Office of Senate Floor Analyses
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UNFINISHED BUSINESS

Bill No: SB 1383
Author: Arreguín (D), et al.
Amended: 8/21/26
Vote: 21

SENATE HOUSING COMMITTEE: 8-1, 4/15/26
AYES: Arreguín, Cabaldon, Caballero, Cortese, Durazo, Gonzalez, Grayson, Padilla
NOES: Ochoa Bogh
NO VOTE RECORDED: Seyarto

SENATE LOCAL GOVERNMENT COMMITTEE: 5-1, 4/29/26
AYES: Durazo, Arreguín, Ashby, Cervantes, Laird
NOES: Seyarto
NO VOTE RECORDED: Choi

SENATE FLOOR: 29-9, 5/19/26
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson
NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Ochoa Bogh, Seyarto, Strickland, Valladares
NO VOTE RECORDED: Niello, Wiener

ASSEMBLY FLOOR: 63-8, 8/30/26 - See last page for vote

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

SOURCE: State Building & Construction Trades Council of California
Western States Council of Sheet Metal Workers

DIGEST: This bill prohibits a concession or incentive under Density Bonus Law (DBL) from being used to modify local labor standards for any building taller than 85 feet above grade, provided that the local labor standards do not exceed the labor requirements that exist in SB 35 (Wiener, Chapter 366, Statutes of 2017) as they existed on December 31, 2025.

Assembly Amendments specify that the prohibition applies to modifications of local labor standards for any building taller than 85 feet above grade, provided that the local labor standards do not exceed the labor requirements that exist in SB 35 (Wiener, Chapter 366, Statutes of 2017) as they existed on December 31, 2025.

ANALYSIS:

Existing law:

1) Requires each city and county to adopt an ordinance that specifies how it will implement state DBL. Requires cities and counties to grant a density bonus when an applicant for a housing development — defined as "five or more units" including mixed-use developments — 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 (CID) for moderate-income households;

    e) 10% of the total units for transitional foster youth, veterans, or persons experiencing homelessness;

    f) 20% of the total units for lower-income students in a student housing development; or

    g) 100% of the units of a housing development for lower-income households, except that 20% of units may be for moderate-income households.

2) Requires a city or county to allow an increase in density on a sliding scale from 20% to 80%, depending on the percentage of units affordable to low- and very low-income households, over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the general plan. Requires the increase in density on a sliding scale for moderate-income for-sale developments from 5% to 50% over the otherwise allowable residential density.

3) Provides that upon the request of a developer, a city or county shall not require a vehicular parking ratio, inclusive of disabled and guest parking, that meets the following ratios: a) Zero to one bedroom — one onsite parking space. b) Two to three bedrooms — one and one-half onsite parking spaces. c) Four and more bedrooms — two and one-half parking spaces.

4) Provides that the applicant shall receive the following number of incentives or concessions:

   a) One incentive or concession for projects that include at least 10% of the total units for moderate-income households, 10% of the total units for lower-income households, or at least 5% for very low-income households.

   b) Two incentives or concessions for projects that include at least 20% of the total units for moderate-income households, 17% of the total units for lower income households, or least 10% for very low income households.

   c) Three incentives or concessions for projects that include at least 30% of the total units for moderate-income households 24% of the total units for lower-income households, or at least 15% for very low-income households.

   d) Four incentives or concessions for projects where 100% of the units of a housing development for lower-income households, except that 20% of units may be for moderate-income households, as well as a height increase up to 33 feet if the project is located within one-half mile of a transit stop.

5) Defines “concession or incentive” as any of the following:

   a) A reduction in site development standards or a modification of zoning code requirements or architectural design requirements that exceed minimum specified 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 that results in identifiable and actual cost reductions, to provide for affordable housing costs, or for rents for the specified targeted units.

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, or for rents for specified targeted units.

6) Defines "development standard" as including a site or construction condition, including, but not limited to, a height limitation, a setback requirement, a floor area ratio, an onsite open-space requirement, a minimum lot area per unit requirement, or a parking ratio that applies to a residential development pursuant to any ordinance, general plan element, specific plan, charter, or other local condition, law, policy, resolution, or regulation that is adopted by the local government or that is enacted by the local government's electorate exercising its local initiative or referendum power, whether that power is derived from the California Constitution, statute, or the charter or ordinances of the local government.

7) Defines "Labor Standard" as any legal requirements regarding wages paid, hours worked, and other conditions of employment.

8) Allows a development proponent, pursuant to SB 35 (Wiener, Chapter 366, Statutes of 2017) to submit an application for a development that is subject to the streamlined, ministerial approval process, and not subject to a conditional use permit if the development contains two or more residential units and meets specified labor standards.

This bill:

1) Defines ″labor standard″ as any legal requirements adopted by a local government entity regarding wages paid, hours worked, and other conditions of employment as specified.

2) Provides that ″labor standards″ in (1) are those that do not exceed the labor requirements in SB 35 (Wiener), as they existed on December 31, 2025.

3) Provides that for purposes of DBL, a reduction in site development standards, a modification of zoning code or architectural design requirements, and other regulatory incentives or concessions cannot include or relate to a labor standard.

Background

DBL. Given California's high land and construction costs for housing, it is extremely difficult for the private market to provide housing units that are affordable to low- and even moderate-income households. Public subsidy is often required to fill the financial gap on affordable units. DBL requires local governments to allow affordable housing developers to increase the density of their project and waive expensive design standards, alleviating the need for direct financial subsidy. Allowing more total units permits the developer to spread the cost of the affordable units more broadly over the market-rate units. The idea of DBL is to cover at least some of the financing gap of affordable housing with regulatory incentives, rather than additional subsidy.

Under DBL, if a developer proposes to construct a housing development with a specified percentage of affordable units, the city or county must provide all of the following benefits: a density bonus; incentives or concessions (hereafter referred to as incentives); waiver of any development standards that prevent the developer from utilizing the density bonus or incentives; and reduced parking standards. To qualify for benefits under DBL, a proposed housing development must contain a minimum percentage of affordable housing. Depending on the amount of affordable housing included in the project and the depth of the affordability level, a developer is entitled to a base increase in density for the project as a whole (referred to as a density bonus) and one regulatory incentive. Under DBL, a developer is entitled to a sliding scale of density bonuses, up to a maximum of 50% of the maximum zoning density and up to four incentives, as specified, depending on the percentage of affordable housing included in the project. At the low end, a developer receives 20% additional density for 5% very low-income units or 20% density for 10% low-income units. The maximum additional density permitted is 50%, in exchange for 15% very low-income units or 24% low-income units. Additionally, specified 100% affordable housing projects may receive up to an 80% density bonus.

The developer also negotiates additional incentives, reduced parking, and design standard waivers, with the local government. This helps developers reduce costs while enabling a local government to determine what changes make the most sense for that site and community.

Comments

Labor standards in Berkeley. 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. Specifically, the ordinance requires contractors of certain housing and commercial developments to participate in apprenticeship programs and provide health care coverage to workers. The ordinance took effect on January 1, 2024, and was the first ordinance of its kind in California. Ultimately, the City of 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. Subsequently, multiple housing developers in Berkeley have requested to use a concession under state DBL to make the City's prevailing wage requirement under the HARD HATS ordinance, inapplicable in the project. In requesting concessions to reduce labor standards, project developers in Berkeley cite the cost of those standards as a barrier to making the project pencil out.

Concessions and Incentives. The purpose of DBL is to encourage the developers of market-rate housing to include affordable units in their developments or, in the event that the developer is required to include affordable units, enable the developer to finance the affordable units over the deed restriction term. The law provides two primary benefits: density bonuses and incentives. Incentives or concessions are defined as "reductions in site development standards or modifications of zoning codes or architectural design requirements" beyond those required by the California Building Standards Commission. It may also include other "regulatory incentives or concessions proposed by a developer that result in identifiable and actual cost reductions to provide for affordable housing costs or rents for lower-income units." In other words, concessions and incentives are intended to lower the cost of the construction of housing to provide for the affordable housing. The number of required incentives or concessions is based on the percentage of affordable units in the project.

The statute does not provide precise direction regarding how to determine whether the benefit of a requested incentive or concession has the requisite nexus to the

provision of affordable housing. However, the intent language in the statute provides helpful direction in implementing the DBL provisions regarding waivers and incentives. The statute states: "In enacting this chapter it is the intent of the Legislature that the density bonus or other incentives offered by the city, county, or city and county pursuant to this chapter shall contribute significantly to the economic feasibility of lower income housing in proposed housing developments."

Further, the specific terms in the statute used to define "concessions and incentives" include "development standards" or "modifications of zoning codes." Development standards, which are typically included in local zoning codes, are further defined as "a site or construction condition, including, but not limited to, a height limitation, a setback requirement, a floor area ratio, an onsite open-space requirement, a minimum lot area per unit requirement, or a parking ratio that applies to a residential development…" While this list is not exhaustive, these examples illustrate that the Legislature intended for concessions or incentives to relate to aspects of the *physical* development of a project. It does not appear that concessions or incentives were intended to cover requirements about how to pay the people who are doing the construction.

This bill would amend DBL to explicitly prohibit a concession or incentive from being used to modify local labor standards adopted by a local government entity for buildings that are taller than 85 feet above grade. It also provides, for purposes of DBL and concessions and incentives related to local labor standards, that the provisions of this bill only apply if the local labor standards do not exceed the labor requirements in SB 35 (Wiener), as they existed on December 31, 2025.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 8/24/26)

State Building & Construction Trades Council of California (Co-source)
Western States Council Sheet Metal, Air, Rail and Transportation (Co-source)
California Federation of Labor Unions, Afl-cio
California Safety and Legislative Board, Smart – Transportation Division
California State Association of Electrical Workers
California State Pipe Trades Council
Construction Trades Workforce Initiative
District Council 16, International Union of Painters and Allied Trades
Rising Sun Center for Opportunity

OPPOSITION: (Verified 8/24/26)

Building Owners and Managers Association of California
California Building Industry Association
California Business Properties Association
California Housing Consortium
Commercial Real Estate Development Association, Naiop of California
East Bay Yimby
Grow the Richmond
Mountain View Yimby
Napa-solano for Everyone
Northern Neighbors Sf
Peninsula for Everyone
San Francisco Yimby
San Jose Yimby
San Mateo Forward
Santa Cruz Yimby
Santa Rosa Yimby
South Bay Yimby
Ventura County Yimby
Yes! in Redwood City
Yimby Action
Yimby Los Angeles
Yimby Monterey Peninsula
Yimby Slo

ARGUMENTS IN SUPPORT: 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."

ARGUMENTS IN OPPOSITION: Writing as a coalition, the California Housing Consortium, the California Building Industry Association, the California Business Properties Association, the Building Owners and Managers Association of California, and the Commercial Real Estate Development Association are opposed because the bill "limits the flexibility available to local governments and housing developers under the state's Density Bonus Law, reducing the ability to craft project-specific solutions that help make housing, in particular affordable housing, financially feasible." YIMBY Action and other local chapters are opposed stating the bill allow "local jurisdictions to impose labor requirements that would make otherwise affordable projects financially infeasible."

Assembly Floor 63 8 8 SB 1383 Arreguín Senate Third Reading By Haney Ayes: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Wallis, Ward, Wicks, Wilson, Zbur, Rivas Noes: Castillo, DeMaio, Dixon, Ellis, Hadwick, Johnson, Macedo, Sanchez
No Vote Recorded: Bains, Flora, Jeff Gonzalez, Lackey, Patterson, Pellerin, Tangipa, Valencia

Prepared by: Alison Hughes / HOUS. / (916) 651-4124
11/13/26 15:08:04

****** END ******