

Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 1383 (Arreguín) – As Amended March 23, 2026

**SENATE VOTE:** 29-9

**SUBJECT:** Housing development: density bonus: incentives or concessions: labor standards

**SUMMARY:** Provides that for purposes of the Density Bonus Law (DBL), a reduction in site development standards, a modification of zoning code or architectural design requirements, and other regulatory incentives or concession cannot include or relate to a labor standard.

**Specifically,** this bill:

- 1) Defines “labor standard” as any legal requirements regarding wages paid, hours worked, and other conditions of employment, pursuant to Section 1205 of the Labor Code.
- 2) Prohibits a labor standard, as defined, from being included or related to a concession or incentive under DBL that is a reduction in site development standards or a modification of zoning requirements or architectural design requirements that exceed the minimum building standards approved by the California Building Standards Commission, as specified.
- 3) Prohibits a labor standard, as defined, from being included or related to a concession or incentive under DBL proposed by the developer of the city, county, or city and county that result in identifiable and actual cost reductions to provide for affordable housing costs or rents, as specified.

**EXISTING LAW:**

- 1) Establishes DBL, which requires a local government to do all the following:
  - a) Adopt procedures and timelines for processing a DBL application.
  - b) Provide a list of all documents and information required to submit with the DBL application for it to be deemed complete.
  - c) Provide an applicant with information related to the amount of density bonus for which the applicant is eligible, and whether the applicant has provided adequate information for the local government to make a determination as to the granting of any requested incentives, concessions, waivers, or reductions in development standards, at the time of application completeness. [Government Code (GOV) § 65915]
- 2) Requires applicants to receive concessions and incentives depending on the percentage of affordable housing included in the proposed development. “Concessions and incentives” means the following:
  - a) A reduction in site development standards, or a modification of zoning code requirements, or architectural design requirements, that exceed the minimum building standards, including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be

required, resulting in identifiable and actual cost reductions, to provide for affordable housing costs, as specified;

- b) Approval of mixed-use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development and if the commercial, office, industrial, or other land uses are compatible with the housing project and the existing or planned development in the area where the proposed housing project will be located; and
  - c) Other regulatory incentives or concessions proposed by the developer or the city, county, or city and county that result in identifiable and actual cost reductions to provide for affordable housing costs, as specified. (GOV § 65915)
- 3) Provides that the granting of a density bonus, incentive, or concession shall not be interpreted in and of itself, to require a general plan amendment, local coastal plan amendment, zoning change, or other discretionary approval. (GOV § 65915)
  - 4) Establishes procedures for calculating the maximum allowable residential density, or base density, of the project, for which the bonus is to be calculated based on. (GOV § 65915)
  - 5) Provides that, in no case, may a local government apply any development standard that will have the effect of physically precluding the construction of a development at the densities or with the concessions or incentives permitted by DBL. (GOV § 65915)

**FISCAL EFFECT:** None.

**COMMENTS:**

- 1) **Author's Statement.** According to the author, "SB 1383 addresses a critical gap in California's Density Bonus Law that has allowed its intended purpose to be misapplied. While the law was designed to incentivize affordable housing production, a recent case where labor standards were waived using the state's density bonus law has set a bad precedent and has broad impacts for worker safety. Labor standards are essential to ensuring Californians have a good paying job that can provide a roof over their head and put food on the table for their families, while at the same time ensuring construction quality for much-needed housing in California.

"By allowing labor standards to be waived, this could threaten worker safety, undermine training pipelines, and create unfair competition by allowing bad actors to undercut responsible contractors. SB 1383 ensures that increasing housing supply does not come at the expense of worker protections, a good paying job, or construction quality."

- 2) **Background.** Planning for and approving new development is mainly a local responsibility. The California Constitution allows cities and counties to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws." It is from this fundamental power, commonly called the police power, that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public – including land use authority. Cities and counties enforce this land use authority through zoning regulations, as well as through an "entitlement process" for obtaining discretionary as well as ministerial approvals.

The scale of the proposed development, as well as the existing environmental setting determine the degree of local review that occurs. For larger developments, the local entitlement process commonly requires multiple discretionary decisions regarding the subdivision of land, environmental review pursuant to CEQA, and project review by the local agency's legislative body (city council or county board) or by a planning commission delegated by the legislative body.

- 3) **State Density Bonus Law.** The state's density bonus law grants certain benefits to developers who build affordable units in order to encourage greater affordable housing production. Density bonus law requires cities and counties to grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least one of the following:
- a) 10% of the total units of a housing development for lower income households.
  - b) 5% of the total units of a housing development for very low-income households.
  - c) A senior citizen housing development or mobile home park.
  - d) 10% of the units in a common interest development for moderate-income households.
  - e) 10% of the total units for transitional foster youth, disabled veterans, or homeless persons.
  - f) 20% of the total units for lower income students in a student housing development.

If a project meets one of these conditions, the city or county must allow an increase in density on a sliding scale from 20% to 50% over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the general plan, depending on the percentage of affordable units.

DBL defines "concession or incentive" to mean any of the following:

- a) A reduction in site development standards or a modification of zoning code requirements or architectural design requirements that exceed the minimum building standards approved by the California Building Standards Commission, as specified, including, but not limited to, a reduction in setback and square footage requirements and in the ratio of vehicular parking spaces that would otherwise be required that results in identifiable and actual cost reductions, to provide for affordable housing costs, as defined, or rents for targeted units, as specified.
- b) Approval of mixed-use zoning in conjunction with the housing project if commercial, office, industrial, or other land uses will reduce the cost of the housing development and if the commercial, office, industrial, or other land uses are compatible with the housing project and the existing or planned development in the area where the proposed housing project will be located.
- c) Other regulatory incentives or concessions proposed by the developer or the city, county, or city and county that result in identifiable and actual cost reductions to provide for affordable housing costs, as defined, or for rents for the targeted units, as specified.

- 4) **Incentives, concessions, waivers, and other benefits.** Density bonus law also grants “incentives or concessions” that can be used to modify development policies that add costs or reduce the number of units that a developer can build on a site. Incentives and concessions can vary widely based on individual projects, but examples can include reduced fees, waivers of zoning codes, or reduced parking requirements. The number of incentives or concessions a project may be eligible for is based on the percentage of affordable units contained in the project, up to a maximum of four incentives or concessions. Density bonus law also allows “waivers” of any development standards that physically prevent the developer from constructing a project at the density allowed for the project, along with the incentives or concessions. Finally, density bonus law reduces or eliminates the parking that can be required in connection with a project.

Local governments must grant the requested incentives, concessions, or waivers except under very limited circumstances:

- a) If the waiver, incentive, or concession will have a specific, adverse impact upon public health and safety or on any property that is listed in the California Register of Historical Resources and for which there is no feasible method to satisfactorily mitigate or avoid the specific, adverse impact without rendering the development unaffordable to low-income and moderate-income households; or
- b) If it finds that the concession or incentive does not result in identifiable and actual cost reductions to provide for affordable rents or housing costs.

Recent court cases have expanded density bonus law on the basis that “if the project were not built, it goes without saying that housing units for lower income households would not be built and the purpose of the density bonus law to encourage such development would not be achieved” (*Wollmer v. City of Berkeley (2011) 193 Cal. App. 4th 1329*). This interpretation means that “a city [or county] may not apply any development standard that would physically preclude construction of that project as designed” (*Bankers Hill 150 v. City of San Diego (2022) 74 Cal. App. 5th 755.*), if the project includes the required number of affordable units.

- 5) **Local Labor Standards.** In 2023, the City of Berkeley adopted the “Helping Achieve Responsible Development with Healthcare and Apprenticeship Training Standards” (HARD HATS) ordinance, intended to improve the recruitment, training, and retention of skilled construction workers.<sup>1</sup> Specifically, the ordinance requires contractors working on certain housing and commercial developments to participate in apprenticeship programs and provide health care coverage to workers. The City of Berkeley also requires contractors to pay prevailing wages to construction workers on projects in the City of Berkeley’s Southside neighborhood. The ordinance took effect on January 1, 2024, and was the first ordinance of its kind in California.

Subsequently, multiple developers of housing projects in Berkeley have requested to use a concession under DBL to exempt their projects from the City’s labor requirements. In requesting concessions to reduce labor standards, project developers in Berkeley cited the cost of those standards as a barrier to making the project pencil out. Ultimately, the City of

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<sup>1</sup> Helping Achieve Responsible Development with Healthcare and Apprenticeship Training Standards (“HARD HATS”) Ordinance, Berkeley Municipal Code 13.107. (2023)

Berkeley's Planning Commission approved those concessions, and the City Council declined to overturn the approval, largely due to expressed concerns that DBL did not allow them to deny such a concession.

- 6) **Bill Summary.** This bill provides that the following concessions and incentives under DBL shall not include or relate to a labor standard:
- a) Reductions in site development standards or a modification of zoning code requires or architectural design requirements that exceed the minimum building standards approved by the California Building Standards Commission, as specified.
  - b) Regulatory incentives or concessions proposed by the developer or the city, county, or city and county that result in identifiable and actual cost reductions to provide for affordable housing costs or rent, as specified.

The bill uses the definition of "labor standard" in existing labor law, which is "any legal requirements regarding wages paid, hours worked, and other conditions of employment. The bill is sponsored by State Building and Construction Trades Council and the Western States Council of Sheet Metal Works.

- 7) **Policy Considerations.** The Committee may wish to consider the following:
- a) **Bigger Picture.** So far, the Committee only knows of the City of Berkeley as having locally imposed labor requirements and as having received a request to waive those requirements under DBL. It is unclear how many jurisdictions have adopted locally imposed labor standards and, to that effect, how many of those jurisdictions have received applications to waive those local standards under DBL. The Committee may wish to consider the scope of this bill as it relates to the number of jurisdictions and the number of projects affected.
  - b) **Governmental Constraints.** Under Housing Element Law, local agencies must conduct an analysis of potential and actual government constraints upon the maintenance, improvement, or development of housing for all income levels, including: land use controls, building codes and their enforcement, site improvements, fees, and other exactions required of developers, local processing and permit procedures, historic preservation practices and policies and an assessment of how existing and proposed historic designations affect the locality's ability to meet its share of the housing need, and any locally adopted ordinances that directly impact the cost and supply of residential development. The analysis must also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters.

Beginning in the 7<sup>th</sup> housing element cycle, the governmental constraints analysis is required to include a potential and actual governmental constraints disclosure statement containing both of the following:

- i) An identification of each new or amended potential or actual governmental constraint, or revision increasing the stringency of a governmental constraint, adopted after the due date of the previous housing element and before submittal of the current draft housing element to the department.

- ii) An identification of any new or amended potential or actual governmental constraint, or revision increasing the stringency of a governmental constraint, that the governing body of the local government can anticipate adopting during the first three years of the planning period commencing on the date that a local agency's housing element is considered to be in substantial compliance.

Given existing law relating to “governmental constraints” and requirements that local agencies demonstrate efforts to remove constraints, the Committee may wish to consider how the provisions of this bill might interplay with Housing Element Law.

- 8) **Committee Amendments.** In order to address the policy considerations above, the Committee may wish to consider the following:
- a) Require the Governor's Office of Land Use and Climate Innovation (LCI), in consultation with HCD, to take inventory of all locally imposed labor standards that apply to housing projects that qualify for Density Bonus Law and include the following information:
    - i) The number of jurisdictions that have locally imposed labor ordinances.
    - ii) The number of jurisdictions that have local labor standards and that have approved concessions or incentives, pursuant to DBL, that include or relate to a labor standard, as that term is defined in Section 1205 of the Labor Code.
    - iii) The number of projects that have been proposed in those jurisdictions that have adopted local labor standards.
    - iv) The number of projects that are subject to locally imposed labor standards, in addition to any labor standard required by state or federal law.
    - v) Information on how frequently labor standards are adopted or updated at a local level.
    - vi) Guidance on whether a locally imposed labor standard constitutes a “governmental constraint” under Housing Element Law.
  - b) Require LCI to post the inventory on its website.

- 9) **Related Legislation.** AB 939 (Schultz) revises DBL to allow qualifying nonprofit corporations to purchase for-sale units developed under DBL without waiting 180 days. AB 939 is on the Senate Floor.

AB 2433 (Alvarez) makes numerous changes to DBL, including establishing a by-right ministerial review process for an infill housing development project and amending floor area ratio (FAR) provisions. AB 2433 is pending in Senate Environmental Quality Committee.

- 10) **Previous Legislation.** AB 87 (Boerner), Chapter 486, Statutes of 2025, provided that a local government is not required to grant a concession or incentive under DBL to a hotel or motel as part of a housing development project, as specified.

SB 92 (Blakespear), Chapter 484, Statutes of 2025, specified that a concession and incentive under DBL shall not result in a proposed project with a commercial FAR that is more than 2.5 times the premises' current allowed base zone commercial FAR. Additionally, provided that DBL does not require a local government to approve, grant a concession or incentive

requiring approval of, or waive or reduce development standard for transient lodging, other than a residential lodging.

- 11) **Arguments in Support.** The State Building and Construction Trades Council of California and the Western States Council of Sheet Metal Workers, the bill co-sponsors, write in support, “The concessions contemplated under the Density Bonus Law were intended to address development regulations such as zoning standards, parking requirements, or design elements that might otherwise hinder housing production. We do not believe the State of California ever intended these concessions to be used to eliminate basic labor protections that safeguard the health, safety, and livelihoods of the workers who build our communities.

“Allowing labor standards to be waived undermines the very workforce responsible for constructing the housing California urgently needs. Prevailing wage laws ensure workers are paid fairly and help maintain a stable middle-class workforce. Apprenticeship standards guarantee the development of the next generation of skilled tradespeople through state-approved training programs. Health care protections ensure that workers and their families are not forced to bear the financial burden of injuries or illnesses resulting from physically demanding construction work.”

- 12) **Arguments in Opposition.** YIMBY Action, including a coalition of local YIMBY Action chapters, write in opposition: “Though SB 1383 purports to support labor standards, its intent and practical effect would be to obstruct necessary housing production. The Density Bonus Law incentivizes construction of affordable units by relaxing certain building standards to offset project costs. SB 1383 undermines that framework by allowing local jurisdictions to impose labor requirements that would make otherwise affordable projects financially infeasible. Allowing the adoption of unworkable labor standards would pit construction and housing advocates against one another without meaningfully helping either party’s goals.

“California’s severe housing shortage is causing skyrocketing homelessness and poverty, crippling our economy, and exacerbating our global climate crisis. These impacts fall disproportionately on California’s low-income workers and families and disproportionately affect communities of color. SB 1383 would only make our housing shortage worse and do nothing to ensure a welcoming California where everyone can thrive. For these reasons, we express our opposition to SB 1383.”

- 13) **Double-Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee, where it passed on a 9-2 vote on June 24, 2026.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Bluegreen Alliance

California Federation of Labor Unions, AFL-CIO

California Safety and Legislative Board, Smart – Transportation Division (SMART – Td)

California State Association of Electrical Workers

California State Pipe Trades Council

City of Berkeley Commission on Labor

State Building & Construction Trades Council of California

Western States Council Sheet Metal, Air, Rail and Transportation

**Opposition**

California Yimby

CBIA

Circulate Planning & Policy

Housing Action Coalition

Student Homes Coalition

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