



CA Senate Bill 9 (SB 9)

In short, CA Senate Bill 9 allows landowners to divide their single-family zoned land and build duplexes, triplexes, and quadplexes. When enacted, the drafters of SB 9 sought to allow single-family homeowners who otherwise could not hope to own income-producing property to convert their lots into a divisible, multi-family property that they may then rent out for profit. To achieve this desired effect, SB 9 allows these homeowners to build duplexes on those plots and to divide those plots into two equally sized plots of land capable of supporting a maximum of 4 dwelling units (quadplex).

The official “justification” for this bill is to enable lower-income property owners to “build intergenerational wealth” by building and renting out multi-family units on parcels of land that would otherwise restrict such uses. SB9 became law on January 1, 2022. However, experts in the field have noted its limited impact. According to these sources, only a handful of applications have been submitted under SB9. Although this may initially appear to demonstrate the difficulty of practically applying SB 9, it is equally possible that many single-family homeowners lack the funds and/or resolve to see an SB 9 project through. Furthermore, the aforementioned experts highlighted two key factors in California cities that had the highest instances of SB 9 application: 1. Large lot sizes and 2. Lot/land values which would not be negatively affected by a multi-family conversion (ideally, they would appreciate).

EXCLUSIONS TO SB 9 AND THEIR AFFECT

There are a handful of exclusions to SB9. These include historic zones, “prime farmland,” or other “conservation zones and endangered species habitats.” Certain areas such as flood zones, fire hazard zones, and hazardous waste sites are also excluded but “may be eligible for SB9 if [their] jurisdiction allows and all safety requirements are met.” Furthermore, “[p]roposed SB 9 projects cannot require the alteration or demolition of any rent–controlled or moderate, low, or very low–income housing. Alteration and demolition is also prohibited for any units occupied by a rental tenant within the past three years.” Lastly, SB9 “does not apply to properties that have a record of tenant evictions within the last 15 years.”

Although, in light of these exclusions, they bill may appear overly restrictive to the point that its application is not worthwhile, it should be noted that many Southern Californian single–family properties do not fall under any of the above exclusions. As an SB 9 applicant, one should merely be certain that they are *not removing* housing but are *adding* to the housing element.

CONCLUSION AND PREDICTIONS FOR THE FUTURE

King's Arch is particularly well situated to take advantage of and lead the way for further SB 9 development in Southern California. As part of the Bill, cities, such as Los Angeles and Beverly Hills, **may not** enact any legislation that seeks to interfere with or impede SB 9 development. As such, King's Arch need not worry about any city attempting to hinder development efforts.

Taking into account recent history, including in large part the devastating effects of the COVID pandemic, SB 9 will likely continue to be seldomly used by its target population, leaving more affluent homeowners and larger development and real estate firms to use the Bill in any capacity they see fit.

This is ideal for King's Arch because it allows us to introduce a new land usage to communities that would never have supported multi–family properties otherwise. The question, now, is how can we best make use of SB 9, and is it worth it to convert local single–family lots into multi–family units.

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SB 9—BY THE NUMBERS

Jurisdiction	How many applications for lot splits has your city received?	How many lot splits have been approved in your city?	How many applications for SB 9 units has your city received?	How many applications for SB 9 units has your city approved?
Anaheim	2	0	1	0
Bakersfield	0	0	0	0
Berkeley	1	0	5	0
Burbank	1	0	7	2
Danville	20	13	0	0
Long Beach	1	0	1	0
Los Angeles	28	0	211	38
Sacramento	9	6	9	8
San Diego	3	0	7	0
San Francisco	4	2	25	4
San José	10	5	1	0
Santa Maria	0	0	0	0
Saratoga	21	2	15	1

