



Assembly Bill (AB) 2097 Analysis

Receive and File

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**Attachments:** Yes

**Approved by:** James Corless

**Referring Committee:** Policy & Innovation

**1. Issue:**

A summary, analysis, and discussion on Assembly Bill (AB) 2097.

**2. Recommendation:**

None; this item is for information only.

**3. Background/Analysis:**

The SACOG region, like the rest of California, is in a housing crisis because it has not been able to build enough housing to keep up with demand. Our region has struggled to build enough multifamily housing products in infill areas. The success of the SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) is predicated on a reversal of these historic building trends. This mix of new housing products is critical for achieving our greenhouse gas reduction targets, housing choice, affordability, walkability, transportation options, and preserving open space and agricultural land.

There are several regulatory and market factors that influence the ability of the region to build more infill multifamily housing. Beginning in 2020, SACOG developed several resources exploring these challenges, including the [Mind the Gap Housing Initiative](#), the [Housing Policy Toolkit](#), the [Commercial Corridors Policymakers Toolkit](#). Each of these resources explicitly cite parking requirements as a significant barrier to building more infill housing. Parking requirements, which require developers to build a minimum number of automobile parking spaces as a part of their project, can add significant cost and make some housing projects financially infeasible. A requirement of two parking spaces per unit can directly add \$80,000 to the price of building a home. One of the most effective ways to lower the cost of producing housing is to reduce or remove parking requirements.

**4. Discussion/Analysis:**

In August 2022, the governor signed [AB 2097 \(Friedman\)](#), which eliminates minimum parking requirements on developments located within one-half mile of a major transit stop that is existing or planned, if the planned stop is scheduled to be completed within the planning horizon of the adopted MTP/SCS. Attachment A is a summary of the legislation. The areas that meet the definition of being located within one-half mile of a major transit stop are shown in Attachment B. The portions of the region that are not on the map are not affected by this legislation. These are locations containing an existing or planned rail transit station or bus rapid transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.

Parking requirements limit how much housing can physically be built on a site and can lead to increased housing prices. Consider a one-acre site zoned for 30 units per acre. If the zoning code requires two parking spaces per unit and one guest space per four units (a common parking requirement in SACOG jurisdictions), a housing developer must fit 30 homes for people and 68 parking spaces. Since there just isn't enough space to do this with surface parking, the developer must then either build underground parking, doubling construction costs, or reduce the number of units in the project. In a 2014 study, researchers found that parking requirements in Los Angeles reduced the number of units in a perspective apartment building by 13 percent. Less housing means less supply but not less demand, which results in higher housing prices regionally. In addition to limiting the number of units, the parking that does get built is incredibly expensive. In 2012, the average underground parking space cost approximately \$34,000 to build. Inflation and increases in construction costs conservatively put the cost today around \$40,000. This means that a requirement of two parking spaces per unit can directly add \$80,000 to the price of building a home, which is passed on to the renter or buyer.

These costs are sometimes imposed unnecessarily. Minimum parking requirements apply a static ratio that does not consider the fact that travel choices vary drastically depending on the people who live in the building and the location of the project. Requiring a minimum number of spaces means that for many developments, more parking is produced than is actually needed for the residents of the perspective building. This is particularly true for new infill housing near transit where residents are more likely to get around without a car or for residents who cannot afford a vehicle. The result is that households without cars subsidize the rent of households with cars. In fact, over 70 percent of households without a car are forced to pay for a parking space they don't need. These households are overwhelmingly lower income and non-white. In California, Black households are almost three times as likely as white households to not own a car. A study by the City of San Diego of 21 affordable housing developments found that 39 percent of the parking, or over 400 spaces, were unused—at a cost of between \$12 and \$30 million.

Eliminating minimum parking requirements does not mean eliminating parking. Rather, individual developers can decide how much parking there is demand for in their development, which may be less than what the local government requires in areas with less parking demand near transit. In the Sacramento Central Business District, which does not have minimum parking requirements, developers usually include some parking, but often less than one parking space per unit. By eliminating parking minimums near transit, AB 2097 ensures the parking included in a new development is based on anticipated demand rather than forcing everyone to pay higher rent whether they need parking or not. This law will reduce the cost of building housing, car dependence, and vehicle miles traveled.

#### **5. Fiscal Impact/Grant Information:**

SACOG's legislative analysis is budgeted for through the Overall Work Program.

#### **6. This staff report aligns with the following SACOG Work Plan Objectives:**

**Goal 1 : Advance Economic Prosperity**

**Goal 2 : Connected Communities**

**Goal 3 : Vibrant Places**