California COMMUNITY Foundation

December 20, 2019

Dear Colleague:

RE: Projected impacts of SB 50 in Los Angeles County

It's no secret that California's housing shortage is the driving force behind our state's affordability and homelessness crisis. By one estimate, California needs 3.5 million more homes, including 1.4 million rental homes that are affordable for very-low income households.

Since 2018, California Senator Scott Wiener has proposed bold legislation that would help alleviate some of this shortage by up zoning parcels near transit. To understand the real-life implications this legislation might have in Los Angeles, the California Community Foundation (CCF) commissioned this policy brief from UC Berkley's Urban Displacement Project and Mapcraft Labs, which previously completed a similar study for the Bay Area.

The brief's findings, though based on bill language from March, are useful as the California State Legislature restarts the SB 50 debate in their 2020 legislative session. One useful finding is that SB 50's mid- and large-scale up zoning proposal may only increase market-feasible housing capacity in Los Angeles County by a little more than 9,000 units. The muted impact in Los Angeles County can largely be attributed to two factors. First, rents in many neighborhoods may not support the cost of new construction, even with the additional incentives that SB 50 provides. Second, the brief estimates that SB 50's impact in the City of Los Angeles would be much less than in other parts of the County because the bill exempts multifamily or commercially zoned parcels subject to the City's Transit Oriented Communities (TOC) program. SB 50 exempts parcels subject to the TOC program, in part, because it already provides aggressive incentives (e.g. density bonuses and parking reductions) in exchange for more affordable units onsite. Authorized by the voters through Measure JJJ, builders have submitted nearly 20,000 new housing units through the TOC program since September 2017, about 20% of which are affordable to lower-income families.

The report also indicates that earlier versions of SB 50, which were analyzed for this brief, would produce little on-site inclusionary housing in new developments. As discussed in the authors' preface, more recent 2019 revisions to SB 50 are likely to increase the amount of on-site inclusionary housing produced with these incentives. CCF sees the direction of greater on-site inclusionary requirements as an encouraging evolution of the bill, which can provide for greater housing opportunities for lower income households in high-opportunity neighborhoods.

While this analysis provides a real-life analysis on how SB 50 might impact the development market in Los Angeles, there are still numerous unanswered questions that future research may be able to answer. For instance:

- Some advocates in Los Angeles have expressed concern that SB 50 incentives in single family neighborhoods might diminish the City's TOC incentives on commercial corridors near transit. More research could shed light on the potential interaction effects of SB 50 and the City's TOC program.

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- Some cities across Southern California may use commercial zoning as an exclusionary tactic to keep multifamily developments out of their jurisdictions. What would be the incremental housing capacity provided if SB 50 incentives were applied to commercial zones that do not already allow for mixed-use development?
- What share of each single-family neighborhood in Los Angeles is *in*eligible for SB 50 incentives because of the bill's ban on rental properties? Would the distribution of eligible sites cause haphazard development patterns in single family neighborhoods?
- How should legislators define "sensitive communities" in future revisions of SB 50? What is the best approach for zoning in these neighborhoods?

As the Legislature restarts its discussion on SB 50, CCF encourages policy-makers to examine the following recommendations:

- In consultation with housing finance experts, a coalition of advocacy organizations in Los Angeles called ACT-LA has developed an SB 50 affordability proposal modeled after the City of Los Angeles' TOC program. In Los Angeles, ACT-LA's model has produced more affordable housing, at deeper levels of affordability, at inclusionary rates that are proven to work. Policy makers should consider amending SB 50 to match these locally tested and widely supported recommendations;
- To prevent unintended, haphazard development patterns potentially caused by the bill, focus SB 50's up zoning incentives (e.g. greater density, floor to area ratio, and height incentives) in commercial zones, even if local jurisdictions do not allow for residential/mixed-use development in those zones. In single family zones, maintain locally determined building envelopes, but eliminate parking minimums and raise density limits from one to four units per parcel near transit and job-rich areas;
- As with sensitive communities, give jurisdictions a chance to up zone their cities in a way that best fits their local communities' goals. If cities do not achieve predetermined zoning targets by a certain amount of time, allow SB 50 incentives to take effect.

In the last few years, the California State Legislature has passed numerous bills that will make a lasting, positive impact on our state's enduring housing shortage and affordability crisis. The California Community Foundation remains committed to working with the community and policy makers to continue this momentum by supporting bold land-use policies in 2020 and beyond that help communities grow in an inclusive and sustainable way.

Sincerely,

Ann E. Sewill
Vice President, Health & Housing

Preface to *Upzoning California: an Evaluation of SB 50 in LA County*

December 2019 Update

The brief that follows was produced in early 2019 and is based on a March 2019 version of the SB 50 legislation proposed in California; the brief focuses on the Los Angeles County context, and was produced with funding and local support from the California Community Foundation. Since March 2019, numerous influential amendments have been incorporated into SB 50, which could alter the potential impact of the policy in ways that lead to different results than documented in this brief. Many of these amendments address concerns that were both raised in our brief and voiced by community stakeholders. The numerous changes are outlined here:

- May 2019 Amendments:
    - Clarified streamlined ministerial approval of multifamily projects under the statute, thereby exempting some projects from CEQA approvals.
    - Distinguished the requirements and benefits for projects in counties with more than 600,000 residents and those with lower populations.
    - Defined delayed implementation timeframes, identifying geographic qualities, and the parameters for planning processes for “potentially sensitive communities” as well as “sensitive communities.”
    - Clarified definitions of eligible parcels, vacant land, and other terms.
    - Introduced allowances for small-scale residential building conversions into multifamily structures with up to four units.
    - Mandated local approval timelines for qualified projects.
    - Determined that local agencies cannot adopt additional requirements, including fees, that are applicable based on a project’s use of the policy.
    - Redefined the geographic applicability of the policy by:
        - Refining the definitions of transit service.
        - Providing new direction for defining jobs-rich areas.
        - Precluding projects from eligibility if located in coastal zones, fire hazard zones, and other geographies.
    - Defined qualifying project density thresholds.
    - Refined alternate inclusionary housing compliance options, including defining a calculus for determining in-lieu fees.

- June 2019 Amendments:
    - Clarified the breadth of local density controls and other land use controls that would be influenced under the policy.
    - Redefined the geographic applicability of the policy by precluding projects from eligibility if located in certain farmland, wetlands, earthquake zones, conservation areas, and other geographies.
    - Further limited application of the policy on sites where rental housing previously existed.
    - Restricted local agencies from applying parking standards of various kinds.

On the one hand, these revisions open up more opportunities for development, both by clarifying the applicability of the policy and expanding it to include conversions of single-family homes into small-scale multifamily structures. On the other hand, the revised policy language restricted the geographic applicability of the policy. And some of the geographies discussed in the policy are yet to be defined, though they would also be expected to further reduce or delay the geographic reach of the policy.

That said, several general findings from our prior research are likely to hold in spite of SB 50's evolution, including:

- One would expect less impact from SB 50 in the City of Los Angeles than in surrounding communities because SB 50 is not intended to apply where the city's Transit Oriented Communities Affordable Housing Incentive Program (TOC Program) already offers density bonuses similar to those proposed in SB 50.
- SB 50 density bonuses would be expected to unlock market-feasible housing capacity in very strong markets, like Santa Monica and Pasadena. The policy requires that developers conform to local inclusionary housing policies where they exist and SB 50's inclusionary requirements where local jurisdictions lack a policy, which could unlock market-feasible affordable inclusionary units in some of these strong markets.
- In addition to new housing supply, the policy could also generate substantial fee revenues dedicated to affordable housing.
- The policy does not clearly outline how redevelopment restrictions will be enforced given the lack of a rent registry in the state and in local jurisdictions, so it remains unclear how jurisdictions will enact the policy and how developers may respond to any risks posed by any ambiguity.
- The policy does not directly address displacement concerns, which are likely to be the subject of planning processes in sensitive communities, and could also be supported by passing complementary tenant protections. It should be noted that this brief was written before the passage of AB 1482, which is statewide anti-rent gouging and just cause for evictions legislation that will offer additional protection to some units throughout the state.

One of the key points of negotiation with equity advocates has been the proposed "sensitive communities" geography. Previous versions of SB 50 (see May 2019 amendments above) primarily outlined "potentially sensitive communities," based on existing methodologies that identify areas of high poverty and high segregation. These areas, which the Urban Displacement Project mapped together with the Terner Center, covered a large share of the state, with the goal being for regional governments to select a set of sensitive communities from this list.

The Urban Displacement Project, with funding from the Chan Zuckerberg Initiative, is now undertaking a stakeholder-engaged research process to identify sensitive communities across the state, based not only on resident vulnerability to potential displacement risk, but also on existing market-based displacement pressures at the neighborhood level. The project to identify sensitive communities seeks to help take into account change-over-time in order to better prioritize sensitive communities, not only identifying those communities that are high poverty today.

It is important to note that questions remain about sensitive communities, both in terms of which places will ultimately be defined in bill language as sensitive, and in terms of how that process will be implemented; for example, while legislation states that sensitive communities will get five years for community planning towards more equitable outcomes, the parameters for this community planning, and the resources available to support it, are less clear. Additionally, it is important to do analyses like those featured in this brief to understand how much capacity we can actually expect in those sensitive communities, in order to better inform community planning efforts.

The amendments adopted since the March 2019 version directly address some of the concerns raised in our evaluation and voiced by stakeholders. Clarifications, definitions, and contextual nuance have all been added to the policy language. But many questions, like those related to sensitive communities, remain. We anticipate that more SB 50 amendments are forthcoming, as negotiations have been active around inclusionary requirements, sensitive communities, and more, making it difficult for our teams or any organizations to thoroughly evaluate the implications of this fast-moving and wide-reaching policy. We hope that readers approach this policy brief with an appreciation of the numerous influential amendments that have been introduced since we evaluated the SB 50 policy language from March 2019.

UPZONING CALIFORNIA:
AN EVALUATION OF SB 50 IN LA COUNTY

POLICY BRIEF

May 15, 2019

URBAN DISPLACEMENT PROJECT
UNIVERSITY OF CALIFORNIA BERKELEY

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EXECUTIVE SUMMARY

California is estimated to be short 3.5 million homes, including a shortage of 1.4 million affordable rental homes. Since early 2018, California State Senator Scott Wiener has pursued state legislation to reform low-density zoning, seeking to address this housing shortage. Senator Wiener introduced SB 827 to upzone near transit in early 2018 and introduced SB 50 in late 2018 to increase allowable density not only near transit, but also in high-opportunity areas described below. We analyzed the implications of these bills for Bay Area neighborhoods in policy briefs on SB 827 and SB 50. In this policy brief, we analyze the implications for neighborhoods throughout Los Angeles County.

Because SB 50 seeks to help address the housing crisis by removing barriers to home-building at the local level, we wanted to understand how much additional housing development capacity, both market-rate and affordable inclusionary housing units, might be enabled by the proposed policy. To do so, we used MapCraft to assess market-feasible housing capacity in Los Angeles County. MapCraft's models use real estate feasibility tests informed by market data, local policies, and individual parcel characteristics to determine what types and scales of housing development might be feasible on sites throughout Los Angeles County.

In recent years, jurisdictions across Los Angeles county have permitted roughly 20,000 housing units annually, with a tenth of those units in subsidized income-restricted buildings. SB 50 would reform zoning in certain areas in order to reduce barriers to new housing development. We found that SB 50 could increase market-feasible housing capacity by 50% and market-feasible affordable inclusionary capacity by 10% in Los Angeles County, inclusive of the City of Los Angeles. Based on the annual permitting numbers cited above, this could potentially result in more than 9,000 additional new housing units annually, including approximately 50 on-site affordable inclusionary units, if recent production trends persist. In areas outside of the City of Los Angeles, net new market-feasible capacity could increase nearly 150% while inclusionary affordable capacity could increase more than 20%, potentially resulting in nearly 7,000 additional new housing units annually, including approximately 40 on-site affordable inclusionary units. Our results contemplate the market-feasible capacity of delivering on-site affordable inclusionary units under SB 50's proposed affordable housing provisions and we do not speculate on the number of affordable units that might be produced using affordable housing fees that could also be generated by SB 50.

In the City of Los Angeles, the city's Transit Oriented Communities Affordable Housing Incentive Program (TOC Program) already offers bonuses similar to those proposed by SB 50 and bill sponsors have said that SB 50 would not apply to parcels eligible for TOC. In the City of Los Angeles, the impact of SB 50 would still increase development capacity, though not as much as in the rest of Los Angeles County. For the city, market-feasible housing capacity could increase by 20% and affordable inclusionary capacity could increase 3%, potentially resulting in nearly 2,500 additional new housing units annually, including approximately 10 inclusionary affordable units, if recent production trends persist.

Further, we found that SB 50 could add more market-rate capacity and inclusionary capacity in

high-resource areas across Los Angeles County. Under SB 50, we would expect to see a 7% shift in the proportion of overall market-feasible capacity located in high-resource areas; under SB 50, 62% of net market-feasible capacity would be in high-resource areas, while under current policies 55% of total net capacity in the county is in those areas. We could also expect to see 5% of inclusionary capacity shifted into these high-opportunity locations from lower opportunity locations (from 56% of inclusionary capacity in highest resource areas under current policies, to 61% under SB 50). In the City of Los Angeles, SB 50 would have little impact on the proportion of net new market-feasible units in high-opportunity areas but could increase the share of affordable inclusionary units 3% more toward higher opportunity areas.

This brief focuses on the March 11, 2019 version of the bill language, though we discuss potential implications of the May 1 amendments to the inclusionary affordable production requirements of the bill, as well as the more detailed indications of what the "sensitive communities" component of the bill might look like. Building on the March 11 bill language, we modeled a high-opportunity and commute-reducing geography (referred to in the bill language as "job-rich") that is not clearly defined in the policy language. Because of the expected importance of "job-rich" areas in the overall efficacy of the bill, even though there is not a current definition in the bill language, we considered a "job-rich" option based on the high-opportunity and commute-reducing geography created by UC-Berkeley's Haas Institute for a Fair and Inclusive Society, Terner Center for Housing Innovation, and the Urban Displacement Project, as well as California Housing Partnership. The Terner Center and the Urban Displacement Project also produced a map of SB 50's proposed definition of sensitive communities, which has been updated with May 1 amendments.

It is important to note some of the contextual factors particular to Los Angeles County that drive some of our modeling results, specifically the existence of a major transit-oriented density bonus program across much of the geography and the general feasibility of moderately dense development. Based on market strength and demand for parking, moderately dense development is a more market feasible option in much of Los Angeles County than very dense development. In fact, we found that local demand for parking could preclude some developments from taking advantage of increased density via SB 50's reduced parking requirements. When comparing our modeling in the Bay Area and Los Angeles, we found that market-feasible buildings had 20% more units in the Bay Area than Los Angeles County.

In examining SB 50's impacts on new housing capacity in Los Angeles County, we find potential benefits:

- SB 50 could increase overall market-feasible capacity by 50% in the affected geography,[1] potentially increasing annual unit production from 18,000 units to more than 27,000 units if recent production trends persist.[2] Capacity could increase nearly 150% in areas outside of the City of LA and 20% within the City of Los Angeles, which already has an extensive transit-oriented density bonus program.
- SB 50 could also increase capacity for on-site inclusionary affordable units by 10% across

1 This geography refers to transit-rich neighborhoods, and neighborhoods that are high-opportunity and may reduce commute times. This geography also includes "sensitive communities," which remains undefined in the bill language at this time.
2 See Appendix A, Data Sources and Methods, for more detail on potential production numbers.

Los Angeles County, including in higher resource areas. However, recent annual production of inclusionary affordable units has done little to address the region's need for affordable housing, partly due to the limited instances when units can be feasibly delivered under these programs.[3] This is a fundamental aspect of inclusionary policies, as they rely on a delicate balance of market-rate housing cross-subsidizing affordable units. For example, increasing the number of affordable units required in buildings may make development infeasible, eliminating the potential for new market-rate and affordable inclusionary units. So, given recent housing production trends, this 10% increase in inclusionary capacity likely represents a small addition of affordable units, potentially increasing annual inclusionary production across Los Angeles County from roughly 500 units to approximately 550 units. Inclusionary capacity could increase more than 20% in areas outside of the City of Los Angeles and 3% within the City of Los Angeles, which already has an extensive transit-oriented density bonus program. The bill would also generate fees for affordable housing from buildings with 11-20 units that utilized the bonus program, and potentially from larger buildings as well.[4] While the March 11 bill language provided the option for developers to opt for in-lieu fees even where on-site affordable units are financially-feasible, potentially resulting in reduced inclusionary development in higher resource neighborhoods, May 1 amendments (to be discussed in more detail below) go further to ensure that alternative compliance methods further fair housing goals.

We also find that the bill still has room for improvement:

- Our analysis considered a definition of a high-opportunity and commute-reducing geography that effectively targets higher resource areas, shifting the proportions of overall added capacity under SB 50 away from lower resource areas. In order to ensure the bill delivers on its fair housing goals, a definition like this one should be adopted in bill language.
- Overall, policy details matter, and a key point of improvement for the bill will be to more clearly outline how redevelopment restrictions will be enforced given the lack of a rent registry. Without clarity on implementation of this provision, it will be difficult to actually prevent upzoning-related demolition of rental properties. Hearings on the bill suggest that these policy details will be considered further.
- Additionally, while the current bill would theoretically protect renters from direct displacement from demolition, indirect displacement pressures resulting from potential increases in housing prices could still pose significant risk to existing and future low-income residents, even if new supply helps mitigate displacement in the long-term (Zuk & Chapple 2016, Mast, 2019). These risks should be addressed by passing complementary bills enabling stronger statewide protections, and exploring other strategies to prevent indirect displacement. While the "sensitive communities" component of the bill is designed to defer

3 "Research shows that the proportion of below-market units resulting from inclusionary policies is modest in comparison to the demand or even to the production of subsidized units from other funding sources, for example the Low-Income Housing Tax Credit (LIHTC) program" (Zuk [forthcoming], Preventing Gentrification-Induced Displacement in the U.S.: A Review of the Literature and a Call for Evaluation Research in The Routledge Handbook of Housing Policy and Planning).

4 This evaluation provides results for the market-feasible capacity of on-site affordable inclusionary units. This analysis does not account for affordable units that might be produced using fees generated by SB 50 requirements. There may be instances in the report where we report negative numbers of market-feasible on-site inclusionary unit capacity (due to uptake of SB 50, which requires on-site unit for projects with more than 20 units, rather than state density bonus, which requires on-site for projects with more than four units). However, any reduction in feasible on-site units may be offset by affordable units produced using affordable housing fees generated by SB 50, particularly fees from projects with 11-20 units.

implementation in some communities with gentrification pressures and allow for community planning towards more equitable outcomes, the sensitive communities geography has yet to be fully defined.[5] Moreover, the current bill language does not provide substantive details regarding what these community planning processes will look like, or provide funding to support them.

INTRODUCTION

Senator Scott Wiener introduced Senate Bill 827 in early 2018, which aimed to upzone areas near high-frequency transit across California. SB 827 was amended multiple times in spring 2018, primarily to address critiques that it did not sufficiently address displacement and affordability concerns. Ultimately, SB 827 did not pass out of the Senate Transportation and Housing Committee. Senator Wiener sought to address some of the critiques of SB 827 when introducing SB 50, while maintaining the main policy goals of SB 827 to unlock potential for increased housing production, reduce greenhouse gas emissions by promoting denser urban development, and shift exclusionary housing patterns that make many high-opportunity neighborhoods inaccessible to lower income residents.

Defining the geography affected by SB 50

The geography analyzed in this brief as subject to SB 50 is based on the March 11th version of bill language, and the model results represent a snapshot of feasibility under current market conditions, both under current policies and SB 50 (as drafted on March 11th). This version of the bill proposed to upzone both transit-rich areas (at different levels depending on proximity to transit or high-frequency bus, see Table 1), as well as in "job-rich areas," areas that are high in opportunity and may reduce commutes, a geography which still remains to be defined in bill language. Our figures represent market-feasible housing capacity across these combined transit-rich and job-rich geographies, though SB 50 will not be applicable on all parcels inside these combined geographies.

Our model covers the following areas:

- Transit-rich geographies: Transit-rich geographies include 1) areas within ¼-mile of a major station, (2) areas ¼ to ½-mile from a major station, and (3) areas within ¼-mile of a frequent bus corridor. We based our transit-rich geographies on shape files provided by California YIMBY to policy researchers. Details on different levels of upzoning in different transit geographies is provided in Table 1.
- Job-rich geographies: While "job-rich" areas remain undefined in the bill language, our model assumes upzoning in areas that are included in a high-opportunity and commute-reducing geography defined by UC-Berkeley's Haas Institute for a Fair and Inclusive Society, Terner Center for Housing Innovation, and the Urban Displacement Project, as well as California Housing Partnership. Information on upzoning in these areas is also included in Table 1.
- Sensitive Communities: As of the March 11 version of bill language, the sensitive commu-

5 While a set of indicators to identify potentially sensitive communities has been identified as of May 1 amendments, it is still not clear which places will ultimately be identified as sensitive communities, and thus receive deferred implementation of SB 50.

nities geography was not yet defined (at least not for Los Angeles County), so we have not incorporated a sensitive communities geography in our model. This means that our affected geography almost certainly includes areas that will be deemed "sensitive communities," and thus receive deferred implementation of SB 50 upzoning, but these areas are not treated differently in our model.

Our model excludes the following areas due to parcel-based exemptions:

- Redevelopment restrictions: In order to protect sitting tenants, SB 50 includes redevelopment restrictions that prohibit the use of the bill on rental properties, including any site where housing was occupied by renters in the preceding seven years, or where an Ellis Act eviction occurred in the last fifteen years. Our model used a variety of data to identify sites with rental housing, excluding these from SB 50 eligibility in the model (see data sources appendix for details).
- Transit-Oriented Communities (TOC): Measure JJJ created the Transit Oriented Communities Affordable Housing Incentive Program (TOC Program), which was formalized in late 2017. Varying scales of TOC bonuses are available to developments within a one-half mile radius of a Major Transit Stop, which is the same transit station definition applicable in SB 50. Because bill sponsors have stated that SB 50 would not apply to TOC-eligible areas, we excluded SB 50 on any TOC-eligible parcel as defined by the City of Los Angeles.

Table 1. Upzoning proposed under SB 50 (March 11 bill language)

Zoning regulation modified by SB 50	SB 50 zoning option in transit-rich geographies			SB 50 zoning option in job-rich geographies
	Within ¼-mile of major stop	¼-½ mile of major stop	Within ¼-mile of frequent bus	
Density (units per acre, units per structure)	Eliminates residential maximums	Eliminates residential maximums	Eliminates residential maximums	Eliminates residential maximums
Parking requirement	No parking required	No parking required	Minimum parking requirement reduced to 0.5 per unit if higher	Minimum parking requirement reduced to 0.5 per unit if higher
Max height	Higher of 55 ft or current limit	Higher of 45 feet or current limit	No change to current limits	No change to current limits
Max FAR (floor area ratio)	Higher of 3.25 or current limit	Higher of 2.5 or current limit	No change to current limits	No change to current limits

SB 50 also layers in inclusionary affordable housing requirements, which are to be applied to any development that results from SB 50 upzoning, unless local inclusionary requirements are greater. We included the inclusionary requirements proposed as part of SB 50 which are described in the table below. Our models of SB 50 development options evaluated fee payment for projects with 11-20 units because on-site inclusionary is not an option in the bill, though we do not quantify the potential affordable units those funds may enable, and we considered the financial feasibility of on-site delivery of inclusionary units in buildings larger than 20 units, though a fee-in-lieu option is mentioned in the policy.

Table 2. SB 50 inclusionary requirements[6]

SB 50 project size	SB 50 inclusionary requirement	Assumptions in our analysis
10 or fewer units	No requirement	No inclusionary impact modeled for projects of this scale.
11-20 units	In-lieu fee	The bill does not define fee amounts. For the purposes of this brief, fees were assumed to be based on the capitalized value of the annual rent difference between market-rate and affordable units where the affordability requirements were equated to the percentages required for 21-200 unit buildings.
21– 200 units	15% low-income; or 8% very low-income; or 6% extremely low-income can be built on-site or off-site via in-lieu fees	Assumed onsite delivery of the most feasible option for this capacity analysis
201–350 units	17% low-income; or 10% very low-income; or 8% extremely low-income can be built on-site or off-site via in-lieu fees	
351 or more units	25% low-income; or 15% very low-income; or 11% extremely low-income can be built on-site or off-site via in-lieu fees	

HOW MUCH OF LA COUNTY WOULD BE SUBJECT TO SB 50?

If SB 50 were implemented, it would be a consideration in nearly 90,000 transit-served acres in Los Angeles County, though this land area includes many individual sites that could be ineligible for SB 50 bonuses for a variety of reasons. We based our transit-rich geographies on shape files provided by California YIMBY to policy researchers. The "job-rich" area we analyzed in this brief was defined by UC-Berkeley's Haas Institute for a Fair and Inclusive Society, Terner Center for Housing Innovation, and the Urban Displacement Project, as well as California Housing Partnership. That job-rich, or high-opportunity and commute-reducing definition would encompass 400,000 acres in the county, which overlaps to some extent with the transit-rich areas and does include individual sites that could be ineligible for SB 50 bonuses. These combined geographies represent 460,000 acres, or roughly one fifth of the county's habitable land area (falling outside of park areas, recreation areas, or desert lands).

Roughly one-quarter of the county's existing housing units fall within the transit-rich geography of the bill. Those areas closest to more robust transit services are the densest today. There are more housing units in job-rich areas, but they are less dense than the transit-rich areas.

6 As of May 1 amendments, requirements now reference "lower income" households where they previously referred to "low income" households.

Table 3. Existing residential uses in areas of LA County subject to SB50[7]

SB 50 geography	Existing units in areas subject to SB 50	Share of units in county	Residential density (dwelling units Per acre)	Built square feet of housing	Share of total built square feet of housing in county	FAR (Built sq ft / parcel area)
1/4-mile from major stop	83,586	3%	26.87	241M	4%	0.54
¼-½-mile from major stop	337,563	10%	21.56	711M	11%	0.43
¼-mile from frequent bus	461,139	14%	18.55	773M	12%	0.41
Job-rich	1,402,878	42%	7.49	2,850M	45%	0.16
Combined SB 50 transit-rich and job-rich areas	1,911,559	57%	8.97	3,778M	60%	0.32

Understanding SB 50 geographies by neighborhood resource level

SB 50's stated policy goals include both alleviating the housing shortage in California, as well as addressing fair housing goals by shifting exclusionary housing patterns that make many high-opportunity neighborhoods inaccessible to lower income residents. This brief seeks to assess both what SB 50 could do to increase development capacity, as well as what SB 50's implications could be in terms of adding capacity to higher resource, and sometimes exclusive, areas. We found that SB 50 bonuses would be available in almost every jurisdiction in Los Angeles County, though there are some exceptions. To understand the implications of SB 50 on different kinds of neighborhoods, we use neighborhood resource levels defined by the California Fair Housing Task Force. The neighborhood resource levels have been adopted by the California Tax Credit Allocation (TCAC) to guide affordable housing investments in ways that seek toimprove mobility outcomes for low-income families.

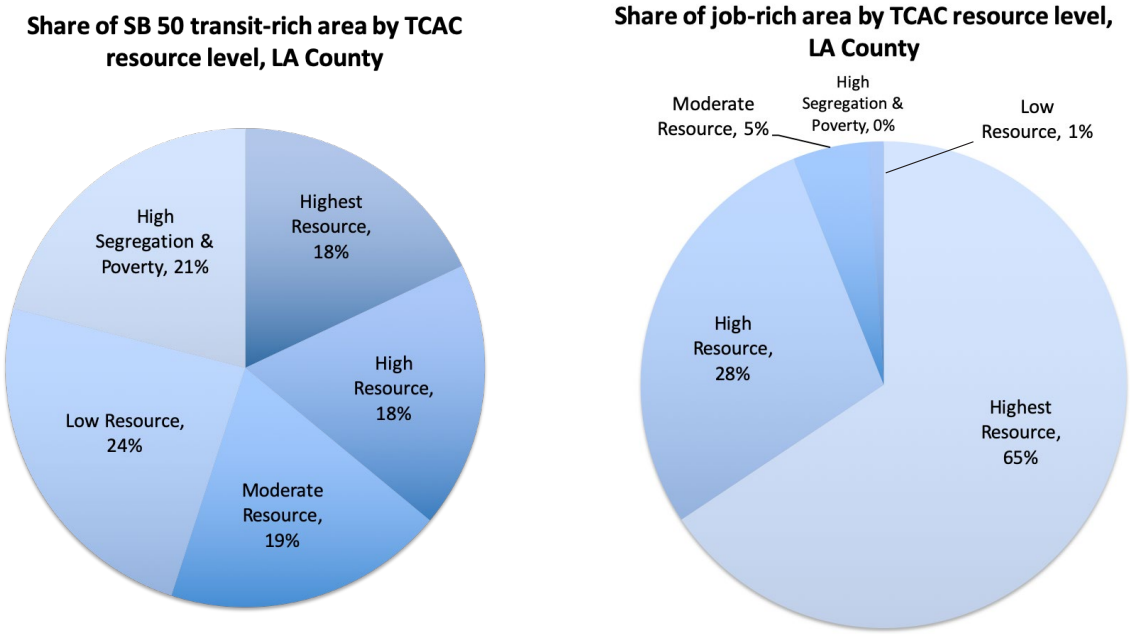
Table 4. SB 50 geographies by TCAC Neighborhood Resource Levels

Neighborhood Resource Levels (TCAC)	SB 50 transit-rich (acres)	Share of SB 50 transit-rich area	Share of county's TCAC area in transit-rich geography	Taskforce-proposed job-rich acres	Share of job-rich area	Share of county's TCAC area in job-rich geography
Highest resource	16,323	18%	4%	264,460	65%	65%
High-resource	15,598	18%	2%	115,546	28%	19%
Moderate-resource	16,783	19%	4%	20,241	5%	5%
Low-resource	21,671	24%	6%	5,191	1%	1%
High-segregation & poverty	18,451	21%	31%	52	0%	0%

7 "M" indicates that the figure is in millions.

First looking at the areas subject to SB 50 by neighborhood resource level, we find that the geography within Los Angeles County that would be subject to SB 50 based on its transit-rich geography is equally distributed across TCAC neighborhood resource levels (see Table 4). A significant share, 31%, of the high-segregation and poverty neighborhoods in Los Angeles County, per the neighborhood resource levels, fall within SB 50's transit-rich geography. On the other hand, only 6% of the county's high- and highest resource areas are within the transit-rich geography of the bill. The addition of the job-rich definition, which is currently undefined in the proposed policy language, is intended to shift the bill's coverage to higher resource areas. Based on the high-opportunity, commute-reducing geography we used in our analyses, this shift in coverage would take place. The taskforce's proposed job-rich definition adds 16 times as much area in the Highest Resource category, which encompasses nearly two thirds of the overall highest resource area in Los Angeles County.

Figure 1. Share of SB 50 transit-rich area in Los Angeles County by TCAC neighborhood resource level (L), Share of SB job-rich area in Los Angeles County by TCAC neighborhood resource level.

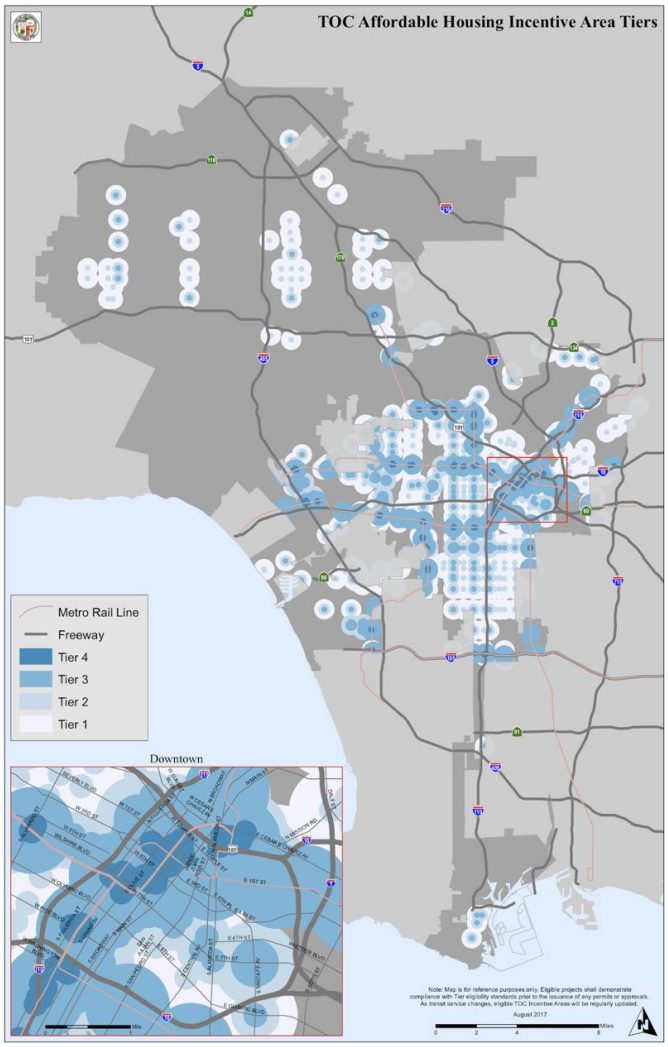


Exceptions to SB 50 applicability in Los Angeles County

The proposed SB 50 policy would offer bonuses statewide, including in the City of Los Angeles where the similar Transit Oriented Communities Affordable Housing Incentive Program (TOC Program), already exists (formalized in late 2017). Varying scales of TOC bonuses are available to developments within a one-half mile radius of a Major Transit Stop, which is the same transit station definition applicable in SB 50. SB 50 would apply to more area than TOC bonuses because TOCs are not offered based upon frequent bus corridors or job-rich areas. That said, TOC bonuses are offered in areas with planned stations, while SB 50 is currently limited to existing station areas. Also, TOC bonuses are only available in multifamily zones where more than five units are allowed on a lot. SB 50 would eliminate density maximums in any applicable residential zones, including within TOC areas where small-scale zones are ineligible for TOC bonuses.

The following map from the City of Los Angeles Planning Department describes the geography where TOC applies, including planned stations. Bill sponsors have stated that SB 50 would not apply to TOC-eligible areas, though stakeholders have asked what would happen if it were, especially given a lack of clarity in the recent bill language.

Map of TOC applicability (Source: City of Los Angeles)



Additionally, SB 50 adds a new geographic lens identifying "sensitive communities" that can choose to delay implementation of the bill for a period of five years to allow time for community planning. Per the bill language, the goals of the community plans are to identify zoning and other policies “that encourage multifamily housing development at a range of income levels to meet unmet needs, protect vulnerable residents from displacement, and address other locally identified priorities.” The policy goals behind this provision need additional clarity to ensure the definition of the geography is appropriately targeted.

For the purposes of this analysis, we did not consider the sensitive communities designation because, unlike the bill’s specific language regarding sensitive communities in the Bay Area, no

proposed definition of sensitive communities exists for Los Angeles County. However, it is worth noting that the minimum qualifications stipulated by the March 11 bill language (30% of a tract's residents living below the poverty line, in a racially segregated tract) overlap with the high-segregation and poverty filter in the neighborhood resource level categories.[8,9] As noted above, a significant share of high-segregation and poverty neighborhoods in Los Angeles County, 31%, fall within SB 50's transit-rich geography. This suggests that about 31% of high-segregation and poverty neighborhoods in the county could be subject to SB 50, but with implementation deferred for five years during community planning, per the high-segregation and poverty filter of the TCAC maps.

HOW MIGHT DEVELOPMENT CAPACITY CHANGE UNDER SB 50?

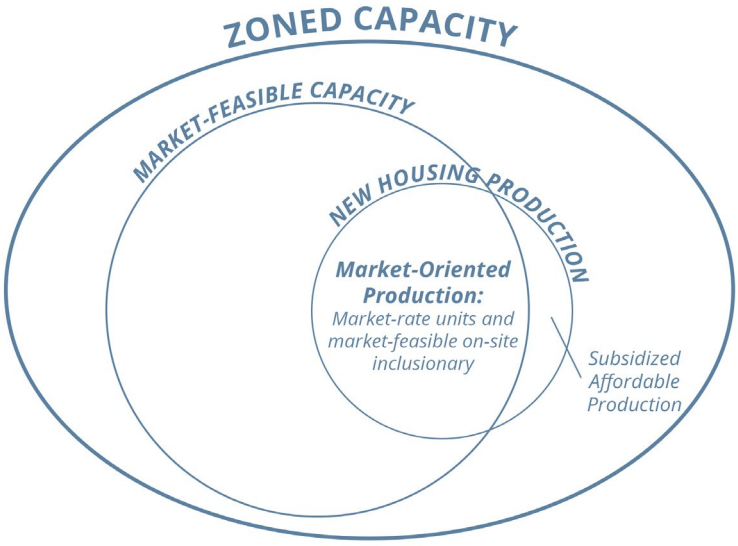
In transit-rich and job-rich geographies across Los Angeles County, we found that SB 50 could increase net new market-feasible housing capacity by 50% and market-feasible affordable inclusionary capacity by 10%, inclusive of the City of Los Angeles, potentially resulting in more than 9,000 additional new housing units annually, including approximately 50 affordable inclusionary units, if recent production trends persist. In areas outside of the City of Los Angeles, where the City of Los Angeles TOC program already offers transit-oriented density bonuses, net new market-feasible capacity could increase nearly 150% while inclusionary affordable capacity could increase more than 20%, potentially resulting in nearly 7,000 additional new housing units annually, including approximately 40 affordable inclusionary units. These findings are discussed further below. To reach these conclusions, we used the following approach and model implementation.

Our approach

Our analysis relies on MapCraft's real estate analyses that help us understand the market-feasible capacity of housing development across broad areas. Market-feasible capacity is a useful metric when considering the physical capacity of local regulations, like zoning, because even if a zoning code allowed skyscrapers, market-rate developers may only build townhomes if the smaller-scale development is the more financially feasible option. In particular, market-feasible capacity is sensitive to policies that may have financial impacts on development, like requiring market-rate developers to provide affordable units, as is the case with SB 50. Many other commonly used capacity metrics, like physical zoning capacity, are insensitive to policies that impact the financial feasibility of development. This analysis represents a snapshot of development potential and is best used to compare policy options to a business-as-usual scenario, as we have done here.

8 High-segregation and poverty neighborhoods in the neighborhood resource level methodology are defined as "census tracts that have both a poverty rate of over 30 percent and that are designated as being racially segregated." See https://www.treasurer.ca.gov/ctcac/opportunity/opportunity-mapping-methodology.pdf.
9 In May 1 amendments, this filter is still one of the criteria that will be included by regional councils of governments (COGs) in defining "potentially sensitive communities" (from which they will identify sensitive communities).

Figure 2: Analysis contemplates market-oriented housing production



A snapshot of market-feasible development across a region may constitute millions of market-feasible units, as is the case in Los Angeles County. Yet, only a small portion of these market-feasible developments are likely to be delivered because willing land sellers are few and far between, a variety of factors beyond zoning can inhibit development, and the amount of development that can occur in a submarket before demand is satisfied is finite. Thus, millions of market-feasible opportunities may yield relatively few built units, perhaps just a few thousand units.

To approximate the number of additional units that might be enabled by the proposed policy, we assume that total market-feasible capacity is directly related to the number of housing units delivered in a typical year. So, if 100 units were delivered in prior years under existing land use policies and our models suggest the policy could yield a 50% increase in market-feasible capacity over current policies, we assume housing production could be 150 units (100 * [100%+50%] = 150). We estimated relevant housing production by examining 2017 permit data across Los Angeles county and removing any developments that were rehabilitated housing, were accessory dwelling units (ADUs), or appeared to be subsidized affordable housing. In 2017, approximately 18,000 relevant market-oriented units, including approximately 500 affordable inclusionary units, were permitted in Los Angeles County, which we use as baseline production numbers for our business-as-usual case.

Our business-as-usual scenario evaluated development feasibility for a variety of development options, including options under base zoning, California's statewide affordable housing density bonus, and the City of Los Angeles TOC program. Our SB 50 analysis incorporated those same options as well as the SB 50 policy proposal defined on March 11th. For the purposes of modeling SB 50's inclusionary policy, we considered the financial feasibility of paying an affordable housing fee for projects between 11-20 units that was equal to the capitalized rent difference between market-rate and affordable units using SB 50's inclusionary percentages for projects with 21-200 units. For projects with more than 20 units, we evaluated the financial impact of delivering units on-site even though the policy contemplates a fee-in-lieu option.

Additionally, this analysis relies on coarse zoning data gathered for the region's travel models

and does not consider the variety of zoning controls that may exist or could be implemented that would "thwart" the efficacy of SB 50. In a brief jointly produced by the Terner Center and UDP (an effort independent from this brief), we point to other factors that constrain development even with added zoned capacity. The ability of added zoned capacity to actually unlock development depends on many factors, including parcel size. The presence of small parcels could inhibit additional development from being unlocked, particularly for the construction of larger multifamily buildings. Combining multiple parcels into a single lot to allow for denser new development, where financially-feasible, is complex in practice. This is especially true given redevelopment restrictions under SB 50, as our brief with the Terner Center notes. Under SB 50, a developer would need to identify contiguous parcels with owners that are willing to sell and that have not been occupied by renters in the last seven years, or where an Ellis Act eviction has not occurred in the last 15 years, in order to consolidate.

Also, there are many other constraints on development that may inhibit unlocking, such as setbacks, daylighting, and land use. For example, our analysis assumed that SB 50 relaxed the zoning constraints on single family, duplex, and other small-scale housing types to allow more units in similar structures, even though the number of units in those zones may be regulated through land use controls rather than density maximums. The data upon which our analysis rests does not differentiate between these types of controls. For instance, if cities wish to retain single family zoning in the face of SB 50, they could modify their zoning to use controls that would not be subject to SB 50 as written. Unless the policy is modified to address these factors, our analysis likely overestimates the market-feasible capacity enabled by the policy proposals.

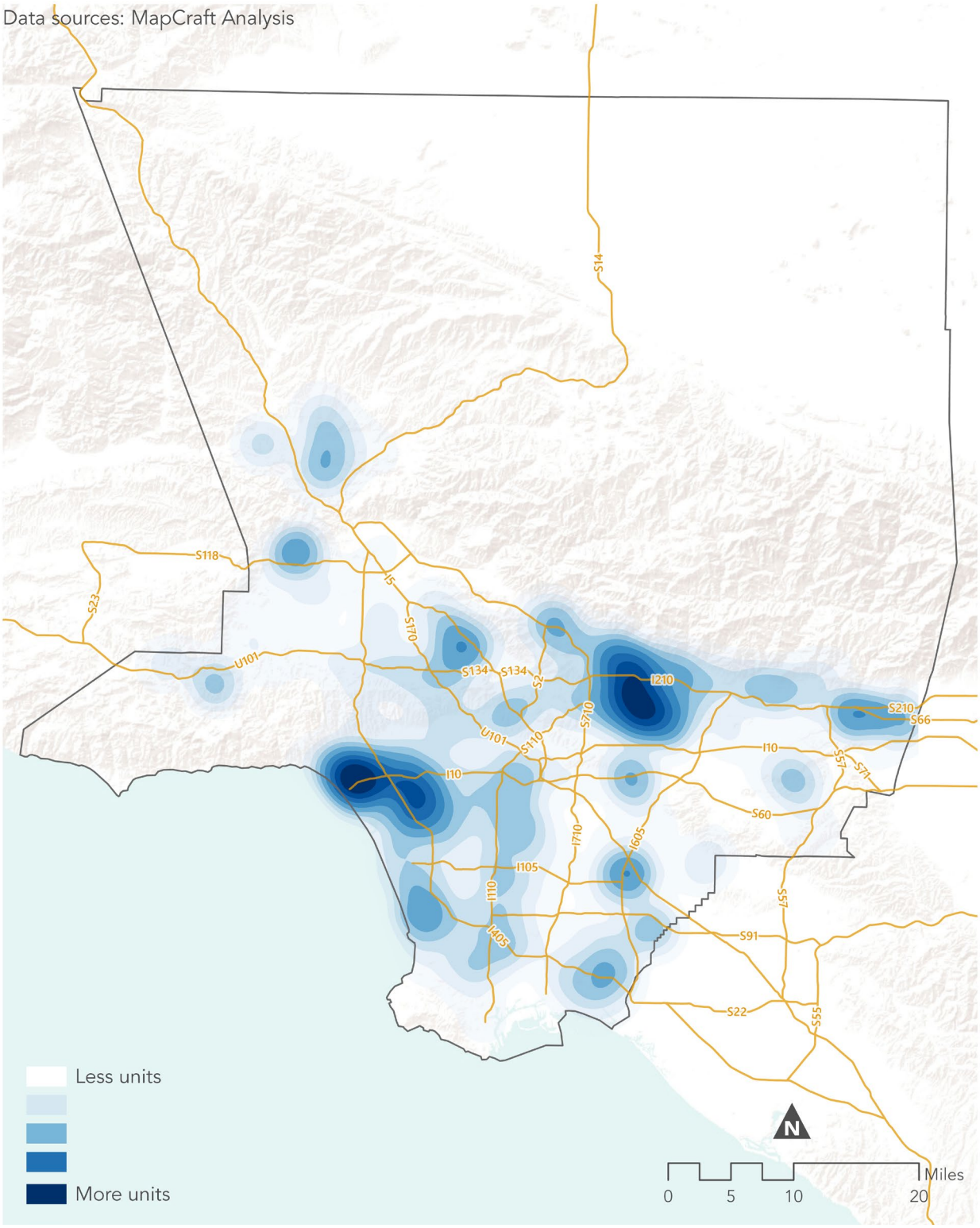
Further discussion of our data and methods can be found in the appendix to this brief.

Model results for Los Angeles County

In transit-rich and job-rich geographies across Los Angeles County, net new market-feasible housing capacity could be 50% greater than the market-feasible capacity enabled by current policies, which includes the statewide density bonus and the TOC program in the City of Los Angeles. The market-feasible developments enabled by SB 50 in Los Angeles County also represent nearly a 10% increase in market-feasible inclusionary housing capacity compared to current policies. In areas outside of the City of Los Angeles, net new market-feasible capacity could increase nearly 150% while inclusionary affordable capacity could increase more than 20%. Net new capacity captures incremental capacity added under SB 50, which is defined as the difference between market-feasible housing development under SB 50 and under current policies, accounting for existing units.

Areas that saw increased market-feasible inclusionary capacity in Los Angeles County had average home prices well over $800 per square foot, or roughly $1,300,000 for a 1,500 square foot home on average, though areas that saw increased capacity had average prices that were 33% lower. Additionally, areas that saw increased inclusionary capacity in Los Angeles County had average rents of nearly $2.75 per square foot per month, or roughly $2,200 per month for an 800 square foot apartment on average, while areas that saw increased capacity had average rents that were 20% lower.

ADDITIONAL MARKET-FEASIBLE UNITS ENABLED BY SB 50



It is not unexpected that inclusionary housing is feasible in areas where rents and prices are higher. Higher rents and prices are required to support the higher costs of larger scale development in which inclusionary units would be required, and to cross-subsidize the cost of affordable housing while still conferring value that makes using SB 50 attractive relative to using existing entitlements. This delicate balance is an inherent aspect of voluntary inclusionary policies and contributes to their limited ability to deliver substantial amounts of affordable housing. SB 50 appears to have struck a balance that enables more housing in general and more affordable units. If SB 50 were to require substantially more affordable housing, it would limit the attractiveness of the bonus and the policy would be less effective at enabling additional market-rate housing capacity or inclusionary affordable capacity. On the other hand, eliminating inclusionary requirements from SB 50 altogether could enable more market-rate housing development but reduce inclusionary capacity as developers opted for SB 50 bonuses rather than using the state density bonus program, which requires affordable units. As an example, we modeled what would happen if SB 50 respected local inclusionary requirements but otherwise had no affordable requirements. When considering potential additional SB 50 unit production, we found that such a policy specification would potentially enable hundreds more market rate-units in LA County compared to SB 50's current policy specification while reducing SB 50's potential additional inclusionary units from 49 to 29 units annually.

The net market-feasible capacity enabled by SB 50 is roughly one-third in transit-rich geographies and two-thirds in the job-rich geography we tested for this brief. The net market-feasible unit capacity increased more in job-rich areas as a result of SB 50, which may be explained by the wide areas identified as job-rich across the county and the extensive TOC areas within the transit-rich geography where SB 50 would have minimal impact. The inclusionary capacity that exists today and would be increased by SB 50 is predominantly in transit-rich areas, which may be due to the scale of the zoning increases and the size of feasible projects in those areas. As noted above, SB 50 only contemplates inclusionary requirements for projects with more than 20 units.

Table 5. Capacity enabled by SB 50 in Los Angeles County (Excludes SB 50 where TOC available)

Type of market-feasible capacity	Share of total current capacity	Capacity growth from SB 50	Share of post-SB 50 capacity	Potential additional SB 50 unit production
Net units in transit-rich areas	56%	30%	48%	3,040
Net units in job-rich areas	44%	79%	52%	6,300
Inclusionary affordable units in transit-rich areas	67%	10%	67%	32
Inclusionary affordable units in job-rich areas	33%	10%	33%	17

The new capacity enabled by SB 50 would modestly increase the proportion of housing capacity that is located in areas designated high- and highest resource in the TCAC neighborhood re-

source level maps. The proportion of inclusionary capacity would also increase in highest resource areas, perhaps because these areas include stronger markets where larger buildings and inclusionary units are feasible.

Table 6. Capacity enabled by SB 50 in Los Angeles County by TCAC Neighborhood Resource Levels (Excludes SB 50 where TOC available)

TCAC Neighborhood Resource Levels	Market-feasible net new unit capacity				Market-feasible affordable inclusionary unit capacity			
	Share of current capacity	Capacity growth from SB 50	Share of post-SB 50 capacity	Potential additional SB 50 unit production	Share of current capacity	Capacity growth	Share of post-SB 50 capacity	Potential additional SB 50 inclusionary unit production
Highest Resource	31%	76%	36%	4,260	34%	26%	39%	44
High-Resource	24%	64%	26%	2,760	22%	10%	22%	11
Moderate-Resource	16%	37%	15%	1,090	19%	1%	18%	1
Low-Resource	10%	37%	9%	670	7%	-7%	6%	-2
High-Segregation & Poverty	17%	17%	13%	530	18%	-4%	16%	-4
Total geography	100%	52%	100%	9,340*	100%	10%	100%	49*

*Numbers may not sum due to rounding.

This evaluation provides results for the market-feasible capacity of on-site affordable inclusionary units. This analysis does not account for affordable units that might be produced using fees generated by SB 50 requirements. The table above, and many that follow, include negative values for on-site inclusionary unit capacity because in some locations there may be uptake of SB 50, which requires on-site unit for projects with more than 20 units, rather than state density bonus, which requires on-site for projects with more than four units. However, these negative results may be offset by affordable units produced using affordable housing fees generated by SB 50, particularly fees from projects with 11-20 units.

Overall, inclusionary capacity could grow 10% in Los Angeles County. We also found that the implementation of SB 50 would increase the share of market-feasible inclusionary capacity targeting extremely low-income (ELI) households. While the TOC program also targets ELI, it is atypical for bonus programs to target this depth of affordability. For example, the statewide density bonus program has very low-income (VLI) compliance options, and most cities target low- and moderate-income for inclusionary programs.

ADDITIONAL MARKET-FEASIBLE AFFORDABLE INCLUSIONARY UNITS ENABLED BY SB 50

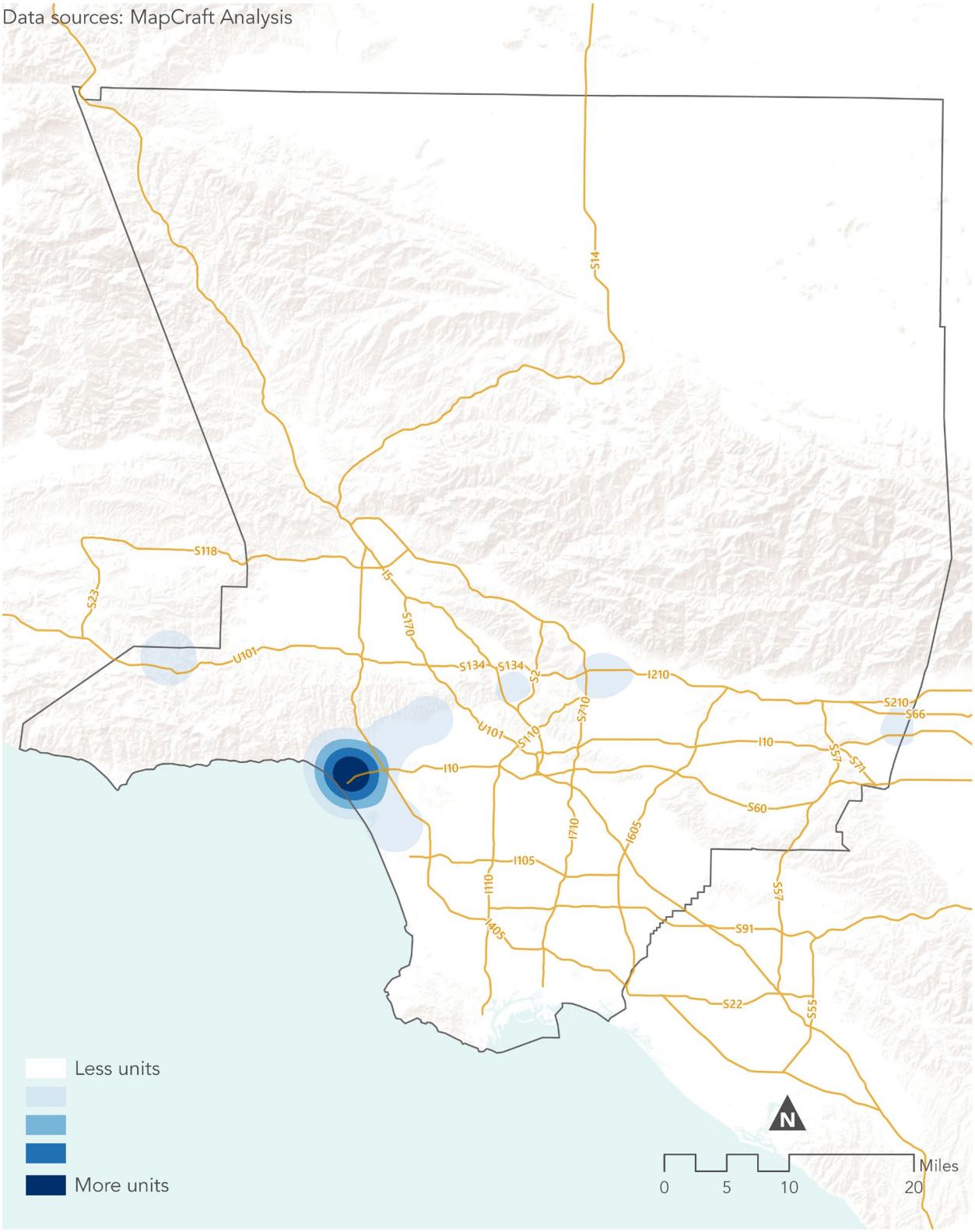


Figure 2. Market-feasible affordable inclusionary capacity in Los Angeles County by target income bracket in Los Angeles County, under current conditions (L), and under SB 50 (R).

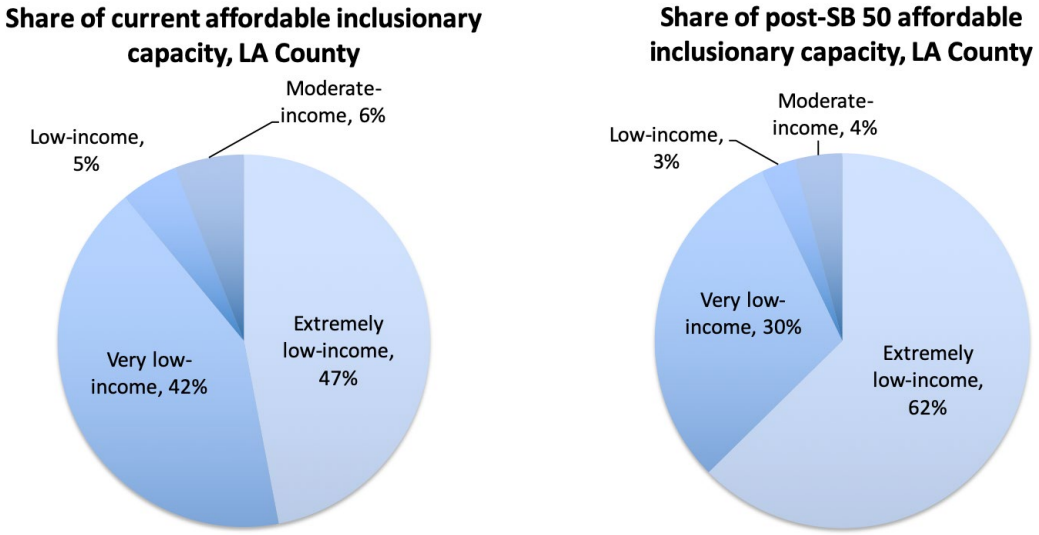


Table 7. Market-feasible affordable inclusionary capacity in Los Angeles County by target income bracket (Excludes SB 50 where TOC available)

Target income of market-feasible affordable inclusionary units	Share of current capacity	Capacity growth from SB 50	Share of post-SB 50 capacity	Potential additional SB 50 unit production
Extremely low-income	47%	43%	62%	105
Very low-income	42%	-21%	30%	-45
Low-income	5%	-20%	3%	-5
Moderate-income	6%	-20%	4%	-6
All target incomes	100%	10%	100%	49*

*Numbers may not sum due to rounding.

We found that the number of viable development sites under SB 50 could increase 12% across Los Angeles County. Roughly 44% of parcels that are developable under SB 50 are in the transit-rich geographies, while the remainder is found in the job-rich areas we tested. To accommodate new capacity, it would be expected that on average more than four units would be built for each unit demolished in transit-rich areas and more than two units would be built for each demolished in job-rich areas.

Under SB 50, we would expect to see an increase in the amount of net market-feasible capacity in each Los Angeles County supervisor district. However, some districts would see a modest decline in market-feasible affordable inclusionary capacity, partly due to the greater feasibility of SB 50 projects containing less than 21 units that would not require inclusionary affordable units

but would have included affordable inclusionary units under the state's density bonus program. That said, SB 50 projects between 11 and 20 units would pay a fee toward affordable housing, which we considered in our modeling.

Table 8. Share of expected market-feasible capacity enabled by SB 50 by Los Angeles County Supervisor District (Excludes SB 50 where TOC available)

Supervisor District	Market-feasible net new unit capacity				Market-feasible affordable inclusionary unit capacity			
	Proportion of existing net market-feasible capacity	Proportion of new capacity from SB 50	Growth / change in net capacity from SB 50	Potential additional SB 50 unit production	Proportion of existing inclusionary affordable capacity	Proportion of new inclusionary capacity from SB 50	Growth/ change in inclusionary capacity from SB 50	Potential additional SB 50 inclusionary unit production
1	21%	12%	29%	1,100	26%	-5%	-2%	-2
2	31%	18%	30%	1,680	26%	4%	1%	2
3	27%	19%	38%	1,810	30%	112%	37%	55
4	4%	16%	215%	1,540	3%	-6.5%	-22%	-3
5	17%	34%	106%	3,220	15%	-4%	-2%	-2
Countywide	100%	100%	52%	9,340*	100%	100%	10%	49*

*Numbers may not sum due to rounding.

Several more tables can be found in Appendix 2, including a table that breaks down supervisor district capacity by transit-rich and job-rich and tables describing capacity changes by state assembly district.

Model Results for the City of Los Angeles

In transit-rich and job-rich geographies across the City of Los Angeles, market-feasible housing capacity could be one-fifth greater than the market-feasible capacity enabled by current policies, which include the state's density bonus program and the extensive coverage of the City of Los Angeles TOC program. The market-feasible developments enabled by SB 50 in the City of Los Angeles also incorporate a modest increase in market-feasible inclusionary housing capacity.

Under SB 50, the City of Los Angeles would represent a smaller proportion of the market-feasible housing capacity in Los Angeles County. With the City of LA's relatively strong market, relatively high-density zoning, and existing TOC density bonus program, the city's baseline market-feasible capacity is greater than the rest of LA County. Hence, SB 50 could have a greater influence on areas outside of the City of LA, resulting in the City of Los Angeles having a smaller proportion of the potential post-SB 50 market-feasible capacity.

Table 9. Capacity enabled by SB 50 in City of Los Angeles and other Los Angeles County jurisdictions (Excludes SB 50 where TOC available)

Geographies	Market-feasible net new unit capacity				Market-feasible affordable inclusionary unit capacity			
	Share of current LA County capacity	Capacity growth from SB 50	Share of post-SB 50 LA County capacity	Potential Additional SB 50 Unit Production	Share of current LA County capacity	Capacity growth	Share of post-SB 50 LA County capacity	Potential Additional SB 50 Inclusionary Unit Production
City of Los Angeles	73%	20%	57%	2,470	64%	3%	59%	9
LA County jurisdictions outside of the City of Los Angeles	27%	144%	43%	6,880	36%	22%	40%	41
LA County	100%	52%	100%	9.340*	100%	10%	100%	49*

*Numbers may not sum due to rounding.

Within the City of Los Angeles, the net market-feasible capacity enabled by SB 50 is roughly three-fifths in transit-rich geographies and two-fifths in the job-rich geography that we tested for this brief. Capacity in SB 50's transit-rich geographies would grow less than the job-rich areas, partly due to the large area that is already part of the TOC program (for the purposes of our analysis, we define areas as transit-rich when transit-rich and job-rich areas overlapped). The inclusionary capacity that exists today and the capacity that could exist under SB 50 are predominantly in transit-rich areas. SB 50 disproportionately increases inclusionary capacity in job-rich areas, partly because SB 50's capacity impacts in transit-rich areas, which overlap extensively with TOC areas, are mostly on smaller sites with lower scale zoning where inclusionary would not apply (SB 50 was not permitted on sites that were eligible for TOC bonuses in this analysis).

As was the case for the whole of Los Angeles County, SB 50 could also increase the share of market-feasible affordable inclusionary units in higher resource areas, though this is largely dependent on the final definition of job-rich areas associated with the bill and the alternative compliance options available to developers.

Table 10. Capacity enabled by SB 50 in the City of Los Angeles by TCAC Neighborhood Resource Levels (Excludes SB 50 where TOC available)

TCAC Neighborhood Resource Levels	Market-feasible net new unit capacity				Market-feasible affordable inclusionary unit capacity			
	Share of current capacity	Capacity growth from SB 50	Share of post-SB 50 capacity	Potential Additional SB 50 Unit Production	Share of current capacity	Capacity growth from SB 50	Share of post-SB 50 capacity	Potential Additional SB 50 Inclusionary Unit Production
Highest Resource	28%	30%	30%	1,080	23%	7%	24%	5
High-Resource	23%	16%	22%	470	20%	10%	22%	7
Moderate-Resource	15%	12%	15%	250	22%	0%	22%	0
Low-Resource	11%	17%	11%	250	8%	-2%	7%	0
High-Segregation & Poverty	22%	14%	21%	410	26%	-3%	25%	-2
Citywide	100%	20%	100%	2,470*	100%	3%	100%	9*

*Numbers may not sum due to rounding.

Table 11. Share of market-feasible affordable inclusionary capacity enabled by City of Los Angeles density bonus programs (Excludes SB 50 where TOC available)

City of Los Angeles Density Bonus Program	Share of current market-feasible inclusionary capacity	Change in capacity	Share of post-SB 50 market-feasible inclusionary capacity	Potential Additional SB 50 Inclusionary Unit Production
State density bonus	31%	-6%	27%	-8
TOC program bonus	69%	0%	67%	0
SB 50 Bonus	NA	Bonus introduced	5%	17
Citywide	100%	3%	100%	9*

*Numbers may not sum due to rounding.

Our model suggests that the most financially feasible options for developers under both current policies and SB 50 would be to deliver affordable units for extremely low-income and very low-income households to meet the inclusionary requirements, with the majority of the capacity targeting extremely low-income households in both cases. While the state density bonus program enables units targeting very low-income households, both the TOC program and the proposed SB 50 program would enable targeting extremely low-income households.

Table 12. Market-feasible affordable inclusionary capacity in the City of Los Angeles by target income bracket (Excludes SB 50 where TOC available)

Target income of market-feasible affordable inclusionary units	Share of current market-feasible inclusionary capacity	Capacity growth from SB 50	Share of post-SB 50 market-feasible inclusionary capacity	Potential Additional SB 50 Inclusionary Unit Production
Extremely low-income	69%	8%	72%	17
Very low-income	31%	-8%	27%	-8
Low-income	Less than 1%	~	Less than 1%	0
Moderate-income	Less than 1%	~	Less than 1%	0
Citywide	100%	3%	100%	9*

*Numbers may not sum due to rounding.

Citizens and politicians have also expressed concerns about SB 50's applicability in small scale zones, particularly single family zones. Under SB 50, market feasible housing capacity could rise more than 10% within R1 zones in the City of Los Angeles. Due to the growth, the share of market-feasible capacity from areas zoned R1 would increase modestly. Across the City of Los Angeles today, roughly 11% of the existing net market-feasible housing capacity is in areas zoned R1; under SB 50, roughly 13% of the capacity would be in R1 zones. Of the new capacity enabled in those R1 zones, roughly 60% is in TOC areas on sites that are currently ineligible for TOC bonuses. Notably, particularly in the context of R1 zoning, our analysis of market-feasible capacity considers the feasibility of new construction and does not consider the addition of ADUs, the conversion or renovation of existing structures into multiple units, or other capacity increases. In this regard our analysis will be an underestimate of potential housing changes enabled by SB 50.

We also looked at what might happen if SB 50 bonuses were offered in TOC zones, which is not expected to be the case based upon the bill sponsor's intent but, to our knowledge, is not precluded by the current policy language. We found that the SB 50 policy would lead to more market-feasible capacity than the TOC policy in many cases, partly due to lower inclusionary requirements and more generous density relaxations, which would enable an additional 8% increase in net new market-feasible capacity in the City of Los Angeles above what SB 50 would enable if it did not apply to TOC-eligible sites. However, applying SB 50 on TOC-eligible sites could reduce market-feasible inclusionary units because, unlike TOC, SB 50 would not yield inclusionary units for projects smaller than 21 units, though it would produce affordable housing fees from projects with 11-20 units. Allowing SB 50 bonuses across all TOC areas could lead to a 17% citywide decrease in market-feasible inclusionary affordable capacity when compared to excluding SB 50 from TOC-eligible sites.

We also considered the distribution of capacity across political districts. Under SB 50, every district would see an increase in market-feasible capacity. However, some districts have little or no market-feasible inclusionary capacity and would continue to have very little under SB 50.

Table 13. Share of expected market-feasible capacity enabled by SB 50 by City of Los Angeles council district (Excludes SB 50 where TOC available)

Council District	Market-feasible net new unit capacity				Market-feasible affordable inclusionary unit capacity			
	Proportion of existing net market-feasible capacity	Proportion of new capacity from SB 50	Growth / change in net capacity from SB 50	Potential Additional SB 50 Unit Production	Proportion of existing inclusionary affordable capacity	Proportion of new inclusionary capacity from SB 50	Growth/ change in inclusionary capacity from SB 50	Potential Additional SB 50 Inclusionary Unit Production
1	6%	2%	6%	40	9%	-28%	-8%	-2
2	5%	5%	22%	130	3%	-2%	-2%	0
3	3%	4%	28%	90	0%	0%	-2%	0
4	8%	11%	26%	260	9%	-2%	0%	0
5	10%	13%	24%	330	14%	47%	9%	4
6	3%	4%	25%	110	1%	0%	-1%	0
7	0%	1%	34%	20	0%	0%	-11%	0
8	6%	5%	17%	130	6%	-1%	0%	0
9	5%	6%	23%	150	5%	-1%	0%	0
10	4%	3%	14%	80	7%	2%	1%	0
11	17%	16%	18%	380	12%	95%	21%	8
12	6%	13%	37%	310	1%	-1%	-4%	0
13	9%	5%	11%	130	14%	-2%	0%	0
14	13%	7%	9%	170	17%	-5%	-1%	0
15	5%	5%	17%	120	2%	-2%	-4%	0
Citywide	100%	100%	20%	2,470*	100%	100%	3%	9*

*Numbers may not sum due to rounding.

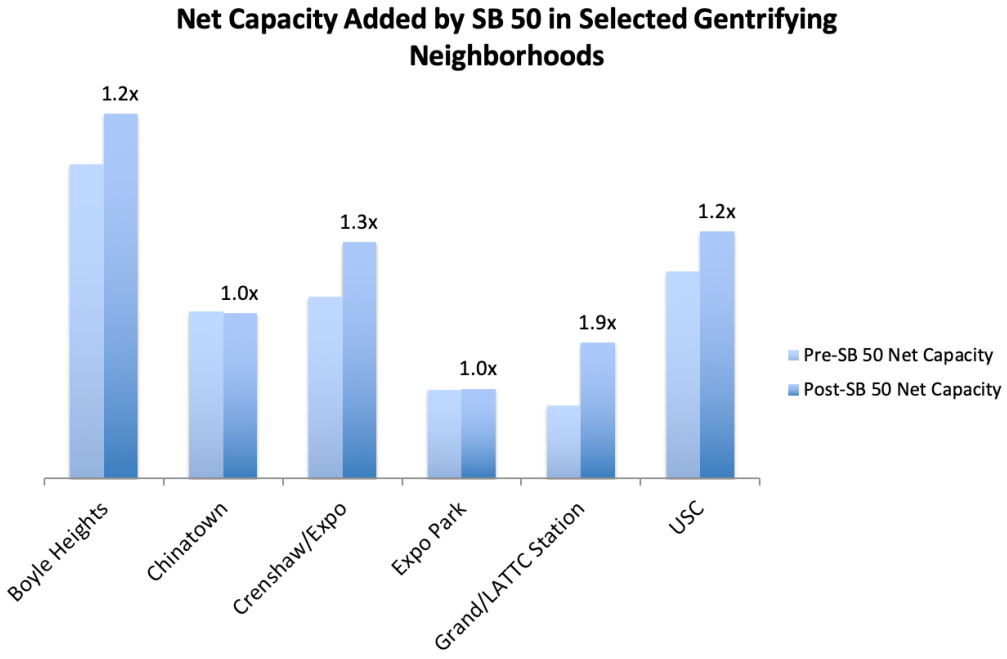
Neighborhood-Level analysis in the City of Los Angeles

New housing production is necessary to address the housing shortage in the state of California, and adding supply to the Los Angeles region should serve to ultimately help bring down housing costs. However, new housing developments can also have negative impacts in the short-term on surrounding communities where residents are vulnerable to displacement. As a result, it is important to think carefully about where and how new capacity is added. While the bill aims to protect renters from direct displacement from demolition, indirect displacement pressures resulting from potential increases in housing costs could still pose significant risk to existing and future low-income residents. For example, recent research on rezoned Chicago neighborhoods (Freemark, 2019) found that places with strong market demand saw housing prices increase in the wake of policy changes, becoming less affordable in the short term, though more thorough research is needed to fully understand these dynamics. Our research on housing production, filtering, and displacement in San Francisco (Zuk and Chapple, 2016) found that market-rate production is associated with higher housing cost burden for low-income households, even though it is associated with lower median rents in subsequent decades.

In order to better understand the potential of indirect displacement pressures in Los Angeles communities, we considered six transit-served neighborhoods with existing gentrification and/or displacement pressures: Boyle Heights, Chinatown, the area surrounding the University of

Southern California (USC), and areas adjacent to the Crenshaw/Expo light rail station, the Expo Park station, and the Grand/LATTC station. The areas considered near USC and the Crenshaw area are all along and at the intersections of the Expo Line, Crenshaw Line, Blue Line and Silver Line.[10]

Comparing net capacity under current conditions to net capacity after SB 50, we would not expect increases in capacity in Chinatown and Expo Park, but estimate at least 20% increases in net capacity in Boyle Heights, the areas around USC and Crenshaw/Expo. In the area near the Grand/LATTC station on the Blue Line, we would expect to see net capacity almost double under SB 50. Putting these capacity increases into context of other neighborhood types, in the City of Los Angeles, high- and highest resource neighborhoods (per TCAC neighborhood resource levels) on average may see a 23% increase in net capacity under SB 50. Thus, these selected neighborhoods see about as much relative capacity added as places that are less likely to be home to residents vulnerable to displacement pressures.



There is existing development potential in each of these gentrifying neighborhoods, and under SB 50, there might be even more in several of the neighborhoods (the MapCraft model finds that Chinatown and Expo Park do not see large capacity increases under SB 50). There are several potential explanations as to why we did not find dramatic increases in capacity in most of these gentrifying neighborhoods. Some neighborhoods may have more land area zoned for residential than others, affording more opportunities for SB 50 to add capacity. Development potential is also informed by lot sizes and the type and scale of existing land uses, which may differ between neighborhoods. More in-depth analysis would need to be undertaken to know what informs the

10 Neighborhoods are defined by the following census tract numbers: Boyle Heights: 2031, 2032, 2033, 2035, 2036, 2037.1, 2037.2, 2038, 2039, 2041.1, 2041.2, 2042, 2043, 2044.1, 2044.2, 2046, 2047, 2048.1, 2048.2, 2049.1, 2049.2, 2051.1, 2051.2, 2060.3, 2060.5; Chinatown: 1977, 2060.2, 2071.02, 2071.03; Expo Park: 2317.10, 2317.20, 2312.10, 2312.20; USC: 2225, 2226, 2215, 2216, 2217.10, 2218.10, 2218.20, 2219, 2221, 2222, 2244.10, 2244.20, 2247, 2311, 2318, 2319, 2284.10, 2284.20; Grand/LATTC station: 2240.20, 2246, 2264.10, 2264.20, 2267; Crenshaw / Expo: 2220, 2200, 2193, 2190.10, 2190.20, 2195, 2342, 2361, 2340, 2343.

capacity of each urban neighborhood.

In terms of affordable inclusionary unit capacity, all of these neighborhoods maintain the same inclusionary capacity under SB 50 as they have under current policies. Inclusionary affordable unit capacity does not increase in any of the six neighborhoods because all are in transit-rich areas where SB 50 would not apply to TOC-eligible parcels, which are parcels that allow multi-family development, and SB 50 would generally enable small-scale developments that would not trigger SB 50's inclusionary requirements. In Chinatown and Expo Park, there is no capacity increase.

As of May 1 amendments, bill language states that "potentially sensitive communities" will mean any of the following: designated high segregation and poverty or low-resource in TCAC opportunity maps, census tracts in the top 25% Cal EnviroScreen scores, and 2019 HUD qualified census tracts." Assessing the census tracts in the gentrifying neighborhoods we have identified above, nearly all[11] of these neighborhoods meet at least one of those criteria, and would thus potentially have deferred implementation of SB 50.

DISTINCTIONS BETWEEN THIS LOS ANGELES ANALYSIS AND OUR BAY AREA BRIEF

This analysis finds that SB 50 could add new market-feasible housing capacity, including new affordable inclusionary capacity, in Los Angeles County. However, the increase in market-feasible capacity that our analysis identified in Los Angeles County is smaller than the increment we found in our analysis of SB 50 in the San Francisco Bay Area. It is not unexpected that market-reliant density bonus programs would yield different market-feasible housing capacity in distinct contexts. The differences are related to several factors, many of which are rooted in local conditions that fundamentally differ between the regions.

The City of Los Angeles TOC program is a significant pre-existing bonus program that already provides density bonuses around transit similar to what is proposed by SB 50. The scale of the TOC program already enables considerable capacity such that SB 50 has a less dramatic result in our modeling than would otherwise be the case. Whereas our Bay Area analysis considers SB 50 capacity against the region's base zoning, our analysis of SB 50's influence in Los Angeles excludes SB 50 bonuses where TOC bonuses are available and considers the option of the statewide density bonus program where SB 50 bonuses are offered. While the statewide density bonus has been considered an underutilized and ineffective policy, which was examined by a City of Los Angeles audit of their City's program, and was not considered in our Bay Area evaluation, our modeling of Los Angeles County found that it does enable existing market-feasible capacity.

In general, denser development is less financially feasible across Los Angeles County than the Bay Area. Our modeling results found that average market-feasible development had 20% more

11 One tract in Chinatown (2060.2) does not meet any of these criteria, and does not have a TCAC neighborhood resource level designation. See methodology for details on tracts without categorization: https://www.treasurer.ca.gov/ctcac/opportunity/final-opportunity-mapping-methodology.pdf.

units in the Bay Area compared to Los Angeles County. Construction costs are roughly 10% higher in the Bay Area compared to Los Angeles County, but that is more than offset by higher median multifamily rents and home prices, which are roughly 30% greater in the Bay Area than Los Angeles County. While Type 1 highrise development was feasible in some parts of Los Angeles County, moderately dense development was a more feasible option in much of the county.

In our analysis of Los Angeles County, the proposed SB 50 parking reductions were not as advantageous in terms of unlocking development capacity. Parking reductions can significantly influence development feasibility because projects that can reduce their parking can increase the area dedicated to marketable square footage and potentially reduce the cost of delivering a development. However, if local demand for parking precludes developers from taking full advantage of reduced parking requirements, this aspect of a density bonus program could have little effect. The same is true for density relaxation, height increases, or other bonus elements for which there may not be a market. In some situations, the development market may not support a major capacity increase when bonuses are offered.

For our Los Angeles analysis, we utilized assumptions regarding parking demand based on the experience of City of Los Angeles planners. In many cases, these parking demand expectations were higher than our assumed parking demand in parts of the Bay Area. It was the determination of city planners that developers would likely deliver nearly one parking stall per unit in many parts of the city, though perhaps less in highly transit-oriented areas. This demand is higher than the minimum parking required by the TOC and SB 50 bonus policies, which eliminate parking minimums close to transit stations.

Also, our assessment of SB 50 and other Los Angeles density bonus programs is a snapshot of current feasibility, so we did not consider how future land use changes enabled by these bonus programs may diminish demand for parking in Los Angeles over time. One could expect parking demand to decline as transit-served places become more walkable and an increasing proportion of people and jobs become transit accessible throughout the region.

Finally, our Los Angeles County analysis included data that helped isolate where SB 50 would and would not apply. Our County data included fine-grained information about housing, including the tenure (rental versus ownership) and types of existing housing (e.g., mobile home parks), and our City of Los Angeles data incorporated an Ellis Act property dataset provided by the city, neither of which were a part of our nine-county Bay Area datasets. Using this data, we were able to pinpoint rental housing, and then supplemented this information with census data to estimate and identify additional rental units.

CONCLUSIONS

SB 50 has the potential to unlock capacity for both market-rate and inclusionary affordable housing in Los Angeles County. Specifically, we found that SB 50 could increase market-feasible housing capacity by 50% and market-feasible affordable inclusionary capacity by 10% in Los Angeles County, potentially resulting in more than 9,000 additional new housing units annually, including approximately 50 affordable inclusionary units. In the City of Los Angeles, the city's

Transit Oriented Communities Affordable Housing Incentive Program (TOC Program) already offers bonuses similar to those proposed by SB 50 and bill sponsors have said that SB 50 would not apply to parcels eligible for TOC. In the City of Los Angeles, the impact of SB 50 would still increase development capacity, though not as much as in the rest of Los Angeles County. For the city, market-feasible housing capacity could increase by more than 20% and affordable inclusionary capacity could increase 3%, potentially resulting in nearly 2,500 additional new housing units annually, including approximately 10 inclusionary affordable units.

It is important to note some of the contextual factors particular to Los Angeles County that drive some of our modeling results, specifically the existence of a major transit-oriented density bonus program across much of the geography and the general feasibility of moderately dense development. Based on market strength and demand for parking, moderately dense development is a more feasible option in much of Los Angeles County than very dense development. In fact, we found that local demand for parking could preclude developers from taking advantage of increased density via SB 50's reduced parking requirements. When comparing our modeling in the Bay Area and Los Angeles, we found that market-feasible buildings had 20% more units in the Bay Area than Los Angeles County.

Based on the March 11 bill language, there were several components of SB 50 that needed further clarification, some of which have since been addressed in May 1 amendments. The proposed amendments would impact the bill's application in Los Angeles County, though that is not reflected in our analyses. For example, eligible areas will be based on bus headways of ten minutes rather than fifteen minutes and historic districts are to be exempted. Additionally, the bill paves the way for the creation of fourplexes by right on vacant sites and limited conversions of existing structures.

Relevant to some of the discussion in our Bay Area brief on how to make SB 50 work best for equitable development, bill amendments also include changes to ensure off-site affordable housing is built near transit and within a half mile of the original project site. Some additional clarification may still be needed about interactions with existing bonus programs and implications for affordable housing production, however. While SB 50 would exempt TOC parcels, advocates have asserted that it may undermine community efforts that leveraged the TOC program's concepts in non-TOC locations, places where stronger value capture incentives have been incorporated into plans such as South and Southeast LA Community Plans, and the city's Transit Neighborhood Plan.

In terms of sensitive communities, the May 1 amendments state that "potentially sensitive communities" will be defined by the following: designated high-segregation and poverty and low-resource in TCAC opportunity maps, top 25% Cal EnviroScreen scores, 2019 HUD-qualified census tracts, and other factors still to be determined. Based on the March 11th definitions, 21% of the area subject to SB 50 in Los Angeles County meets the high-segregation and poverty filter, and 31% of high-segregation and poverty neighborhoods in the county would be subject to SB 50 via its transit-rich geography. While policy goals are unclear, this provision came out of advocate concern that gentrifying communities may experience exacerbated displacement pressures

under SB 50.[12] Even the updated minimum stipulations at the state level center around high segregation, poverty, and lack of resources, which do not necessarily capture market dynamics that correspond with gentrification. Furthermore, funding, and more details on processes and implementation for the community plans are not yet defined, which will determine whether or not this provision leads to different kinds of outcomes.

In terms of protecting sitting tenants, there are other parts of the bill that need further consideration. Given that most California cities do not have rent registries, in order to prevent upzoning-related demolition of rental properties, the bill will need to more clearly outline how redevelopment restrictions will be enforced. Finally, indirect displacement pressures may result from potential increases in land and housing prices, potentially posing a significant risk to existing and future low-income residents. Assessing selected gentrifying neighborhoods in Los Angeles, there is existing development capacity in these neighborhoods and SB 50 could increase that capacity in Boyle Heights, Crenshaw/Expo, and areas around USC, with more dramatic potential capacity increases in the tracts near Grand/LATTC station. Given existing displacement vulnerability in these neighborhoods, these risks should be addressed by passing stronger statewide protections, and exploring other strategies to prevent indirect displacement.

12 The May 1 amendments provide slightly more detail on policy goals, stating that community plans are to "include provisions to protect vulnerable residents from displacement" and "promote economic justice for workers and residents."

APPENDIX A. DATA SOURCES AND METHODS

This Los Angeles County evaluation relied on parcel data aggregated by two entities, the Southern California Association of Governments (SCAG) and the Los Angeles County Office of the Assessor (Assessor). The dataset includes over two million parcels.

To understand current conditions, including the current use of property and the allowed development on each site, data was consolidated from multiple sources. Assessor data was used to define and quantify the types of development on each parcel. This was ultimately used to identify existing rental properties and to estimate the current value of the existing property.

The parcel database included zoning information, which was used (1) to calculate a baseline development capacity and (2) to determine how bonuses, particularly SB 50 bonuses, would modify zoning parameters. SCAG zoning information was used to define the current zoning entitlements on each parcel outside of the City of Los Angeles. Gaps in SCAG data were filled for unincorporated LA County and interpolations were made for missing data in other jurisdictions, first by assigning average values found for the same zoning class in nearby jurisdictions and, second, by applying countywide averages. City of Los Angeles data was produced collaboratively with staff from the City of Los Angeles Planning Department.

As defined by SB 50, the policy would adjust land use controls for many parcels proximate to high-quality transit services. For the analysis, we used maps identifying applicable transit-served areas that were produced by California YIMBY, a sponsor of the SB 50 bill. The evaluation considered development capacity in three transit-related geographic subareas, which reflected SB 50's policy language, including (1) areas within ¼-mile from a major station, (2) areas ¼ to ½-mile from a major station, and (3) areas within ¼-mile of a frequent bus corridor.

The evaluation also considered job-rich areas, which was not fully defined by SB 50's proposed language. For the purposes of this analysis, we considered a definition of JobRich based on work by a consortium of organizations, including Haas Institute, California Housing Partnership, Terner Center for Housing Innovation, and the Urban Displacement Project. In late March, the resulting maps were published online by the group. We utilized areas identified in the late March version as the composite scenario called "High-Opportunity + job-rich, Jobs-Housing Mismatch, and/or Long In-Commutes."

SB 50's draft policy language precludes application of the policy on sites where renters currently or recently lived, including locations where Ellis Act evictions had taken place. We utilized a database of Ellis Act properties from the City of Los Angeles to identify parcels where SB 50 would not apply.

To reflect the renter-related policy provision in the analysis, we used a variety of data to identify sites with rental housing. MapCraft first used assessor data and HUD data sources to understand those properties where owner-occupied or HUD-supported affordable housing were located. Additionally, we determined the percentage of renter households in each U.S. census block group. Using the housing unit counts from the assessor parcel information, we then estimated

the number of rental units in a given block group by applying the proportion of renter households from the census to the total number of housing units in each block group, yielding an expected number of rental units in the block group. The estimated total number of rental units for each block group were then allocated to parcels by first "filling" the expected multi-unit rental buildings, based on assessor and HUD data, in descending order of size based on the number of units per parcel, but only where there were multiple units on a parcel. If the number of estimated rental units exceeded the number of units in multi-unit rental sites in a given block group, we assumed that small scale rentals, like single family rentals, existed and were not identified in the assessor data. The unallocated rental unit count was assigned to single-unit parcels based on the square footage of physical improvements in ascending order. This allocated rental units to the smallest single family properties first. SB 50's bonuses where then not allowed on parcels that contained expected rental properties.

To compute our snapshots of market feasibility, both under current policies and proposed policies, Mapcraft incorporated data and assumptions about current rents, sales prices, construction costs, and investors' expected return rates. Market rents for apartments and office buildings were gathered from CoStar. At the high end, multifamily rents in Los Angeles County were found to be nearly $5.00 per square foot per month in some submarkets and office rents were nearly $70 per square foot per year in some submarkets. Single family sales prices and rental rates were based on Zillow estimates and transaction records from Property Radar. At the high end, expected home purchase prices approached $2,500 per square foot in some submarkets and rents for single family and small scale rental properties approached $10.00 per square foot per month in some submarkets. Construction costs were based on RS Means and interviews with development professionals. Site slope information was developed based on bilinear interpolation using ESRI's World Elevation Terrain service. Expected investor returns were also based on conversations with development professionals. Ultimately, rents and prices supported some market-feasible housing capacity in nearly all of the jurisdictions in Los Angeles County, though just one third of block groups across Los Angeles County had more than 10 net new units of market-feasible capacity related to SB 50.

To approximate the impact of SB 50 on actual unit production, we assume that total market-feasible capacity is directly related to the number of housing units delivered in a typical year. So, if 100 units were delivered in prior years under existing land use policies and our models suggest the policy could yield a 50% increase in market-feasible capacity, we assume housing production would be 150 units (100 * [100%+50%] = 150) and net new capacity would be 50 units.

This is an inexact estimation that is intended to paint a picture of the potential policy influence. Policy changes could have a greater impact if they enable significantly more market-feasible capacity on sites owned by landowners that were on the cusp of developing or the policy changes could have a smaller impact if they generally enable market-feasible capacity in locations with long-term property owners with little intention of selling.
In 2017, approximately 18,000 relevant units, including approximately 500 affordable inclusionary units, were permitted in Los Angeles County, which we use as baseline production numbers for our business-as-usual case.

To arrive at these figures, we referred to Housing Element Annual Progress Reports for Los Angeles County jurisdictions using data gathered by the California Housing Partnership on behalf of the California Community Foundation. We isolated relevant housing permits by removing any housing developments in the database that were identified as rehabilitated housing, accessory dwelling units (ADUs), or appeared to be subsidized affordable housing. Of the remaining permitted projects, we defined subsidized affordable projects as those with a majority of affordable units (less than or equal to 80% area median income). Of the 19,811 units in the database of 2017 housing permits across Los Angeles County, we determined that 17,830 were relevant to SB 50 production and a small subset of those, fewer than 500, were affordable units likely generated through mandatory or voluntary inclusionary housing programs. Not all jurisdictions in the county submitted annual progress reports, so we determined is was reasonable to round the figure up to the nearest thousand units and nearest 100 inclusionary units.

As discussed, our analyses rest on several other assumptions that materially influence the results. Some of the most influential policy interpretations and assumptions imbedded in our analyses include:

- Identifying rental units. Our analysis of renter-occupied units is based upon the latest available tax assessor information. Additionally, our estimates are based on historical census records at a larger geography than will be considered if the policy is implemented. To implement the policy as written, data sources will need to be developed to track rentals over time and to establish a rental history for parcels where developers seek to build using SB 50's entitlements.
- Identifying Ellis Act properties. We had no data related to Ellis Act conversions for jurisdictions outside of the City of Los Angeles.
- Parking demand. For the purposes of assessing feasibility of development we considered the maximum of market demand for parking and local minimum parking requirements, which sometimes reflected bonus program relaxation of the parking standards. In the City of Los Angeles, experience has shown that demand for parking is lower than what is typically required by code, which has encouraged the use of density bonuses that allow developers to deliver fewer parking stalls. Parking demand is typically lower in more walkable and transit-oriented locations. For the purposes of this brief, we assumed parking demand of 1.25 stalls per multifamily unit; 1.5 stalls per unit in duplexes, triplexes, and quadraplexes; 2 stalls per townhome; and 2 stalls per single family home. We included a 50% reduction in demand within ¼-mile of an existing Major Transit Stop, 25% reduction in demand between ¼ and ½-mile of a major stop, and a 10% reduction in demand along frequent bus corridors.
- Comparing and fulfilling inclusionary requirements. When comparing local inclusionary policies to the SB 50 requirements, our analysis interpreted the policy's inclusionary housing restrictions to relate to the overall percentage of required affordable units. This is pertinent because many local inclusionary policies require multiple types of affordable units within developments (e.g., 5% Low-Income units AND 5% Very Low-Income units). Further, we tested the feasibility of on-site delivery of affordable units when on-site units were contemplated by the policy. The actual attractiveness of delivering units on-site will depend

on the alternative compliance options presented to developers as well as the developer-specific interest in incorporating affordable units into projects. For example, if in-lieu fee options are ultimately more financially attractive than delivering on-site, then few on-site units may be delivered, even if it would be feasible to deliver them on-site. Also, developers may determine to forgo a financially beneficial bonus for reasons that we do not contemplate in our models, like an unwillingness to operate affordable units.

- Applying SB 50 based on coarse zoning information. Outside of the City of Los Angeles, where the city's planners provided tables of relatively detailed zoning information, and unincorporated Los Angeles County, where our team gathered information directly from source documents, our analysis relied on SCAG consolidated zoning information. Therefore, there is some imprecision in the zoning information that we relied upon for the analysis. The data is designed for regional assessments and results generated from that data are best interpreted at that scale. Further, our analysis is a snapshot of current feasibility under current policies. We did not contemplate whether jurisdictions would revise their zoning codes to retain density controls through alternate means, such as additional lot standards and form constraints, or other controls that may be invented in response to a policy like SB 50.

APPENDIX B. LOS ANGELES COUNTY RESULTS BY ASSEMBLY DISTRICT AND JURISDICTION

The following table describes the impact of SB 50 on market-feasible capacity across Los Angeles County in each county supervisor district, both in transit-rich and job-rich geographies. All supervisor districts would see an increase in market-feasible housing capacity under SB 50, both in SB 50's transit-rich and job-rich geographies. While the current state density bonus program requires affordable inclusionary units for all scales of development, SB 50's lower inclusionary affordable requirements for small-scale projects would lead to less market-feasible inclusionary capacity in many subareas, though the inclusionary capacity would increase in the county overall due mainly to the increased feasible inclusionary capacity in County Supervisor District 3's transit-rich and job-rich geographies.

Share of expected market-feasible capacity enabled by SB 50 by Los Angeles County Supervisor District by SB 50 subarea (Excludes SB 50 where TOC available)

Supervisor District and SB 50 subarea	Market-feasible net new unit capacity				Market-feasible affordable inclusionary unit capacity			
	Proportion of existing net market-feasible capacity	Proportion of new capacity from SB 50	Growth / change in net capacity from SB 50	Potential Additional SB 50 Unit Production	Proportion of existing inclusionary affordable capacity	Proportion of new inclusionary capacity from SB 50	Growth/ change in inclusionary capacity from SB 50	Potential Additional SB 50 Inclusionary Unit Production
1 Transit-rich	16%	6%	20%	590	22%	-3%	-1%	-2
2 Transit-rich	20%	9%	25%	890	19%	-6%	-3%	-3
3 Transit-rich	15%	8%	30%	780	21%	66%	31%	33
4 Transit-rich	1%	3%	116%	280	1%	-2%	-25%	-1
5 Transit-rich	4%	5%	78%	500	4%	11%	24%	5
1 job-rich	5%	6%	60%	510	4%	-2%	-4%	-1
2 job-rich	11%	8%	39%	790	7%	10%	13%	5
3 job-rich	12%	11%	47%	1,030	9%	45%	50%	22
4 job-rich	3%	14%	264%	1,260	2%	-4%	-21%	-2
5 job-rich	13%	29%	113%	2,710	11%	-15%	-13%	-7
Countywide	100%	100%	52%	9,340*	100%	100%	10%	49*

*Numbers may not sum due to rounding

The following table describes the impact of SB 50 on market-feasible capacity across Los Angeles County in each district of the California State Senate. All districts would be expected to see an increase in market-feasible housing capacity from SB 50, though some districts, particularly those with relatively little existing affordable inclusionary capacity because feasible development is relatively limited and smaller in scale, would see a decline in market-feasible inclusionary housing capacity. This is because SB 50 would be more attractive than the state density bonus program for smaller-scale developments in many cases. The current state

density bonus program requires affordable units in all cases, whereas SB 50 does not require inclusionary affordable units for buildings less than 11 units and requires an affordable housing fee for buildings with 11-20 units. Those areas with stronger markets supportive of larger scale development would see an increase in market-feasible inclusionary capacity and the county as a whole would see an increase in market-feasible inclusionary capacity.

Share of expected market-feasible capacity enabled by SB 50 by California Senate District in Los Angeles County (Excludes SB 50 where TOC available)

California State Senate District	Market-feasible net new unit capacity				Market-feasible affordable inclusionary unit capacity			
	Proportion of existing net market-feasible capacity in LA County (sums to 100%)	Proportion of new capacity from SB 50 in LA County (sums to 100%)	Growth / change in net capacity from SB 50 in jurisdiction	Additional SB 50 Unit Production	Proportion of existing inclusionary affordable capacity in LA County (sums to 100%)	Proportion of new inclusionary capacity from SB 50 in LA County (sums to 100%)	Growth/ change in inclusionary capacity from SB 50 in jurisdiction	Additional SB 50 Inclusionary Unit Production
18	8.8%	4.8%	28%	450	4.4%	-1.3%	-3%	-1
20	0.1%	0.2%	105%	20	0.0%	-0.2%	-44%	0
21	1.3%	3.1%	129%	290	0.1%	-0.7%	-57%	0
22	3.2%	10.0%	163%	930	2.4%	-7.5%	-30%	-4
24	14.6%	3.5%	12%	320	20.6%	-7.5%	-4%	-4
25	11.1%	21.2%	100%	1,980	18.6%	9.9%	5%	5
26	19.6%	15.6%	42%	1,460	23.4%	113.2%	47%	56
27	9.0%	8.5%	49%	790	1.6%	7.0%	43%	3
29	0.7%	2.1%	157%	190	0.0%	0.0%	0%	0
30	22.2%	11.0%	26%	1,030	24.6%	-1.0%	0%	0
32	1.3%	7.5%	296%	700	0.5%	-1.7%	-31%	-1
33	1.8%	4.8%	138%	450	1.9%	-5.0%	-26%	-2
34	0.0%	1.0%	1865%	90	0.1%	-0.3%	-21%	0
35	6.3%	6.8%	56%	630	1.8%	-4.8%	-27%	-2
Countywide	100.0%	100.0%	52%	9,340	100.0%	100.0%	10%	49*

*Numbers may not sum due to rounding.

The following table describes the impact of SB 50 on market-feasible capacity across Los Angeles County in each district of the California State Assembly. Similar to what was seen in the State Senate Districts, all Assembly districts would see a rise in market-feasible capacity, though some, particularly those with relatively little existing market-feasible inclusionary capacity, could see a decline in inclusionary capacity. Overall, the county would see a rise in market feasible capacity, including a rise in market-feasible affordable inclusionary capacity. Those areas with stronger markets supportive of larger scale development would see an increase in market-feasible inclusionary capacity and the county as a whole would see an increase in market-feasible inclusionary capacity.

Share of expected market-feasible capacity enabled by SB 50 by Lower Assembly District in Los Angeles County (Excludes SB 50 where TOC available)

State Assembly District	Market-feasible net new unit capacity				Market-feasible affordable			
	Proportion of existing net market-feasible capacity in LA County (sums to 100%)	Proportion of new capacity from SB 50 in LA County (sums to 100%)	Growth / change in net capacity from SB 50 in jurisdiction	Additional SB 50 Unit Production	Proportion of existing inclusionary affordable capacity in LA County (sums to 100%)	Proportion of new inclusionary capacity from SB 50 in LA County (sums to 100%)	Growth/ change in inclusionary capacity from SB 50 in jurisdiction	Additional SB 50 Inclusionary Unit Production
36	0.1%	0.1%	55%	10	0.0%	0.0%	No value	0
38	4.5%	7.0%	81%	660	0.4%	-1.5%	-41%	-1
39	3.1%	1.2%	20%	110	1.3%	-0.2%	-2%	0
41	7.2%	13.1%	94%	1230	14.3%	6.8%	5%	3
43	6.2%	7.0%	59%	660	8.9%	1.1%	1%	1
44	0.0%	0.0%	0%	0	0.0%	0.0%	No value	0
45	5.6%	3.9%	36%	360	0.9%	0.1%	1%	0
46	5.5%	3.1%	29%	290	2.9%	-0.6%	-2%	0
48	1.5%	4.5%	160%	420	0.7%	-0.4%	-7%	0
49	2.3%	8.3%	192%	770	2.0%	-5.7%	-29%	-3
50	9.2%	9.7%	55%	910	14.6%	107.7%	72%	53
51	7.3%	2.0%	14%	190	8.5%	-6.9%	-8%	-3
52	0.1%	0.2%	105%	20	0.0%	-0.2%	-44%	0
53	11.2%	1.6%	8%	150	15.1%	-0.4%	0%	0
54	10.8%	7.6%	37%	710	12.2%	3.2%	3%	2
55	0.7%	2.1%	157%	190	0.0%	0.0%	0%	0
57	0.3%	2.1%	402%	200	0.1%	-0.4%	-39%	0
58	0.9%	4.7%	273%	440	0.4%	-1.3%	-30%	-1
59	6.1%	2.9%	25%	270	6.6%	-3.2%	-5%	-2
62	10.9%	4.6%	22%	430	7.4%	9.1%	12%	4
63	0.0%	1.0%	1014%	90	0.1%	-0.4%	-36%	0
64	4.0%	4.0%	52%	370	1.6%	-1.3%	-8%	-1
66	1.4%	5.2%	199%	490	1.3%	-3.1%	-23%	-2
70	1.1%	4.1%	195%	380	0.7%	-2.0%	-27%	-1
Countywide	100.0%	100.0%	52%	9,340*	100.0%	100.0%	10%	49*

*Numbers may not sum due to rounding