

- a) Requires the inventory to provide certain information on each site, such as the general plan designation and zoning of each site and available infrastructure;
 - b) Requires the inventory of land to specify the additional development potential for each non-vacant site within the planning period and an explanation of the methodology used to determine the development potential; and
 - c) Requires sites identified for very low- and low-income households to have a minimum allowable density of 30 units per acre for metropolitan jurisdictions and 20 units per acre for suburban jurisdictions.
- 4) Defines “metropolitan jurisdictions” as cities and counties located within a Metropolitan Statistical Area (MSA) with a population of more than 2 million, although cities in such an MSA with a population less than 25,000 are considered suburban; and
- 5) Defines “suburban jurisdictions” as cities and counties located within a Metropolitan Statistical Area (MSA) that have a population of fewer than 2 million, although cities in such an MSA with a population greater than 100,000 are considered metropolitan.

This bill:

- 1) Requires within a metropolitan jurisdiction, but not an unincorporated area:
 - a) At least 25% of the jurisdiction’s share of the regional housing need for moderate-income housing to be allocated to sites with zoning that allows at least four units of housing, but not more than 100 units per acre of housing.
 - b) At least 25% of the jurisdiction’s share of the regional housing need for above moderate-income housing to be allocated to sites with zoning that allows at least four units of housing.
- 2) Precludes the allocation of moderate- or above moderate-income housing to sites pursuant to this bill from being a basis for the jurisdiction to do either of the following:
 - a) Deny a project that does not comply with the allocation.
 - b) Impose a price restriction, price maximum, price control, or any other exaction or condition of approval in lieu thereof. This does not preclude a jurisdiction from imposing any price minimum, price maximum, price control, exaction, or condition in lieu, thereof, pursuant to any other law.

- 3) Provides that for purposes of this bill, a unit of housing does not include an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU).
- 4) Provides that this bill shall preclude the subdivision of a parcel, provided that the subdivision is subject to the Subdivision Map Act
- 5) Provides that the requirements in this bill do not apply to a housing element that is due on or before January 1, 2021.

COMMENTS

- 1) *Author's statement.* According to the author, "Allowing local jurisdictions to incorporate modest amounts of new density in single family-dominated communities could lead to several new housing opportunities in California. AB 725 will densify above-moderate income zones in an effort to increase the state's overall housing stock, keep residents closer to jobs centers and improve the case for expanding public transportation. Incremental yet impactful changes, will ease production pressures without making drastic changes to neighborhoods, and allow California communities to be part of the solution to our housing crisis."
- 2) *Housing Elements and Regional Housing Needs Assessment (RHNA).* Every city and county in California is required to develop a general plan that outlines the community's vision of future development through a series of policy statements and goals. A community's general plan lays the foundation for all future land use decisions, as these decisions must be consistent with the plan. General plans are comprised of several elements that address various land use topics. State law mandates seven elements: land use, circulation (*e.g.* traffic), housing, conservation, open-space, noise, and safety.

Each community's general plan must include a housing element, which outlines a long-term plan for meeting the community's existing and projected housing needs. The housing element demonstrates how the community plans to accommodate its "fair share" of its region's housing needs. Following a staggered schedule, cities and counties located within the territory of a metropolitan planning organization (MPO) must revise their housing elements every eight years, and cities and counties in rural non-MPO regions must revise their housing elements every five years. These five- and eight-year periods are known as the housing element planning period.

Before each revision, each community is assigned its fair share of the region's housing need for four separate income categories (very low-, low-, moderate-,

and above-moderate income households) through a two-step process known as the regional housing needs assessment (RHNA). In the first step, the Department of Housing and Community Development (HCD) determines the aggregate housing need for the region during the planning period the housing element will cover. In the second step, the council of governments (COG) for the region allocates the regional housing need to each city and county within the region.

In general, a housing element must identify and analyze existing and projected housing needs, identify adequate sites with appropriate zoning to meet its share of the RHNA, and ensure that regulatory systems provide opportunities for, and do not unduly constrain, housing development. Among other things, the element specifically must include an analysis of existing subsidized housing developments that are eligible to convert to market-rate rental housing upon the expiration of affordability restrictions, and identify all public resources.

As part of the process to identify adequate sites, a city or county first prepares an inventory of existing sites zoned for housing. When the inventory of existing sites is insufficient to accommodate the need for one or more income categories, the housing element must contain a program to rezone sites within the first three years of the planning period.

- 3) *Denser Housing in Single-Family Zoning.* California's high — and rising — land costs necessitate dense housing construction for a project to be financially viable and for the housing to ultimately be affordable to lower-income households. Yet, recent trends in California show that new housing has not commensurately increased in density. In a 2016 analysis, the Legislative Analyst's Office (LAO) found that the housing density of a typical neighborhood in California's coastal metropolitan areas increased only by four percent during the 2000s. In addition, the pattern of development in California has changed in ways that limit new housing opportunities. A 2016 analysis by BuildZoom found that new development has shifted from moderate but widespread density to pockets of high-density housing near downtown cores surrounded by vast swaths of low-density single-family housing. Specifically, construction of moderately-dense housing (2 to 49 units) in California peaked in the 1960s and 1970s and has slowed in recent decades.

The UC Berkeley Turner Center conducted a residential land use survey in California from August 2017 to October 2018. The survey found that most jurisdictions devote the majority of their land to single family zoning and in two-thirds of jurisdictions, multifamily housing is allowed on less than 25% of land. Some jurisdictions in the US have taken steps to increase density in

single-family zones. For example, Minneapolis will become the first major U.S. city to end single-family home zoning; in December, the City Council passed a comprehensive plan to permit three-family homes in the city's residential neighborhoods, abolish parking minimums for all new construction, and allow high-density buildings along transit corridors. According to the 2016 McKinsey Report, California has the capacity to build between 341,000 and 793,000 new units by adding units to existing single-family homes.

A 2019 Zillow report found that even modest densification, such as duplexes and fourplexes could result in millions more homes. Across 17 metro areas analyzed nationwide, allowing 10% of single-family lots to house two units instead of one could yield almost 3.3 million additional housing units to the existing housing stock. In the L.A. region, if one in five single-family lots were re-zoned to hold two homes, the local housing stock could be boosted by 775,000 homes. Allowing four homes instead of two on those same 20% of single-family lots could yield a housing stock increase of more than 2.3 million homes, or a 53.4% boost over the current stock when combined with homes already expected to be built.

- 4) *Identifying multifamily moderate- and above moderate-income housing.* In 2019, the legislature passed AB 68 (Ting), which requires residential parcels to allow accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs). This bill would require a local government, when identifying sites for their moderate- and above moderate-income needs, in metropolitan but not unincorporated areas, to identify at least 25% of the sites for moderate- and 25% of the sites for above moderate-income to be allocated to sites that allow at least four units of housing, instead of single-family. The units authorized by the zoning would not include any ADUs or JADUs. In other words, these parcels would require at least four units in addition to any permissible ADUs or JADUs. The goal of this bill is to require a modest amount of additional density where appropriate and as determined by the local government for higher-income earners in order to facilitate the construction of additional housing units.
- 5) *Future author amendment.* Many local governments that have housing elements due in 2021 have already begun work to identify their sites inventory and have requested a delayed operative date. For that reason, the author moving forward will be amending the bill to establish an effective date of January 1, 2022.
- 6) *Opposition.* Those writing in opposition are opposed for various reasons, including: opposition to increased density in areas that may not have sufficient

infrastructure, opening up more density in existing single family neighborhoods, and believe this is a one-size-fits-all solution to increasing density.

7) *Double referral.* Due to the COVID-19 Pandemic and the unprecedented nature of the 2020 Legislative Session, all Senate Policy Committees are working under a compressed timeline. This timeline does not allow this bill to be referred and heard by more than one committee, as a typical timeline would allow. In order to fully vet the contents of this measure for the benefit of Senators and the public, this analysis includes information from the Senate Governance and Finance Committee. The Senate Governance and Finance Committee continues to monitor this bill.

RELATED LEGISLATION:

AB 3040 (Chiu, 2020) -- allows cities and counties to receive a specified credit toward meeting their regional housing needs allocation (RHNA) for rezoning single-family sites to allow four units per parcel. *This bill will be heard in this committee today.*

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

POSITIONS: (Communicated to the committee before noon on Friday, July 24, 2020.)

SUPPORT:

California YIMBY (Sponsor)
Bay Area Housing Action Coalition
California Apartment Association
Council of Infill Builders
San Francisco Bay Area Planning and Research Association (SPUR)
Silicon Valley at Home
The Two Hundred
1 Individual

OPPOSITION:

City of Lafayette
City of Redondo Beach
City of Torrance
Comstock Hills Homeowners Association

Franklin Corridor Coalition
Friends of Sunset Park
Grayburn Avenue Block Club
Livable Riverside & Moreno Valley
Protecting Our Foothill Community
Shadow Hills Property Owners Association
Sherman Oaks Homeowners Association
Southeast Torrance Homeowners' Association
Tamalpais Design Review Board
United Neighborhoods for Los Angeles (UN4LA)
18 Individuals

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