
UNFINISHED BUSINESS

Bill No: SB 358
Author: Becker (D)
Amended: 7/7/25 in Assembly
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 5-2, 4/30/25
AYES: Durazo, Arreguín, Cabaldon, Laird, Wiener
NOES: Choi, Seyarto

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 27-11, 6/2/25
AYES: 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
NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares, Wahab
NO VOTE RECORDED: Hurtado, Reyes

ASSEMBLY FLOOR: 53-14, 9/3/25 - See last page for vote

SUBJECT: Mitigation Fee Act: mitigating vehicular traffic impacts

SOURCE: San Francisco Bay Area Planning and Urban Research Association
Streets for All

DIGEST: This bill requires local agencies to reduce vehicle mitigation fees for housing developments near transit unless they make findings supported by substantial evidence in the record that projects are not expected to reduce automobile trips.

Assembly Amendments of 7/7/25 add K-12 schools, community centers, medical clinics, and hospitals to the list of amenities a project can be near to qualify for reduced fees.

ANALYSIS:

Existing law:

- 1) Allows local governments to require applicants for development projects to pay fees to mitigate the project's effects, known as mitigation or development impact fees.
- 2) Requires, under the Mitigation Fee Act, local officials that are establishing, increasing, or imposing a fee as a condition of approving a development project to:
 - a) Identify the fee's purpose.
 - b) Identify the fee's use, including the public facilities to be financed.
 - c) Determine a reasonable relationship between the fee's use and the development.
 - d) Determine a reasonable relationship between the public facility's need and the development.
 - e) Determine a reasonable relationship between the fee's amount and the cost of the public facility.
 - f) Hold at least one open and public meeting prior to levying a new fee or increasing an existing one.
 - g) If they decide to adopt capital improvement plans, indicate the approximate location, size, time of availability, and estimates of cost for all facilities or improvements to be financed with the fees.
 - h) Deposit and spend the fees within five years of collecting them.
 - i) Refund fees or make specific findings on when and how the fees will be spent for construction, if the fees aren't spent within five years of collection.
- 3) Requires local agencies to conduct and adopt a nexus study prior to the adoption of an impact fee, and specified standards and practices.
- 4) Defines "Transit Priority Area" (TPA) as an area 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 included in a Transportation Improvement Program or applicable regional transportation plan.

- 5) Provides that if a local agency imposes a fee on a housing development to mitigate traffic impacts the fee should reflect a lower rate of automobile trips, unless the local agency makes a finding at a public hearing that the housing development would not generate fewer automobile trips than a development further away from transit.
- 6) Requires, a project to meet the following characteristics for it to receive lower fees as described above:
 - a) Is located within a TPA 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.
 - b) Is located within one-half mile of convenience retail uses, including a store that sells food;
 - c) At least 50% of the floor space of the development is for residential use;
 - d) The development provides either the minimum number of parking spaces required by the local ordinances, or no more than one onsite parking space for zero to two bedroom units, and two onsite parking spaces for three or more bedroom units, whichever is less.
- 7) Prohibits a local agency from imposing a land dedication requirement on a housing development to widen a roadway if the purpose of the land dedication requirement is for mitigating vehicular traffic impacts or achieving an adopted traffic level of service related to vehicular traffic, or achieving a desired roadway width, unless as specified.

This bill:

- 1) Requires local agencies to reduce vehicle mitigation fees for housing developments within transit priority areas that meet specified characteristics to a rate that reflects a lower rate of automobile trip generation in comparison to those without these characteristics, unless the local agency makes findings supported by substantial evidence in the record that projects are not expected to reduce automobile trips.
- 2) Requires a housing development project to be near three or more specified retail and convenience establishments to qualify for lower fees as described above.
- 3) Provides that housing development projects with the minimum number of parking spaces required by local ordinance no longer qualify for this reduction.

Background

In addition to mitigation fees, local governments have other options to mitigate the impacts of a development, including requiring a developer to dedicate land for the public agency to use for infrastructure improvements, rather than require a fee. For example, if a developer plans to build a new apartment complex on a vacant parcel, many new vehicle trips will occur when residents occupy the development. The local government might decide these additional trips warrant additional traffic safety features, such as turn lanes or a wider street, and condition approval of the project on whether the developer dedicates land for that purpose.

Comments

Purpose of this bill. 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. SB 358 helps lower these costs and ensures that transit-friendly housing is more financially feasible.”

Déjà vu. Last year, the Legislature approved AB 3177 (Wendy Carrillo, Chapter 436, Statutes of 2024), which changed the types of projects that local agencies can construct to mitigate vehicle impacts. Specifically, the measure prohibited a local agency from imposing a land dedication requirement on a housing development to widen a roadway for the purpose of mitigating vehicular traffic impacts or achieving an adopted traffic level of service related to vehicular traffic. Less than a year after losing the authority to construct these traffic mitigation projects, SB 358 further limits the revenue local agencies can receive to finance vehicle mitigation projects. Local agencies will now have to update their vehicle mitigation fees once again. Should the Legislature make further changes to reduce local agencies’ ability to mitigate vehicle impacts on their roads?

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

According to the Assembly Appropriations Committee:

- 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.

SUPPORT: (Verified 9/3/25)

San Francisco Bay Area Planning and Urban Research Association (co-source)

Streets for All (co-source)

Abundant Housing LA

Active San Gabriel Valley

Bike East Bay

Bike Long Beach

California Council for Affordable Housing

California Yimby

Car-lite Long Beach

Circulate San Diego

Costa Mesa Alliance for Better Streets

East Bay for Everyone

East Bay Yimby

Everybody's Long Beach

Families for Safe Streets San Diego

Glendale Yimby

Grow the Richmond

Housing Action Coalition

Los Angeles Walks

Mountain View Yimby

Napa-solano for Everyone

Northern Neighbors

Norwalk Unides

Peninsula for Everyone

People for Housing - Orange County

Remake Irvine Streets for Everyone

San Diego County Bicycle Coalition

Santa Cruz Yimby

Santa Rosa Yimby

Sf Yimby

South Bay Yimby

Spur

Streets are for Everyone

Strong Towns Artesia

Strong Towns Santa Barbara

The Two Hundred for Homeownership

Ventura County Yimby

Yimby Action

Yimby LA

Yimby Slo

OPPOSITION: (Verified 9/3/25)

City of Camarillo
City of Carlsbad
City of LA Verne
City of Merced
City of Rancho Cucamonga
City of San Marcos
Equitable Land Use Alliance
League of California Cities
South Bay Cities Council of Governments

ASSEMBLY FLOOR: 53-14, 9/3/25

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Berman, Bonta, Bryan, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hoover, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Alanis, Chen, Davies, DeMaio, Dixon, Ellis, Gallagher, Jeff Gonzalez, Hadwick, Lackey, Macedo, Sanchez, Tangipa, Wallis

NO VOTE RECORDED: Bennett, Boerner, Calderon, Castillo, Flora, Hart, Irwin, Muratsuchi, Patterson, Celeste Rodriguez, Soria, Ta

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