
SENATE COMMITTEE ON HOUSING
Senator Nancy Skinner, Chair
2023 - 2024 Regular

Bill No: AB 2553 **Hearing Date:** 7/2/2024
Author: Friedman
Version: 6/12/2024
Urgency: No **Fiscal:** No
Consultant: Max Ladow

SUBJECT: Housing development: major transit stops: vehicular traffic impact fees

DIGEST: This bill changes the geographic scope of a housing development eligible for reduced vehicular traffic impact fees.

ANALYSIS:

Existing law:

- 1) Defines “housing development” to mean a development project with common ownership and financing consisting of residential use or mixed use where not less than 50% of the floorspace is for residential use.
- 2) Defines “transit station” to mean a rail or light-rail station, bus hub, or bus transfer station.
- 3) Defines “major transit stop” to means a site containing an existing rail or bus rapid transit station, ferry terminal served by either bus or rail transit, or the intersection of two or more major bus routes with a frequency of service of 15 minutes or less during the morning and afternoon peak commute periods.
- 4) Establishes the Mitigation Fee Act which:
 - a) Requires a local agency to do all of the following when establishing, increasing, or imposing a fee on a development project:
 - i) Identify the purpose and use of the fee.
 - ii) Determine how there is a nexus between the fee’s use and the type of development project on which the fee is imposed.
 - iii) Determine how there is a nexus between the need for a public facility and the type of development project on which the fee is imposed.

- b) Provides that if a local agency imposes a fee on a housing development to mitigate traffic impacts, and the development is within one-half mile barrier-free walk of a transit station, the fee should reflect a lower rate of automobile trips, unless the local agency makes a finding at a public hearing that the housing development would not generate fewer automobile trips than a development further away from transit.

This bill:

- 1) Redefines “major transit stop,” for the purposes of the California Environmental Quality Act (CEQA) and any cross references, to contain the intersection of two or more major bus routes with a frequency of service interval of 20 minutes or less, rather than 15 minutes or less, during the morning and afternoon peak commute periods.
- 2) Changes, for the purposes of existing law governing reduced vehicular traffic impact fees, “transit station” to “major transit stop”.
- 3) Defines, for the purposes of a local agency imposing vehicular traffic impact fees, “major transit stop” as the same as (1).

COMMENTS:

- 1) *Author’s Statement.* “Many local agencies have very high traffic impact fees, posing an impediment to the production of housing and over-charging transit proximate housing developments that would have minimal traffic impacts. Furthermore, the COVID-19 pandemic caused a significant reduction in transit ridership. Many transit agencies responded by cutting routes and reducing service frequency. As a result, there are fewer locations that meet the definition of “major transit stop.” Notwithstanding service reductions, development projects proximate to existing and planned transit generate fewer vehicle trips and have more transit riders than projects located further from transit with benefits to air quality and greenhouse gas emissions. AB 2553 solves these problems by removing impediments to the production of transit proximate housing. AB 2553 clarifies when local jurisdictions must impose lower traffic impact fees on transit proximate housing developments and updates the definition of “major transit stop” to reflect post-COVID service levels.”
- 2) *Housing near transit and existing programs.* Research has shown that encouraging denser housing near transit serves not only as a means of increasing ridership of public transportation to reduce greenhouse gases (GHGs), but also as a solution to our state’s housing crisis. As part of California’s overall strategy to combat climate change, the Legislature began

the process of encouraging more transit oriented development with the passage of SB 375 (Steinberg, Chapter 728, Statutes of 2008). SB 375 is aimed at reducing the amount that people drive and associated GHGs by requiring the coordination of transportation, housing, and land use planning. The AHSC, administered by the Strategic Growth Council, furthers the purposes of AB 32 (Chapter 488, Statues 2006) and SB 375 (Chapter 728, Statutes, 2008) by investing in projects that reduce GHG emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. Funding for AHSC is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds. The Legislature subsequently allocated 20% of the ongoing Cap and Trade Program funds to AHSC. AHSC provides grants and/or loans to projects that achieve GHG reductions and benefit disadvantaged communities, low-income communities, and low-income households through increasing accessibility of affordable housing connected to high quality transit. High quality transit includes bus rapid transit with a headway frequency of every 15 minutes or less and service seven days a week.

Additionally, the California Housing and Community Development Department (HCD) administers the Transit Oriented Development (TOD) Program. Its primary objectives are to increase the overall supply of housing, increase the supply of affordable housing, increase public transit ridership, and minimize automobile trips. The program seeks to accomplish these objectives by providing financial assistance for the development of housing and related infrastructure near public transit stations, including bus rapid transit.

- 3) *Impact Fees and Transit.* Development fees serve many purposes and can be broadly divided into two categories: service fees and impact fees. Service fees cover staff hours and overhead, and are used to fund the local agency's role in the development process such as paying for plan reviews, permit approvals, inspections, and any other services related to a project moving through various local departments. Impact fees refer generally to fees that offset the public costs of new infrastructure incurred by the larger community. According to the UC Berkeley Turner Center for Housing Innovation, between 2008 and 2015, California fees rose 2.5%, while the national average decreased by 1.2%.¹ The same report found development fees can comprise 17% of the total development costs of new housing, and in California in 2015, impact fees were nearly three times the national average.

¹ *It All Adds Up: The Cost of Housing Development Fees in Seven California Cities*, Turner Center for Housing Innovation, March 2018, <https://turnercenter.berkeley.edu/research-and-policy/it-all-adds-up-development-fees>.

Existing law limits the fees local agencies can impose for the purpose of mitigating vehicular traffic impacts on housing developments within one-half mile of a transit station, which includes a rail or light-rail station, ferry terminal, bus hub, or bus transfer station, but excludes other major bus stops, as well as planned transit stops.

By updating the definition of major transit stop, and its use relative to vehicle impact fees, this bill would encourage housing development that leverages the proximity to public transit, thereby reducing the reliance on private vehicles for daily commutes. This approach aligns with California's broader environmental and urban planning goals, aiming to create more walkable, bike-friendly, and transit-oriented communities.

- 4) *Major transit stops under CEQA.* The definition of “major transit stop” as it exists today was initially added by SB 1925 (Sher, Chapter 1039, Statutes of 2002). When enacted, the purpose of “major transit stop” was to provide incentives to developers for urban infill development near high-quality transit stops by way of a CEQA exemption. Since that time, the Legislature has passed several programs that provide exemptions under CEQA for projects that develop near major transit stops.
- 5) *Existing land use program that tie housing to major transit stops.* While the definition of “major transit stop” is housed under CEQA, several land use housing incentives in recent years have tied housing developments to transit using the CEQA definition of “major transit stop” without providing the CEQA exemptions. More and more frequently, the Legislature is incentivizing housing construction near transit using the “major transit stop” definition under CEQA.

This bill expands the definition of “major transit stop” to apply to stops with “a frequency of 20 minutes or less.” In effect, this bill expands the locations where existing and future transit oriented developments could be located, including projects eligible for benefits under density bonus law, the location of specified tax increment financing districts, and projects eligible for reduced parking requirements.

- 6) *Double referral.* This bill passed out of the Senate Local Government Committee on June 11, 2024 on a 5-1 vote.

RELATED LEGISLATION:

AB 3177 (Carrillo, 2024) — prohibits a local agency from imposing a land dedication requirement on a housing development within a transit priority area for the purpose of mitigating vehicular traffic impacts or achieving an adopted level of service related to vehicular traffic and makes related changes, with certain exceptions. *This bill is being heard at this same hearing.*

AB 1560 (Friedman Chapter 631, Statutes of 2019) — defined “bus rapid transit” and restructured the definition of “major transit stop.”

SB 375 (Steinberg, Chapter 728, Statutes of 2008) — required metropolitan planning organizations to include sustainable community strategies, as defined, in their regional transportation plans for the purpose of reducing greenhouse gas emissions, aligns planning for transportation and housing, and creates specified incentives for the implementation of the strategies.

AB 3005 (Jones, Chapter 692, Statutes of 2008) — established that when a local agency imposes a fee on a housing development for the purpose of mitigating vehicular traffic impacts, the local agency shall set the fee at a lower rate for housing developments within one-half mile of a transit station, one-half mile of a convenience retail that sells food, and the housing development provides minimum number of parking spaces required by local ordinance.

SB 1925 (Sher, Chapter 1039, Statutes of 2002) — defined “major transit stop” means a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods

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

POSITIONS: (Communicated to the committee before noon on Wednesday, June 26, 2024.)

SUPPORT:

Abundant Housing LA
California Community Builders
California YIMBY
Circulate San Diego
CivicWell

Habitat for Humanity California
Housing Action Coalition
LeadingAge California
Midpen Housing
Monterey Bay Economic Partnership
Sand Hill Property Company
SPUR
YIMBY Action

OPPOSITION:

None received.

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