

SENATE THIRD READING

SB 358 (Becker)

As Amended July 7, 2025

Majority vote

SUMMARY

Revises the criteria a proposed housing development near transit must meet to qualify for a reduced traffic mitigation fee, and authorizes a local agency to charge the full fee if it makes written findings, supported by substantial evidence in the record, the housing development would not generate fewer automobile trips.

Major Provisions

- 1) Revises the authority for a local agency to charge a non-reduced traffic mitigation fee for an otherwise qualified housing development project to require the local agency make written findings supported by substantial evidence in the record, as specified, rather than be adopted after a public hearing, that the housing development will not generate fewer automobile trips than a housing development without all of the qualifying characteristics.
- 2) Revises two of the prescribed characteristics necessary for a housing development to qualify for a reduced traffic mitigation fee as follows:
 - a) Deletes the requirement that a housing development be within one-half mile of convenience retail uses, and instead requires a housing development be within one-half mile of three or more of the following:
 - i) A supermarket or grocery store.
 - ii) A public park.
 - iii) A community center.
 - iv) A pharmacy or drugstore.
 - v) A medical clinic or hospital.
 - vi) A public library.
 - vii) A school that maintains a kindergarten or any of grades 1 to 12, inclusive.
 - viii) A licensed childcare facility.
 - ix) A restaurant, as defined.
 - b) Revises the parking requirement to eliminate as a qualifying option a housing development providing the minimum number of parking spaces required by local ordinance.

COMMENTS

Existing law, the Mitigation Fee Act, specifies that a local agency imposing a fee on a housing development to mitigate traffic impacts must set the fee to reflect a lower rate of automobile trips, if the development is within one-half mile of a transit station and meets certain requirements, unless it makes a finding at a public hearing that the housing development would not generate fewer automobile trips than a non-transit oriented development. To qualify for the lower fee, a housing development all of the following criteria:

- 1) Be located within a transit priority area and the major transit stop, if planned, is programmed to be completed before or within one year from the scheduled completion and occupancy of the housing development.
- 2) Be located within one-half mile of convenience retail uses, including a store that sells food.
- 3) Provide either the minimum number of parking spaces required by the local ordinances, or no more than one onsite parking space for units with zero to two bedrooms, and two onsite parking spaces for units with three or more bedrooms, whichever is less.

If the housing project does not satisfy all of these characteristics, the local agency may charge a fee that is proportional to the estimated rate of automobile trip generations.

According to the Author

"With California's housing supply still falling drastically short of demand, we need to remove unnecessary barriers that make development more expensive. Impact fees can add nearly 20% to the cost of construction, making new housing more expensive to build and to rent. [This bill] helps lower these costs and ensures that transit-friendly housing is more financially feasible."

Arguments in Support

SPUR and Streets For All, sponsors of the bill, write in support, "We support this bill since it would require local agencies to provide a reduced vehicular traffic impact fee to developments located within a transit priority area that is at least 50% less than developments out of these areas.

"The cost of housing in California continues to grow, and thus every aspect of the housing development process deserves examination to pinpoint strategies to reduce costs and increase supply. This includes development fees, which make up an increasingly significant portion of the development budget. Expensive fees continue to increase the cost of development, which limits supply and raises the cost of housing for tenants and homebuyers."

Arguments in Opposition

The South Bay Cities Council of Governments (SBCCOG) writes in opposition, "The SBCCOG understands and acknowledges the housing affordability crisis in our state, with affordably priced homes out of reach for many people. While the intentions behind SB 358 may be to encourage greater use of transit and lower development costs, we believe the consequences could ultimately harm California cities, including many of those in the South Bay. In the South Bay, bus service can be every ½ hour or less and it is not 7 days a week. Restricting parking requirements creates a burden on those who cannot use the transit service and does not guarantee individuals living, working, or shopping on those parcels will have their trip needs met by public

transit. Additionally, proximity to a transit priority area does not equate to a convenient bus stop."

FISCAL COMMENTS

No state costs. Local costs to revise criteria used to determine whether a housing development qualifies for a reduced traffic mitigation fee are not state-reimbursable because local agencies have general authority to charge and adjust planning and permitting fees to offset any increased costs associated with new planning mandates.

VOTES

SENATE FLOOR: 27-11-2

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Weber Pierson, Wiener

NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares, Wahab

ABS, ABST OR NV: Hurtado, Reyes

ASM LOCAL GOVERNMENT: 9-0-1

YES: Carrillo, Hoover, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ABS, ABST OR NV: Ta

ASM APPROPRIATIONS: 11-2-2

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

NO: Dixon, Jeff Gonzalez

ABS, ABST OR NV: Ta, Tangipa

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