000 square-foot mixed-use or 34 unit residential project 56ft using density bonus (if near transit). | Construction of a 30,000 square foot mixed-use or 30-40 unit residential project 55ft in height. | |

^{*}Assuming a 35% increase in allowable floor area, which is the maximum on menu density bonus incentive today.

**A maximum height of 44-feet (33 feet + 11 feet incentive) could be requested but it is not likely in this scenario since it would add costs but not any additional buildable area.

The difference in areas located within $\frac{1}{2}$ mile of rail and other areas covered by SB 50 is illustrated below. Figure 1 is located within a high-quality bus corridor area or a jobs-rich area (but not near rail). Figure 2 is located within $\frac{1}{2}$ mile from a rail stop.

Figure 1. Maximum Build Out of a R1 5,000 Square Foot Lot in a SB 50 High-Quality Bus Corridor Area



Note: This rendering assumes that no additional incentives or concessions are requested and that 30% of floor area is used for circulation or otherwise non-rentable.

Total Units: 4 @ 1,638 sqft or 8 @ 819 sqft or 12 @ 546 sqft

Figure 2. Maximum Build Out of a R1 5,000 Square Foot Lot in a SB 50 Major Transit Stop Area within 1/2-Mile of a Rail Stop

Note: This rendering assumes that no additional incentives or concessions are requested and that 30% of floor area is used for circulation or otherwise non-rentable.

In areas already zoned for multiple-family housing, impacts of the bill may not differ as much according to whether an impacted site is located within ½-mile of a rail stop or not. In most existing commercial (C zoned) and multi-family residential (RD, R3, R4, R5) districts, many properties would be ineligible as they are already developed with tenant-occupied rental units (in the last 7 years). For those that would be eligible, much of this land already allows for the minimum height and FAR allowances provided by SB 50, particularly when the City's current housing incentive programs (density bonus or TOC) are considered; however, eligible lots will be able to be developed without zoning limits on the number of units (density) as well as reduced or removed parking requirements.

Availability of Additional Incentives Adds Uncertainty

Beyond the minimum height and floor area minimums near rail, the bill also provides the ability for all SB 50 projects to request three additional "incentives or concessions," as defined in state density bonus law, provided additional affordable housing is added. Incentives or concessions can include the modification of height, floor area, open space or other types of development standards. Requesting two incentives or concessions will require affordability be increased to at least 10 percent for very low income households, or 20 percent for lower income. Three incentives will require at least a 15 percent very low income requirement, or 30 percent for lower income households.

The incentives provision could result in more projects being feasible than otherwise and also result in projects with higher affordability levels, but adds considerable uncertainty about the type of developments cities would have to permit. Up to three incentives must be approved unless a City makes a written finding that the incentives do not result in cost reductions to provide for affordable housing, violate state or federal law, or will result in a specific, adverse impact upon public health and safety or the physical environment.

Today, the City's Density Bonus Ordinance employs a "menu of incentives" that guides applicants towards appropriate incentive requests. For example, the menu includes a one-story height increase and 35% FAR bonus (and 3.0 FAR in commercial zones near transit). The City would expect to stay within such reasonable limits that have proven successful and balanced, but this is not clear under the legislation. The Department understands that discussions continue on how to reconcile SB 50 with state and local density bonus law.

There remain several unknowns about the bill that could greatly affect impacts to bulk and form, particularly in lower-scale neighborhoods. For example, the Department assumes that only three additional incentives (modifications of development standards) would be permitted, and that an applicant could not combine a SB 50 equitable communities incentive with three additional density bonus incentives (to equal six). The Department also assumes that additional (state density bonus) "waivers or reductions of development standards" would not be permitted for a SB 50 project. It is also unclear if requests for additional height and floor area could be added on top of the SB 50 height and floor area minimums near rail stops. The Department assumes standardized "menus" of locally approved incentives would be continued to be implemented (such as 11 extra feet in height and 35% FAR bonus).

Design Review and Development Standards for New Construction

SB 50 states that projects remain subject to "all other relevant standards, requirements, and prohibitions imposed by the local government regarding architectural design." However, as written, the City would be restricted in its ability to impose many of the design review or compatibility features it does today. This would especially be the case near rail stops where minimum SB 50 height and floor areas would overrule local standards that limit building size to smaller mass. This includes areas covered by an overlay or supplemental use district (i.e. a Specific Plan, Community Design Overlay, Community Plan Implementation Overlay, or Residential Floor Area district).

The ability to deny or condition projects may also be restricted because SB 50 appears to amend the state's Housing Accountability Act (California Government Code Section 65589.5) to include SB 50 incentives within its purview. The Housing Accountability Act restricts denials, reductions of density and making a project infeasible when a project complies with all other objective development standards. To the extent design review standards or guidelines are considered to be subjective, or based on qualitative (not quantitative) standards they may not be used to deny or lower density on an SB 50 project.

Under SB 50, the City would lose the ability to plan for and maintain consistent building mass, density, parking, setbacks and building height. Changes in lower-density areas near rail would be most dramatic.

Historic Preservation

Los Angeles has tens of thousands of structures considered historic by individual designation as a Historic Cultural Monument (HCM), part of a local Historic Preservation Overlay Zones (HPOZ) or a California or National Register district. SB 50 presents potential conflicts with regulations for historically designated properties and districts within areas impacted by the bill. While the bill stipulates that projects remain subject to "all other relevant standards... regarding architectural design... or oversight of demolition..." there remains significant uncertainty and concern about the applicability of design standards, as noted in the section above. Because many of the City's HPOZs, HCMs and state and federal districts would be eligible for SB 50 incentives (50%, 45%).

and 40% of parcels, respectively), it is important to gain additional clarity regarding impacts on historic resources.

There are two major concerns with historical structures and districts - demolitions and inappropriate construction. Existing regulations covering the demolition of HCMs and contributing structures located in HPOZs would appear to remain in place, but they do not always prevent removal of a significant portion of the structure and there are questions about the interplay with the Housing Accountability Act (see above section).

Perhaps more concerning is the impact of insensitive new construction and additions using SB 50 on historic properties. The bill's current language may not allow the City to enforce current design standards. Today, all additions and remodels within HPOZs are evaluated against detailed design guidelines (Secretary of the Interior Standards) contained in HPOZ Preservation Plans tailored to each district. Adherence to design criteria not considered objective may not be permitted in SB 50 areas, as discussed in the section above. Areas within 1/2 mile of rail stops may be further prevented from applying historic design guidelines that would otherwise preclude the full heights and floor areas provided by SB 50, thus allowing for incompatible additions and out-of-scale new construction on vacant single-family lots in historic districts (up to 45 or 55 feet in height, with FARs of 2.5 or 3.25).

Other State incentive programs and streamlining programs, such as State Density Bonus law, have stipulated that such incentives can only be utilized for projects that do not result in an adverse impact to historic resources; no such exemption for historic resources has yet been incorporated into SB 50. Without additional clarity, the bill may preclude the City from denying or modifying inappropriate changes to the City's most architecturally significant buildings and neighborhoods.

Impact on City Plans, Policies and Procedures

35 Community Plans and Community Plan Implementation Overlay (CPIO) Districts

The City's 35 Community Plans comprise the land use element of its General Plan. They allow the City to comprehensively and thoughtfully target development capacity within plan areas towards areas where growth is anticipated and can be accommodated consistent with the City's overarching General Plan goals and policies. An important aspect of increasing housing capacity through a community plan program is that it allows the City to bolster housing growth with policies and programs that incorporate a comprehensive look at housing, jobs, transportation, infrastructure and recognizing unique and important characteristics.

A key example of how the City is addressing the need for additional housing through community planning is its three South Los Angeles area Community Plans (West Adams-Baldwin Hills-Leimert, South LA, and Southeast LA). Collectively, these new community plans increased housing capacity by approximately 20,000 units as compared to their preceding community plans, and by 48,000 units as compared to existing "on-the-ground" conditions. This increase is targeted around transit station corridors and incentives are carefully calibrated to the amount of affordable housing being provided, with additional bonuses for 100% affordable projects. Furthermore, the community plan process allowed the City to increase housing capacity around transit, while simultaneously protecting existing rent-stabilized multi-family neighborhoods, thus minimizing the potential for direct displacement. While SB 50 allows for future local planning efforts to occur before the incentives would be required in "sensitive community" (lower income) areas, these recent planning efforts in all of south Los Angeles would not appear to be recognized.

To the extent that the development potential provided under SB 50 exceeds that allowed by the zoning created through the Community Plans, the incentive-based zoning tools in the most recent Plans would be lost. To illustrate some incentive-based tools that may be affected, the two latest community plans (South LA and Southeast LA) include incentives, such as greater height, more square footage or reduced parking requirements, for projects that include desired community benefits such as affordable housing, a grocery store or sit down restaurants. These plans also included strong affordable housing replacement requirements, innovative anti-displacement measures and stronger protections for environmental sustainability and community health. SB 50 may negate specific land use changes such as these that were recently embraced by the community and adopted by the City Council.

General Plan

The City's General Plan balances needed residential growth along corridors and centers, along with preservation of single-family neighborhoods. Rezoning of lower density land to higher densities has been usually been considered though a General Plan Amendment (GPA) process. These are either considered one project at a time, or through comprehensive community planning efforts. Implementation of important general plan policies regarding growth along corridors, preservation of lower-density areas, and restricting hillside development would be undermined by modifications requested by developers, with few constraints under state law.

Impact on Housing Affordability Policies

SB 50 Affordability Requirements

SB 50 bases affordability requirements on the total size of the project (see Table 2 above for the amounts). This is a fundamentally different approach than the state and City have taken in structuring other affordable housing incentive programs. Like the state density bonus program, the City's incentive programs base affordability requirements on the proportional size of the density or floor area increase being requested. This policy approach (sometimes called "value capture") has been implemented in the City's recent efforts, including Transit Neighborhood Plans, Community Plan Implementation Overlays (CPIOs), TOC Guidelines and the Value Capture Ordinance.

SB 50 is based on the assumption that larger projects are more likely to be able to support higher affordable housing requirements. While generally true, this ignores the significant difference in the value of the SB 50 incentives across various zoning and market areas. As stated above, in some medium and higher density zoned areas the impacts of SB 50 will not be very significant. However, the allowance of apartments and condominiums on lots where only single-family uses are currently permitted creates significant value. As the examples above show, many typical single-family zoned sites near rail stops in Los Angeles could allow for the development of about 4-12 smaller units. Projects up to 10 units would not be subject to any on-site affordability requirements under the current proposal. Given the exemption for smaller buildings, developers would likely seek to construct projects with 10 or fewer units to avoid the affordable housing requirement.

Projects ranging in size from 10-20 units would be permitted to make a "comparable" affordable housing contribution to the local government for affordable housing, where feasible (emphasis added). It is not clear how feasibility under this requirement is to be determined. The law adds further detail on how local governments should spend the in-lieu payments, including that "every effort" be made to site an affordable project within one-half mile of the original project location, and that identified opportunity sites shall be, to the extent practicable, "prioritized at the first

opportunity." If no housing opportunity sites that satisfy these provisions are available, the local government shall designate a site for affordable housing within the boundaries of the local government and make findings that the site for the affordable housing development affirmatively furthers fair housing, as defined in Section 8899.50 of the Health and Safety Code. Affordability of units pursuant to this section must be restricted by deed for a period of 55 years for rental units or 45 years for units offered for sale (a difference that does not exist in regular density bonus law).

SB 50 affordability requirements are lower than currently required by state density bonus law, for all but the largest projects with more than 200 units. The requirements are also lower than those required for most TOC projects, as well as last year's proposed SB 827, for all but the largest projects. The bill's proponents argue that higher levels of affordability are not economically feasible throughout the state's diverse local economies and that cities can adopt higher levels though their own ordinances. In some areas of Los Angeles such as Central City West and TOC Tiers 2-4, local affordability requirements are higher. The intent of the legislation appears to allow for the higher affordability levels to be used in lieu of those specified in the bill within those geographic areas.

Transit Oriented Communities (TOC) Affordable Housing Incentive Program

Measure JJJ, passed by the voters in November 2016, established the creation of the Transit Oriented Communities (TOC) Affordable Housing Incentive Program (TOC Program). The TOC Program includes incentives for residential or mixed-use projects that include affordable housing located within $\frac{1}{2}$ mile of a major transit stop. It accounted for roughly 30% of all housing units that were proposed to the Department in 2018.

As previously mentioned, the SB 50 Factsheet cited the City's TOC Program as a uniquely successful model of a local incentive-based housing program. It is unclear whether SB 50 intends to carve-out properties that are eligible for the TOC Program from also utilizing the incentives in the bill. However, single family and other lower density (residential) zoned lots that are not eligible for the TOC Program would be able to use the SB 50 incentives.

Apart from the intended TOC reference above, SB 50 also includes language that says any higher affordability requirements in a local "inclusionary housing ordinance" will continue to be honored for SB 50 projects. In most cases (all but the largest 350 unit+ projects) the affordability requirements under SB 50 will be at or below current TOC requirements. Similarly, most SB 50 projects would need to provide additional affordable housing units beyond what is required by the bill in order to be exempt from the City's Affordable Housing Linkage Fee. However, it is not clear that the City's TOC Program or Affordable Housing Linkage Fee are considered "inclusionary housing ordinances" as defined in the law (neither directly require affordable housing in developments).

It is also unclear whether the SB 50 language applying to the TOC program will extend to local affordable housing bonus programs that take the place of TOC incentives, usually through Community Plan Implementation Overlays (CPIOs), Transit Neighborhood Plans (TNPs) or other planning tools. Measure JJJ allows the broad TOC incentives to be replaced as new plans or programs come online that meet certain standards. These additional voluntary incentive programs (CPIOs or TNPs) may not fit the narrow definition in the bill and therefore the TOC affordability requirements could be overridden once they are replaced.

Increased Housing Production and Lower Housing Costs

There are few examples of such a state or regional upzoning program on the scale of SB 50 to assess potential impacts on housing production and housing costs. A few studies of SB 50 and the similar predecessor SB 827 have made estimates of potential housing created under these bills. For example, a recent study by the Urban Displacement Project and Mapcraft Labs focused on the Bay Area and produced estimates for how many additional units could be feasibly produced across the entire region. The authors concluded that SB 50 would have produced a 300% increase in financially-feasible market-rate housing capacity and a 400% increase in financially-feasible inclusionary unit capacity.⁵." A similar study also prepared by these same researchers of potential housing feasibility is currently being done for Los Angeles County. It is anticipated that the numbers for LA County may show a smaller impact due to differences in market conditions. Staff will analyze this report when it is issued.

In terms of impacts to affordability, most research supports the idea that significantly more home building will lower prices overall. Proponents look to cities and regions where zoning for multifamily housing is more permissive, including much of California several decades ago, as an example of potential housing affordability outcomes. Median housing costs in California used to be only slightly more expensive than in the rest of the country (30% in 1970). However, decades of under-production have resulted in median costs more than 250% higher than the nation. Cities building the most housing since 2010, per capita, such as Seattle, Denver, Portland and Austin have all seen rents fall or flatten recently.

Displacement and Sensitive Communities

Unlike SB 827 that was introduced by Senator Wiener in 2018, SB 50 explicitly protects rental housing from demolition or eviction by exempting any site where renters resided the last seven years, or where a rental unit was withdrawn using the Ellis Act the prior fifteen years. Some have questioned whether local governments will be able to verify these conditions in determining SB 50 eligibility. Others note that even without direct displacement, there remains much concern about indirect displacement of communities as neighborhoods experience increased new construction of market rate housing. In particular, the concern is that new housing development may signal higher market prices in a community, which may indirectly spur rent increases in adjacent buildings as landlords see higher profit margins.

Approximately 63% of Los Angeles' occupied housing units are occupied by renters (2017 American Community Survey). As a result, these provisions would remove a large number of the properties within the City from eligibility for SB 50. To effectively implement the bill, the City would need to establish a process for determining whether a property is, or has previously been, tenant-occupied. Today, the Housing + Community Investment Department (HCIDLA) performs this task for many types of development projects and also maintains a rent registry for units subject to the Rent Stabilization Ordinance. Records and proof of renter occupancy are less readily available for single family homes, where many SB 50 projects are likely to occur. There are concerns about displacement in these communities, particularly in low-income, tenant-occupied single-family neighborhoods.

To further address displacement concerns, SB 50 also provides for delayed implementation in areas designated as "sensitive communities". As HCD has not yet identified Sensitive Community areas in Los Angeles, analysis is based on the California Tax Credit Allocation Committee Opportunity Area Maps (https://www.treasurer.ca.gov/ctcac/opportunity.asp) that identify "High

⁵ http://www.urbandisplacement.org/sites/default/files/images/sb50 udp mapcraft policybrief.pdf

Segregation and Poverty" census tracts. These maps appear to approximate the criteria in the law (30 percent high poverty and high racial segregation); however they may not match the final HCD determination.

Other Policy Implications

The state's population continues to grow, but housing production has not kept pace. The bill's author (Senator Wiener) emphasizes that the housing shortage not only increases housing costs but also threatens our state's environment, economy, diversity, and quality of life. The bill's supporters argue that local control of planning and zoning is a primary cause of the insufficient home-building, particularly in coastal California, and bold state-led solutions are warranted to move local jurisdictions to open up areas to new additional housing densities. These larger complex but important issues are discussed below.

Sustainability and Climate Change Goals

The statewide housing crisis is forcing Californians to drive further to work, exacerbating carbon emissions and air pollution, as traffic and vehicle miles travelled continues to grow. California has established ambitious climate change and greenhouse gas emissions targets. While much progress has been achieved towards achieving these targets, the California Air Resources Board (CARB) has identified increased coordination between land use and transportation policies as a critical area where little progress has been made thus far. Research conducted at the University of California Berkeley suggests that major cities in California can gain the greatest greenhouse gas benefits by adopting urban infill development policies. Despite legislation such as AB 32 and SB 375 (2008) that established statewide climate change goals, most planning and transportation decisions remain in the hands of local and regional agencies.

SB 50 would significantly redirect areas for new housing development across the state. Whereas most new homes statewide are currently being located in relatively undeveloped exurban and suburban areas, SB 50 would focus much new growth in areas served by public transportation, near good jobs and high opportunity areas. Denser infill development tends to have a relatively lower carbon footprint than other types of development because its residents drive less and its buildings are more energy efficient.

While dense, infill development raises many concerns and challenges (discussed throughout), most believe the result of such a significant bill would be positive around sustainability goals. Three major statewide environmental groups have endorsed SB 50 - the Natural Resources Defense Council, California League of Conservation Voters, and Environment California.

Furthering Fair Housing

An important stated component of legislation such as SB 50 is to overcome legacies of redlining, segregation and exclusionary zoning. Areas with high opportunity are explicitly included in the legislation as jobs-rich areas. The inclusion of regional jobs-rich areas shows the inclusion of a much larger portion of the region than exists under transit-rich areas alone, spreading the coverage well beyond just central areas like Los Angeles. The removal of restrictions on multifamily housing, coupled with the affordable housing requirements, is meant to further fair housing opportunities in areas that have been used exclusively for single-family dwellings.

Los Angeles - Progress Meeting Affordability and Sustainability Goals

Los Angeles has been a leader in advancing housing and sustainability solutions in recent years and will continue to explore potential options for new housing, particularly near new high-quality transit, in consultation with community members. Total housing production in 2018 was higher than it had been in almost 30 years, with most of that growth occurring in areas with access to high-quality transit. Los Angeles has also met a higher percentage of its overall Regional Housing Needs Assessment (RHNA) allocation than any other major California jurisdiction since 2014. This housing production has occurred along with the advancement of strong new affordability tools and expansion of renter protections and affordable housing replacement provisions.

Recently-adopted citywide housing policies that have advanced housing production include the Transit Oriented Communities (TOC) Program. In the fifteen months since the program's adoption in late 2017, the TOC Program has resulted in more than 13,300 proposed housing units, of which about 2,400 are affordable. These units are being created on sites that are zoned for multi-family housing or commercial uses and are located near state-defined major transit stops (a different definition than SB 50). The City also now leads the nation in the creation of Accessory Dwelling Units (ADUs), permitting more than 4,100 units last year alone. The Permanent Supportive Housing and Interim Motel Conversion ordinances, both of which streamline the approval of supportive and transitional housing, were adopted April 11th, 2018. An Affordable Housing Linkage Fee went into effect on June 18, 2018, and is estimated to generate \$100 million per year for affordable housing once it is fully phased-in. In addition, thousands of units of new housing capacity are being created through ongoing efforts to update all 35 Community Plans and create new Transit Neighborhood Plans, which are all expected to be completed by the end of 2024.

Despite recent progress, the City, region and state are still producing well below what is needed to account for past housing deficits and make housing more affordable. The City permitted more than 21,000 housing units in 2018, a 29 year high, which equals 5.24 permits per 1,000 persons. This recent spike in housing production level still leaves Los Angeles only slightly above the national average for larger cities in terms of permits per person nationwide - in line with places like Phoenix, Columbus, and Kansas City. However, cities such as Portland, Minneapolis, Nashville, Miami, Jersey City, Oakland are building twice as many units per capita as Los Angeles, while cities like Seattle, Austin, Atlanta and Irvine, CA are building at least three times as many.

CONCLUSION

Addressing California's housing crisis is one of the many challenges facing policy makers today. Senate Bill 50 would allow more housing in Southern California transit hubs, helping to address the inadequate supply of housing, including restricted affordable housing. Nevertheless, despite potential macro or regional gains, the potential impacts to the City of Los Angeles are significant. For questions regarding this report, please contact Matthew Glesne at (213) 978-2666.

Sincerely,

VINCENT P. BERTONI, AICP Director of Planning

Kevin J. Keller, AICP Executive Officer

VPB:KJK:AV:MG:ch

Enclosures

SB 50 Proposed Text

Summary Data and Maps: SB 50 Potential Impact on the City of Los Angeles

ATTACHMENT 1

SB 50 Proposed Text, as of March 11, 2019

Introduced by Senator Wiener (Coauthors: Senators Caballero, Hueso, Moorlach, and Skinner) Skinner, and Stone)

(Coauthors: Assembly Members Burke, *Diep, Fong*, Kalra, Kiley, Low, Robert Rivas, Ting, and Wicks)

December 3, 2018

An act to *amend Section 65589.5 of, and to* add Chapter 4.35 (commencing with Section 65918.50) to Division 1 of Title 7 of the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 50, as amended, Wiener. Planning and zoning: housing development: equitable communities incentive. incentives.

Existing law, known as the Density Bonus Law, requires, when an applicant proposes a housing development within the jurisdiction of a local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents.

This bill would require a city, county, or city and county to grant upon request an equitable communities incentive when a development proponent seeks and agrees to construct a residential development, as defined, that satisfies specified criteria, including, among other things, that the residential development is either a job-rich housing project or a transit-rich housing project, as those terms are defined; the site does

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not contain, or has not contained, housing occupied by tenants or accommodations withdrawn from rent or lease in accordance with specified law within specified time periods; and the residential development complies with specified additional requirements under existing law. The bill would require that a residential development eligible for an equitable communities incentive receive waivers from maximum controls on density and *minimum controls on* automobile parking requirements greater than 0.5 parking spots per unit, up to 3 additional incentives or concessions under the Density Bonus Law, and specified additional waivers if the residential development is located within a ½-mile or ¼-mile radius of a major transit stop, as defined. The bill would authorize a local government to modify or expand the terms of an equitable communities incentive, provided that the equitable communities incentive is consistent with these provisions.

The bill would include findings that the changes proposed by this bill these provisions address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities. The bill would also declare the intent of the Legislature to delay implementation of this bill these provisions in sensitive communities, as defined, until July 1, 2020, as provided.

By adding to the duties of local planning officials, this bill would impose a state-mandated local program.

The Housing Accountability Act prohibits a local agency from disapproving, or conditioning approval in a manner that renders infeasible, a housing development project for very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified written findings based on a preponderance of the evidence in the record. That law provides that the receipt of a density bonus is not a valid basis on which to find a proposed housing development is inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision of that act.

This bill would additionally provide that the receipt of an equitable communities incentive is not a valid basis on which to find a proposed housing development is inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision of that act.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

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This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 65589.5 of the Government Code is 2 amended to read:
- 3 65589.5. (a) (1) The Legislature finds and declares all of the following:

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- (A) The lack of housing, including emergency shelters, is a critical problem that threatens the economic, environmental, and social quality of life in California.
- (B) California housing has become the most expensive in the nation. The excessive cost of the state's housing supply is partially caused by activities and policies of many local governments that limit the approval of housing, increase the cost of land for housing, and require that high fees and exactions be paid by producers of housing.
- (C) Among the consequences of those actions are discrimination against low-income and minority households, lack of housing to support employment growth, imbalance in jobs and housing, reduced mobility, urban sprawl, excessive commuting, and air quality deterioration.
- (D) Many local governments do not give adequate attention to the economic, environmental, and social costs of decisions that result in disapproval of housing development projects, reduction in density of housing projects, and excessive standards for housing development projects.
- (2) In enacting the amendments made to this section by the act adding this paragraph, the Legislature further finds and declares the following:
- (A) California has a housing supply and affordability crisis of historic proportions. The consequences of failing to effectively and aggressively confront this crisis are hurting millions of Californians, robbing future generations of the chance to call
- 31 California home, stifling economic opportunities for workers and
- 32 businesses, worsening poverty and homelessness, and undermining
- 33 the state's environmental and climate objectives.

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(B) While the causes of this crisis are multiple and complex, the absence of meaningful and effective policy reforms to significantly enhance the approval and supply of housing affordable to Californians of all income levels is a key factor.

- (C) The crisis has grown so acute in California that supply, demand, and affordability fundamentals are characterized in the negative: underserved demands, constrained supply, and protracted unaffordability.
- (D) According to reports and data, California has accumulated an unmet housing backlog of nearly 2,000,000 units and must provide for at least 180,000 new units annually to keep pace with growth through 2025.
- (E) California's overall homeownership rate is at its lowest level since the 1940s. The state ranks 49th out of the 50 states in homeownership rates as well as in the supply of housing per capita. Only one-half of California's households are able to afford the cost of housing in their local regions.
- (F) Lack of supply and rising costs are compounding inequality and limiting advancement opportunities for many Californians.
- (G) The majority of California renters, more than 3,000,000 households, pay more than 30 percent of their income toward rent and nearly one-third, more than 1,500,000 households, pay more than 50 percent of their income toward rent.
- (H) When Californians have access to safe and affordable housing, they have more money for food and health care; they are less likely to become homeless and in need of government-subsidized services; their children do better in school; and businesses have an easier time recruiting and retaining employees.
- (I) An additional consequence of the state's cumulative housing shortage is a significant increase in greenhouse gas emissions caused by the displacement and redirection of populations to states with greater housing opportunities, particularly working- and middle-class households. California's cumulative housing shortfall therefore has not only national but international environmental consequences.
- (J) California's housing picture has reached a crisis of historic proportions despite the fact that, for decades, the Legislature has enacted numerous statutes intended to significantly increase the

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approval, development, and affordability of housing for all income levels, including this section.

- (K) The Legislature's intent in enacting this section in 1982 and in expanding its provisions since then was to significantly increase the approval and construction of new housing for all economic segments of California's communities by meaningfully and effectively curbing the capability of local governments to deny, reduce the density for, or render infeasible housing development projects and emergency shelters. That intent has not been fulfilled.
- (L) It is the policy of the state that this section should be interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, housing.
- (3) It is the intent of the Legislature that the conditions that would have a specific, adverse impact upon the public health and safety, as described in paragraph (2) of subdivision (d) and paragraph (1) of subdivision (j), arise infrequently.
- (b) It is the policy of the state that a local government not reject or make infeasible housing development projects, including emergency shelters, that contribute to meeting the need determined pursuant to this article without a thorough analysis of the economic, social, and environmental effects of the action and without complying with subdivision (d).
- (c) The Legislature also recognizes that premature and unnecessary development of agricultural lands for urban uses continues to have adverse effects on the availability of those lands for food and fiber production and on the economy of the state. Furthermore, it is the policy of the state that development should be guided away from prime agricultural lands; therefore, in implementing this section, local jurisdictions should encourage, to the maximum extent practicable, in filling existing urban areas.
- (d) A local agency shall not disapprove a housing development project, including farmworker housing as defined in subdivision (h) of Section 50199.7 of the Health and Safety Code, for very low, low-, or moderate-income households, or an emergency shelter, or condition approval in a manner that renders the housing development project infeasible for development for the use of very low, low-, or moderate-income households, or an emergency shelter, including through the use of design review standards,

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unless it makes written findings, based upon a preponderance of the evidence in the record, as to one of the following:

- (1) The jurisdiction has adopted a housing element pursuant to this article that has been revised in accordance with Section 65588, is in substantial compliance with this article, and the jurisdiction has met or exceeded its share of the regional housing need allocation pursuant to Section 65584 for the planning period for the income category proposed for the housing development project, provided that any disapproval or conditional approval shall not be based on any of the reasons prohibited by Section 65008. If the housing development project includes a mix of income categories, and the jurisdiction has not met or exceeded its share of the regional housing need for one or more of those categories, then this paragraph shall not be used to disapprove or conditionally approve the housing development project. The share of the regional housing need met by the jurisdiction shall be calculated consistently with the forms and definitions that may be adopted by the Department of Housing and Community Development pursuant to Section 65400. In the case of an emergency shelter, the jurisdiction shall have met or exceeded the need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. Any disapproval or conditional approval pursuant to this paragraph shall be in accordance with applicable law, rule, or standards.
- (2) The housing development project or emergency shelter as proposed would have a specific, adverse impact upon the public health or safety, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible. As used in this paragraph, a "specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete. Inconsistency with the zoning ordinance or general plan land use designation shall not constitute a specific, adverse impact upon the public health or safety.
- (3) The denial of the housing development project or imposition of conditions is required in order to comply with specific state or federal law, and there is no feasible method to comply without

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rendering the development unaffordable to low- and moderate-income households or rendering the development of the emergency shelter financially infeasible.

- (4) The housing development project or emergency shelter is proposed on land zoned for agriculture or resource preservation that is surrounded on at least two sides by land being used for agricultural or resource preservation purposes, or which does not have adequate water or wastewater facilities to serve the project.
- (5) The housing development project or emergency shelter is inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation as specified in any element of the general plan as it existed on the date the application was deemed complete, and the jurisdiction has adopted a revised housing element in accordance with Section 65588 that is in substantial compliance with this article. For purposes of this section, a change to the zoning ordinance or general plan land use designation subsequent to the date the application was deemed complete shall not constitute a valid basis to disapprove or condition approval of the housing development project or emergency shelter.
- (A) This paragraph cannot be utilized to disapprove or conditionally approve a housing development project if the housing development project is proposed on a site that is identified as suitable or available for very low, low-, or moderate-income households in the jurisdiction's housing element, and consistent with the density specified in the housing element, even though it is inconsistent with both the jurisdiction's zoning ordinance and general plan land use designation.
- (B) If the local agency has failed to identify in the inventory of land in its housing element sites that can be developed for housing within the planning period and are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584, then this paragraph shall not be utilized to disapprove or conditionally approve a housing development project proposed for a site designated in any element of the general plan for residential uses or designated in any element of the general plan for commercial uses if residential uses are permitted or conditionally permitted within commercial designations. In any action in court, the burden of proof shall be on the local agency to show that its housing element does identify

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adequate sites with appropriate zoning and development standards and with services and facilities to accommodate the local agency's share of the regional housing need for the very low, low-, and moderate-income categories.

- (C) If the local agency has failed to identify a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, has failed to demonstrate that the identified zone or zones include sufficient capacity to accommodate the need for emergency shelter identified in paragraph (7) of subdivision (a) of Section 65583, or has failed to demonstrate that the identified zone or zones can accommodate at least one emergency shelter, as required by paragraph (4) of subdivision (a) of Section 65583, then this paragraph shall not be utilized to disapprove or conditionally approve an emergency shelter proposed for a site designated in any element of the general plan for industrial, commercial, or multifamily residential uses. In any action in court, the burden of proof shall be on the local agency to show that its housing element does satisfy the requirements of paragraph (4) of subdivision (a) of Section 65583.
- (e) Nothing in this section shall be construed to relieve the local agency from complying with the congestion management program required by Chapter 2.6 (commencing with Section 65088) of Division 1 of Title 7 or the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code). Neither shall anything in this section be construed to relieve the local agency from making one or more of the findings required pursuant to Section 21081 of the Public Resources Code or otherwise complying with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).
- (f) (1) Nothing in this section shall be construed to prohibit a local agency from requiring the housing development project to comply with objective, quantifiable, written development standards, conditions, and policies appropriate to, and consistent with, meeting the jurisdiction's share of the regional housing need pursuant to Section 65584. However, the development standards, conditions, and policies shall be applied to facilitate and accommodate development at the density permitted on the site and proposed by the development.

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(2) Nothing in this section shall be construed to prohibit a local agency from requiring an emergency shelter project to comply with objective, quantifiable, written development standards, conditions, and policies that are consistent with paragraph (4) of subdivision (a) of Section 65583 and appropriate to, and consistent with, meeting the jurisdiction's need for emergency shelter, as identified pursuant to paragraph (7) of subdivision (a) of Section 65583. However, the development standards, conditions, and policies shall be applied by the local agency to facilitate and accommodate the development of the emergency shelter project.

- (3) This section does not prohibit a local agency from imposing fees and other exactions otherwise authorized by law that are essential to provide necessary public services and facilities to the housing development project or emergency shelter.
- (4) For purposes of this section, a housing development project or emergency shelter shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision if there is substantial evidence that would allow a reasonable person to conclude that the housing development project or emergency shelter is consistent, compliant, or in conformity.
- (g) This section shall be applicable to charter cities because the Legislature finds that the lack of housing, including emergency shelter, is a critical statewide problem.
- (h) The following definitions apply for the purposes of this section:
- (1) "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.
- (2) "Housing development project" means a use consisting of any of the following:
 - (A) Residential units only.

- (B) Mixed-use developments consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use.
 - (C) Transitional housing or supportive housing.
- (3) "Housing for very low, low-, or moderate-income households" means that either (A) at least 20 percent of the total units shall be sold or rented to lower income households, as defined in Section 50079.5 of the Health and Safety Code, or (B) 100

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percent of the units shall be sold or rented to persons and families of moderate income as defined in Section 50093 of the Health and Safety Code, or persons and families of middle income, as defined in Section 65008 of this code. Housing units targeted for lower income households shall be made available at a monthly housing cost that does not exceed 30 percent of 60 percent of area median income with adjustments for household size made in accordance with the adjustment factors on which the lower income eligibility limits are based. Housing units targeted for persons and families of moderate income shall be made available at a monthly housing cost that does not exceed 30 percent of 100 percent of area median income with adjustments for household size made in accordance with the adjustment factors on which the moderate-income eligibility limits are based.

- (4) "Area median income" means area median income as periodically established by the Department of Housing and Community Development pursuant to Section 50093 of the Health and Safety Code. The developer shall provide sufficient legal commitments to ensure continued availability of units for very low or low-income households in accordance with the provisions of this subdivision for 30 years.
- (5) "Disapprove the housing development project" includes any instance in which a local agency does either of the following:
- (A) Votes on a proposed housing development project application and the application is disapproved, including any required land use approvals or entitlements necessary for the issuance of a building permit.
- (B) Fails to comply with the time periods specified in subdivision (a) of Section 65950. An extension of time pursuant to Article 5 (commencing with Section 65950) shall be deemed to be an extension of time pursuant to this paragraph.
- (i) If any city, county, or city and county denies approval or imposes conditions, including design changes, lower density, or a reduction of the percentage of a lot that may be occupied by a building or structure under the applicable planning and zoning in force at the time the application is deemed complete pursuant to Section 65943, that have a substantial adverse effect on the viability or affordability of a housing development for very low, low-, or moderate-income households, and the denial of the development or the imposition of conditions on the development is the subject

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of a court action which challenges the denial or the imposition of conditions, then the burden of proof shall be on the local legislative body to show that its decision is consistent with the findings as described in subdivision (d) and that the findings are supported by a preponderance of the evidence in the record. For purposes of this section, "lower density" includes any conditions that have the same effect or impact on the ability of the project to provide housing.

- (j) (1) When a proposed housing development project complies with applicable, objective general plan, zoning, and subdivision standards and criteria, including design review standards, in effect at the time that the housing development project's application is determined to be complete, but the local agency proposes to disapprove the project or to impose a condition that the project be developed at a lower density, the local agency shall base its decision regarding the proposed housing development project upon written findings supported by a preponderance of the evidence on the record that both of the following conditions exist:
- (A) The housing development project would have a specific, adverse impact upon the public health or safety unless the project is disapproved or approved upon the condition that the project be developed at a lower density. As used in this paragraph, a "specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.
- (B) There is no feasible method to satisfactorily mitigate or avoid the adverse impact identified pursuant to paragraph (1), other than the disapproval of the housing development project or the approval of the project upon the condition that it be developed at a lower density.
- (2) (A) If the local agency considers a proposed housing development project to be inconsistent, not in compliance, or not in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision as specified in this subdivision, it shall provide the applicant with written documentation identifying the provision or provisions, and an explanation of the reason or reasons it considers the housing development to be inconsistent, not in compliance, or not in conformity as follows:

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(i) Within 30 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains 150 or fewer housing units.

- (ii) Within 60 days of the date that the application for the housing development project is determined to be complete, if the housing development project contains more than 150 units.
- (B) If the local agency fails to provide the required documentation pursuant to subparagraph (A), the housing development project shall be deemed consistent, compliant, and in conformity with the applicable plan, program, policy, ordinance, standard, requirement, or other similar provision.
- (3) For purposes of this section, the receipt of a density bonus pursuant to Section 65915 or an equitable communities incentive pursuant to Section 65918.51 shall not constitute a valid basis on which to find a proposed housing development project is inconsistent, not in compliance, or not in-conformity, conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision specified in this subdivision.
- (4) For purposes of this section, a proposed housing development project is not inconsistent with the applicable zoning standards and criteria, and shall not require a rezoning, if the housing development project is consistent with the objective general plan standards and criteria but the zoning for the project site is inconsistent with the general plan. If the local agency has complied with paragraph (2), the local agency may require the proposed housing development project to comply with the objective standards and criteria of the zoning which is consistent with the general plan, however, the standards and criteria shall be applied to facilitate and accommodate development at the density allowed on the site by the general plan and proposed by the proposed housing development project.
- (5) For purposes of this section, "lower density" includes any conditions that have the same effect or impact on the ability of the project to provide housing.
- (k) (1) (A) The applicant, a person who would be eligible to apply for residency in the development or emergency shelter, or a housing organization may bring an action to enforce this section. If, in any action brought to enforce this section, a court finds that either (i) the local agency, in violation of subdivision (d), disapproved a housing development project or conditioned its

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approval in a manner rendering it infeasible for the development of an emergency shelter, or housing for very low, low-, or moderate-income households, including farmworker housing, without making the findings required by this section or without making findings supported by a preponderance of the evidence, or (ii) the local agency, in violation of subdivision (j), disapproved a housing development project complying with applicable, objective general plan and zoning standards and criteria, or imposed a condition that the project be developed at a lower density, without making the findings required by this section or without making findings supported by a preponderance of the evidence, the court shall issue an order or judgment compelling compliance with this section within 60 days, including, but not limited to, an order that the local agency take action on the housing development project or emergency shelter. The court may issue an order or judgment directing the local agency to approve the housing development project or emergency shelter if the court finds that the local agency acted in bad faith when it disapproved or conditionally approved the housing development or emergency shelter in violation of this section. The court shall retain jurisdiction to ensure that its order or judgment is carried out and shall award reasonable attorney's fees and costs of suit to the plaintiff or petitioner, except under extraordinary circumstances in which the court finds that awarding fees would not further the purposes of this section. For purposes of this section, "lower density" includes conditions that have the same effect or impact on the ability of the project to provide housing.

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(B) (i) Upon a determination that the local agency has failed to comply with the order or judgment compelling compliance with this section within 60 days issued pursuant to subparagraph (A), the court shall impose fines on a local agency that has violated this section and require the local agency to deposit any fine levied pursuant to this subdivision into a local housing trust fund. The local agency may elect to instead deposit the fine into the Building Homes and Jobs Fund, if Senate Bill 2 of the 2017–18 Regular Session is enacted, or otherwise in the Housing Rehabilitation Loan Fund. The fine shall be in a minimum amount of ten thousand dollars (\$10,000) per housing unit in the housing development project on the date the application was deemed complete pursuant to Section 65943. In determining the amount of fine to impose,

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the court shall consider the local agency's progress in attaining its target allocation of the regional housing need pursuant to Section 65584 and any prior violations of this section. Fines shall not be paid out of funds already dedicated to affordable housing, including, but not limited to, Low and Moderate Income Housing Asset Funds, funds dedicated to housing for very low, low-, and moderate-income households, and federal HOME Investment Partnerships Program and Community Development Block Grant Program funds. The local agency shall commit and expend the money in the local housing trust fund within five years for the sole purpose of financing newly constructed housing units affordable to extremely low, very low, or low-income households. After five years, if the funds have not been expended, the money shall revert to the state and be deposited in the Building Homes and Jobs Fund, if Senate Bill 2 of the 2017-18 Regular Session is enacted, or otherwise in the Housing Rehabilitation Loan Fund, for the sole purpose of financing newly constructed housing units affordable to extremely low, very low, or low-income households.

- (ii) If any money derived from a fine imposed pursuant to this subparagraph is deposited in the Housing Rehabilitation Loan Fund, then, notwithstanding Section 50661 of the Health and Safety Code, that money shall be available only upon appropriation by the Legislature.
- (C) If the court determines that its order or judgment has not been carried out within 60 days, the court may issue further orders as provided by law to ensure that the purposes and policies of this section are fulfilled, including, but not limited to, an order to vacate the decision of the local agency and to approve the housing development project, in which case the application for the housing development project, as proposed by the applicant at the time the local agency took the initial action determined to be in violation of this section, along with any standard conditions determined by the court to be generally imposed by the local agency on similar projects, shall be deemed to be approved unless the applicant consents to a different decision or action by the local agency.
- (2) For purposes of this subdivision, "housing organization" means a trade or industry group whose local members are primarily engaged in the construction or management of housing units or a nonprofit organization whose mission includes providing or advocating for increased access to housing for low-income

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households and have filed written or oral comments with the local agency prior to action on the housing development project. A housing organization may only file an action pursuant to this section to challenge the disapproval of a housing development by a local agency. A housing organization shall be entitled to reasonable attorney's fees and costs if it is the prevailing party in an action to enforce this section.

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- (1) If the court finds that the local agency (1) acted in bad faith when it disapproved or conditionally approved the housing development or emergency shelter in violation of this section and (2) failed to carry out the court's order or judgment within 60 days as described in subdivision (k), the court, in addition to any other remedies provided by this section, shall multiply the fine determined pursuant to subparagraph (B) of paragraph (1) of subdivision (k) by a factor of five. For purposes of this section, "bad faith" includes, but is not limited to, an action that is frivolous or otherwise entirely without merit.
- (m) Any action brought to enforce the provisions of this section shall be brought pursuant to Section 1094.5 of the Code of Civil Procedure, and the local agency shall prepare and certify the record of proceedings in accordance with subdivision (c) of Section 1094.6 of the Code of Civil Procedure no later than 30 days after the petition is served, provided that the cost of preparation of the record shall be borne by the local agency, unless the petitioner elects to prepare the record as provided in subdivision (n) of this section. A petition to enforce the provisions of this section shall be filed and served no later than 90 days from the later of (1) the effective date of a decision of the local agency imposing conditions on, disapproving, or any other final action on a housing development project or (2) the expiration of the time periods specified in subparagraph (B) of paragraph (5) of subdivision (h). Upon entry of the trial court's order, a party may, in order to obtain appellate review of the order, file a petition within 20 days after service upon it of a written notice of the entry of the order, or within such further time not exceeding an additional 20 days as the trial court may for good cause allow, or may appeal the judgment or order of the trial court under Section 904.1 of the Code of Civil Procedure. If the local agency appeals the judgment of the trial court, the local agency shall post a bond, in an amount to be

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determined by the court, to the benefit of the plaintiff if the plaintiff is the project applicant.

- (n) In any action, the record of the proceedings before the local agency shall be filed as expeditiously as possible and, notwithstanding Section 1094.6 of the Code of Civil Procedure or subdivision (m) of this section, all or part of the record may be prepared (1) by the petitioner with the petition or petitioner's points and authorities, (2) by the respondent with respondent's points and authorities, (3) after payment of costs by the petitioner, or (4) as otherwise directed by the court. If the expense of preparing the record has been borne by the petitioner and the petitioner is the prevailing party, the expense shall be taxable as costs.
- (o) This section shall be known, and may be cited, as the Housing Accountability Act.

SECTION 1.

SEC. 2. Chapter 4.35 (commencing with Section 65918.50) is added to Division 1 of Title 7 of the Government Code, to read:

Chapter 4.35. Equitable Communities Incentives

- 65918.50. For purposes of this chapter:
- (a) "Affordable" means available at affordable rent or affordable housing cost to, and occupied by, persons and families of extremely low, very low, low, or moderate incomes, as specified in context, and subject to a recorded affordability restriction for at least 55 years.
- (b)
- (a) "Development proponent" means an applicant who submits an application for an equitable communities incentive pursuant to this chapter.
- (c)
- (b) "Eligible applicant" means a development proponent who receives an equitable communities incentive.
- (d
- 35 (c) "FAR" means floor area ratio.
- 36 (e)
 - (d) "High-quality bus corridor" means a corridor with fixed route bus service that meets all of the following criteria:
 - (1) It has average service intervals of no more than 15 minutes during the three peak hours between 6 a.m. to 10 a.m., inclusive,

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and the three peak hours between 3 p.m. and 7 p.m., inclusive, on Monday through Friday.

- (2) It has average service intervals of no more than 20 minutes during the hours of 6 a.m. to 10-a.m., p.m., inclusive, on Monday through Friday.
- (3) It has average intervals of no more than 30 minutes during the hours of 8 a.m. to 10 p.m., inclusive, on Saturday and Sunday.
- (e) (1) "Jobs-rich area" means an area identified by the Department of Housing and Community Development in consultation with the Office of Planning and Research that is both high opportunity and jobs rich, based on whether, in a regional analysis, the tract meets the following:
- (A) The tract is higher opportunity and its characteristics are associated with positive educational and economic outcomes for households of all income levels residing in the tract.
 - (B) The tract meets either of the following criteria:
- (i) New housing sited in the tract would enable residents to live in or near a jobs-rich area, as measured by employment density and job totals.
- (ii) New housing sited in the tract would enable shorter commute distances for residents, compared to existing commute levels.
- (2) The Department of Housing and Community Development shall, commencing on January 1, 2020, publish and update, every five years thereafter, a map of the state showing the areas identified by the department as "jobs-rich areas."
- (f) "Job-rich housing project" means a residential development within an area identified as a jobs-rich area by the Department of Housing and Community Development-and in consultation with the Office of Planning and Research, based on indicators such as proximity to jobs, high area median income relative to the relevant region, and high-quality public schools, as an area of high opportunity close to jobs. A residential development shall be deemed to be within an area designated as job-rich if both of the following apply:
- (1) All parcels within the project have no more than 25 percent of their area outside of the job-rich area.
- 37 (2) No more than 10 percent of residential units or 100 units, 38 whichever is less, of the development are outside of the job-rich 39 area.

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(g) "Local government" means a city, including a charter city, a county, or a city and county.

- (h) "Major transit stop" means a <u>site containing an existing</u> rail transit station or a ferry terminal <u>served by either bus or rail transit service</u>. that is a major transit stop pursuant to subdivision (b) of Section 21155 of the Public Resources Code.
- (i) "Residential development" means a project with at least two-thirds of the square footage of the development designated for residential use.
 - (j) "Sensitive community" means an either of the following:
- (1) Except as provided in paragraph (2), an area identified by the Department of Housing and Community Development, which identification shall be updated every five years, in consultation with local community-based organizations in each metropolitan planning region, as an area-vulnerable to displacement pressures, based on indicators such as percentage of tenant households living at, or under, the poverty line relative to the region. where both of the following apply:
- (A) Thirty percent or more of the census tract lives below the poverty line, provided that college students do not compose at least 25 percent of the population.
- (B) The location quotient of residential racial segregation in the census tract is at least 1.25 as defined by the Department of Housing and Community Development.
- (2) In the Counties of Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano, and Sonoma, areas designated by the Metropolitan Transportation Commission on December 19, 2018, as the intersection of disadvantaged and vulnerable communities as defined by the Metropolitan Transportation Commission and the San Francisco Bay Conservation and Development Commission, which identification of a sensitive community shall be updated at least every five years by the Department of Housing and Community Development.
- (k) "Tenant' means a person-residing in who does not own the property where they reside, including residential situations that are any of the following:
- 37 (1) Residential real property rented by the person under a long-term lease.
- 39 (2) A single-room occupancy unit.

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- (3) An accessory dwelling unit that is not subject to, or does not have a valid permit in accordance with, an ordinance adopted by a local agency pursuant to Section 65852.22.
 - (4) A residential motel.
- (5) A mobilehome park, as governed under the Mobilehome Residency Law (Chapter 2.5 (commencing with Section 798) of Title 2 of Part 2 of Division 2 of the Civil Code), the Recreational Vehicle Park Occupancy Law (Chapter 2.6 (commencing with Section 799.20) of Title 2 of Part 2 of Division 2 of the Civil Code), the Mobilehome Parks Act (Part 2.1 (commencing with Section 18200) of Division 13 of the Health and Safety Code), or the Special Occupancy Parks Act (Part 2.3 (commencing with Section 18860) of Division 13 of the Health and Safety Code).

14 (5)

- (6) Any other type of residential property that is not owned by the person or a member of the person's household, for which the person or a member of the person's household provides payments on a regular schedule in exchange for the right to occupy the residential property.
- (1) "Transit-rich housing project" means a residential development the parcels of which are all within a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor. A project shall be deemed to be within a one-half mile the radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor if both of the following apply:
- (1) All parcels within the project have no more than 25 percent of their area outside of a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor.
- (2) No more than 10 percent of the residential units or 100 units, whichever is less, of the project are outside of a one-half mile radius of a major transit stop or a one-quarter mile radius of a stop on a high-quality bus corridor.
- 65918.51. (a)—A local government shall, upon request of a development proponent, grant an equitable communities incentive, as specified in Section 65918.53, when the development proponent seeks and agrees to construct a residential development that satisfies the requirements specified in Section 65918.52.

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(b) It is the intent of the Legislature that, absent exceptional eircumstances, actions taken by a local legislative body that increase residential density not undermine the equitable communities incentive program established by this chapter.

- 65918.52. In order to be eligible for an equitable communities incentive pursuant to this chapter, a residential development shall meet all of the following criteria:
- (a) The residential development is either a job-rich housing project or transit-rich housing project.
- (b) The residential development is located on a site that, at the time of application, is zoned to allow housing as an underlying use in the zone, including, but not limited to, a residential, mixed-use, or commercial zone, as defined and allowed by the local government.
- (c) (1) If the local government has adopted an inclusionary housing ordinance requiring that the development include a certain number of units affordable to households with incomes that do not exceed the limits for moderate-income, lower income, very low income, or extremely low income specified in Sections 50079.5, 50093, 50105, and 50106 of the Health and Safety Code, and that ordinance requires that a new development include levels of affordable housing in excess of the requirements specified in paragraph (2), the residential development complies with that ordinance. The ordinance may provide alternative means of compliance that may include, but are not limited to, in-lieu fees, land dedication, offsite construction, or acquisition and rehabilitation of existing units.
- (2) (A) If the local government has not adopted an inclusionary housing ordinance, as described in paragraph (1), and the residential development includes _____ or more residential units, the residential development includes _____ or more residential units, the residential development includes _____ or affordable housing contribution for households with incomes that do not exceed the limits for extremely low income, very low income, and low income specified in Sections 50093, 50105, and 50106 of the Health and Safety Code. It is the intent of the Legislature to require that any development of _____ or more residential units receiving an equitable communities incentive pursuant to this chapter include housing affordable to low, very low or extremely low income households, which, for projects with low or very low income units, are no less than the number of onsite units affordable to low or

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very low income households that would be required pursuant to subdivision (f) of Section 65915 for a development receiving a density bonus of 35 percent.

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- (B) For purposes of this paragraph, the residential development is subject to one of the following:
- (i) If the project has 10 or fewer units, no affordability contribution is imposed.
- (ii) If the project has 11 to 20 residential units, the development proponent may pay an in-lieu fee to the local government for affordable housing, where feasible, pursuant to subparagraph (C).
- (iii) If the project has more than 20 residential units, the development proponent shall do either of the following:
- (I) Make a comparable affordability contribution toward housing offsite that is affordable to lower income households, pursuant to subparagraph (C).
- (II) Include units on the site of the project that are affordable to extremely low income, as defined in Section 50105 of the Health and Safety Code, very low income, or low-income households, as defined in Section 50079.5 of the Health and Safety Code, as follows:

| 22 | Project Size | Inclusionary Requirement |
|----|-------------------|--------------------------|
| 23 | 21– 200 units | 15% low income; or |
| 24 | | 8% very low income; or |
| 25 | | 6% extremely low income |
| 26 | 201–350 units | 17% low income; or |
| 27 | | 10% very low income; or |
| 28 | | 8% extremely low income |
| 29 | 351 or more units | 25% low income; or |
| 30 | | 15% very low income; or |
| 31 | | 11% extremely low income |
| 32 | | |

- (C) The development proponent of a project that qualifies pursuant to clause (ii) or subclause (I) of clause (iii) of subparagraph (B) may make a comparable affordability contribution toward housing offsite that is affordable to lower income households, as follows:
- (i) The local government collecting the in-lieu fee payment shall make every effort to ensure that future affordable housing will be sited within one-half mile of the original project location within

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the boundaries of the local government by designating an existing housing opportunity site within a one-half mile radius of the project site for affordable housing. To the extent practicable, local housing funding shall be prioritized at the first opportunity to build affordable housing on that site.

- (ii) If no housing opportunity sites that satisfy clause (i) are available, the local government shall designate a site for affordable housing within the boundaries of the local government and make findings that the site for the affordable housing development affirmatively furthers fair housing, as defined in Section 8899.50.
- (D) Affordability of units pursuant to this paragraph shall be restricted by deed for a period of 55 years for rental units or 45 years for units offered for sale.
- (d) The site does not contain, or has not contained, either of the following:
- (1) Housing occupied by tenants within the seven years preceding the date of the application, including housing that has been demolished or that tenants have vacated prior to the application for a development permit.
- (2) A parcel or parcels on which an owner of residential real property has exercised his or her their rights under Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 to withdraw accommodations from rent or lease within 15 years prior to the date that the development proponent submits an application pursuant to this chapter.
- (e) The residential development complies with all applicable labor, construction employment, and wage standards otherwise required by law and any other generally applicable requirement regarding the approval of a development project, including, but not limited to, the local government's conditional use or other discretionary permit approval process, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), or a streamlined approval process that includes labor protections.
- (f) The residential development complies with all other relevant standards, requirements, and prohibitions imposed by the local government regarding architectural design, restrictions on or oversight of demolition, impact fees, and community benefits agreements.

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(g) The equitable communities incentive shall not be used to undermine the economic feasibility of delivering low-income housing under the state density bonus program or a local implementation of the state density bonus program, or any locally adopted program that puts conditions on new development applications on the basis of receiving a zone change or general plan amendment in exchange for benefits such as increased affordable housing, local hire, or payment of prevailing wages.

65918.53. (a) A residential development Any transit-rich or jobs-rich housing project that meets the criteria specified in Section 65918.52 shall receive, upon request, an equitable communities incentive as follows:

(1) Any cligible applicant shall receive the following:

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38 39 (1) A waiver from maximum controls on density.

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(2) A waiver from maximum minimum automobile parking requirements greater than 0.5 automobile parking spots per unit.

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20 (3) Up to three incentives and concessions pursuant to subdivision (d) of Section 65915.

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(b) An eligible applicant proposing a residential development that is located within a one-half mile radius, but outside a one-quarter mile radius, of a major transit stop and includes no less than ____ percent affordable housing units shall receive, in addition to the incentives specified in paragraph (1), subdivision (a), waivers from all of the following:

29 (A)

(1) Maximum height requirements less than 45 feet.

31 (B)

32 (2) Maximum FAR requirements less than 2.5.

33 (C)

34 (3) Notwithstanding subparagraph (B) of paragraph (1), any maximum automobile parking requirement.

36 (3)

(c) An eligible applicant proposing a residential development that is located within a one-quarter mile radius of a major transit and includes no less than percent affordable housing units

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1 stop shall receive, in addition to the incentives specified in 2 paragraph (1), subdivision (a), waivers from all of the following:

3 (A)

(1) Maximum height requirements less than 55 feet.

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(2) Maximum FAR requirements less than 3.25.

7 (C)

(3) Notwithstanding-subparagraph (B) of paragraph (1), (1) of subdivision (b), any maximum minimum automobile parking requirement.

(4)

(d) Notwithstanding any other law, for purposes of calculating any additional incentive or concession in accordance with Section 65915, the number of units in the residential development after applying the equitable communities incentive received pursuant to this chapter shall be used as the base density for calculating the incentive or concession under that section.

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(e) An eligible applicant proposing a project that meets all of the requirements under Section 65913.4 may submit an application for streamlined, ministerial approval in accordance with that section.

(b)

- (f) The local government may modify or expand the terms of an equitable communities incentive provided pursuant to this chapter, provided that the equitable communities incentive is consistent with, and meets the minimum standards specified in, this chapter.
- 65918.54. The Legislature finds and declares that this chapter addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this chapter applies to all cities, including charter cities.
- 65918.55. (a) It is the intent of the Legislature that implementation Implementation of this chapter shall be delayed in sensitive communities until July 1, 2020.
- (b) It is further the intent of the Legislature to enact legislation that does all of the following:

39 (1)

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(b) Between January 1, 2020, and _____,—allows a local government, in lieu of the requirements of this chapter, to may opt for a community-led planning process in sensitive communities aimed toward increasing residential density and multifamily housing choices near transit stops. stops, as follows:

(2) Encourages sensitive

- (1) Sensitive communities to opt for that pursue a community-led planning process at the neighborhood level—to develop shall, on or before January 1, 2025, produce a community plan that may include zoning and any other policies that encourage multifamily housing development at a range of income levels to meet unmet needs, protect vulnerable residents from displacement, and address other locally identified priorities.
- (3) Sets minimum performance standards for community plans, such as minimum
- (2) Community plans shall, at a minimum, be consistent with the overall residential development capacity and the minimum affordability standards set forth in this chapter. chapter within the boundaries of the community plan.

(4) Automatically applies the

(3) The provisions of this chapter shall apply on January 1, 2025, to sensitive communities that—do have not—have adopted community plans that meet the minimum standards described in paragraph—(3), (2), whether those plans were adopted prior to or after enactment of this chapter.

SEC. 2.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

ATTACHMENT 2

Summary Data and Maps: SB 50 Potential Impact on the City of Los Angeles

Tables 1 through 3 show the percentage of areas that would potentially be impacted by SB 50 in the City of Los Angeles, by total acreage.

Table 1: SB 50 Potential Impact, Citywide

| Citywide Areas | Proportion Located in SB 50 Area. ¹ (Acreage) | Proportion Potentially Eligible for SB 50 ² (Acreage) | |
|---|--|--|--|
| Total City Lots | 56% | 34% | |
| Developable Area.3 | 63% | 43% | |
| Transit Oriented Communities (TOC) Areas | 82% | 42% | |
| Single-Family Zones | 61% | 50% | |
| R2 Zones | 73% | 36% | |
| RD Zones | 64% | 24% | |
| Height Districts | | | |
| HD – 36' and under | 7% | 4% | |
| HD – 45' and under | 10% | 4% | |
| Historic Areas | | | |
| Historic Preservation Overlay Zones (HPOZs) | 86% | 52% | |
| Historic Cultural Monuments (HCMs) | 37% | 13% | |
| Historic Districts (State and National Registers) | 42% | 14% | |

¹ Areas are determined to be potentially impacted by SB 50 if they are located in a Jobs-Rich or Transit-Rich Area, as those terms are defined in the Bill. The analysis does not exclude areas that would potentially be defined as a Sensitive Community. As HCD has not yet released a statewide map of Jobs-Rich areas, analysis is based on best-available information available, prepared by the Mapping Opportunity in California Project (http://mappingopportunityca.org/).

² Areas are determined to be potentially eligible for SB 50 if they meet the following eligibility criteria: (1) located in a Transit-Rich Area or Jobs-Rich Area; (2) parcel is zoned to allow a residential use; (3) parcel does not have two or more dwelling units on site or, if only one dwelling unit is on site, it is not renter-occupied; and (4) parcel has not been withdrawn from the rental market under the Ellis Act. Analysis for criteria (3) is based on LA County Assessor data and does not necessarily capture all sites that have housing occupied by tenants.

³ Developable Area refers to total zoned acreage (excluding any major manufacturing area and major open space areas)

Table 2: SB 50 Potential Impact, by Council District

| Council District | Proportion Located in SB 50 Area (Acreage) | Proportion Potentially Eligible for SB 50 (Acreage) |
|----------------------|--|---|
| CD 1 – Cedillo | 66% | 34% |
| CD 2 – Krekorian | 44% | 27% |
| CD 3 – Blumenfield | 60% | 43% |
| CD 4 – Ryu | 74% | 47% |
| CD 5 – Koretz | 98% | 59% |
| CD 6 – Martinez | 27% | 14% |
| CD 7 - Rodriguez | 6% | 4% |
| CD 8 – Harris-Dawson | 83% | 50% |
| CD 9 – Price | 84% | 43% |
| CD 10 – Wesson | 81% | 43% |
| CD 11 – Bonin | 61% | 36% |
| CD 12 – Smith | 68% | 51% |
| CD 13 – O'Farrell | 81% | 36% |
| CD 14 – Huizar | 71% | 35% |
| CD 15 – Buscaino | 14% | 8% |

Table 3: SB 50 Potential Impact, by Community Plan Area

| Community Plan Area | Proportion Located in SB 50 Area (Acreage) | Proportion Potentially Eligible for SB 50 (Acreage) |
|---|--|---|
| Arleta – Pacoima | 31% | 22% |
| Bel Air – Beverly Crest | 100% | 65% |
| Boyle Heights | 66% | 24% |
| Brentwood – Pacific Palisades | 51% | 37% |
| Canoga Park – Winnetka – Woodland Hills – West Hills | 70% | 48% |
| Central City | 95% | 45% |
| Central City North | 90% | 30% |
| Chatsworth – Porter Ranch | 69% | 49% |
| Encino – Tarzana | 85% | 62% |
| Granada Hills – Knollwood | 57% | 42% |
| Harbor Gateway | 27% | 13% |
| Hollywood | 62% | 35% |
| Mission Hills – Panorama City – North Hills | 29% | 16% |
| North Hollywood – Valley Village | 34% | 20% |
| Northeast Los Angeles | 58% | 35% |
| Northridge | 76% | 65% |
| Palms – Mar Vista – Del Rey | 93% | 29% |
| Reseda – West Van Nuys | 12% | 10% |
| San Pedro | 20% | 10% |
| Sherman Oaks – Studio City – Toluca Lake – Cahuenga Pass | 99% | 70% |
| Silver Lake – Echo Park – Elysian Valley | 71% | 33% |

| South Los Angeles | 95% | 54% |
|---|------|-----|
| Southeast Los Angeles | 75% | 40% |
| Sun Valley – La Tuna Canyon | 9% | 4% |
| Sunland – Tujunga – Lake View Terrace – Shadow Hills – East La Tuna Canyon | 0% | 0% |
| Sylmar | 4% | 3% |
| Van Nuys – North Sherman Oaks | 51% | 32% |
| Venice | 100% | 35% |
| West Adams – Baldwin Hills – Leimert | 73% | 44% |
| West Los Angeles | 100% | 37% |
| Westchester – Playa del Rey | 91% | 45% |
| Westlake | 98% | 47% |
| Westwood | 95% | 68% |
| Wilmington – Harbor City | 5% | 3% |
| Wilshire | 95% | 44% |

Tables 4 through 10 show the percentage of areas that would potentially be impacted by SB 50 in the City of Los Angeles, by total number of parcels.

Table 4: Potentially Eligible Residential Parcels (Map 2)

| Potentially Eligible Residential Parcels | Number of Parcels | % of Total Residential Parcels Citywide |
|--|-------------------|---|
| 1/4 Mile of Major Transit Stop | 24,341 | 3.2% |
| 1/2 Mile of Major Transit Stop.4 | 50,423 | 6.7% |
| High Quality Bus Corridor | 106,120 | 14.1% |
| Jobs-Rich Area | 164,318 | 21.9% |

Table 5: Potentially Eligible Single-Family Parcels (Map 3)

| Potentially Eligible Single-Family Parcels | Number of Parcels | % of Total Single- Family Parcels Citywide |
|--|-------------------|--|
| 1/4 Mile of Major Transit Stop | 7,043 | 1.4% |
| 1/2 Mile of Major Transit Stop.5 | 23,606 | 4.8% |
| High Quality Bus Corridor | 42,684 | 8.7% |
| Jobs-Rich Area | 148,791 | 30.4% |

⁴ Not inclusive of parcels within ¼ mile of a Major Transit Stop.

⁵ Not inclusive of parcels within ¼ mile of a Major Transit Stop.

Table 6: Potentially Eligible R2 and RD Zoned Parcels (Map 4)

| Potentially Eligible R2 and RD Zoned Parcels | Number of Parcels | % of Total R2 and RD Zoned Parcels Citywide |
|--|-------------------|---|
| 1/4 Mile of Major Transit Stop | 2,930 | 1.8% |
| 1/2 Mile of Major Transit Stop.6 | 10,193 | 6.3% |
| High Quality Bus Corridor | 28,622 | 17.6% |
| Jobs-Rich Area | 6,896 | 4.2% |

Table 7: Potentially Impacted Parcels by Height District (Map 5)

| Parcels Impacted, by Height District | Number of Parcels Impacted | % of Total Parcels Citywide in Height District Category |
|--|-------------------------------|---|
| HD 36' and under, Eligible for 45' incentive | 28,911 | 5.4% |
| HD 36' and under, Eligible for 55' incentive | 8,767 | 1.6% |
| HD 45' and under, Eligible for 55' incentive | 3,870 | 2.3% |

Table 8: Potentially Impacted Historic Areas (Map 6)

| Parcels Impacted, by Type of Historic Area | Number of Parcels Impacted | % of Total Parcels Citywide in Type of Historic Area |
|---|-------------------------------|--|
| Historic Preservation Overlay Zones (HPOZs) | 13,012 | 50% |
| Historic Cultural Monuments (HCMs) | 2,777 | 44.8% |
| Historic Districts (State and National Registers) | 1,256 | 39.6% |

⁶ Not inclusive of parcels within ¼ mile of a Major Transit Stop.

Table 9: Comparison of Parcels Located in TOC Areas, Based on Eligibility for SB 50 and TOC Incentive Programs (Map 7)

| Parcel Eligible for: | Number of Parcels | % of Total Parcels in TOC Area |
|--|-------------------|--------------------------------|
| SB 50 Incentives Only | 89,337 | 24% |
| Both TOC Incentives and SB 50 Incentives | 79,774 | 21% |
| TOC Incentives Only | 95,783 | 26% |

Table 10: SB 50 Eligible Parcels Located in "Sensitive Communities" Area (Map 8)

| Parcels Located in SB 50 Sensitive Communities: ⁷ | Number of Parcels | % of Total Parcels Eligible for SB 50 |
|--|-------------------|--|
| SB 50 Eligible Parcels located in Sensitive Communities | 51,799 | 15% |

⁷ As HCD has not yet identified Sensitive Community areas in Los Angeles, analysis is based on the California Tax Credit Allocation Committee Opportunity Area Maps (https://www.treasurer.ca.gov/ctcac/opportunity.asp) that identify "High Segregation and Poverty" census tracts.

