A lot or a little? SB 9 and the promise of new housing

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Senate Bill 9 – The Journey So Far

- SB 9 is the follow up to SB 1120
- Opposition has been vocal and organized, and the fate of the bill is uncertain
- Follows major zoning changes at local level across the country and California
Senate Bill 9 – What will it do?

- Allow lot splits and up to four homes on an existing single family parcel
- Geographic restrictions: No fire hazard zones, historic districts
- No demolitions/alterations on renter-occupied homes. No Ellis Act evictions
- New “Owner Occupancy” requirement for lot split
Senate Bill 9 – Terner Center analysis

• **Goal:** quantify how impactful SB 9 might actually be.

• **Method:** determine how many new homes would be both physically eligible and financially feasible as a result of SB 9.
Out of 7.5 million SF Parcels, only about 410k parcels would see new or additional development capacity under SB 9

SB 9 would enable ~700k new units statewide
Senate Bill 9 – Terner Center analysis

- Even after SB 9, most parcels cannot feasibly build new homes
- 97% of all SF homes would be retained (i.e., not demolished)
- Lot splits unlikely, duplexes more feasible
Some regional variation, but not much

Owner Occupancy requirements don’t have major impact on feasibility, but may impact eventual uptake

Shifts in construction costs and prices would impact SB 9 impact

<table>
<thead>
<tr>
<th>City</th>
<th>Total SF parcels</th>
<th>Parcels where SB 9 creates new market-feasible units</th>
<th>Total SB 9 Market Feasible new units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>447,500</td>
<td>29,000</td>
<td>37,500</td>
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<tr>
<td>San Diego</td>
<td>203,500</td>
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<tr>
<td>Oakland</td>
<td>66,500</td>
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<td>3,500</td>
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Senate Bill 9 – Is it worth the trouble?

- SB 9 is a modest, incremental improvement to existing housing policy
- Can open up new financing sources for low and mod income homeowners
- New homes will likely be smaller, more affordable than existing SF homes, opening up more homeownership options for first-time buyers
Thank you!