
Preliminary Analysis of SB 35 Usage, 2018–2021

Feb 14th, 2023



What is the SB 35 Streamlined Ministerial Approval Process?

- ❖ Chapter 366, Statutes of 2017 (SB 35, Weiner) is a tool to address the state's housing shortage and high housing costs. Specifically, it requires the availability of a streamlined, ministerial approval process for developments in jurisdictions that have not made sufficient progress towards their regional housing needs allocation (RHNA).
- ❖ In other words, it gives builders the opportunity to receive local ministerial review, including a CEQA exemption, based on objective standards in localities that have failed to meet housing production goals.
- ❖ Jurisdictions are subject to SB 35 streamlining if they have not:
 - Permitted their RHNA share of above moderate-income units.
 - Permitted their RHNA share of low-income units.
 - Submitted their latest required Annual Progress Report.
- ❖ Developments eligible for streamlining must: be multifamily (at least 2 units), be located on an infill site, comply with objective zoning and design standards, meet minimum affordability requirements, and meet other locational and demolition restrictions.

Source: [HCD's Guidelines for Government Code Section 65913.4, Updated Streamlined Ministerial Approval Process](#)

SB 35's Affordability Requirements

If a local government did not...	Then eligible developments must include...
submit their latest required Annual Progress Report	10% of units affordable to lower-income households earning below 80% of AMI*
permit their share of above-moderate income units	10% of units affordable to lower-income households earning below 80% of AMI*
permit their share of very low- and lower-income units	50% of units affordable to lower-income households earning below 80% of AMI

Note: *Per AB 1485 (2019), developments in the San Francisco Bay Area streamlined via SB 35 can meet affordability requirements by including 20% of units affordable to moderate-income households earning up to 120% of AMI.

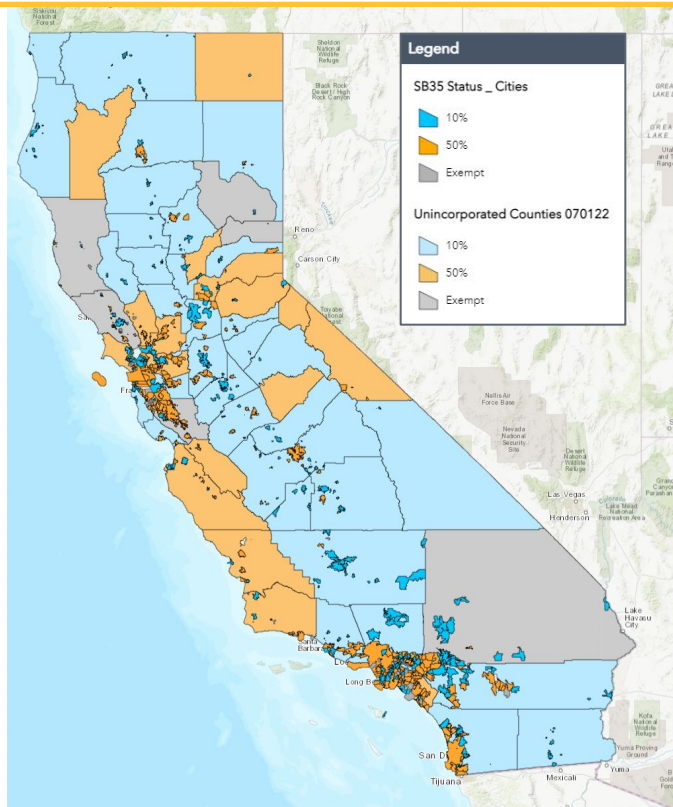
Note: Developments with ten or fewer units are not subject to affordability requirements under SB 35.

Source: [HCD's Guidelines for Government Code Section 65913.4, Updated Streamlined Ministerial Approval Process](#)

Notes on data sources and methodology

- ❖ Unless otherwise stated, the data presented in this deck represent preliminary analysis of [2021 Annual Progress Report \(APR\) Data](#), Table A (Housing Development Applications Submitted). The charts and figures are preliminary and subject to change.
- ❖ Project and unit numbers reported refer to development applications submitted, not projects and units constructed.
- ❖ APR data reported by jurisdictions have many errors with respect to SB 35. For example, jurisdictions often report SB 35 applications for developments that are not eligible for SB 35 (i.e. detached, single-family homes). Several steps have been taken to clean the data:
 - Removal of developments not eligible on the basis of their unit type (i.e. SFH, mobile home units)
 - Removal of developments not eligible on the basis of SB 35's affordability requirements
 - A sample of 107 projects were checked against external sources to verify the presence of an SB 35 application; projects were removed if we could not find evidence of an SB 35 application
- ❖ Additional data verification which may affect the numbers reported here is ongoing.

SB 35 streamlining applies to most of CA

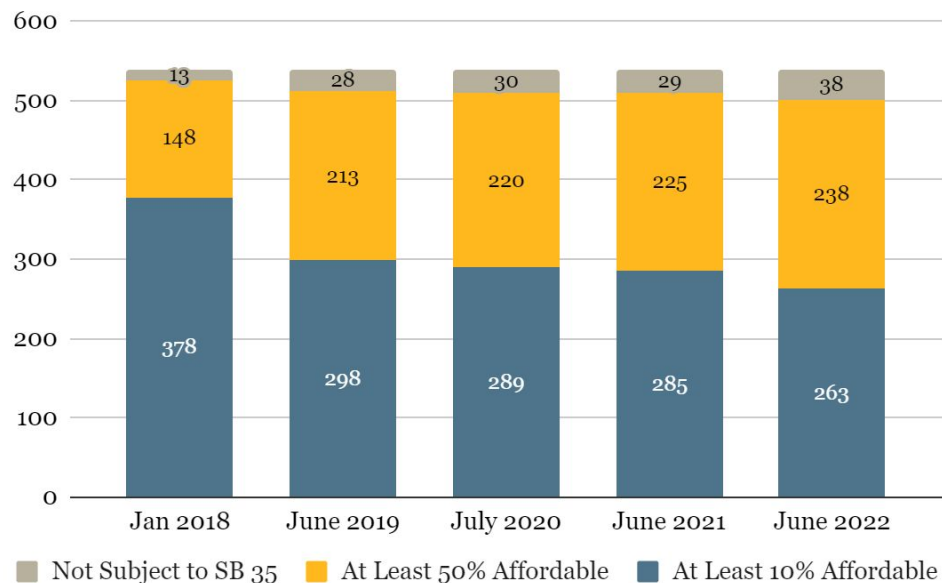


Source: [HCD's interactive SB 35 Determination Map](#)

- ❖ **95%** of the state's population lived in places subject to SB 35 as of June 30, 2022 (population based on 2020 census)
- ❖ **501** of 539 jurisdictions were subject to streamlining:
 - 238 jurisdictions subject to streamlining for projects with at least 50% affordable units
 - 263 jurisdictions subject to streamlining for projects with at least 10% affordable units
 - 28 jurisdictions not subject to streamlining

Changes in SB 35 determinations, 2018–2022

Number of Jurisdictions with each SB 35 Determination, 2018-2022

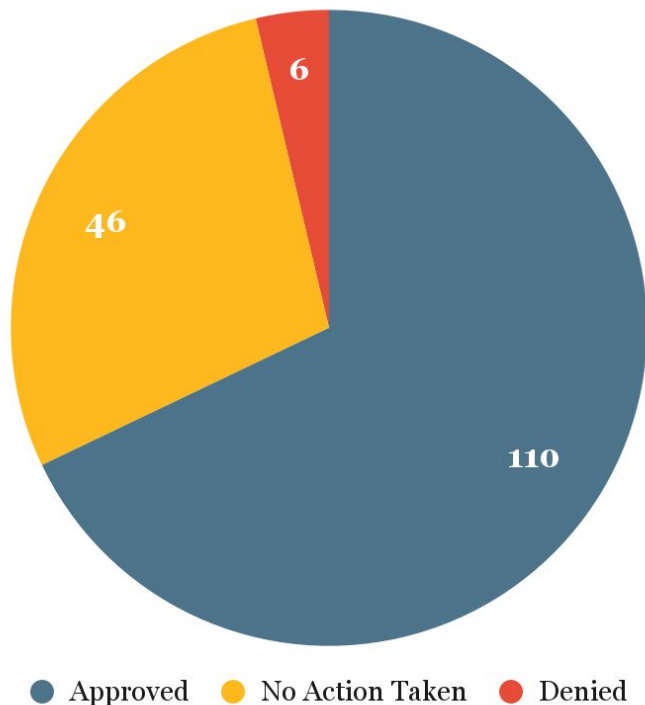


Source: HCD's SB 35 Statewide Determination Summaries

- ❖ Only 5 jurisdictions have never been subject to SB 35
 - Beverly Hills, Carpinteria, Corte Madera, Foster City, unincorporated Sonoma County
- ❖ The number of places subject to 50% affordability increased as missing APR data was submitted
- ❖ 202 of CA's 539 jurisdictions have seen their determination change
- ❖ Over 1/2 of jurisdictions have been subject to 50% affordability at some point between 2018 and 2022

APR data include 162 SB 35 proposals, 2018-2021

Projects by SB 35 Application Status

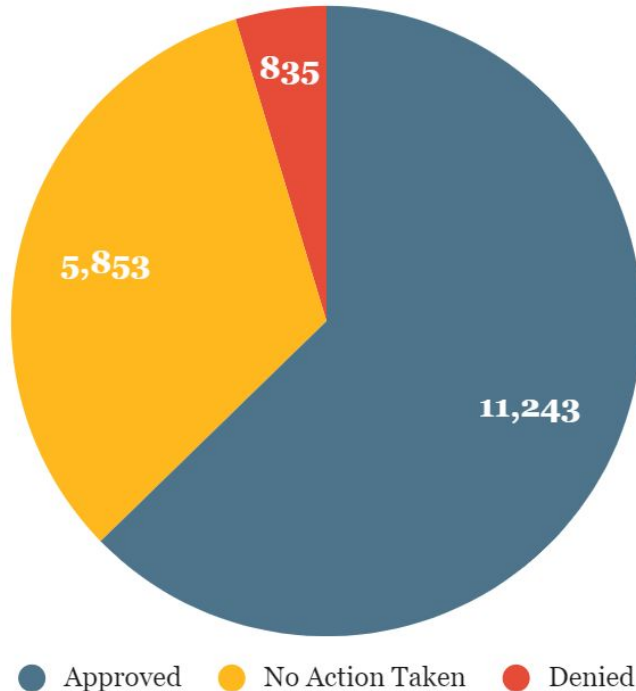


- ❖ 162 development applications were submitted pursuant to SB 35 between 2018 and 2021
- ❖ 110 projects have been approved for SB 35 streamlining 2018–2021
- ❖ Few SB 35 applications were outright rejected
- ❖ More than 25% of SB 35 applications were still pending at the time of APR submission

Note: Projects may have been approved or denied for SB 35 streamlining since APR data were submitted. The numbers documented here may not be an accurate representation of current SB 35 application status for proposed projects.

Nearly 18,000 units have been proposed using SB 35

Units by SB 35 Application Status



- ❖ Nearly 18,000 units have been proposed pursuant to SB 35 between 2018 and 2021
- ❖ Jurisdictions report that 11,243 of those units have been approved for streamlining
- ❖ Jurisdictions report that 5,853 units were still pending SB 35 approval at the time of APR submission

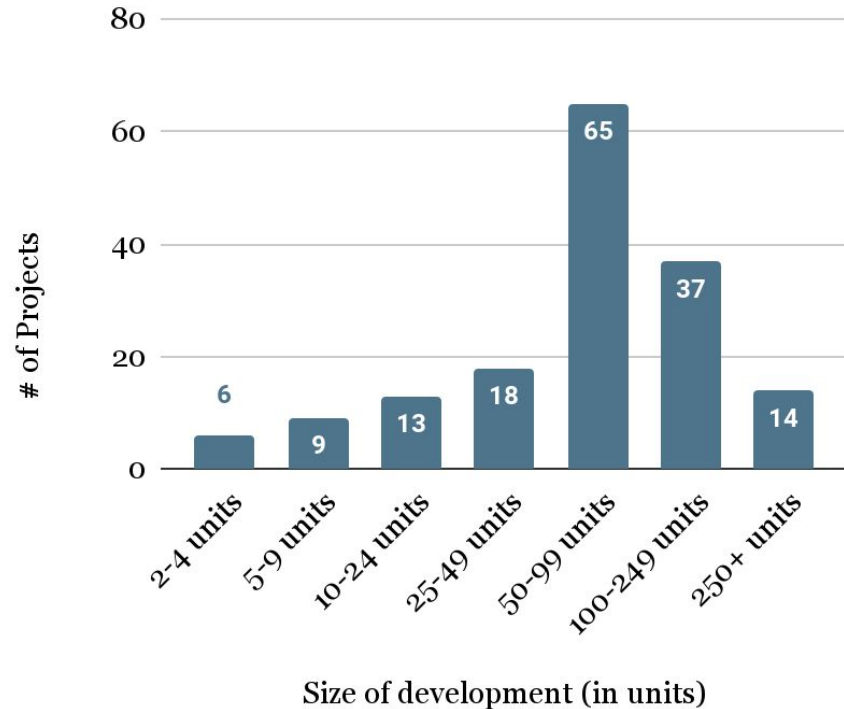
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Projects are typically larger developments with 50+ units

- ❖ Developments proposed pursuant to SB 35 are typically larger developments with 50 units or more.
- ❖ About 25% of proposed SB 35 projects are for small multi-family developments (5-49 units)

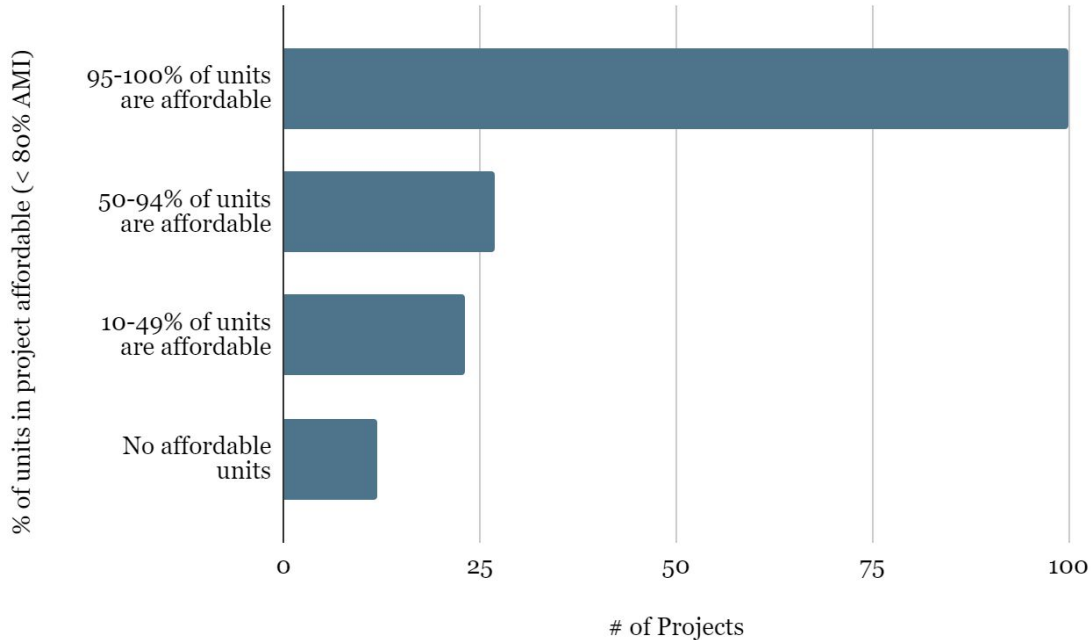
Note: Ongoing data cleaning and verification may affect the numbers and figures shown here.

Size of Proposed SB 35 Developments



The majority of proposed projects are fully affordable

SB 35 projects by share of units affordable under 80% AMI

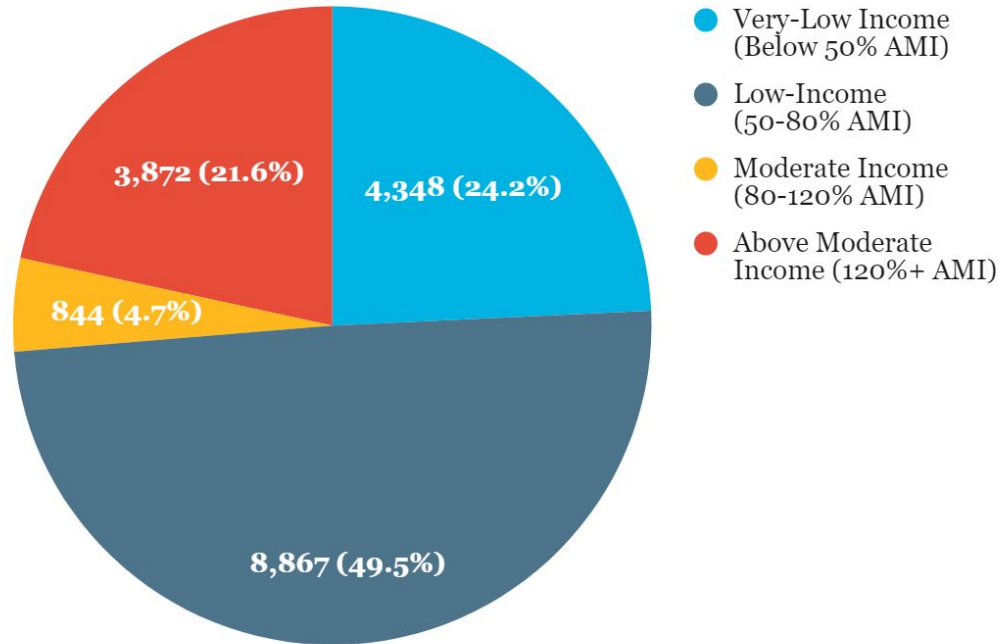


- ❖ Most, but not all, proposed projects are 100% affordable for lower-income households (those earning below 80% of AMI).
- ❖ 38% of projects include a mix of lower-income, moderate, and above-moderate income units.
- ❖ Developers often propose SB 35 projects that exceed the SB 35 minimum affordability standard.

Note: Developments with 10 units or less are not subject to affordability requirements under SB 35. Fully affordable developments (95-100% of units affordable) may include above-moderate income units for on-site property managers. Ongoing data cleaning and verification may affect the numbers and figures shown here.

The majority of units are affordable below 80% AMI

Affordability of Units in Proposed SB 35 Projects

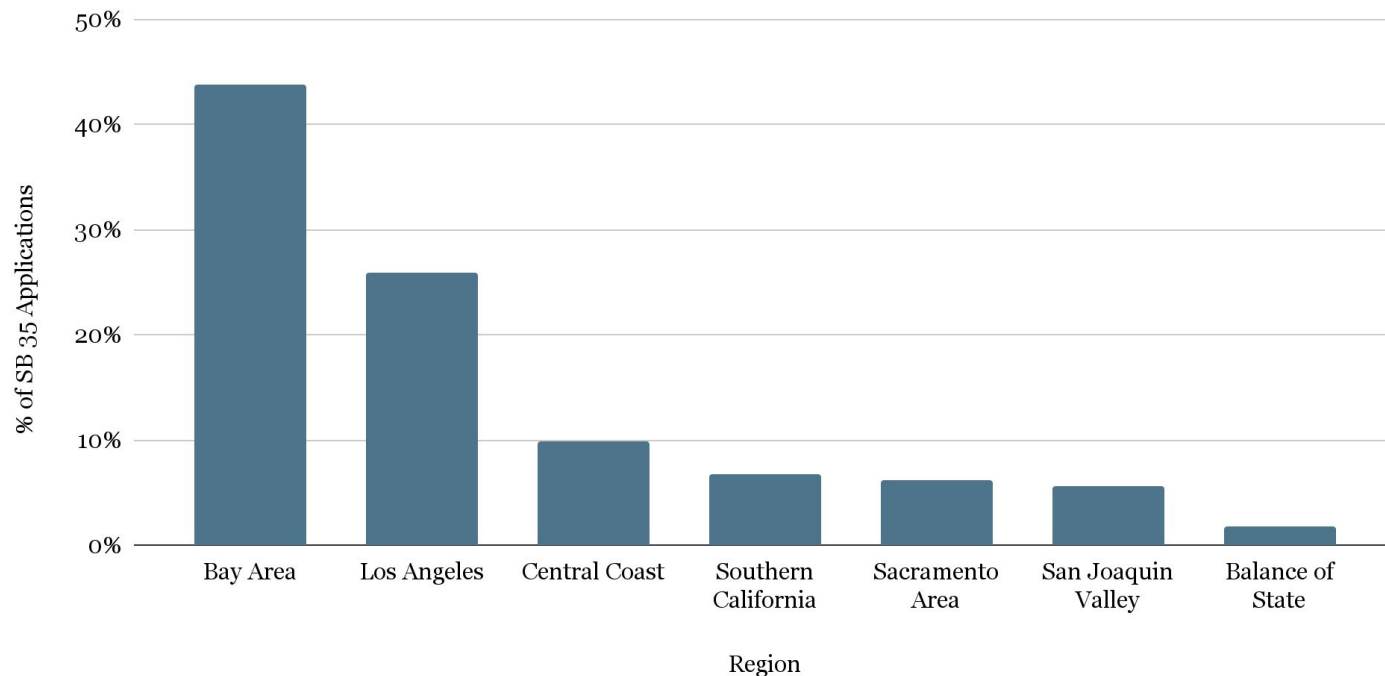


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- ❖ There are **17,931** total proposed units
- ❖ Nearly 3/4ths (13,215) of proposed units are affordable for lower-income households:
 - 4,348 (24% of all units) are affordable to very-low income households
 - 8,867 (about 50% of all units) are affordable to low-income households
- ❖ Just over 1/5th (3,822) of proposed units are above-moderate-income units

70% of applications are from the Bay Area and Los Angeles

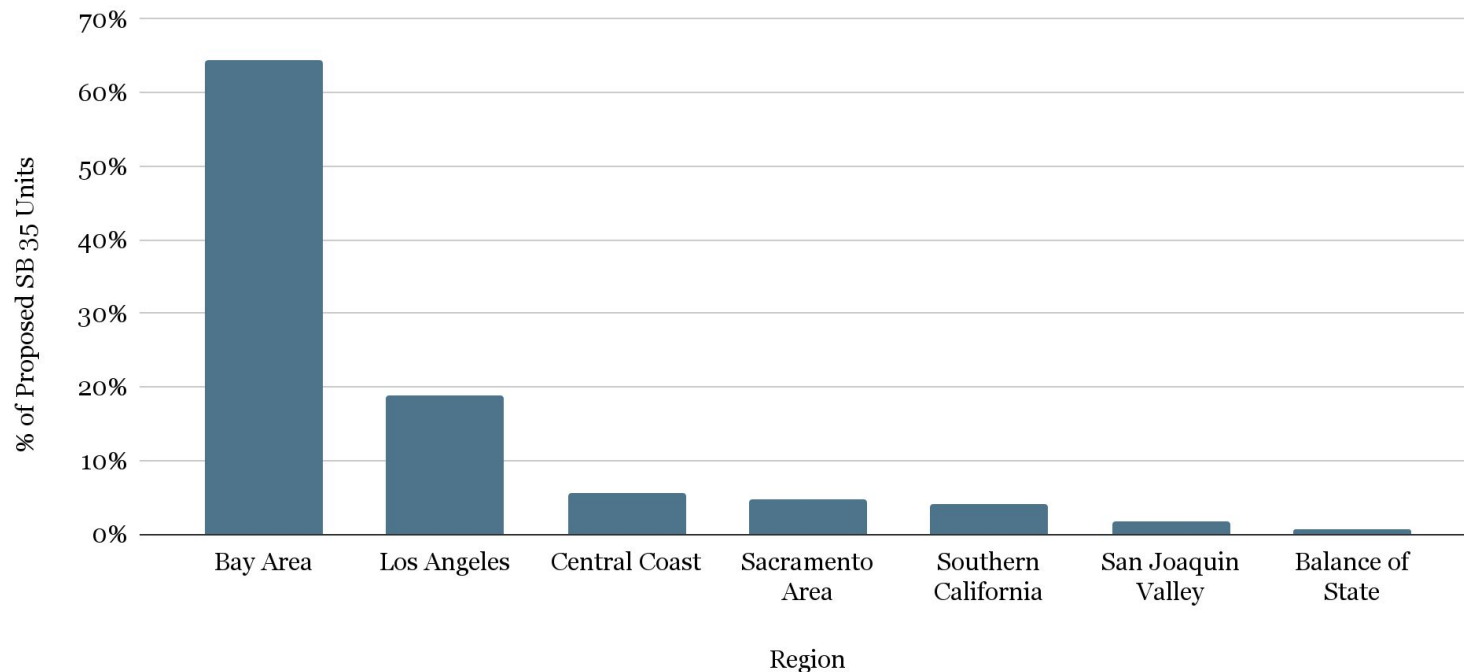
Share of Proposed SB 35 Projects by Region



Note: Jurisdiction-level data are still being verified; data shown here may not accurately represent SB 35 projects in all jurisdictions. [County assignments to regions come from Project Homekey.](#)

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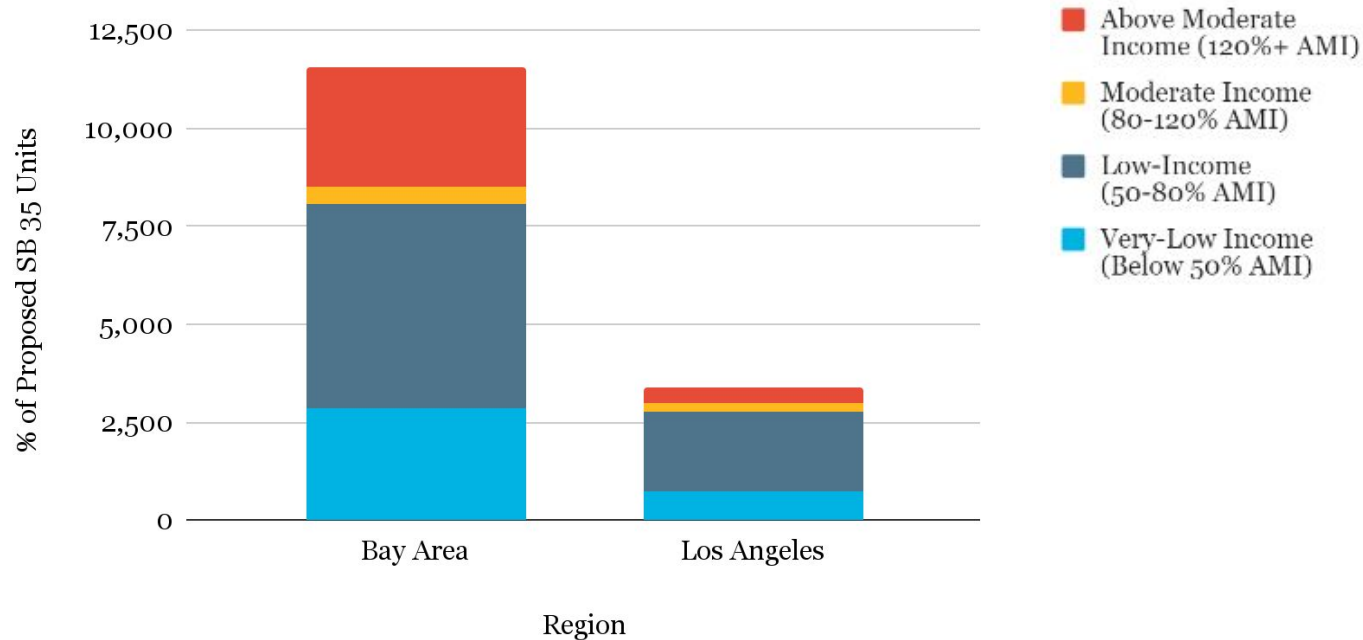
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Affordability of SB 35 units, by region

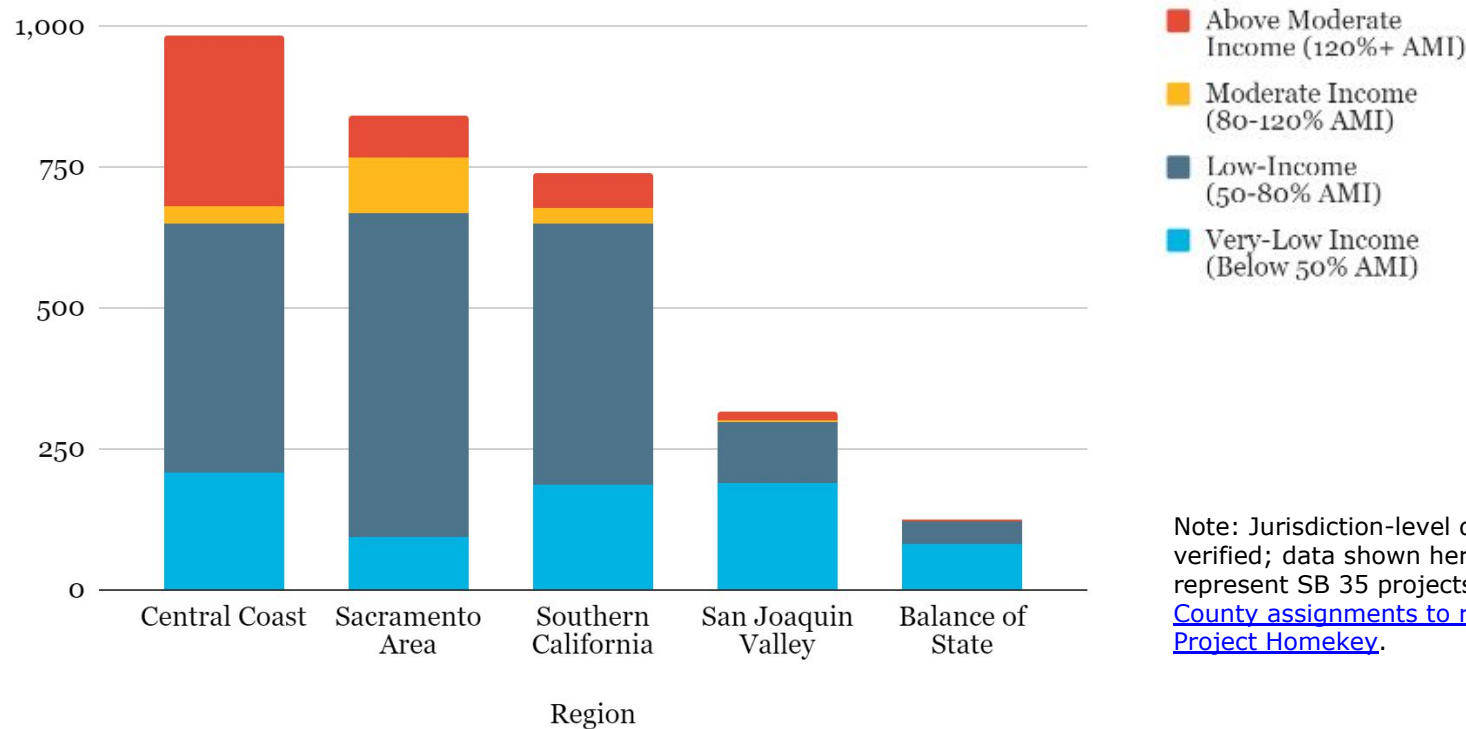
Affordability of SB 35 units, by region



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Affordability of SB 35 units, by region (continued)

Affordability of Proposed SB 35 Units, by Region



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Questions? Contact us below:

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