



SENATOR TIM GRAYSON

SB 1014

Onsite and Offsite Improvements

Summary:

SB 1014 would help provide greater certainty and predictability for housing development by requiring that local jurisdictions provide a good-faith estimate and list of any required on-site or off-site improvements upon project submission. This measure would also prevent any improvements that were not identified within 30 days of the submission of a permit application from being charged.

Background:

California has a massive and growing housing production and affordability problem. Driving this affordability issue is the sharply rising costs of building new housing. In fact, multiple studies have shown that one of the major cost drivers of building new housing has been development fees, which can make up a significant portion of building costs and are higher in California compared to the rest of the nation¹. The Turner Center for Housing Innovation has found that development fees can amount to anywhere from 6% to 18% of the median home price depending on location².

Calculating the amount of development fees and physical improvements has also been a persistent issue. To help provide greater transparency surrounding development fees, several laws have been enacted that provide greater transparency and predictability on impact fees. AB 1483 (Grayson, 2019) required local agencies to post on their website schedules of all fees that are imposed on housing development. Additionally, AB 1820 (Schiavo, 2024) allowed builders to request a good-faith estimate of fee and exactions from their local jurisdiction.

Problem:

Despite the significant reforms intended to improve fee transparency, builders still struggle to anticipate certain development costs. Oftentimes, cities require builders to make certain improvements, such as increasing the capacity of underground utilities, or

building roads and walkways. These improvements do not fall under the existing fee transparency statutes.

Therefore, builders may find out about on-site and off-site improvements late in the process. When projects are hit with unexpected on-site or off-site improvement costs, it gives them less flexibility to adjust their plans or budget, making it more difficult for projects to “pencil out”.

Solution:

SB 1014 will help provide greater certainty for housing developments, by requiring local jurisdictions, within 30 days of submission of a preliminary application, provide a good-faith estimate and list of any on-site or off-site improvements. Additionally, the bill would also prevent a local jurisdiction from requiring any additional on-site or offsite improvements that are not disclosed within 30 days of submitting a building permit application.

This bill will help enhance transparency and will provide greater certainty in the housing development process.

Support:

California YIMBY (Sponsor)
SPUR (Sponsor)

Staff Contact:

Robert Cruz
Robert.Cruz@sen.ca.gov
(916) 651-4009

¹ https://www.rand.org/pubs/research_reports/RRA3743-1.html

² Ibid.