



UP FOR GROWTH® LEGISLATIVE NOTE

California's A.B. 3107, *Opening Commercial Land in Developed Areas to Affordable Housing*

Assemblymembers Richard Bloom (D-50) and Phil Ting (D-19)

Melissa Winkler, Manager of Policy & Research

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BACKGROUND

California is experiencing a housing crisis that has consequences on equity, economic development, and the environment. From 2000-2015, the state fell 3.4 million homes short relative to housing need. This shortage and the resulting supply and demand imbalance have negative impacts across many sectors, including on the financial stability of the millions of California residents who cannot access affordable housing in high-opportunity areas. Currently, only 0.74 housing units are produced for every¹ job created in the state on average.¹ This underproduction of homes means that in every California county, at least 30% of renters are cost-burdened, paying more than 30% of their income on rent, while the least affordable counties see a near 50% rate of cost-burdened households.¹ Overcoming the state's housing shortage will take innovative, targeted solutions. Ensuring that more housing gets built in areas that are connected to jobs, transit, and opportunity is critical for solving this crisis. Land-use policies that restrict development in coastal and mountain areas offer environmental protections but also drastically limit the supply of land that can be developed for housing. With these constraints, solutions to the housing crisis must best utilize land to create dense, compact housing in high opportunity areas.

In response to this growing housing crisis, Assemblymembers Richard Bloom (D-50) and Phil Ting (D-19) introduced A.B. 3107. This bill would expand the land that can be used for housing development to include sites that are zoned for commercial use purposes.

LEGISLATIVE SUMMARY

A.B. 3107 would amend Section 65583.7 of the Government Code to expand land use policies to allow housing production in commercially zoned areas. The bill has special provisions for requiring low-income affordable housing and for creating denser projects in these areas. Specific bill provisions include:

First, state law already requires that counties and cities develop comprehensive rezone plans for development, including an inventory of housing stock and housing needs. A.B. 3107 provisions would apply until jurisdictions complete their rezone plan.

Second, the bill would require that housing development be authorized in commercially zoned areas as long as projects meet the following criteria:

1. 20% of units must be deed-restricted affordable to lower-income tenants.
2. The housing site cannot be adjacent to an industrial site.
3. 75% of the perimeter of the site must be adjoined to parcels developed with urban uses.

POLICY RESEARCH & ANALYSIS CONTACTS

Mike Kingsella

Executive Director

Up for Growth®

mkingsella@upforgrowth.org

202-716-2064 x1

Melissa Winkler

Manager of Policy & Research

Up for Growth®

mwinkler@upforgrowth.org

202-716-2064 x4

Third, A.B. 3107 would alter development standards to allow for more density. Localities with less restrictive standards than those in the bill would be able to apply to their existing standards.

1. Project height restrictions would be increased to the greatest of either the highest allowable housing development height, the highest allowable commercial height, or 36 feet.
2. Floor area ratios would change to 0.6 times the number of stories for the total project.
3. The density limit would be increased to the greatest of either the limit for proximate (within ½ mile) mixed use or residential projects or established density limits for affordable housing.

LEGISLATIVE ANALYSIS

Tackling California’s housing crisis requires building more homes, but this development is only successful if homes are built in high-opportunity, job and amenity rich areas. Already dense urban areas, environmental protections on coastal and mountain land, and land use regulations all limit the amount of developable land across the state. A.B. 3107 recognizes land area constraints and the need for housing development in specific areas and would expand available land in these areas. The sunset provisions of the bill would also encourage localities to more quickly zone sufficient land for residential use.

Areas that support commercial development tend to be well-suited for housing development as well, as the needs are largely the same, namely connections to jobs, amenities, and transit. Restricting housing in these zones is a missed opportunity, particularly as the state grapples with a major housing shortage. The amendments to zoning code and development standards will likely lead to more dense, compact housing that will help the state meet the need for homes. Additionally, low-income affordable set asides are critical for equitable community development and for ensuring that people at all incomes have access to resources. All households, but particularly low- and moderate-income individuals and families, benefit from access to jobs and transit. Unlocking commercial zones for affordable housing will offer critical opportunity for economic development and financial stability.

The city of Los Angeles implemented the Transit Oriented Communities Incentive Program (TOC) in 2017 to encourage affordable housing development near transit stops. TOC has many provisions laid out in A.B. 3107 including zoning for housing in commercial areas and changes to height restrictions and floor area ratios. The program has successfully created nearly 20,000 units, nearly 4,000 of which are affordable, in high opportunity, transit-connected areas.² A.B. 3107 will likely see similar success as it scales the program across the state and unlocks new zones for housing development.

As with any scaled program, the exact impacts on supply depend on a variety of factors, including developer incentive, access to financing, and project and building costs. Removing some of the barriers to housing development by amending statewide zoning code in commercial areas, however, is a positive step in ensuring the more housing gets built.

ABOUT UP FOR GROWTH®

Up for Growth® is a national 501(c)(3) organization that forges policies and partnerships to achieve housing equity, eliminate systemic barriers, and create more homes.

¹ Up for Growth® (2018). Housing Underproduction in California. Retrieved from: https://www.upforgrowth.org/sites/default/files/2018-12/UFG_CA_HousingUnderproduction_Web_DEC14-18.pdf

² Los Angeles Department of City Planning. (2019). Housing Progress Report Q2. Retrieved from: <https://planning.lacity.org/odocument/c795255d-9367-4fdf-9568-0a34077720ef>



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1875 K STREET NW, 4TH FLOOR, WASHINGTON, DC 20006 | 202.716.2064 | UPFORGROWTH.ORG | SUPPORT@UPFORGROWTH.ORG