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14th Senate District

SB 684 Building Home Ownership Opportunities (as amended 03/22/2023)

SUMMARY

SB 684 streamlines the approval process for small homeownership developments by granting ministerial approval for projects of up to 10 homes on qualifying lots in multifamily neighborhoods and vacant parcels in single-family neighborhoods. This bill also streamlines the Subdivision Map Act – a law that, in part, determines how many housing units can be placed on a parcel of land. This will allow small developments to proceed faster as long as the appropriate legal assurances and protections are provided. This will create more affordable homeownership opportunities for moderate- and middle-income Californians.

PROBLEM

California is facing a severe housing crisis because we are not producing enough homes to meet demand. Since 2010, California added 3.2 times more people than housing units and has only built 45% of the housing needed. As the Little Hoover Commission stated, “prices go up when demand severely outpaces supply,” and it’s low-income and working-class families that bear the brunt of price increases.

Homeownership is how most Americans build wealth, achieve financial security, and stabilize neighborhoods, but is now at its lowest level in California since the 1940s. In 1969, the average home costs 2.6 times a family’s annual salary. In 2020, the average cost was 8.5 times a family’s annual salary.

As a result, the American Dream of homeownership is out of reach for most Californians, and communities of color fare even worse. African American homeownership rates are 26% lower and Latino homeownership rates are 19% lower than white Californians. Opportunities for communities of color to become first-time homebuyers continue to dwindle.

BACKGROUND

For decades, redlining – the practice of intentionally denying mortgages to people of color – prevented their families from buying homes in certain neighborhoods (or at all). Today, local policies in many wealthier communities prohibit smaller housing

options like condos and townhomes in residential areas. By preventing smaller homes that working-class residents and people of color can afford these communities continue the legacy of exclusionary housing practice.

Zoning barriers are only one part of the challenge to build housing in California. Many projects face long delays from proposal to owner occupancy. Factors such as environmental review and local approval play an important role in determining how long a project can take from inception to completion.

Under existing law, the framework for dividing land for sale, lease, or financing is set forth under the Subdivision Map Act (SMA), which has been on the books since the mid-1970s. The SMA creates an extensive permitting and approval process that often delays the permitting and construction of new homes. While an important tool for both local agencies and developers, there are opportunities to streamline processes to help ensure construction begins at an earlier stage.

SOLUTION

Building upon the Starter Home Revitalization Act of 2021, SB 684 will streamline the development of small housing projects and create more opportunity for the development of lower-cost housing. Specifically, SB 684:

- Provides for ministerial approval for homeownership projects of up to 10 units on qualifying parcels in multifamily neighborhoods and on vacant lots in single-family neighborhoods.
- Shortens the timeframe development may begin by authorizing local agencies to issue building permits once a tentative map has been approved under the Subdivision Map Act.
- Prohibits the removal of housing that is low-income, rent-controlled, or occupied by tenants within the last 7 years.
- Ensures streamlined projects meet environmental sustainability standards.

Together these changes will make smaller homes easier, faster, and less expensive to build and put homeownership within reach for more Californians.

SUPPORT

CA YIMBY (Co-Sponsor)
California Community Builders (Co-Sponsor)
LISC San Diego (Co-Sponsor)
Central Valley Urban Institute (Co-Sponsor)
CA Community Economic Development Association

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