

SB 50 (WIENER): THE MORE HOMES ACT

POSITION: The Chamber's Public Policy Sub-Committee on Infrastructure, Housing & Land Use voted to SUPPORT SB 50 IN CONCEPT on January 15, 2019. The Chamber's Public Policy Committee voted to SUPPORT SB 50 IN CONCEPT on February 12, 2019. The Chamber's Board of Directors voted to SUPPORT SB 50 IN CONCEPT on February 28, 2019. The Chamber's Public Policy Committee voted to SUPPORT SB 50 on April 9, 2019. The Chamber's Board of Directors voted to SUPPORT the bill on April 25, 2019.

RATIONALE: SB 50 is a promising reintroduction of SB 827, which was supported by the Chamber last year. The Chamber Board of Directors took a "support in concept" position because at the time some details required further clarification.

STATUS: SB 50 was introduced to Senator Scott Wiener on December 3, 2018, passed the Senate Housing Committee on April 4, 2019, and passed out of the Senate Governance and Finance Committee on April 24, 2019.

SUMMARY

SB 50 creates geographic areas where an Equitable Communities Incentive may be applied, namely in transit-rich areas, "job rich" areas and "high-opportunity" areas (to be specifically determined by the Department of Housing and Community Development, and the Office of Planning and Research). The bill specifies what incentives are allowed as follows:

- In jobs rich, high opportunity areas, and within a quarter-mile of a qualifying bus-stop, a project would receive:
 - A waiver from density caps
 - Lowered parking requirements
- In counties with over 600,000 people (and in cities with over 50,000 people), within a half mile of rail or ferry stations:
 - A waiver from height restrictions that are less than 45 feet
 - A waiver from maximum Floor Area Ratio requirements less than 2.5
 - A waiver from maximum parking
- Within a quarter mile of a major transit stop:
 - A waiver from height restrictions less than 55 feet
 - A waiver from any parking requirements
 - A waiver from maximum Floor Area Ratio requirements less than 3.5
- Four-plexes will be allowed by-right throughout the state

INDUSTRY/IES IMPACTED

If enacted, the bill would facilitate additional housing supply putting downward pressure on housing prices which will benefit businesses from many industries struggling with talent attraction and retention due to housing options and affordability. More directly, the building industry would be impacted.

SUPPORTERS

OPPONENTS

- AARP
- CA YIMBY
- California Chamber of Commerce
- California Apartment Association

SUPPORTERS (Continued)

- California Association of Realtors
- Circulate San Diego
- Habitat for Humanity
- Los Angeles Chamber of Commerce
- Silicon Valley Leadership Group

ARGUMENTS IN FAVOR

- By most measurements, California is lacking 3.5 million homes to keep up with the natural growth in the state. This has resulted in a shortage of homes, and an acute housing affordability crisis throughout the state.
- This bill would allow for increased housing supply by limiting the ability of community members to block the development of new homes.

- City of Beverly Hills
- City of Pasadena
- City of Sunnyvale

OPPONENTS (Continued)

- Coalition For San Francisco Neighborhoods
- Coalition to Preserve LA
- League of California Cities
- Livable California
- Senator Patricia Bates
- South Bay Cities Council of Governments

ARGUMENTS IN OPPOSITION

- This bill would allow for a major increase in density in all neighborhoods, without regard to the character of the area, or the value of homes already in the area.
- This bill disregards local control and provides the state a role in deciding the future of neighborhoods.
- By applying these policies to “high-opportunity” areas, density could be added to auto-dependent areas detracting from CO2 emission reduction efforts.

MORE INFORMATION

Due to significant opposition from social justice and tenants’ rights advocates in 2018, this version of the density-bill introduced in SB 50, includes tenant protections and affordability requirements that could become challenging in the actual utilization of the incentives included. More specifically, the bill states that any building that has been occupied in the past seven years cannot be demolished and used as a location for bonuses from SB 50.

This bill remains controversial, but is presented as a possible policy response to the state’s 3 million home deficit. In previous studies, McKinsey published data supporting the idea that between one and three million homes could be built by intensifying density around transit. In its earliest iteration, SB 827, the bill was solely focused on building homes in proximity to transit. To address concerns regarding displacement, gentrification, and economic opportunity, SB 50 included the “job-rich” zones, and expanded transit to include high-quality bus corridors. As a result, the bill impacts not only dense, urban areas, but will touch more suburban areas, with the idea that proximity to quality jobs and education will result in lowered commutes and improved environmental quality.

Since the Chamber Board of Directors took action to support SB 50 in concept, the following substantial changes were made:

- 1- An in-lieu fee option was added at the request of “affordable housing developers, who rely on those fees to finance their developments” according to the author.
- 2- The requirements to provide Affordable Housing in order for developers to take advantage of the program figures were added:

Project Size	Inclusionary Housing Requirement
1-10 units	No affordability requirement.
11-20 units	Development proponent may pay an in lieu fee, where feasible, toward housing offsite affordable to lower income households.
21-200 units	<ul style="list-style-type: none"> • 15% low income OR • 8% very low income OR • 6% extremely low income OR • Comparable affordability contribution toward housing offsite affordable to lower income households.
201 – 350 units	<ul style="list-style-type: none"> • 17% low income OR • 10% very low income OR • 8% extremely low income OR • Comparable affordability contribution toward housing offsite affordable to lower income households
351 units or more	<ul style="list-style-type: none"> • 25% low income OR • 15% very low income OR • 11% extremely low income OR • Comparable affordability contribution toward housing offsite affordable to lower income households

3- Amendments were accepted to make most of these provisions only effective for cities with more than 50,000 people, and counties with over 600,000 people.

SB 50 is part of a larger package of housing bills, which will likely include SB 5, which addresses financing of affordable housing, and others that will promote renter protections. SB 4, a bill which was often preferred by smaller cities and organizations concerned with preserving local control, will not move forward and instead major components are to be amended into SB 50.