

# What Policies are Producing New Housing?

A Case Study of the Implementation of  
California's Recent Developer-Oriented  
Laws in the City of Long Beach

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## EXECUTIVE SUMMARY

California faces a severe housing crisis. After decades of under-production, particularly in coastal metropolitan areas, the state lacks sufficient housing supply, which in turn has contributed to skyrocketing home prices. Millions of Californians struggle with the cost of housing, leading many to consider moving out-of-state. Several factors, including scarcity of developable land in prime housing areas, long-standing preferences for low-density housing, local opposition to new housing, and state and local policies that restrict development and raise the cost of construction, have worsened the crisis.

In recent years, the state government has made the housing crisis a priority area of concern. It has set a statewide goal of 2.5 million new units by 2030 and has sought to increase housing production by pulling many policy levers at once. Among other levers, the state has stepped up requirements for local governments to plan and zone to meet regional housing needs; limited the ability of local governments to block new development; promoted more infill, high-density development; and created new mechanisms to enforce these goals. Some of these levers require local governments to change their zoning and planning processes to allow for more housing construction; others are designed to empower developers to overcome local resistance and increase housing production. Three prominent examples of developer-focused laws are those that streamline the permitting process, incentivize accessory dwelling unit (ADU) production, and increase the density bonus available to

homebuilders. In these three areas alone, the state has adopted nearly 50 new laws over the past seven years, part of a flood of more than 100 new laws designed to promote new housing.<sup>1</sup>

These state-level policy interventions involve trade-offs. By mandating increasingly dense housing construction, especially in built-out communities, the policies raise concerns about increased congestion, parking shortages, the character of low-density communities, and local control. For these and other reasons, some cities have fought tooth and nail to prevent the implementation of the new state policies. Yet, other cities have taken the new requirements in stride, often adopting their own pro-housing laws without state imposition.

This report provides an overview of the state's efforts to promote housing development, summarizes three key areas of developer-focused state housing policy, and examines the implementation of these policies in the city of Long Beach. This city was chosen as a case study in part because it shares many characteristics with other California jurisdictions – it is coastal, urbanized, diverse, and suffers from a shortage of housing and prohibitive housing prices – and also because it is considered a “pro-housing” jurisdiction. The report thus examines how these new state laws have played out in a city that is independently seeking to promote housing production to better understand where these laws have helped, hindered, or had no effect on addressing the housing crisis.

1 Bill Fulton, David Garcia, Ben Metcalf, Carolina Reid, and Truman Braslaw. *New Pathways to Encourage Housing Production: A Review of California's Recent Housing Legislation*. Turner Center for Housing Innovation UC Berkeley, April 2023. <https://turnercenter.berkeley.edu/wp-content/uploads/2023/04/New-Pathways-to-Encourage-Housing-Production-Evaluating-Californias-Recent-Housing-Legislation-April-2023-Final.pdf>.

The report's key findings are as follows.

### Permit Streamlining Laws

Several new state laws are designed to help developers move projects forward by requiring cities to streamline their review process for housing projects that meet certain standards. We find, however, that in Long Beach developers have made scant use of these new permit streamlining laws. Why? The first reason is that some of these laws (such as SB 35 and AB 2011) require developers to meet certain labor standards, such as hiring union labor or paying prevailing wages. These requirements have reduced incentives for developers to take advantage of the streamlining policies, either because union labor is not sufficiently available or because the wage requirements are too costly. A second reason is that some of the state's streamlining laws, such as SB 330, are largely redundant in Long Beach, as the city has already reduced its review timelines beyond those required by the state. Nevertheless, recent reductions to labor requirements in state streamlining laws may expand their use in Long Beach and other cities across the state. We also note that such laws likely play a larger role in cities that have not adopted their own permit streamlining policies.

### ADU Policies

A number of new state laws enacted since 2016 have prevented cities from denying ADU permits in most cases, and required cities to provide education, incentives, and streamlined pathways for ADU development. The foundation created in 2016 by AB 2299 and SB 1069, which allowed for ADUs on single family lots and eliminated several local regulations on their development, has since been expanded on through at least 16 additional laws. These laws have had a significant effect in many parts of the state, including Long Beach. Prior to 2016, Long Beach was producing few ADUs; since then, it has sharply increased its permitting of these units and now ranks as the state's leader in per capita ADU production. Many changes in state law, such as a provision that a new ADU need not provide parking, even when it replaces existing parking through a garage conversion, helped spur ADU development in Long Beach. The city government has implemented new state ADU laws liberally and made ADUs a centerpiece of its strategy to meet its state-mandated housing goals.

### Density Bonus Policies

First established in 1979, California's density bonus law has been bolstered by more than 30 state statutes in the 45 years since, making it one of the primary tools for housing developers in California today. By allowing developers to build higher and denser housing, with fewer local restrictions regarding parking, setbacks, and design standards, the density bonus has contributed significantly to recent housing production in Long Beach and across the state. Long Beach serves as a particularly interesting study of density bonus development, due to the city's recently adopted "Enhanced Density Bonus" (EDB) policy, which provides benefits beyond those in state law. Developers in Long Beach increasingly favor the city's EDB, with three projects entitled under the policy in the last three months alone. Nonetheless, the state has influenced Long Beach's use of the density bonus, as the city adopted its EDB as a way to meet its large state-mandated low-income housing allocation.

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Long Beach's experience with new developer-oriented laws in these three areas demonstrates that a city can stay ahead of state law by proactively working to decrease barriers to development and increase its rate of housing production. With its progressive streamlining, ADU, and density bonus policies, Long Beach has kept pace with (and sometimes led) the state's ambitious housing policies over the past eight years. At the same time, new state laws have backstopped and strengthened Long Beach housing policy. In the areas of streamlining, ADUs, and density bonuses, state law has compelled the city to implement new procedures in some cases and encouraged its progress in others. On a broader scale, by pushing the city to meet more aspirational housing goals, the state has spurred policy innovation. Though some friction between state and local policies still exists in Long Beach, the city provides an example of how local governments can collaborate with the state government in addressing California's housing shortage.

## I

## INTRODUCTION

In many ways, Long Beach is a microcosm of the statewide housing crisis. With 462,000 residents, it is one of California's most populous cities, ranking second in Los Angeles County and seventh in the state. Long Beach is in Southern California's coastal metropolitan area, making it conveniently located for jobs and amenities and a desirable place to live. As with many other places in the state, demand for housing in Long Beach is greater than supply, and home prices are high. According to a recent Zillow Home Value Index report, the city's average home value is \$825,502, about \$60,000 higher than the state's average home value of \$765,197 and almost a half million dollars more than the nation's average home value of \$347,716.<sup>1</sup>

Like many other jurisdictions in California, Long Beach is facing a serious housing crisis. According to a recent study, the city ranks fourth in the nation for its percentage of residents who are severely housing cost-burdened, with over a sixth of households paying more than 50% of their income for housing.<sup>2</sup> A further 43% of Long Beach residents are cost-burdened, which means that housing consumes more than 30% of their incomes.<sup>3</sup> Long Beach also has a low rate of home ownership, with renters accounting for more than 60% of the city's households.<sup>4</sup> Many of these renters struggle to find adequate accommodations, with 15% living in overcrowded conditions.<sup>5</sup> The already insufficient existing housing

- 1 Zillow Home Value Index (Long Beach, California; California; United States) as of February 29, 2024. <https://www.zillow.com/home-values/46298/long-beach-ca/>; <https://www.zillow.com/home-values/9/ca/>; <https://www.zillow.com/home-values/102001/united-states/>.
- 2 Ben Geier, "Most and Least Severely Housing Cost-Burdened Cities – 2020 Edition." SmartAsset, April 28, 2020. <https://smartasset.com/checking-account/most-and-least-severely-housing-cost-burdened-cities-2020>.
- 3 City of Long Beach Development Services, *Housing Element: City of Long Beach General Plan*, February 8, 2022, 5, 37. <https://www.longbeach.gov/globalassets/lbcd/media-library/documents/planning/housing-element-update/housing-element-final-adopted-february-2022>.
- 4 Ibid.
- 5 Ibid.



stock is likely to decrease in coming years, as over 80% of units in Long Beach are more than 50 years old.<sup>6</sup> Finally, the realities of housing in Long Beach are largely divided along racial lines. Compared to White renter households, Black and Hispanic renter households are 20% and 12% more likely to be housing cost-burdened.<sup>7</sup> Historically Hispanic and Black neighborhoods in North and Central Long Beach also receive the vast majority of high-density zoning designations, while the predominantly White neighborhood of East Long Beach remains almost entirely suburban.<sup>8</sup>

Some of these housing challenges are rooted in Long Beach's unique history as a hub for immigration, shipping, and tourism, but most are not unique to the sea-side city. The state of

California as a whole is contending with a vast shortage of housing, particularly of affordable housing. A majority of renters in California are cost-burdened, and the state predicts that 180,000 units must be built each year to lower costs and meet demand.<sup>9</sup> Despite growing concerns over the housing crisis, statewide housing development continues to come up short, to the tune of more than 100,000 units per year.<sup>10</sup> Consequently, the housing crisis has become the focus of much legislative action in Sacramento. After reaching a tipping point of political pressure in 2016, dozens of new housing laws have been passed down to cities each year, with each subsequent set of laws being more nuanced, and possibly, more impactful.

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6 Ibid.

7 Ibid.

8 Ibid.

9 "Addressing a Variety of Housing Challenges." California Department of Housing and Community Development. <https://www.hcd.ca.gov/policy-and-research/addressing-variety-housing-challenges>.

10 Ibid.

## Rising State Expectations: RHNA and Housing Elements

Since 1969, California's Department of Housing and Community Development (HCD) has determined statewide housing needs, passed those needs to regional governments to allocate among cities, and required cities to plan for their allotted development over an eight-year period. Through the Regional Housing Needs Determination (RHND), HCD determines the housing needs for each of California's 23 regions. These housing needs are delineated by affordability level, with separate allocations for very-low-income, low-income, moderate-income, and above-moderate-income housing units. Each regional council of governments (COG) then distributes its total RHND among the jurisdictions it presides over, through the Regional Housing Needs Allocation (RHNA). Finally, each jurisdiction is responsible for creating a plan to meet its RHNA, among numerous other requirements, through its Housing Element, which must be approved by the state for the same eight-year period.

For much of their existence, however, RHNA and Housing Elements have failed to adequately tackle the state's housing needs, largely due to local opposition and lax enforcement. Recently, the state has passed a number of laws that make the processes considerably more demanding, backed by enhanced enforcement strategies.

During the recently concluded 5th RHNA cycle (2013-2021), Long Beach was tasked with planning for 7,048 housing units.<sup>11</sup> After approving few permits through most of the cycle, the city fell well behind pace to complete its RHNA allocation. Despite increasing its production levels from 2019-2021, particularly in the category of above-moderate-income housing, Long Beach ultimately came up short. For the 5th cycle, Long Beach's RHNA completion rate was 26% of very-low-income units it was required to plan for, 20% of low-income, 2% of moderate-income, and 147% of above-moderate-income housing units. The state average completion rates, by comparison, were 20.9% very-low-income, 31% of low-income, 56% of moderate-income, and 144.5% of above-moderate-income housing.<sup>12</sup> In the 6th RHNA cycle, Long Beach's unmet production goals played a substantial role in determining the city's new allocation.

## Current RHNA Cycle and New State Legislation

As Long Beach moves into the 6th RHNA and Housing Element cycles (2021-2029), it must contend with more ambitious state mandates for housing production and stricter state laws governing compliance. Long Beach's 6th cycle RHNA more than triples its 5th cycle goals, to 26,502 units.<sup>13</sup> The city's 6th cycle goals also reflect its unmet 5th cycle RHNA, with very-low-, low-, and moderate-income units making up a majority of its allocation. To meet this increased allocation, the 6th cycle Housing Element process required Long Beach to make substantial changes to its long-term housing plans.

New state laws have increased demands on Long Beach and other cities by amending the RHNA allocation process to reflect new priorities and higher standards.<sup>14</sup> Moreover, Sacramento has added substantial new requirements to the Housing Element process and has tightened accountability measures to ensure they are implemented.<sup>15</sup> Most cities have struggled to meet these new requirements, and a vast majority have been forced to resubmit their Housing Elements to HCD several times after incorporating feedback. After several years of back-and-forth discussions with state authorities, still just 62% of local jurisdictions have adopted a compliant Housing Element.<sup>16</sup>

Recent California housing laws have largely fallen into two categories: those that require cities to make changes to their planning and zoning practices and those that empower developers in the permitting and building process. With the 6th cycle RHNA allocated, and the Housing Element process completed in most cities, the focus now shifts to the latter category. Laws to empower developers have come down in droves from Sacramento, with the state providing a multitude of possibilities for developers to explore. Among the many housing-related laws enacted since 2016, three primary categories of developer-focused legislation stand out. These laws relate to permit streamlining, accessory dwelling units (ADUs), and density bonuses. Each of these areas of housing policy are unique in their intent and implementation, but alike in their common goal of empowering developers to advance housing production across the state.

11 City of Long Beach, *Housing Element* (2022), 42.

12 "Housing Element Implementation and APR Data Dashboard," California Department of Housing and Community Development, 2022. <https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard>

13 City of Long Beach, *Housing Element* (2022), 42.

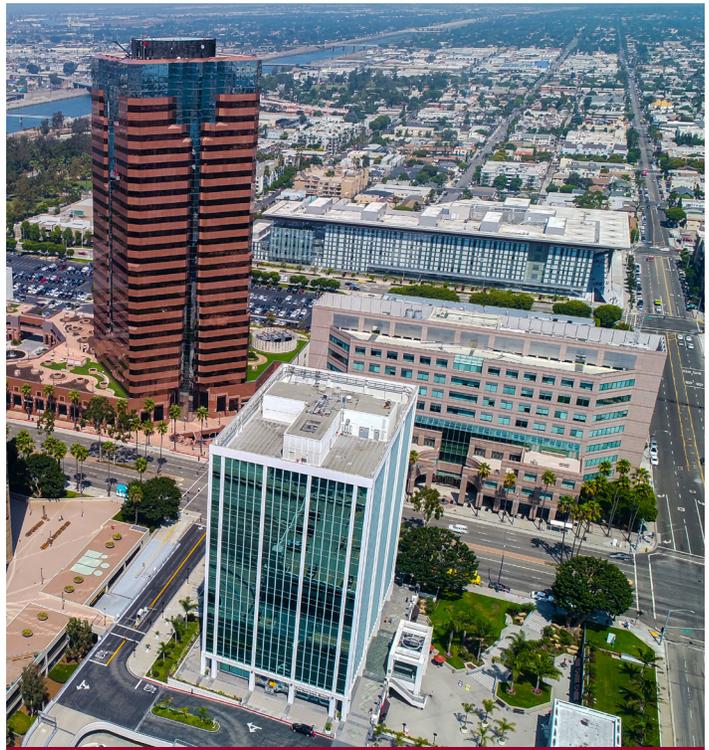
14 SB 828 (2018), authored by Senator Scott Wiener (D-San Francisco), changed the RHNA methodology by requiring HCD to consider previously unmet housing needs, the percentage of cost-burdened households, and projected household growth. AB 1771 (2018), authored by Assemblymember Richard Bloom (D-Santa Barbara), required that RHNA allocations affirmatively further fair housing (AFFH).

15 AB 1397 (2017), authored by Assemblymember Evan Low (D-Santa-Clara), adds more stringent criteria on what sites can be included in a site inventory. AB 879 (2017), authored by Assemblymember Timothy Grayson (D-Contra Costa), requires Housing Elements to include a consideration of nongovernmental constraints. AB 686 (2018), authored by Assemblymember Miguel Santiago (D-Los Angeles), requires Housing Elements to AFFH.

16 "Housing Element Review and Compliance Report," California Department of Housing and Community Development, 2022. <https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-review-and-compliance-report>

The city of Long Beach offers a useful case study of the implementation of these new developer-oriented state housing laws. As California’s seventh largest city, Long Beach has a sizable housing market and plentiful opportunities for development to take place. At the same time, it has less daunting problems than some larger California cities such as Los Angeles and San Francisco, and so provides a more apt comparison to a broader range of cities across the state.

Despite many challenges, including historical housing segregation, coastal regulations, overcrowding, cost overburdening, and dated housing stock, Long Beach has reasons to be optimistic. Notably, it leads California in per-capita ADU production, became the first large jurisdiction in its region to have an HCD certified Housing Element, and recently received the Prohousing Designation from HCD.<sup>17</sup> Whether or not Long Beach will succeed in meeting its 6th cycle housing goals will largely depend on the city’s ability to work collaboratively with developers and carry out new state laws related to permit streamlining, ADUs, and density bonuses. The same can be said for much of the state.



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<sup>17</sup> City of Long Beach, *Housing Element (2022)*, Appendix E; California Department of Housing and Community Development, “California Department of Housing and Community Development Awards Prohousing Designation to Five New Jurisdictions,” July 14, 2023. <https://www.hcd.ca.gov/about-hcd/newsroom/california-department-of-housing-and-community-development-awards-prohousing-designation-to-five-new-jurisdictions>.

## PERMIT STREAMLINING, ADUs, AND DENSITY BONUSES

### Permit Streamlining

#### Early Permit Streamlining Policies: PSA and HSA

The California state government's efforts to expedite housing development began nearly a half century ago with the Permit Streamlining Act of 1977 (PSA). To reduce delays in permit approval processes, the PSA created time limits for permit review and requirements for communication with developers. Under the PSA, California cities have 30 days to inform applicants if their permits are complete, and 60 days thereafter to process their permits. Exceptions are made in certain cases, such as when projects require an environmental impact report (EIR), in which case the processing timeline is extended to 180 days. If a local government agency fails to act within the provided time limits, a permit may be "deemed approved," meaning local government staff should begin processing it. As is true with most California housing laws, the PSA is not self-enforcing. In order to act on a permit that is "deemed approved," the PSA requires the developer to jump through several additional hoops, such as providing a public notice.<sup>18</sup>

Alongside the PSA, the Housing Accountability Act (HAA) provides the foundation of permit streamlining law in California. Enacted in 1982 to address increasing local pushback to housing development, the HAA created several limits on discretionary review of projects.<sup>19</sup> For projects that include either 20% affordable units or 100% moderate units, or that are consistent with the local jurisdiction's General Plan, zoning, and design standards/criteria, the HAA compels the local government to approve a permit.<sup>20</sup> Although the HAA was designed to speed housing development and to allow few exceptions, it has had only limited effectiveness for most of its existence. The law was largely viewed as a paper tiger, taken more as a suggestion than a serious policy requirement by most cities.

18 John Eastman, *The Permit Streamlining Act and Other Development Time Limits*. League of California Cities, n.d., <https://www.cacities.org/uploadedfiles/leagueinternet/c1/c1174374-f6b2-4723-af76-b0d8ddcc60e0.pdf>.

19 Megan Kirkeby, "Housing Accountability Act Technical Assistance Advisory." California Department of Housing and Community Development, Division of Housing Policy Development, September 15, 2020. <https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/hcd-memo-on-haa-final-sept2020.pdf>.

20 Ibid.



**AFTER THE STATE'S LACKLUSTER RECOVERY IN HOUSING DEVELOPMENT IN THE YEARS FOLLOWING THE 2008 HOUSING MARKET CRASH, A SPOTLIGHT BEGAN TO SHINE ON CALIFORNIA'S HOUSING CRISIS. YEARLY HOUSING PRODUCTION DECREASED FROM A HIGH OF MORE THAN 200,000 UNITS IN THE EARLY 2000'S TO LESS THAN 50,000 UNITS FROM 2008-2011.**

Throughout the late 20th and early 21st centuries, the legislature modified HAA and PSA several times.<sup>21</sup> Notably, in 1990, the legislature added to the HAA a process known today as “builder’s remedy,” which prevents a local government from denying an affordable housing project if it has not adopted a state-approved Housing Element.<sup>22</sup> Additional amendments to the HAA have prevented cities from equating zoning and health code violations, established projects as zoning compliant if they meet the object standards set out by a local government’s zoning code, and given more enforcement power to courts.<sup>23</sup>

After the state’s lackluster recovery in housing development in the years following the 2008 housing market crash, a spotlight began to shine on California’s housing crisis. Yearly housing production decreased from a high of more than 200,000 units in the early 2000’s to less than 50,000 units from 2008-2011.<sup>24</sup> Though development began to rebound from 2012-2016, it remained at less than half of the yearly housing production from just a decade prior.<sup>25</sup> This decreased production directly corresponded to drastic increases in home prices. A report from California’s Legislative Analyst’s Office (LAO) released in 2015 showed that the average price of a home in California was more than two-and-a-half times the national average.<sup>26</sup>

In the wake of the growing crisis, newly formed pro-housing groups such as Yes In My Backyard (YIMBY) began to command statewide political power. Statewide leaders on housing policy emerged, and a consensus began forming in Sacramento that the status quo on housing policy was untenable.

In response to mounting pressure to address the housing crisis, the legislature looked to the HAA and PSA as vessels for implementing change. Two reform laws were enacted in 2016, allowing for certain individuals and housing organizations to bring legal action under the HAA, and shortening the time limits allowed for environmental review under the PSA to 120 days for certain residential and mixed-use projects.<sup>27</sup> Legislative action continued in 2017, with several laws further expanding and reinforcing the HAA. A lower bar was established for determining whether a housing development project or shelter is compliant with local plans, policies, or programs.<sup>28</sup> In addition, the bar was raised for determinations made by cities to deny housing projects or decrease their density as a result of adverse health or safety effects.<sup>29</sup> The legislature also created a minimum \$10,000 per unit fine for local governments that fail to comply with court orders to advance a housing project within 60 days of its “deemed complete” status under the PSA.<sup>30</sup>

21 Many of these amendments were in response to judicial rulings. The PSA, for example, was amended in 1987 to address issues with its public notice requirement, and again in 1999 to accommodate a ruling regarding time limit waivers. See Milene Minassians, “Saving the Permit Streamlining Act: The California Supreme Court Must Depart from *Horn v. County of Ventura*,” *UC Law Environmental Journal* 30, no. 1 (2024): 105-122. [https://repository.uclawsf.edu/hastings\\_environmental\\_law\\_journal/vol30/iss1/5/](https://repository.uclawsf.edu/hastings_environmental_law_journal/vol30/iss1/5/) and John Eastman, *The Permit Streamlining Act and Other Development Time Limits*. League of California Cities, n.d., <https://www.cacities.org/uploadedfiles/leagueinternet/c1/c1174374-f6b2-4723-af76-b0d8ddcc60e0.pdf>.

22 Christopher Elmendorf, *A Primer on California’s ‘Builder’s Remedy’ for Housing-Element Noncompliance*, UC Davis School of Law, March 29, 2022. <https://law.ucdavis.edu/sites/g/files/dgvnsk10866/files/media/documents/Builer%27s%20Remedy%20Primer-1.pdf>

23 Christopher Elmendorf and Tim Duncheon, “How CEQA and the HAA Became ‘Super:’ State and Local Government Law (SLoG Law) Blog, November 30, 2021. <https://www.sloglaw.org/post/how-ceqa-and-the-haa-became-super>.

24 Matt Levin, “5 Reasons California’s Housing Costs Are So High,” KQED, May 4, 2018. <https://www.kqed.org/news/11666284/5-reasons-californias-housing-costs-are-so-high>.

25 Ibid.

26 Chas Alamo and Brian Ulher, “California’s High Housing Costs: Causes and Consequences,” California Legislative Analyst’s Office, March 17, 2015. <https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.aspx>.

27 AB 2584 (2016), authored by Assemblymember Tom Daly (D-Orange) and AB 2180 (2016), authored by Assemblymember Phil Ting.

28 AB 1515 (2017), authored by Assemblymember Tom Daly (D-Orange).

29 SB 167 (2017), authored by Senator Nancy Skinner (D-Berkeley).

30 The minimum fine for noncompliance was also instituted by SB 167.

In 2018, the legislature further bolstered the HAA by asserting that projects are zoning compliant if they are consistent with the General Plan, even if a conflicting zoning ordinance exists.<sup>31</sup>

### SB 330

In 2019, the legislature made its most drastic update to the PSA and HAA, and permit streamlining policy more broadly, by adopting SB 330, authored by Senator Nancy Skinner (D-Berkeley). This law, also known as the Housing Crisis Act of 2019, created a new “preliminary application” that developers can use to lock in the current development fees and standards before submitting a full application. Importantly, SB 330 allows developers to lock in a builder’s remedy application in a jurisdiction without a compliant Housing Element. If a developer has submitted a preliminary application, SB 330 prevents local governments from disapproving the project if it complies with objective standards. More broadly, the law prevents local governments from applying new design standards. The law also created new timelines for approval, prevented local governments from downzoning without an equal upzone elsewhere, and established the “no net loss” doctrine to prevent cities from demolishing existing housing without planning for an equal or greater number of units.

In 2022, the legislature enacted SB 8 to extend SB 330’s sunset to 2030 and to clarify that SB 330 applies to projects that are ministerial, meaning they are cleared quickly and without opportunities for discretionary review by the staff or general public. It also clarified that SB 330 applies to density bonus and single unit projects.<sup>32</sup>

### SB 35

In addition to PSA and HAA reforms, California significantly strengthened its permit streamlining policies through SB 35, a law authored by Senator Scott Wiener (D-San Francisco) in 2017. SB 35 allows developers to use a streamlined housing approval process for multifamily infill projects in jurisdictions that are not on track to meet their RHNA goals, if those projects meet specific requirements. Eligibility requirements include a minimum share of affordable units, consistency with local planning standards, and adherence to certain labor provisions. The share of affordable units required varies by jurisdiction and

depends on progress toward RHNA goals.<sup>33</sup> Determinations for SB 35 eligibility are made at the mid-point of the RHNA process, and again when the cycle is completed.

Though originally set to sunset in 2026, subsequent reform bills have extended SB 35’s duration and further refined the law. In 2020, the legislature allowed approved SB 35 projects to be modified before the final building permit is issued. It also provided guidelines for how local governments should handle public improvements that are attached to affordable development projects, with the goal of ensuring that these improvements do not impede the progress of housing projects.<sup>34</sup> In 2021, the legislature passed a bill pausing a permit’s three-year period of validity when the project faces a lawsuit. It further requires that projects be held accountable only to the objective standards that were in place at the time of its approval.<sup>35</sup> These refinements were intended to help developers avoid delays and derailments in their use of SB 35.

A final reform to SB 35 came from SB 423, passed in 2023. The law, again authored by Senator Wiener, extends the sunset of SB 35 to 2036, expands SB 35 eligible projects to those on urban infill sites, and establishes its use for mixed-income developments. Additionally, SB 423 clarifies specific areas where permit streamlining does not apply, specifically in relation to fire-hazard and building safety regulations, but asserts that SB 35 projects can take place in most of the Coastal Zone (barring environmentally sensitive or hazardous locations). Finally, SB 423 replaced the “skilled and trained” labor provisions previously in SB 35 with a three-tiered system, in which smaller projects must only pay prevailing wage, projects with more than 50 units must also participate in apprenticeship programs and pay for health care, and projects higher than 85 feet must use skilled and trained labor.

### AB 2011

In 2022, the legislature further strengthened its permit streamlining policies by adopting AB 2011, authored by Assemblymember Buffy Wicks (D-Richmond). This law represents the state’s most aggressive attempt to date to expedite housing development. Among other provisions, AB 2011 seeks to accelerate the ministerial approval process for multifamily projects on commercially zoned land. The law creates a CEQA-exempt approval process for projects that are

31 AB 3194 (2018), authored by Assemblymember Tom Daly (D-Orange).

32 SB 8 (2022), authored by Senator Nancy Skinner (D-Berkeley).

33 Developers in jurisdictions that are not on track to meet their goals for very low or low-income housing goals can use streamlining for at least 50% affordable projects. In jurisdictions that are also not on track to meet their above-moderate income RHNA allocation, developers can use SB 35 to streamline projects with at just 10% affordable units. In addition, jurisdictions that fail to submit their Annual Progress Report (APR) to HCD are subject to SB 35 at the 10% affordability level. Jurisdictions that have met their RHNA goals and submitted their APR are not subject to SB 35.

34 AB 831, authored by Assemblymember Timothy Grayson (D-Contra Costa), enacted in 2020.

35 AB 1174, authored by Assemblymember Timothy Grayson (D-Contra Costa), enacted in 2021.

either 100 percent below market rent or mixed income projects that are located on commercial corridors. AB 2011 departed from the union labor requirements established by SB 35 by allowing projects to be built by non-union workers as long as they are paid prevailing wages.<sup>36</sup> As noted above, the year following AB 2011’s passage, the legislature similarly modified labor requirements for SB 35 projects.

In 2023, the legislature also passed SB 6, which further enabled multifamily projects on commercially zoned land, although the bill did not include provisions for a ministerial permitting process or allow non-union labor for these projects.

## The Use of Permit Streamlining Laws in California

The only streamlining law captured in current Housing Element Annual Progress Report (APR) data is SB 35. According to HCD APR data from 2018-2022, 2,100 projects across the state submitted an SB 35 application. Of those, more than 800 were denied or reported having no action taken. Many SB 35 applications were for projects of a small scope, with just 308 applications being for projects with two or more units. Over the same period, APR data shows that 2,279 projects received an SB 35 permit. Again, most of those projects were single family homes or ADUs, with just 363 permitted SB 35 projects including more than two units.<sup>37</sup> Though often cited as both a successful carrot for developers and a stick for cities to encourage housing production, SB 35 has seen limited use across the state. Recent changes to SB 35 that reduced the law’s labor requirements and expanded its applicability may prove to make SB 35 more viable for developers.<sup>38</sup> Moreover, new streamlining laws such as AB 2011 will likely play a larger role in promoting housing development in the years to come.

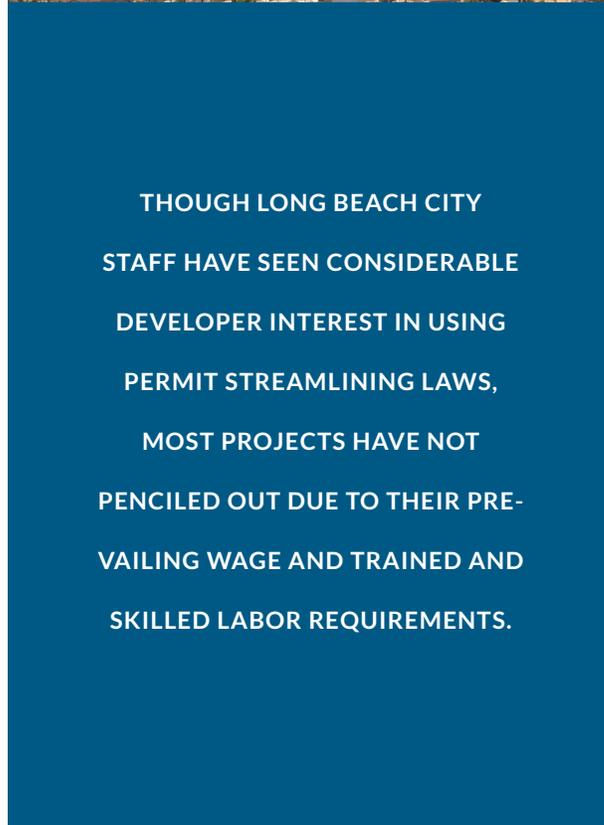
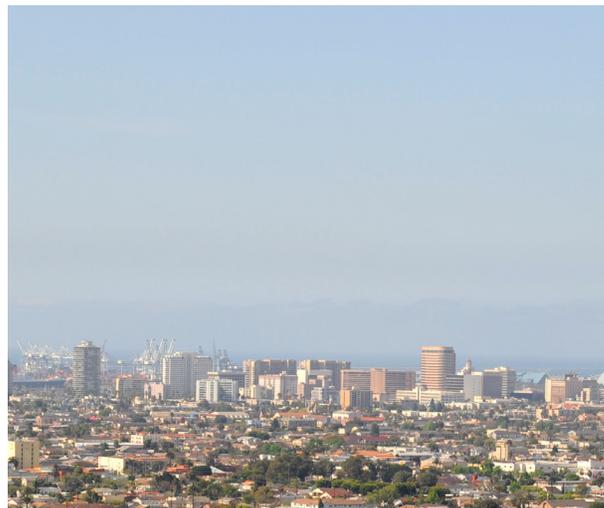
## The Use of Permit Streamlining Laws in Long Beach

For several years, developers in Long Beach have been entitled to use the streamlining provisions of SB 35 for projects that include at least 50% affordable units, as the city had not made adequate progress toward its low-income RHNA allocations. Considering Long Beach’s challenge in meeting its 6th cycle very-low and low-income RHNA allotments, developments in

<sup>36</sup> Prevailing wages are determined by the Director of the Department of Industrial Relations, according to the type of work and location of the project, and are typically commensurate with union wages.

<sup>37</sup> “Annual Progress Reports,” California Department of Housing and Community Development, 2022, <https://www.hcd.ca.gov/planning-and-community-development/annual-progress-reports>.

<sup>38</sup> SB 423 (2023), authored by Senator Scott Wiener (D-San Francisco), allowed for prevailing wage on SB 35 projects meeting certain requirements.



**THOUGH LONG BEACH CITY STAFF HAVE SEEN CONSIDERABLE DEVELOPER INTEREST IN USING PERMIT STREAMLINING LAWS, MOST PROJECTS HAVE NOT PENCILED OUT DUE TO THEIR PREVAILING WAGE AND TRAINED AND SKILLED LABOR REQUIREMENTS.**



the city will likely remain eligible for SB 35 streamlining at the 50% affordability level in the near term. Yet recent experience casts doubt on whether SB 35 will play a large role in Long Beach housing development moving forward, as just one SB 35 project was completed in Long Beach during the 2018-2022 period.

Other permit streamlining laws, such as AB 2011, SB 6, and SB 330/SB 8, have also been used sparingly in Long Beach. According to Long Beach city staff, SB 330/SB 8 applications are seen on less than 1% of new development projects.<sup>39</sup> The scant use of SB 330 is due in part to Long Beach's proactive approach to permitting timelines, as its processes meet or exceed state regulations. Long Beach is also currently updating its design standards to be objective, as required by SB 330 and SB 8.<sup>40</sup> Long Beach city staff confirmed that one AB 2011 project is currently being contemplated, but noted that the law's prevailing wage requirements are a major obstacle to its use in Long Beach and other cities.<sup>41</sup>

Though Long Beach city staff have seen considerable developer interest in using permit streamlining laws, most projects have not penciled out due to their prevailing wage and trained and skilled labor requirements.<sup>42</sup> In addition to the higher wages these provisions necessitate, many developers in Long Beach struggle to secure the union labor they would need for larger projects. Consequently, the savings a developer can expect by using permit streamlining laws are often offset by the additional costs they will accrue by paying workers higher wages.<sup>43</sup> Some developers have attempted to get around the state's labor requirements by using modular housing built off-site, but the strategy has yet to be proven on a wide scale.<sup>44</sup>

<sup>39</sup> Alison Spindler-Ruiz, Planning Bureau Manager for the City of Long Beach. Interview by Ryan Lenney, March 5, 2024.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

## Timeline of New Permit Streamlining Laws in California (2016 - 2023)

- **AB 2180 (2016)** - Shortens the timelines allowed for approval or disapproval of a permit when the project undergoes an environmental review.
- **AB 2584 (2016)** - Allows individuals who would qualify for residency in a given low-income or development or emergency shelter, or the organization itself, to sue under the HAA if the development is denied by a city.
- **AB 1515 (2017)** - Establishes the "reasonable person" doctrine for determining compliance with a city's zoning or land use designations.
- **SB 167 (2017) and AB 678 (2017)** - Creates fines for HAA noncompliance and increases the requirement on cities from demonstrating "substantial evidence on the record" to "a preponderance of the evidence on the record" when denying housing developments due to health and safety effects.
- **SB 35 (2017)** - Provides a ministerial, streamlined pathway for affordable projects in cities not meeting RHNA goals which meet certain affordability and labor standards.
- **AB 3194 (2018)** - Asserts that projects are compliant with zoning if consistent with the General Plan.
- **SB 330 (2019)** - Establishes a preliminary application process to lock in fees and standards, creates "no net loss," and prevents cities from downzoning or rejecting projects which comply with objective standards.
- **AB 831 (2020)** - Allows SB 35 approved projects to be modified before the final building permit is issued.
- **AB 1174 (2021)** - Pauses the three-year validity timeline for housing projects facing lawsuits.
- **SB 8 (2022)** - Moves the SB 330 sunset to 2030 and expands applicable projects under the law.
- **AB 2011 (2022)** - Creates a ministerial approval process for affordable multifamily projects on commercially zoned land.
- **SB 423 (2023)** - Extends the sunset of SB 35 to 2036, expands SB 35 eligible projects to those on urban infill sites, and establishes its use for mixed-income developments. Also replaces the skilled and trained labor requirement with a three-tiered system.

## Accessory Dwelling Units (ADUs)



AS OF 2020, THE AVERAGE COST OF DEVELOPING AN ADU IN CALIFORNIA WAS \$167,000, WHILE OTHER AFFORDABLE HOUSING PROJECTS HAVE SEEN COSTS EXCEED \$1 MILLION PER UNIT, MAKING ADUS AN INCREASINGLY ATTRACTIVE HOUSING OPTION.

### Background

In recent years, policymakers at the state and local level have turned to Accessory Dwelling Units (ADUs) as part of the solution to California's housing shortage. ADUs are an alternative housing model that can be developed as one or more secondary dwelling units on pre-owned residential land to boost housing supply. On any given lot, ADUs can be detached or attached to a primary structure, or they can repurpose spaces within the primary structure to create an independent living unit. The appeal of ADUs is largely a result of their affordability, low environmental impact, and potential to accelerate infill housing. As of 2020, the average cost of developing an ADU in California was \$167,000,<sup>45</sup> while other affordable housing projects have seen costs exceed \$1 million per unit, making ADUs an increasingly attractive housing option.<sup>46</sup>

Despite the advantages ADUs offer, for years many local governments have resisted them, citing concerns about residential density, parking, and neighborhood character. Local governments complicated ADU construction through regulations that made these units inconvenient or impossible to build. Barriers included lot setbacks, height requirements, parking space requirements, and even requirements that an ADU be occupied by the primary home occupant's relative.<sup>47</sup> In 2002, the legislature intervened to require local governments to use a ministerial process to review permit applications for ADUs,

then known as "second units," representing the legislature's first significant act to facilitate the production of ADUs.<sup>48</sup> Yet many barriers to ADU development remained.

### AB 2299 and SB 1069

In 2016, the legislature approved a crucial reform to "second unit" law by enacting two coordinated bills, AB 2299 by Assemblyman Richard Bloom (D-Santa Barbara), and SB 1069 by Senator Bob Wieckowski (D-Santa Clara). These new laws officially changed the name of second units to ADUs and eased several barriers to ADU development.<sup>49</sup> Namely, the new laws required cities and counties to allow ADUs on single-family lots with a pre-existing unit, prohibited zoning requirements that forced ADUs to have their own pathways to the street, and banned setbacks for garage conversions. They also eased parking requirements and eliminated them entirely for ADUs built near transit or those built as part of the existing residence. Finally, these laws prohibited water, sewer, and utility requirements and fees tied to the development of ADUs.

By overriding numerous local restrictions placed on ADUs, the legislature established a strong foundation to advance statewide ADU development, and it continued to advance that goal in subsequent sessions. In 2017, the legislature overrode local regulations that stood in the way of ADU construction and rentals,<sup>50</sup> and in 2019, lawmakers regulated the dimensions of

45 Karen Chapple, David Garcia, Eric Valchuis, and Julian Tucker, *Reaching California's ADU Potential: Progress to Date and the Need for ADU Finance*. Terner Center for Housing Innovation UC Berkeley, August 2020, 2. [https://ternercenter.berkeley.edu/wp-content/uploads/pdfs/Reaching\\_Californias\\_ADU\\_Potential\\_2020.pdf](https://ternercenter.berkeley.edu/wp-content/uploads/pdfs/Reaching_Californias_ADU_Potential_2020.pdf)

46 Owen Minott, *Accessory Dwelling Units (ADUs) in California*. Bipartisan Policy Center, September 12, 2023. <https://bipartisanpolicy.org/blog/accessory-dwelling-units-adus-in-california/>

47 Jenny Schuetz and Julia Gill, *In California, Statewide Housing Reforms Brush Against Local Resistance*. Brookings, June 28, 2023. <https://www.brookings.edu/articles/in-california-statewide-housing-reforms-brush-against-local-resistance>

48 AB 1866 (Wright). Since second units (ADUs) are ministerially approved by cities as a result of AB 1866, they are exempt from CEQA review which helps expedite the process of their approval and construction.

49 AB 2299, authored by Assemblyman Richard Bloom (D-Santa Barbara), and SB 1069, authored by Senator Bob Wieckowski (D-Santa Clara).

50 SB 229, authored by Assemblymember Bob Wieckowski (D-Santa Clara), and AB 494, authored by Assemblymember Richard Bloom (D-Santa Barbara).

ADUs to provide more flexibility in development.<sup>51</sup> The same year, the state permitted local jurisdictions to allow the sale of ADUs as long as they fulfill a number of conditions.<sup>52</sup> In 2023, lawmakers distinguished ADUs from primary residences on the market<sup>53</sup> and further restricted the ability to impose owner-occupancy requirements.<sup>54</sup>

## AB 670

Some of the most formidable barriers to ADU development have been Homeowner Associations (HOAs). HOAs derive their power from laws related to common interest developments (CID) and Covenants, Conditions, and Restrictions (CCRs). HOAs have long had the ability to review and reject ADU proposals by homeowners under their jurisdiction. As a result, ADU projects often have found themselves subject to HOA review and denial. To overcome this obstacle, in 2019 the legislature enacted AB 670, authored by Assemblymember Laura Friedman (D-Burbank). This law voids any governing documents, including those under CID and CCRs, that effectively or outright prohibit the construction or use of ADUs or junior ADUs (collectively ADUs). The new law provides some flexibility for what it deems “reasonable restrictions” on ADU developments so long as the restrictions do not unreasonably increase the ADU’s cost, or prohibit or inhibit its construction. In 2021, the legislature also restricted HOAs’ ability to prevent homeowners from renting out their ADUs.<sup>55</sup>

## AB 671

An additional obstacle to ADU uptake was the general lack of public awareness. For many years, most people did not understand how to develop an ADU on their property, and few believed it was in their interest to build one. AB 671, again authored by Assemblymember Friedman, sought to use educational programs and incentives to encourage residents to develop ADUs. Following the bill’s passage in 2019, local governments are now required to create plans to promote ADU development in their Housing Elements. The plan has to include incentives for ADUs that would be affordable for very-low, low-, and moderate-income households, as classified by HCD. The new law further encourages ADU development by requiring that HCD develop a list of applicable state grants and financial incentives. It also expands the ability for property

owners to offer ADUs for rent. In 2022, the state required cities to provide ADU applicants with explicit reasons why their application was rejected.<sup>56</sup> And in 2025, California will mandate that municipalities have pre-approved ADU plan schemes available.<sup>57</sup>

## ADUs in Long Beach

Compared to other California cities, Long Beach has achieved considerable success in ADU development. Long Beach leads the state in per-capita ADU production and has a keen interest in further ADU growth. City staff describe ADUs as having long been a “part of the fabric of Long Beach,” meaning residents are less prone to push against ADUs than other forms of new housing. In addition, the city benefits from having nearly half of its land use area designated as low-density residential, which is where the majority of ADUs are constructed. The city also has seen many ADUs developed in multi-family spaces through garage conversions. Moreover, ADUs have helped spread new housing development more evenly throughout the city, whereas other housing projects have been concentrated in certain areas. This even dispersal of ADU development across Long Beach can be seen in Figure 1.

According to HCD’s APR data for the period from 2018-2022, ADUs were the most frequently requested and approved housing projects in Long Beach, with the city approving 1,431 ADU permits during that period. In fact, approximately two-thirds of new units permitted in Long Beach during that period were ADUs. As shown in Figure 2, the rate of ADU permits approved to overall RHNA allocation in Long Beach was significantly higher than in other jurisdictions and the state.

**ACCORDING TO HCD’S APR DATA FOR THE PERIOD FROM 2018-2022, ADUs WERE THE MOST FREQUENTLY REQUESTED AND APPROVED HOUSING PROJECTS IN LONG BEACH, WITH THE CITY APPROVING 1,431 ADU PERMITS DURING THAT PERIOD.**

51 AB 68 authored by Assemblymember Phil Ting (D-San Francisco), AB 881, authored by Assemblymember Richard Bloom (D-Santa Barbara), and SB 13, authored by Senator Bob Wieckowski (D-Santa Clara).

52 AB 587, authored by Assemblymember Laura Friedman (D-Burbank).

53 AB 1033, authored by Assemblymember Phil Ting (D-San Francisco).

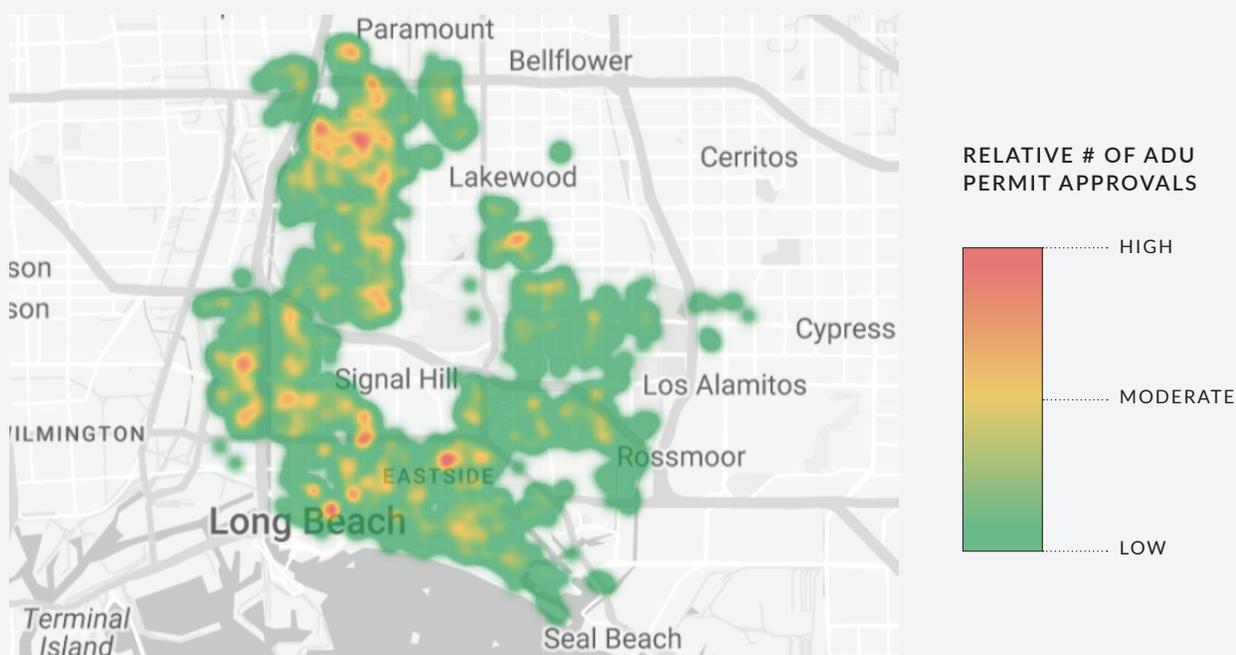
54 AB 976, authored by Assemblymember Phil Ting (D-San Francisco).

55 AB 3182, authored by Assemblymember Phil Ting (D-San Francisco).

56 AB 2221, authored by Assemblymember Sharon Quirk-Silva (D-La Palma) and SB 897, authored by Senator Bob Wieckowski (D-Santa Clara).

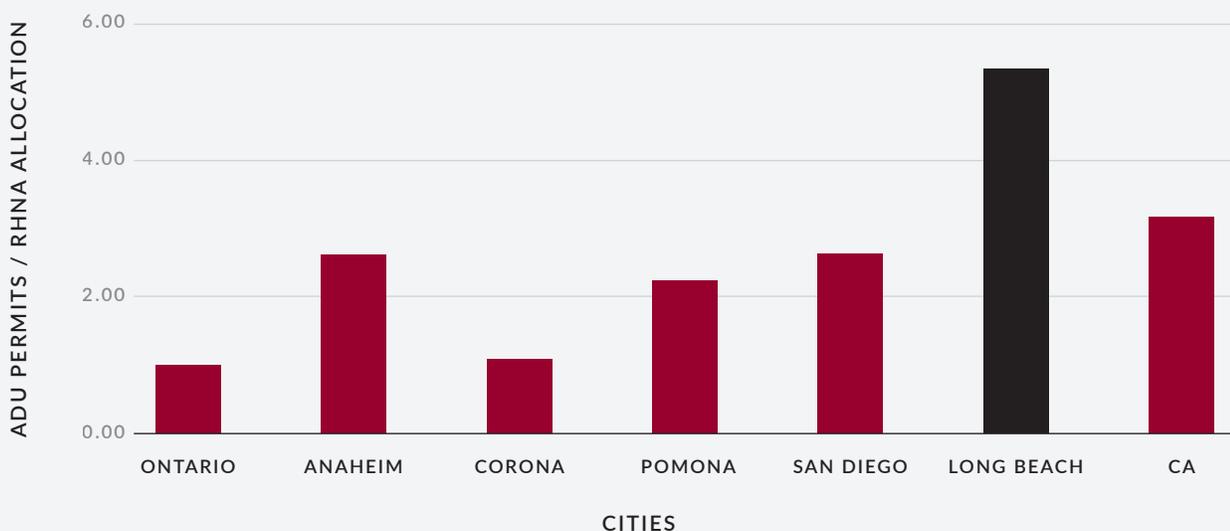
57 AB 434, authored by Assemblymember Tim Grayson (D-Concord).

**Figure 1. ADU Permits Approved in Long Beach from 2018-2022**



Source: Annual Progress Report Data from 2018-2022 from the HCD Housing Element Implementation and Annual Progress Report Dashboard. The colors on the map indicate the rate of ADU permitting across Long Beach, with green being low, yellow being moderate, and red being high relative levels of permitting.

**Figure 2. Rate of ADU Permits Issued to Total RHNA Allocation Among Selection of Southern California Cities**



Source: Annual Progress Report Data from 2018-2022 from the HCD Housing Element Implementation and Annual Progress Report Dashboard. The graph shows the total number of ADU permits approved in each jurisdiction from 2018-2022 divided by their total RHNA allocation, then multiplied by 100, demonstrating the degree to which ADUS make up a city's completion of the jurisdiction's housing goals.

This demonstrates that Long Beach is using ADUs to meet its housing goals to a much higher degree than most cities.

Based on the trends from 2018-2022, the Long Beach's 2022 Housing Element conservatively projects an annual average of 159 new ADUs between 2021 and 2029.<sup>58</sup> In its initial Housing Element draft, the city projected a much higher average of 350 ADUs per year, but HCD required the city to lower its estimate.<sup>59</sup> City staff reports that the state's instruction to use a more conservative projection of new ADU construction may prove beneficial, as the city expects to exceed that estimate and can point to its surplus in ADU production to offset potential deficits in other housing categories.<sup>60</sup> Moving forward, the city will monitor trends to determine whether it needs to increase its efforts to promote further ADU development.

Of the sixteen laws the state has passed to advance ADU production in recent years, many have been relatively easy for Long Beach to implement due to the city's own progressive stances on ADU policy. Long Beach aims to pursue funding opportunities to finance ADUs in high-resource areas with affordability restrictions for low and moderate-income renters.<sup>61</sup> In addition, it has established pre-approved ADU plans to make ADUs more accessible to residents who are newer to the process of development.<sup>62</sup> In recent years, the city has also seen an increasing number of developers who specialize in ADU development, further proliferating these projects.<sup>63</sup> Overall, Long Beach continues to seek additional methods for streamlining its ADU development processes. At times, it can be difficult for the city to keep up with the constant changes to state ADU laws, but the city's results demonstrate its ability to adapt and to promote a flourishing ADU housing sector.

<sup>58</sup> City of Long Beach, *Housing Element (2022)*, 45.

<sup>59</sup> Oscar Orci, "Review of City of Long Beach's 6th Cycle (2021-2029) Draft Housing Element." California Department of Housing and Community Development, September 17, 2021, 4. <https://www.hcd.ca.gov/community-development/housing-element/docs/lanlongbeachdraftout091721.pdf>.

<sup>60</sup> Alison Spindler-Ruiz, interview by Ryan Lenney, March 5, 2024.

<sup>61</sup> *Ibid.*

<sup>62</sup> *Ibid.*

<sup>63</sup> *Ibid.*

## Timeline of New ADU Laws in California (2016-2023)

- **AB 2299 and SB 1069 (2016)** - Requires cities and counties to allow ADUs on single-family lots, eliminate water and utility fees, reduce parking requirements, add leniency to zoning requirements, and use ministerial process for ADU approval.
- **SB 229 and AB 494 (2017)** - Requires cities to allow ADUs on lots with a single-family unit, bans local prohibitions on renting out ADUs, and places a cap on parking requirements at one space per unit/bedroom (whichever is less).
- **AB 68, AB 881, SB 13 (2019)** - Bans minimum lot sizes and floor area ratios, caps setback requirements, reduces permitting timelines to 60 days, extends ministerial approvals to Junior ADUs, gives HCD power to judge if local ADU ordinances comply with the law, bans owner-occupancy requirements, clarifies that garages can be converted, bans certain restrictions on such conversions, and allows multiple ADUs on multifamily lots.
- **AB 587 (2019)** - Enables local jurisdictions to permit the sale of ADUs built by nonprofit organizations that comply with certain conditions.
- **AB 670 (2019)** - Bans HOAs from prohibiting or unreasonably restricting ADU construction, allows restrictions that do not unreasonably increase construction costs or effectively prohibit construction by restricting the ability to construct ADUs.
- **AB 671 (2019)** - Requires local agencies to prepare plans to promote ADU development in housing elements of general land use plans, and requires HCD to develop a list of existing state grants and incentives to facilitate ADUs.
- **AB 3182 (2021)** - Bans homeowner association (HOA) restrictions on rentals longer than 30 days.
- **AB 2221 and SB 897 (2022)** - Mandates that local agencies allow ADUs up to 16 ft in height, modifies front setbacks requirements to allow ADUs up to 800 sq ft, and provides applicants with a full list of problems and solutions when denying ADU applications.
- **AB 1033 (2023)** - Authorizes cities to enact laws that allow homeowners to sell ADUs separately from their primary residence.
- **AB 976 (2023)** - Prevents local agencies from imposing owner-occupancy requirements for new or converted ADU projects.
- **AB 434 (2023)** - Mandates California cities and municipalities to have pre-approved ADU plan schemes by the start of 2025.

## Density Bonuses

### Background

In the forty-five years since its inception in 1979, California's Density Bonus Law (DBL) has provided developers a tool to construct new housing at scale, especially in the state's more populated areas. Broadly speaking, DBL allows developers to build at a higher density than would otherwise be allowed by a local government's General Plan or zoning in exchange for including a certain percentage of affordable units. The law also includes provisions for additional incentives and concessions, waivers of development standards, and decreased parking requirements. These additional incentives help developers bypass local regulations on building height, setback, and open space, among others. For most of its existence, the maximum density bonus available was 25% above the previously permissible number of units for a given project.<sup>64</sup> Limited additional incentives, concessions, and waivers were also available.<sup>65</sup> Changes to DBL, beginning in the early 2000s, expanding rapidly after 2016, and continuing today, have made density bonuses a promising pathway for promoting new housing development in the state.

### Changes to DBL Law

In 2004, the California Legislature for the first time significantly strengthened the DBL by increasing the maximum density bonus to 35%.<sup>66</sup> From 2004 to 2016, the legislature passed six more DBL reforms, including changes to the affordability restrictions, parking requirements, and replacement housing options.<sup>67</sup> Despite these developer-friendly changes, numerous studies demonstrate that the density bonus was underutilized in California throughout the early 2000s. A case study of three density bonus developments in 2003 reported that considerable shortcomings, including limited availability of density bonuses and high affordability requirements, prevented the policy's widespread use.<sup>68</sup> A 2010 study of density bonus development in San Diego also concluded that the law had minimal impact on citywide development, instead concentrating high-density projects in communities of certain socioeconomic backgrounds.<sup>69</sup> As recently as 2018, a Turner Center study considering housing development over a three-year period demonstrated that a majority of cities had not reported a density bonus project in their jurisdictions.<sup>70</sup>

**IN THE FORTY-FIVE YEARS SINCE ITS INCEPTION IN 1979, CALIFORNIA'S DENSITY BONUS LAW (DBL) HAS PROVIDED DEVELOPERS A TOOL TO CONSTRUCT NEW HOUSING AT SCALE, ESPECIALLY IN THE STATE'S MORE POPULATED AREAS. BROADLY SPEAKING, DBL ALLOWS DEVELOPERS TO BUILD AT A HIGHER DENSITY THAN WOULD OTHERWISE BE ALLOWED BY A LOCAL GOVERNMENT'S GENERAL PLAN OR ZONING IN EXCHANGE FOR INCLUDING A CERTAIN PERCENTAGE OF AFFORDABLE UNITS.**

<sup>64</sup> Fulton, et al., *New Pathways*.

<sup>65</sup> Ibid.

<sup>66</sup> SB 1818 (2004), authored by Senator Dennis Hollingsworth, also lowered the affordability requirements to receive a density bonus, provided additional concessions, and created a bonus for land donation. See Lynn Hutchins and Karen Tiedemann, *Not Just Density Bonuses: Dealing with Demands Beyond the Bonus*. League of California Cities, October 7, 2016. [https://www.cacities.org/Resources-Documents/Member-Engagement/Professional-Departments/City-Attorneys/Library/2016/Annual-2016/10-2016-Annual\\_Hutchins\\_Tiedemann\\_Not-Just-Density.aspx](https://www.cacities.org/Resources-Documents/Member-Engagement/Professional-Departments/City-Attorneys/Library/2016/Annual-2016/10-2016-Annual_Hutchins_Tiedemann_Not-Just-Density.aspx)

<sup>67</sup> Ibid.

<sup>68</sup> Kevin Skiles, *Density Bonuses and Affordable Housing, in California: Examining the Economic Impact on Three Cases*. Massachusetts Institute of Technology, September 2003. <https://dspace.mit.edu/bitstream/handle/1721.1/29772/54755233-MIT.pdf>

<sup>69</sup> Sherry Ryan and Bridget Elaine Enderle, "Examining Spatial Patterns in Affordable Housing: The Case of California Density Bonus Implementation." *Journal of Housing and the Built Environment* 27, no. 4 (2012): 413–25. <https://doi.org/10.1007/s10901-011-9259-0>

<sup>70</sup> David Garcia, *Revisiting California's Density Bonus Law: Analysis of SB 1085 and AB 2345*. Turner Center for Housing Innovation, UC Berkeley, July 2022. [https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/Revisiting\\_California%E2%80%99s\\_Density\\_Bonus\\_Law.pdf](https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/Revisiting_California%E2%80%99s_Density_Bonus_Law.pdf)

## Recent Density Bonus Reform

In 2016, the California Legislature launched a renewed effort to strengthen the density bonus, expanding both its size and applicability. Over the past eight years, the legislature's consistent focus on DBL has reflected its view of the law's importance in aiding housing development. The effort began with AB 2501 of 2016, which redefined the density bonus in California by establishing new requirements for procedures, timelines, and documents needed in the density bonus application process.<sup>71</sup> That year, the legislature also authorized additional density bonuses for commercial projects that partner with affordable housing developers,<sup>72</sup> and for projects that include units for transitional foster youth, disabled veterans, or homeless persons.<sup>73</sup>

After a brief hiatus in 2017, DBL reforms continued in force in 2018, with the legislature enacting five DBL laws. These laws gave developers more flexibility in using the density bonus by allowing them to request a floor area ratio (FAR) bonus<sup>74</sup> and by placing limits on local parking ratios.<sup>75</sup> The density bonus was further expanded through the creation of a new student housing density bonus,<sup>76</sup> as well as a law requiring that any bonus awarded be in accordance with California's Coastal Act of 1976.<sup>77</sup> The legislature amplified the impact of its reforms through a final requirement that cities provide developers with information regarding the eligibility criteria and requirements for receiving a density bonus.<sup>78</sup>

In 2019, DBL reform ebbed again, with the legislature enacting only one density bonus law, AB 1763. The law drastically increased the density bonus available for affordable housing developers, providing a 80% bonus and up to four incentives or concessions for a 100% affordable project.<sup>79</sup> The following year, the legislature substantially increased the baseline density bonus available with AB 2345. This law raised the bonus available from 35% to 50% for projects with 15% very low-income, 24% low-income, or 44% moderate-income units.<sup>80</sup> These two laws

**IN 2016, THE CALIFORNIA LEGISLATURE LAUNCHED A RENEWED EFFORT TO STRENGTHEN THE DENSITY BONUS, EXPANDING BOTH ITS SIZE AND APPLICABILITY. OVER THE PAST EIGHT YEARS, THE LEGISLATURE'S CONSISTENT FOCUS ON DBL HAS REFLECTED ITS VIEW OF THE LAW'S IMPORTANCE IN AIDING HOUSING DEVELOPMENT.**

demonstrate the dueling approaches to DBL reform recently enacted by the legislature. At times, the state creates carve outs with increased density bonus benefits for only certain kinds of housing development, but often, it improves DBL for all developers.

In 2021, lawmakers enacted four more density bonus related laws. Reforms included prohibiting impact fees from being imposed on the affordable units included in a density bonus project,<sup>81</sup> establishing the right of cities to create longer deed restrictions,<sup>82</sup> and allowing developers to sell density bonus units to nonprofit organizations.<sup>83</sup> The largest DBL bill of the year, SB 290, authored by Senator Nancy Skinner (D-Berkeley), substantially reduced local governments' ability to deny a request for DBL benefits and increased incentives across several areas of DBL.

An additional four laws were passed in 2022, with AB 2334 making the most significant changes. Authored by Assemblymember Buffy Wicks (D-Richmond), AB 2334 expanded the three story height bonus established by AB 1763 in 2019 to

71 AB 2501 (2016), authored by Assemblymember Richard Bloom (D-Santa Barbara).

72 AB 1934 (2016), authored by Assemblymember Miguel Santiago (D-Los Angeles).

73 AB 2442 (2016), authored by Assemblymember Chris Holden (D-Los Angeles).

74 A housing project's FAR is determined by dividing the land parcel size by the total building area. Many local governments impose strict regulations on FAR to limit a project's size.

75 AB 2372 (2018), authored by Assemblymember Todd Gloria (D-San Diego). See also SB 893 (2018), authored by Senator Janet Nguyen (R-Orange).

76 SB 1227 (2018), authored by Senator Nancy Skinner (D-Berkeley).

77 AB 2797 (2018), authored by Assemblymember Richard Bloom (D-Santa Barbara). The bill was inspired by a 2016 appellate court ruling, *Kalnel Gardens, LLC v. City of Los Angeles*, 3 Cal.App.5th 927 (Cal. Ct. App. 2016), in which the court ruled that a project could be denied if its density bonus came into conflict with the Coastal Act. By requiring the density bonus to be in accordance with the Coastal Act, AB 2797 attempted to prevent such lawsuits.

78 AB 2753 (2018), authored by Assemblymember Laura Friedman (D-Burbank).

79 AB 1763 (2019), authored by Assemblymember David Chiu (D-San Francisco).

80 AB 2345 (2020), authored by Lorena Gonzalez (D-San Diego).

81 AB 571 (2021), authored by Assemblymember Chad Mayes (R-Riverside).

82 AB 634 (2021), authored by Assemblymember Juan Carrillo (D-Los Angeles).

83 SB 728 (2021), authored by Senator Robert Hertzberg (D-Chula Vista).



OF THE 21,085 HOUSING PROJECTS WITH MORE THAN FIVE UNITS THAT RECEIVED PERMITS IN CALIFORNIA FROM 2018-2022, LESS THAN 10% INCLUDED DEED RESTRICTED UNITS AS A RESULT OF THE DENSITY BONUS.

projects located in “low vehicle travel areas,” in addition to creating an unlimited density provision for ten designated counties. The bill also prohibits parking requirements for projects with 100% low-income units and adds minimum lot area per unit requirements to the list of “development standards” that can be waived using the density bonus. Additional DBL reforms passed in 2022 created a “shared housing” density bonus,<sup>84</sup> renewed previous DBL provisions,<sup>85</sup> and required more specific data around density bonus projects in the APR.<sup>86</sup>

Several more density bonus laws were enacted in 2023, though their provisions are just beginning to apply. The legislature made a considerable increase to the density bonus available through a new stackable density bonus, which allows moderate and low-income developments to receive an additional bonus if they have already met designated affordability levels.<sup>87</sup> Additional changes to DBL placed limits on cities’ development standards<sup>88</sup> and created a stricter process for the sale of density bonus units to nonprofit organizations.<sup>89</sup>

In total, the legislature has enacted 22 DBL laws since 2016, an average of more than three DBL laws per year. Many other laws not mentioned here made brief reference to DBL, and many more still were introduced with the intent of reforming DBL, but not passed. The trend has continued in the 2024 legislative cycle, with at least two bills proposing additional reforms to DBL.<sup>90</sup> Still, it is unclear which of these continued reforms have made DBL more useful to developers or expanded its use. As

a result of both minimal reporting requirements and scant compliance with density bonus provisions already existing in the APR, the impact of DBL remains uncertain.

### Density Bonus Use in California

In the period from 2018-2022 for which HCD APR data is available, permits were approved for 2,087 density bonus projects.<sup>91</sup> Together, these projects will provide a total of 54,065 new units, including 10,933 low-income and 12,182 very low-income units.<sup>92</sup> While density bonus projects represent a substantial share of the affordable housing permitted for in California over this period, most large housing developments do not make use of the density bonus. Of the 21,085 housing projects with more than five units that received permits in California from 2018-2022, less than 10% included deed restricted units as a result of the density bonus.<sup>93</sup> As shown in Figure 3, density bonus housing projects were concentrated in Los Angeles County, with considerable use also seen in the Bay Area and San Diego County.

Limited data from the APR is available to draw more detailed conclusions regarding the use of density bonus in California. Of the projects that included information on the percentage of density bonus applied, the average bonus was 46%. The average number of incentives awarded was two. Many different types of incentives were cited, but the most common were modifications to development standards.<sup>94</sup>

84 AB 682 (2022), authored by Assemblymember Richard Bloom (D-Santa Barbara).

85 AB 1551 (2022), authored by Assemblymember Miguel Santiago (D-Los Angeles).

86 AB 2653 (2022), authored by Assemblymember Miguel Santiago (D-Los Angeles).

87 AB 1287 (2023), authored by Assemblymember David Alvarez (D-Chula Vista).

88 SB 713 (2023), authored by Senator Steven Padilla (D-Chula Vista).

89 AB 323 (2023), authored by Assemblymember Chris Holden (D-Los Angeles).

90 AB 2430 (2024), authored by Assemblymember David Alvarez (D-Chula Vista) would prevent a city or county from charging a monitoring fee on a density bonus project, while AB 3116 (2024), authored by Assemblymember Eduardo Garcia (D-Imperial Valley) would make substantial changes to the student housing density bonus created by SB 1227.

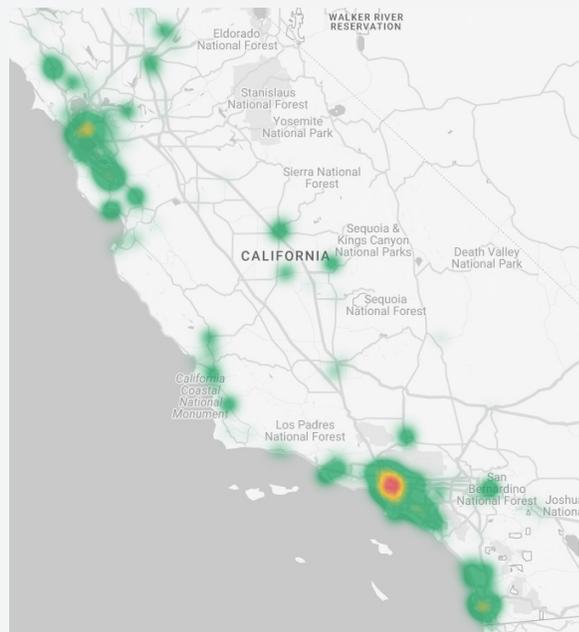
91 “Annual Progress Reports,” California Department of Housing and Community Development, 2022.

92 “Housing Element Implementation and APR Data Dashboard,” California Department of Housing and Community Development, 2022.

93 “Annual Progress Reports,” California Department of Housing and Community Development, 2022.

94 *Ibid.*

**Figure 3. Density Bonus Project Permits Approved in California from 2018 - 2022**

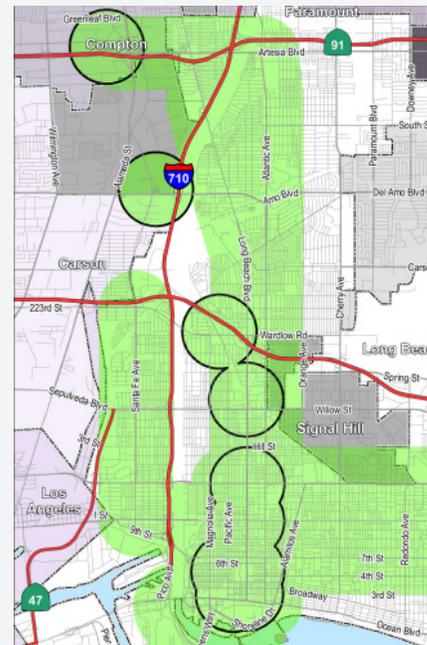


**RELATIVE # OF DENSITY BONUS PROJECT PERMITS APPROVED**



Source: Annual Progress Report Data from 2018-2022 from the HCD Housing Element Implementation and Annual Progress Report Dashboard.

**Figure 4. Major Transit Stop Applicability in Long Beach**



 WITHIN 0.5 MILE OF A "HIGH QUALITY TRANSIT CORRIDOR"

 WITHIN 0.5 MILE OF A MAJOR TRANSIT STOP

Source: "Enhanced Density Bonus Ordinance," Long Beach Development Services, September 2021, <https://www.longbeach.gov/globalassets/lbcd/media-library/documents/planning/advance/special-studies--reports/enhanced-density-bonus---091421>.

## Density Bonus Use in Long Beach

In a unique approach not yet seen in most other cities, Long Beach has created its own density bonus that goes beyond the statewide requirements in some respects. Adopted in 2021, the city's "Enhanced Density Bonus" (EDB) provides for a density bonus up to 100% and a maximum of nine concessions to qualifying projects.<sup>95</sup> The bonus cannot be used in tandem with the state density bonus, cannot be used to upzone low density residential areas (single family housing), and cannot be used on sites that do not allow residential use per zoning ordinances or the General Plan. Nevertheless, the policy provides substantial incentives for developers. In fact, Long Beach's EDB allows for a density bonus greater than that provided by the most recent update to state DBL in some circumstances.<sup>96</sup> Three geographic tiers exist under

EDB, with projects in high quality transit corridors and major transit stops receiving a larger bonus. Additional bonuses are provided to EDB projects that include large/family units or on-site childcare facilities.

The city's enhanced density bonus is described as a tool to assist Long Beach in meeting its RHNA, specifically in non-downtown areas, and is due to sunset when the city meets its very-low, low-, and moderate-income RHNA allocations.<sup>97</sup> Compared to the statewide bonus, Long Beach's EDB provides the highest proportional bonus for moderate-income units, as the city had the most difficulty with meeting its 5th cycle moderate-income RHNA allocation.<sup>98</sup> Long Beach city staff report that three EDB projects have been entitled in the last three months alone, demonstrating that the ordinance will likely play a significant role in large scale housing development in the city.<sup>99</sup>

<sup>95</sup> "Enhanced Density Bonus Major Concepts," City of Long Beach Special Studies & Reports, September 2021. <https://www.longbeach.gov/lbcd/planning/advance/studies/>.

<sup>96</sup> Ibid.

<sup>97</sup> Ibid.

<sup>98</sup> Alison Spindler-Ruiz, interview by Ryan Lenney, March 5, 2024.

<sup>99</sup> Ibid.

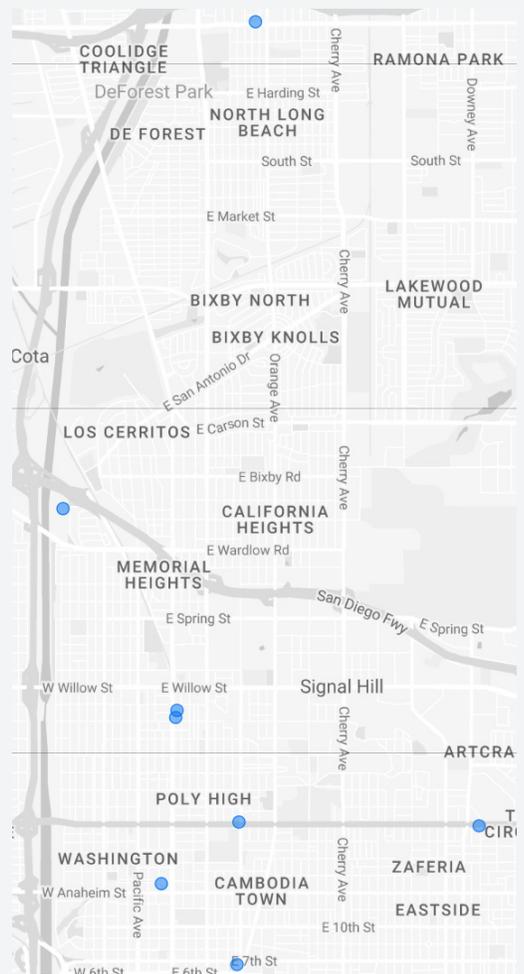
Developer interest in Long Beach's EDB is driven by the superior bonus and incentive structure it provides in most cases. Under Long Beach's EDB, a project containing 15% low-income units would receive a 55% density bonus and at least four concessions. Under state law, the same project would receive half the density bonus, or 27.5%, and only one concession. Though both density bonuses vary greatly depending on whether a project is located near a major transit stop or in a high-quality transit corridor, Long Beach's EDB is more advantageous for developers in most cases. The maximum bonus available under the EDB, for a project with either 16% very low-income, 20% low-income, or 24% moderate-income units, and located near a major transit stop, is a 100% density bonus and nine concessions.<sup>100</sup> The maximum bonus available under the statewide density bonus, for a project with 15% very low-income units or 24% low-income units, with an additional 15% moderate-income units, is 100% and five concessions.<sup>101</sup> An exception to the advantage of Long Beach's EDB may be seen for projects located within one-half mile of a major transit stop, which are exempt from local controls on density under state law. As shown in Figure 4, however, Long Beach's EDB provides additional benefits to projects located within "high quality transit corridors," which extend far beyond major transit stops.

From 2020 to 2022, Long Beach received ten density bonus applications and approved nine density bonus project permits. The data are inconsistent with regard to the number of units permitted and the density bonus awarded, but the projects with data are of a larger size, with 99, 95, 77, and 68 units respectively. The projects received an average of two incentives, all relating to development standards modification. Two projects also received a decrease in parking requirements, and one received an SB 35 waiver.<sup>102</sup>

Both the statewide density bonus and the city's own enhanced density bonus have proven to be significant tools for developers in Long Beach. Part of the appeal for developers may be a result of the 10-11% inclusionary ordinance that Long Beach has in place in parts of the city and is considering expanding citywide. As city staff explained, if developers already have to build 10-11% affordable units, they might as well build additional affordable units to take advantage of the density bonus.<sup>103</sup> The density bonus has also served a unique role in Long Beach by encouraging development in the otherwise restrictive coastal zone. In 2023, Long Beach saw several large density bonus projects entitled in the coastal zone, which encompasses a large portion of southeast Long Beach.<sup>104</sup> Those developments represented the first affordable projects in this area of Long Beach, and first large multi-family projects in the area since the 1970s.<sup>105</sup>



**Figure 5. Density Bonus Projects in Long Beach 2018 - 2022**



**LONG BEACH DENSITY BONUS PROJECTS**  
TOTAL: 8 SITES

Source: Annual Progress Report Data from 2018-2022 from the HCD Housing Element Implementation and Annual Progress Report Dashboard.

100 The project would be given an additional 20% bonus if it contained a proportion of large/family units, and would be exempted from FAR calculations if it provided onsite childcare facilities.

101 Until January 1, 2024, the maximum bonus available under state law was 80% and four concessions for a project with 100% affordable units, including no more than 20% moderate units. AB 1287 (2023) provided a "double density bonus" for projects which have already met the maximum bonus available under state law, meaning 15% very low-income, 24% low-income, or 44% moderate-income units. For these projects, AB 1287 provides up to 50% additional bonus.

102 "Annual Progress Reports," California Department of Housing and Community Development, 2022.

103 Alison Spindler-Ruiz, interview by Ryan Lenney, March 5, 2024.

104 Ibid.

105 Ibid.

## Timeline of New Density Bonus Laws in California (2016-2023)

- **AB 2501 (2016)** - Establishes new requirements for procedures, timelines, and documents needed in the density bonus application process.
- **AB 1934 (2016)** - Creates a density bonus for joint commercial/affordable housing projects, providing eligible projects with up to a 20 percent increase in maximum allowable density, floor area ratio (FAR), height, and reduction in parking requirements.
- **AB 2556 (2016)** - Institutes a change to the methodology used to calculate replacement units.
- **AB 2442 (2016)** - Creates a 20% density bonus for projects that include 10% very low-income units for transitional foster youth, disabled veterans, or homeless persons.
- **AB 2372 (2018)** - Authorizes cities and counties to grant developers a FAR bonus instead of a density bonus for developments located on an urban infill site or within one-half mile to a major transit stop, and that include 20% affordable units. Also prevented cities from imposing parking requirements beyond 0.1 parking spaces per affordable unit and 0.5 parking spaces per market rate unit.
- **SB 893 (2018)** - Removes a clause from state code allowing cities to impose a higher parking ratio based on evidence from a citywide study.
- **SB 1227 (2018)** - Creates a density bonus for student housing developments that include 20% affordable units, as defined by Cal Grant eligibility. Also requires developers to enter into an operating agreement or master lease with the respective university in order to use the student housing density bonus.
- **AB 2797 (2018)** - Requires that any density bonus, or additional concessions, waivers, or incentives granted under the density bonus, not conflict with the California Coastal Act of 1976.
- **AB 2753 (2018)** - Requires cities to provide developers with information regarding the requirements for a density bonus application, and to notify developers of the level of density bonus, as well as other incentives, concessions, or waivers or reductions in development standards that the developer is eligible to receive after their application is complete.



- **AB 1763 (2019)** - Allows a project with 100% affordable units, including up to 80% moderate income units, to receive a 80% density bonus and four incentives or concessions. In addition, when an affordable housing development is located within one-half mile of a major transit stop, the development becomes eligible to receive a height increase of up to three stories, and is exempt from any maximum density limit.
- **AB 2345 (2020)** - Allows a density increase of up to 50 percent for projects that dedicate 15% of their units to lower-income households. Also decreases the parking requirements for density bonus projects, lowers the level of affordability needed to receive incentives or concessions, and requires that cities report data on the use of the density bonus in their jurisdiction to HCD through the APR.
- **AB 571 (2021)** - Prohibits impact fees from being imposed on the affordable units included in a density bonus project.
- **AB 634 (2021)** - Establishes that cities have the ability to require an affordability period longer than the standard 55 years for deed restricted density bonus units, except in the case of projects financed with low-income housing tax credit units.
- **SB 290 (2021)** - Prevents cities from denying an incentive, concession, waiver, or modification of development standards on the basis that it would adversely impact the physical environment, reduces parking requirements for projects with 40% moderate units near major transit stops, and changes the requirement that moderate income for-sale units be in a common interest development to qualify for density bonus.
- **SB 728 (2021)** - Allows developers to sell density bonus units to nonprofit housing corporations, instead of directly to a low-income homebuyer.
- **AB 2334 (2022)** - Extends the benefits of AB 1763 to low-vehicle miles traveled areas and increases available concessions for 100% affordable projects from three to four.
- **AB 682 (2022)** - Adds “shared housing building” and senior housing developments to the list of projects eligible for a density bonus and prohibits cities and counties from creating minimum unit or bedroom requirements that would conflict with the density bonus.
- **AB 1551 (2022)** - Reestablishes the ability of developers to qualify for the density bonus by donating land to, or partnering with, affordable housing developers, first created by AB 1934 in 2016.
- **AB 2653 (2022)** - Requires cities to include in their APR data from all projects that received a density bonus.
- **AB 1287 (2023)** - Creates a new sliding scale for additional density bonuses, as well as provides an additional incentive or waiver for projects which have already met the affordability standards.
- **SB 713 (2023)** - Prevents local governments from imposing development standards if those standards will prevent the construction of units allotted under DBL.
- **AB 323 (2023)** - Modifies the procedure for nonprofits to purchase density bonus units set forward by SB 728 in 2021. The bill creates a stricter process, including requirements for the units to first be offered to people or families of the given income level.

In this final section, we summarize the implementation of the three areas of developer-focused policies covered in this report – permit streamlining, ADU development, and density bonuses – in the city of Long Beach to assess in this context their effectiveness and limitations in spurring new housing development. While again acknowledging that policies designed to increase housing density necessarily present trade-offs, we offer recommendations for methods to enhance the efficacy of these policies.

## Permit Streamlining

In both Long Beach and across the state, an analysis of permit streamlining laws indicates that labor and housing affordability requirements pose a significant challenge for developers. In theory, permit streamlining laws should offer developers considerable savings in time and cost, but in practice, high bars of affordability and strict labor requirements restrict their use. In Long Beach, just one SB 35 project has been completed, and one AB 2011 project is currently being contemplated. A recent shift away from the “skilled and trained labor” provision, initiated by AB 2011 and expanded with SB 423, may make permit streamlining laws more attractive for developers, but prevailing wage rules still create a substantial hurdle. A Turner Center report from 2020 demonstrated that prevailing wage requirements add an average \$30 per square foot to new housing projects.<sup>106</sup> By comparison, SB 330, a rare state permit streamlining law without wage or affordability requirements, has seen more use statewide than other streamlining laws. Many developers have touted SB 330’s pre-application process as a key tool to ensure their projects can continue on track. Still, SB 330 applications have rarely been used in Long Beach, as the city already goes beyond the state mandated timelines. Recently enacted state permit streamlining laws such as SB 330 are likely to play a more crucial role for developers in cities that are less supportive of new housing production.

## Recommendations:

To make permit streamlining laws more effective at the local level, state legislators should consider easing labor requirements. AB 2011 and SB 423 were a step in the right direction, away from “skilled and trained” requirements and toward a more practical labor standard. The tiered system for labor requirements established by SB 423 can be expanded on, to allow smaller projects to make use of streamlined pathways without overly-restrictive labor standards. Concerns over legal action can also prevent developers from making use of streamlining pathways such as Builder’s Remedy. By continuing to clarify permit streamlining laws for both cities and developers, the state can advance their use. In lieu of these state reforms, cities can follow the example set by Long Beach by adopting permitting timelines that go beyond those required by the state. Laws such as SB 330/SB 8 establish a useful backstop for cities, but by no means set a limit on what cities can accomplish.

<sup>106</sup> Hayley Raetz, Teddy Forscher, Elizabeth Kneebone, and Caroline Reid. *The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California*. Turner Center for Housing Innovation, UC Berkeley, March 2020, 14. [https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/Hard\\_Construction\\_Costs\\_March\\_2020.pdf](https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/Hard_Construction_Costs_March_2020.pdf).

## ADUs

In the past eight years, ADUs have quickly risen from obscurity to become a primary method for increasing housing production in California. As the statewide leader in per-capita ADU production, Long Beach provides a model for how the state's 16 recent ADU laws can help ease the housing crisis. Long Beach city staff report that ADUs have played a key role in infill development, especially in low-density residential neighborhoods that would otherwise not see new construction.<sup>107</sup> Moreover, as a result of state law, ADU permits are ministerial, and thus are cleared quickly without discretionary review by the staff or general public. Through both its successful implementation of recent statewide ADU reforms and its longstanding pro-ADU policies, Long Beach rightfully predicts that ADUs will play a key role in the city's efforts to meet its housing goals.

### Recommendations:

To ensure that the momentum behind ADUs does not wane in the coming years, cities should take an active role in encouraging their development. Recent state laws have mandated that cities provide a wide array of resources and opportunities for ADU construction, and many cities like Long Beach have gone further. Several solutions Long Beach has implemented, including providing pre-approved plans, pursuing funding opportunities for income-restricted ADUs, and prompting the development of garage conversions, can and should be explored by other cities in California. Nevertheless, the sheer quantity of ADU permits can prove to be a drain on staff time and resources. A solution that Long Beach has begun to consider, and that many other cities have used to address this problem, is offering over-the-counter permits for ADUs. Such permits free up valuable staff time for larger projects, and help to ensure that ADUs do not face delays in their construction. The recent proliferation of developers specializing in ADUs may also help to reduce staff time. Still, cities should continue to provide ample support for inexperienced homeowners looking to develop their first ADU.

<sup>107</sup> Alison Spindler-Ruiz, interview by Ryan Lenney, March 5, 2024.



## Density Bonuses

Density bonuses have played a considerable role in advancing large-scale housing developments both in Long Beach and across the state. The nine density bonus projects permitted in Long Beach from 2018-2022 produced a significant share of the city's high-density and affordable housing during that period. Moreover, the city's enhanced density bonus program will likely have greater effects in years to come, as it has already been used in three projects since its adoption in 2021. Long Beach's inclusionary housing ordinance (IHO) of 10-11% may also encourage developers to use a density bonus. As city staff explained, if developers already have to include 10% affordable units, they may be inclined to add additional affordable units and benefit from the local or statewide bonus.<sup>108</sup> It is unclear whether these secondary effects of Long Beach's IHO apply in other cities. It is also uncertain whether other cities have adopted versions of an "enhanced density bonus," or if Long Beach is unique in this regard. Regardless, it is clear that recent updates to both city policy and statewide law have made density bonuses a crucial element of allowing affordable, high density housing to pencil out in Long Beach.

### Recommendations:

Long Beach's EDB ordinance provides a useful example for cities across California, demonstrating that the statewide density bonus can be a starting place rather than an end. By providing a density bonus of up to 100% and nine concessions at lower affordability standards than those enforced by the state, Long Beach's EDB stands to greatly bolster multi-family development. Moreover, the EDB allows a heightened degree of local control, as Long Beach can determine where the bonus is eligible to be used. Other city governments should consider instituting similar local density bonuses to meet their affordable RHNA allocations. Long Beach's EDB can serve as a blueprint for how a city can encourage high-density, affordable housing development on its own terms.

<sup>108</sup> Ibid.

**OVERALL, LONG BEACH  
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ITS OWN HOUSING PRODUCTION.**

## Conclusion

Of the flood of recent state laws enacted to encourage housing development, many rely on developers to make use of their provisions. Laws that create new streamlined processes for housing permits, remove barriers to ADU production, and provide increased density bonuses are prime examples of changes to housing law that put the impetus on developers. At a local level, not all these laws have had their intended effects. In Long Beach, permit streamlining laws have largely been redundant as a result of proactive city timelines or are prohibitively expensive to use as a result of labor requirements. Laws regarding ADUs and the density bonus have proven more effective at encouraging development in Long Beach, but have similarly been eclipsed by more progressive local housing policies. Overall, Long Beach demonstrates that by proactively working to decrease barriers to development, a city can stay ahead of state law and make serious progress toward advancing its own housing production.

## IV

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## About The Olson Company

Since 1988, The Olson Company's mission has been to work hand-in-hand with cities to solve the critical shortage of urban housing by promoting and investing in responsible development that improves quality of life for everyone. The Company approaches development by listening and seeking to understand the social, cultural, and aesthetic qualities of the neighborhoods in which it builds. The Olson Company works in collaboration with community stakeholders, city staff and officials to deliver creative solutions for neighbors and future residents. Its communities lower environmental impacts by relying on existing infrastructure, reducing or eliminating commute times and encouraging walkability to support local businesses, amenities, and resources. The Company's success would not be possible without the partnership it has enjoyed with over 100 California cities and neighborhoods.

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