

What is SB 50 and How Would it Affect Housing in the Inland Region?

Note: On January 30, 2020, SB 50 failed to pass in the Senate. Weiner has indicated he will continue to pursue legislation aimed at increasing the production of housing in California.

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Senate Bill 50, authored by Democratic State Senator Scott Wiener of San Francisco, aims to address the state's growing housing crisis by requiring localities to plan for and allow higher-density housing near job and transit centers. Most new units would be priced at the market rate, but the bill requires up to 25% of the new high density units to have affordability stipulations.

The bill's major premise is that California needs more housing development in proximity to jobs and public transportation. While few would argue with that premise, many local government officials have not embraced SB 50, largely objecting to state interference with local decision-making regarding what gets built, and where. Yet, Senator Wiener has contended that local control has led to decades of zoning decisions that have contributed to California's current housing crisis. And he's not alone in this sentiment. The state's Housing Accountability Act, enacted in 1982 and strengthened in 2017 as SB 167, is also critical of local government's contributing role to the housing crisis as well.

"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. 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. 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."

At its core, SB 50 eases or eliminates some local restrictions in order to boost housing construction in identified areas. Fierce opposition from local governments helped shelve the bill in 2019. This year Senator Wiener has made amendments intended to provide more flexibility to cities and counties.

The bill, which was originally introduced in 2018, would require that localities allow the development of high density housing and neighborhood multifamily projects within a half mile from transit and jobs-rich areas. A transit center is a major rail stop, ferry station, or high use bus corridor as defined by the Public Resources Code. A jobs-rich area, as defined by SB 50 is:

"An area identified by the Department of Housing and Community Development in consultation with the Office of Planning and Research that is high opportunity and either is jobs rich or would enable shorter commute distances based on whether, in a regional analysis, the tract meets both of the following: (A) The tract is high opportunity, meaning its characteristics are associated with positive educational and economic outcomes for households of all income levels 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 near more jobs than is typical for tracts in the region. (ii) New housing sited in the tract would enable shorter commute distances for residents, relative to existing commute patterns and jobs-housing fit."

SB 50's major provisions include the following:

- Requires upzoning of up to five stories in the defined transit and jobs-rich areas in counties with a population of over 600,000.
- Streamlines the approval process for transit oriented projects and neighborhood multifamily projects.
- The streamlined approval process comes with additional requirements on the developer of the higher density projects.

- Allows for rezoning of areas of up to half a mile around transit and job centers. Areas once zoned for single-family low density housing, would be rezoned for ‘neighborhood multifamily projects’. A neighborhood multifamily project is defined as, “a project to construct a multifamily structure on vacant land, or to convert an existing structure that does not require substantial exterior alteration into a multifamily structure, consisting of up to 4 residential dwelling units and that meets local height, setback, and lot coverage zoning requirements as they existed on July 1, 2019.
- Excludes neighborhood multifamily projects from the California Environmental Quality Act (CEQA).
- Recent amendments are intended to give localities more control over the zoning process. If SB 50 is implemented, cities and counties will have until July 1, 2023 to adopt a housing element/plan that addresses all requirements of SB 50.
- Recent amendments also include a five-year implementation delay for “sensitive communities” that are vulnerable to gentrification, or lack planning resources.

Case Study: Where are Some of the Transit and Job Hubs in the Inland Region?

Downtown Riverside and the San Bernardino Transit Center on Rialto Avenue in San Bernardino will be taken as examples of a job center and a transit center, respectively, that could be impacted by SB 50.

Both areas, which have single family housing within a half mile of the centers, can expect changes to zoning that would allow more dense development in these areas consistent with SB 50. Specifically, residents would see upzoning of up to four times for housing previously zoned for single family units. With SB 50, single family lots can now be developed or redeveloped into higher density housing. This higher density housing comes in two forms: new midrise apartment buildings, and the redevelopment of single family homes into duplex, triplex and fourplex-style homes. Downtown Riverside may be more amenable to these character changes, as the area is already developing a number of higher density residential projects. The San Bernardino Transit Center area, on the other hand, is currently characterized by relatively low densities. The area is made up of commercial and residential development of only 1 to 2 floors. With SB 50’s density and building height increases, this area could experience more dramatic changes.

Other areas in the Inland Region would also be affected by the passage of SB 50. Figure 1 shows the Inland Region’s High Quality Transit Area’s. High Quality Transit Areas are sites which contain rail transit stations, ferry stations, or high use bus corridors with a frequency of service of 15 minutes or less

during peak commute periods. The areas within a half mile of these transit corridors are likely to be subject to the provisions of SB 50.

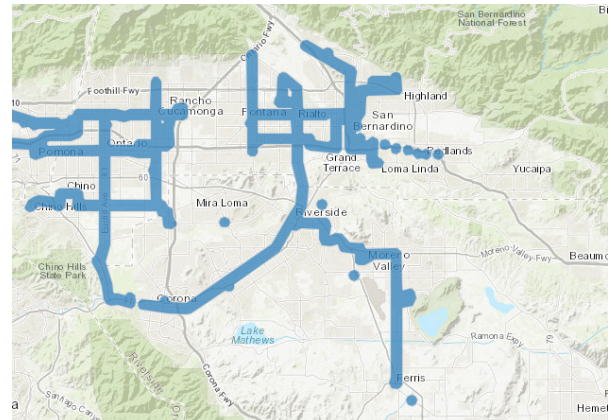


Figure 1: Adapted from data from the Southern California Association of Governments.

Q&A: Other Possible Effects for the Inland Region:

Q: How will SB 50 effect the region’s housing prices?

A: Some argue that SB 50 may help stabilize and maybe even reduce housing prices. The thought is that increasing the supply of housing might impact price premiums that exist because of the shortage of housing supply. Restrictions on building supply can account for up to 40% of housing costs (Glaeser, Gyourko & Saks). Given the acute statewide shortage, however, it is unlikely that housing costs would decrease unless construction increases on a mass scale, with the notable exception of SB 50’s affordability requirements.

Q: Will entire cities experience upzoning and otherwise be impacted by SB 50?

A: Probably not. SB 50 only effects a half mile radius around transit and job centers and a half mile adjacent to identified High Quality Transit Areas. Residents can expect an increase in residential density even in more rural areas. For example, the City of Perris, which is largely suburban, has two MetroLink stations within its limits which would be subject to SB 50’s transit center definition. Thus it would be probable that the City will need to upzone these areas in accordance with SB 50 should it be enacted.

Q: Does SB 50 mandate or guarantee that more homes will be built?

A: No. SB 50 does not guarantee that any projects have to be built. The bill requires that cities zone for and plan for these projects to be built. Importantly, it also provides streamlining of requirements, intended as an enticement to the development community.

Q: Will affordable housing actually be built?

A: Yes, if any project pursuant to SB 50 with more than 20 units is built, the bill guarantees more affordable housing. Any project larger than this on an eligible parcel will be required to have at least one affordable unit to be included. Large developments with more than 350 units are required to have at least 38 affordable units. SB 50 requires that up to 25% of the new job and transit based development will be subsidized affordable units.

Q: Does this bill remove local land use control?

A: Yes and no. This bill does enforce state wide mandates to zoning in some parts of local jurisdictions as described above. However, planners still have control over their zoning processes, and the two-year window for jurisdictions to develop plans to comply with SB 50 should provide them with some flexibility.

Q: Will this bill end single-family zoning?

A: No. SB 50 does not affect the zoning outside transit and jobs-rich areas as they are defined in the bill. Single family zoning will still exist outside those designated areas.

Citations

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