

ISSUE BACKGROUND

- According to Up for Growth National Coalition's Housing Underproduction in the U.S. report, **California was 3.4 million homes short of meeting housing needs from 2000-2015.**
- From 2010 to 2016, California only produced seven housing units for every 10 new households formed in the state — a severe imbalance of supply and demand.
- The housing shortage has contributed to the rapid increase in cost burdened households — up to 41% in 2017, increased traffic congestion, adverse environmental impacts, gentrification and displacement, and increased housing instability for hundreds of thousands of California households.
- Following housing costs, transportation is typically the second largest household expenditure in the United States. To address overall housing affordability, Up for Growth Action advocates for more households to have access to low-cost transportation options, particularly transit.
- The Center for Neighborhood Technology evaluated housing-plus-transportation costs together and found that, “people who live in location-efficient neighborhoods — compact, mixed-use, and with convenient access to jobs, services, transit and amenities — tend to have lower transportation costs.”¹

PROBLEM STATEMENT

- Regulations restrict the number of California households that can take advantage of our state's transit options.
- California supports diverse transit services that are environmentally sustainable, less financially burdensome than other transport options, and socially equitable.
- Most of our housing is developed in ways that do not facilitate transit usage. California's housing stock is a mix of 58% low-density single-family detached homes, 15% are missing middle (attached single family up to four units), and 24% are multi-family (5+ units).
- Many communities that are well served by transit have land use regulations that restrict the amount of housing that can be located in close proximity to transit stops.
- Limiting new housing options close to transit means that houses are built elsewhere, and residents have to travel farther for work, goods, and services, polluting the air with car emissions, and increasing congestion on the already constrained transportation network.
- While zoning alone won't allow for increased density in many markets, this program is designed to achieve higher densities while simultaneously providing affordability.

LEGISLATIVE SOLUTION

- AB 1717 creates a program to incentivize density and create affordable housing units in transit corridors.
- The program provides funding to support higher density development that is within a half-mile of major transit stops and a quarter mile of bus service, on land that is zoned for multi-family housing. This mechanism allows individual cities to designate areas to be eligible for this financial support.
- To determine if a project is eligible, the proposed development must be inside the city-designated program area and at least two-thirds of the total square footage must be multi-family. The development must also provide affordability based on the set-aside requirements of the program.
- Individual developments receive financial support in the form of a bond from Cal HFA in exchange for providing high-density development with income restricted units for 55 years. The amount of the bond is determined by the duration of the tax abatement (between 4 and 30 years depending on unit set asides and incomes served).

BENEFITS



Affordability — AB 1717 creates opportunities for cities to develop mixed-income housing units targeted to meet the demand of a neighborhood, expanding the supply of lower cost units in areas where market rate units are traditionally built.



Reduces Need for Buildable Land — This program increases the feasibility of higher-density housing in urban areas, meaning less land is needed to build the same number of units. The 2018 *Up for Growth Underproduction in California Report* found that high-density development located in transit corridors used only 23% of the land compared to California's current development patterns.



Environmental — Building high-density housing near transit reduces VMT by as much as 35% (if development were similar to the Smart Growth development scenario from the 2018 *Up for Growth Underproduction in California Report*)



Fiscal — As cities take advantage of this program, annual property tax revenue for Cities and schools in the area will increase by approximately \$2.3 million for every 1,000 new units, boosting the local jurisdictions' ability to provide critical services to the community.

¹ SOURCE: <https://htaindex.cnt.org/about/>