I've <u>blogged previously about</u> work that a team here at UC Berkeley (Moira O'Neill, Giulia Gualco-Nelson, and myself) have been doing on studying land-use regulation, environmental law, and housing production in California, to get a better sense of how regulatory processes may be driving the housing crisis in the state, and eventually to produce specific proposals for improvements to those processes. Last spring we produced a <u>report on our data from five Bay Area cities</u>, and this fall we did a <u>more in-depth piece</u> on that data in the <u>Hastings Environmental Law Journal</u>.

We just released our newest report, summarizing our data from the Los Angeles area. The full report can be accessed <u>here</u>. The executive summary is below.

As California's housing affordability crisis persists, important questions raised in this discussion are: What laws or regulations might impede housing construction in high-cost areas? To help answer these questions, we focused on the entitlement process (or the process that property owners move through to get a building permit) within selected cities across the state. We analyzed the law applicable to residential development projects, including the local zoning ordinances, and interviewed important actors in the residential development process in our selected cities. We also collected data on all residential development projects of five or more units over a three-year period within each city we studied. In this paper we focus on what we have learned within the cities of Los Angeles, Long Beach, Pasadena, and Santa Monica.

We found that across these four cities, only Los Angeles provides for as of right development for five or more units up to a 49-unit threshold. In the other three cities, residential development of five or more units must undergo discretionary review—and by extension, environmental review under the California Environmental Quality Act—before obtaining a building permit. All four cities impose discretionary review through diverse approval mechanisms. Application of CEQA also varies; however, on balance these jurisdictions are requiring few Environmental Impact Reports (EIRs).

Although all four cities require approximately the same number of approvals for proposed development that is subject to discretionary review, average timeframes varied significantly across the cities, with Long Beach approving developments the fastest (at 10.5 months) and Santa Monica the slowest (at 48 months). Within jurisdictions, timeframes did not always correlate with project size, nor did they directly relate to rates of entitlement. Long Beach had the fastest entitlement timeframe but the lowest rate of entitlements, likely indicative of underlying political and market conditions. Despite its long timeframes, Santa Monica entitled 60% more units per capita than Long Beach.

To understand the role that local opposition to new development might play in rates of entitlement, we analyzed CEQA litigation and administrative appeal rates. CEQA litigation rates ranged from no litigation in Santa Monica to 28% of units litigated in Long Beach. Administrative appeals rates varied; Santa Monica had the highest appeals rate despite having no CEQA litigation during our study years. Our results suggest that more research is needed to unpack the relationship between local opposition and residential entitlements.

Notably, we observed that Los Angeles' relatively generous as of right provision can foretell what we might expect from state-level enacted and proposed by-right legislation. We found that despite Los Angeles's as of right provision, rates of entitlement of as of right units were lower than expected, in part due to the overlay of state subdivision law and local specific plan initiatives that carve back the scope of as of right development. Future state proposals should contemplate how to address these complexities.

Finally, the rate of entitlement of affordable housing was low across all jurisdictions during these three years, with the exception of Santa Monica. Also, despite heavy use of state and local density bonus programs coupled with the most generous as of right allowance, Los Angeles had the lowest rate of entitlement of affordable housing. This suggests that future process reforms may need to directly consider affordability—rather than assuming increasing market-rate supply overall will lead to affordability—to increase housing opportunities for low- and middle-income households.