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Overcoming Barriers to Transit-Oriented Development: Considering State, Regional, and Local Roles

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16. Abstract
This report considers motivations, obstacles, and policies and programs adopted at the state, regional, and local levels in California to support transit-oriented development (TOD). Regulatory policies adopted by the state in recent years to induce TOD are discussed, as well as state-led and regionally-managed funding programs. Findings are presented from two on-line surveys of local planning directors, and 51 interviews with regional and local planners. The findings point to multiple obstacles to achieving TOD, including market factors, resident opposition, and lack of sufficient funding for implementation, such as for necessary infrastructure to support new development. The most commonly adopted local policies to support TOD include streamlining of environmental review requirements, mixed-use zoning and upzoning (permitting higher densities), improving bike and pedestrian facilities, development of Specific Plans for neighborhoods, and mechanisms to ease accessory dwelling units (ADUs). The survey findings indicate that policies and programs initiated from multiple levels of government are deemed effective for inducing TOD. A recent one-off TOD-supportive funding program that was managed regionally, called the Regional Earley Action Program (REAP), is found to be rated as very valuable both by regional and local planners, leading to the recommendation that this program be instated on an ongoing basis with dedicated funding. The report also concludes that policies deemed effective for inducing TOD, especially funding affordable housing and addressing the nexus of zoning, CEQA streamlining for infill, permit streamlining through ministerial review, and support for Specific Plans, should continue to receive policy support from the state legislature and regional agencies.

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Table of Contents

Table of Contents

Executive Summary 1

Introduction 6

Policy Context 9

- State Support for Compact Infill and TOD 9
- Capacity for Infill and TOD 11
- CEQA Streamlining Reforms 13
- RHNA Revisions 14
- Permit Streamlining Through Ministerial Review 16
- Upzoning 17
- State Programs Supporting Infill and TOD: AHSC and REAP 21

Local Perspectives on Infill and TOD 27

- Local Motivations and Perceived Barriers to Compact Infill and TOD 27
- TOD Strategies 34
- Gauging the Influence of State and Regional Programs and Policies Supporting TOD 38
- Comparing the Influence of State, Regional, and Local TOD Policy and Programs 42

Conclusion 46

References 49

List of Figures

Figure 1. Share of REAP 2.0 Funding Allocated to Regional Versus Local Projects,.....23
Figure 2. Share of REAP 2.0 Funding by Program Type 24
Figure 3. Local Motivations for Adopting TOD Policies 28
Figure 4. Perceived Obstacles to Achieving Development Near Transit.....29
Figure 5. Perceived Difficulty in Achieving Policy Objectives for Location-efficient Development.....30
Figure 6. Perceived Obstacles to Achieving Compact Infill and TOD.....31
Figure 7. Perceived Obstacles to Upzoning Near Transit.....31
Figure 8. Perceived Obstacles to Upzoning Not Near Transit 32
Figure 9. Perceived Obstacles to Relaxing Parking Requirements 32
Figure 10. Perceived Obstacles to Improving Transit 33
Figure 11. Perceived Obstacles to Improving Bike and Ped Facilities 33
Figure 12. TOD Strategies Adopted by Respondent Cities with TOD Policies, Programs, or Plans.....34
Figure 13. Adoption Rate and Perceived Importance of Specific Adopted TOD Policies and Strategies for Achieving Local TOD Goals.....36
Figure 14. Local Adoption Rate and Perceived Efficacy of Infill Strategies.....37
Figure 15. Rates of Application and Perceived Importance of State or Regional Grants for Achieving TOD Goals 39
Figure 16. Types of Grants Sought from MPOs.....40
Figure 17. Perceived Effectiveness of Grants Received from MPOs.....40
Figure 18. Types of Grants Sought from State Programs.....41
Figure 19. Perceived Importance of State Program Grants and Awards.....41
Figure 20. Rating of Relative Influence/Importance of Various State, Regional, and Local Policies and Programs for Achieving TOD Goals 43
Figure 21. Perceived Relative Influence of Strategies for Supporting Compact Infill Development.....44

Executive Summary

Executive Summary

California has adopted multiple policies at the state, regional, and local levels in recent years to foster "transit-oriented development" (TOD) to reduce car-dependency and help achieve the state's ambitious climate goals. At the same time, the state's housing affordability crisis has prompted legislators to adopt scores of bills in recent years aiming to foster housing production, with many favoring compact development near transit.

A wide body of research links lower rates of driving to "transit-oriented development" (TOD) —compact (dense) development near transit, with mixed uses, pedestrian friendly street design, and good job accessibility. The success of transit depends on its being located in areas with these land use characteristics. Meanwhile, transit, bicycling, and walking are efficient modes for getting people where they want to go, especially in built-up areas.

In spite of its benefits, TOD can be challenging to achieve in practice, as planners and developers must face obstacles, including market constraints and concerns raised by community residents, for example about traffic congestion, neighborhood change, and housing affordability. The common practice among California cities of funneling TOD into lower-income areas along existing transit routes and leaving wealthier, single-family neighborhoods largely untouched, has raised equity concerns.

In this study, we consider the dynamics between TOD and housing-supportive policies imposed at different levels of government. First, we discuss various regulatory policies adopted by the state in recent years to ensure that localities support housing production, especially near transit. The regulatory strategies discussed include requiring streamlining of permit approvals for development proposals, including in response to requirements under the California Environmental Quality Act (CEQA) as well as other local planning standards, requiring upzoning (increasing zoning density) needed to achieve state-mandated housing accommodation targets, including for low-income households, and requiring reduced parking requirements.

The state has provided not only regulatory "sticks" to induce localities to support housing production. We also consider and compare two state-funded "carrots" in the form of programs that help build local housing projects connected to multimodal transport strategies aimed at reducing the need to drive. These two programs have been the most significant sources of state funding provided to support housing production tied explicitly to VMT reduction. The first program is the Affordable Housing and Sustainable Communities (AHSC) program, which was funded from 2014 to 2025 through ongoing allocation of 20% of revenue raised from the state's greenhouse gas cap-and-trade program, then shifted in 2025 to a set funding amount of $800 million annually following cap-and-trade reauthorization. The program provides grants on a competitive basis to local affordable housing projects combined with transit and/or active transport facilities upgrades. Since inception, the AHSC program has distributed upwards of $4.71 billion dollars over nine rounds of funding, facilitating the construction of 22,471 housing units.

The second program we consider in some detail is the Regional Early Action Program (REAP), through which, starting in 2019, the state distributed significant state funding to regional transportation planning agencies (called Metropolitan Planning Organizations, or MPOs) to be used to support land use-related aspects of the MPOs' regional plans, aimed at reducing vehicle miles traveled through more efficient development patterns. REAP 1.0, initiated in 2019, allocated $118.75 million to the MPOs, to be used for planning expenses that accelerate housing production, while the second REAP 2.0 round, initiated in 2021, allocated $480 million to MPOs based on population share.

We found that while MPOs and localities value AHSC funding, especially to provide "last-in" funding for affordable housing projects, they especially valued the REAP program which enabled MPOs to support pre-production needs such as for planning and community infrastructure. We found that MPOs allocated most of their REAP funding to local projects, and mostly on a competitive basis. Spending for planning, pre-development infrastructure, and housing construction made up large shares of the REAP funds, while transportation-specific programs only comprised 26%. This finding reflects the value MPOs perceived in being able to direct funding to housing and land use purposes, with REAP being one of the only mechanisms that MPOs have had to execute the land use side of their plans. MPO staff told us they valued REAP funding because of the ability of the MPOs to tailor the funding towards identified region-specific needs, because of its usefulness in addressing structural barriers to housing production, including the need for constructing infill-supportive infrastructure, and for developing plans and policies to support housing production. MPOs noted the value for gaining local buy-in for programs and initiatives they had identified as vital to implementing land use elements of their regional plans, and the value in strengthening "partnerships" with localities in the process.

In assessing local motivations, perceived obstacles, and policies adopted to support TOD, this report presents results from two surveys of local planning directors, the first conducted in 2019 for the four largest metropolitan areas in California, and the second conducted statewide in 2025. The surveys aimed to gauge motivations and challenges for supporting TOD locally, as well as perceptions of the effectiveness of various strategies for supporting TOD. The results document widespread local adoption of policies, programs, and plans to support compact infill and TOD. The flurry of recent state legislation enacted to support housing production, described in detail in this report, has been making a significant difference in local policymaking to accommodate more compact infill and TOD, based on how influential our survey respondents believe these strategies to be in supporting TOD.

At the same time, however, practical challenges for achieving compact infill and TOD remain substantial. Research indicates that zoning to accommodate infill and TOD has not been uniform across California. Furthermore, to succeed, TOD and compact infill require more than permissible zoning, as a variety of market and policy constraints inhibit infill, TOD, and affordable housing. Our survey findings point to factors that pose the most significant challenges to achieving compact infill and TOD, according to local planners, including lack of market interest, resident opposition (especially in areas not near transit access), and lack of funding for implementation such as for providing necessary infrastructure to support development. More than four-fifths

of survey respondents indicated that achieving compact infill and TOD is at least somewhat challenging in their jurisdiction. Even higher shares find upzoning in areas not located near transit, and improving transit facilities and access, to be at least somewhat challenging. In relation to certain infill-friendly policies including upzoning not near transit, and relaxing parking requirements, resident opposition constitutes a strong obstacle.

Our surveys inquired about potential strategies aimed at supporting compact infill and TOD, asking whether respondent localities had adopted them, and also how effective respondents deemed the strategies to be in achieving infill and TOD in their jurisdiction. Improving bike and pedestrian facilities, use of mixed-use zoning and upzoning, use of CEQA streamlining, development of Specific Plans for neighborhoods, and mechanisms to ease accessory dwelling units (ADUs), are especially commonly adopted, with at least 60% of respondent localities having done so. As for strategies also deemed most effective for achieving infill goals, respondent localities pointed especially to mixed use zoning, mechanisms to ease ADUs, inclusionary housing requirements, permit streamlining through ministerial (automatic, non-discretionary) review, and development impact fees. These findings provide a clue about which policies deserve further state and regional-level support.

The surveys gauged respondents' views on the perceived relative effectiveness of various state-imposed, regionally-provided, and locally induced policies for supporting compact infill and TOD. The findings indicate that multiple policies, generated from multiple levels of government, are considered important. State-mandated CEQA provisions for streamlining review of infill projects were rated particularly influential, as well as state funding for affordable housing. MPO grant funding was rated more influential in the 2025 survey than in the 2019 survey, likely reflecting the provision of REAP-funded programs in the interim. Among locally directed policies, permit streamlining, policies affecting conditions of development, such as zoning and parking requirements, and locally sensitive planning, such as through Specific Plans, were deemed most influential. The findings indicate that the rash of recent state laws pertaining to these aspects of local housing-related policy are likely making a difference, and they confirm the importance of a nexus of approaches pertaining to zoning, CEQA streamlining, and locally sensitive plans.

Our research leads us to make the following recommendations to state- and regional policymakers about how to strengthen support for compact infill and TOD. First, we think that an ongoing dedicated funding stream, perhaps coupled with financing authority, needs to be allocated to make permanent a state-level program similar to REAP. Our research strongly indicates that the REAP program structure worked well in enabling MPOs to develop better partnerships with localities on land use issues, and in funding critical pre-development and planning needs for inducing compact infill and TOD. Funding might be derived from cap-and-trade or another ongoing state revenue source. And/or a tax increment financing mechanism might be authorized for local uses subject to MPO (and state-level) oversight to support defined regional plan goals and objectives.

Based on findings from our on-line surveys, state and regional support should also continue to be provided to ensure adoption of policies and programs that local planners perceive as most effective in inducing compact infill and TOD. These include mixed use zoning, upzoning, CEQA streamlining for infill, mechanisms to ease

ADUs, inclusionary housing requirements, permit streamlining through ministerial review, managing development impact fees, supporting Specific Plans, and providing more state funds for affordable housing.

Contents

Introduction

California has become a laboratory for policymaking to support sustainable development, in other words, development patterns that simultaneously support economic well-being, social equity, and environmental protection. California has adopted multiple policies at the state, regional, and local levels in recent years to foster compact infill and "transit-oriented development" (TOD) as a way to reduce car dependency and help achieve the state's ambitious climate and sustainability goals. At the same time, the state's housing affordability crisis has prompted legislators to adopt scores of bills in recent years aiming to foster housing production, with many favoring more compact development located near transit.

The link between transport and land use is one of the most well-studied topics in the field of urban planning (Ewing and Cervero, 2010; Stevens, 2017). Scholars and policymakers have paid increasing attention to the interplay of transit provision with urban development, as concerns have grown about unsustainable transport patterns related to auto-dependency. A wide body of research demonstrates that TOD, characterized as compact (dense) development located near transit, with mixed uses and pedestrian friendly street design, is associated with lower rates of driving (measured in terms of vehicle miles traveled, or VMT), and consequently lower greenhouse gas (GHG) emissions, especially if a location enjoys good accessibility to jobs and homes in the wider urban area (ibid). Transit ridership increases when it is available in areas with these land use characteristics, in which trip origins and destinations are close to one another and near transit access (i.e. in high density, mixed-use, walkable, transit-accessible areas).

But an implicit trade-off also exists in relation to dis-benefits of density. Proposals to introduce new housing development can meet resistance from nearby residents, concerned about impacts including traffic congestion, stress on public services, and loss of neighborhood character, among other issues. Such complaints are often characterized as "NIMBYism" when voiced by homeowners in wealthy single-family neighborhoods, but they can also arise when TOD projects are funneled into multi-unit, lower-income neighborhoods, for example if concerns are raised that gentrification will lead to displacement of current residents.

Even when neighborhoods are receptive to TOD, various market barriers may inhibit new construction. Compact infill development can be difficult to introduce if an area needs supportive infrastructure such as improved sewer lines to support it, for example. With most housing being built by the private market, public planners and policymakers may hope for more compact infill development to occur but then find it does not actually materialize due to various market factors beyond their control.

In this context, this report aims to identify major motivations and barriers to introducing compact infill and TOD, from the perspective of local planners, and to identify the policies and programs they consider most effective for addressing the barriers. The main findings are based on results from two on-line surveys of local planning directors in California, conducted by the authors, one in Summer, 2019, and the other in Spring, 2025, and also on 51 interviews conducted in 2019 and 2024-25 with local planners from selected case study cities,

and with staff from 11 Metropolitan Planning Organizations (MPOs), which are federally-mandated transportation planning agencies in 18 California metropolitan areas.

The research findings indicate that multiple factors pose barriers to TOD, and multiple strategies – generated locally but also from the state and regional levels – are considered effective for addressing them. In recent years, the state and MPO regions have adopted a significant number of new policies and programs that directly or significantly address provision of compact infill and TOD. The next sections of the report describe these new policies and programs. This report aims to depict how localities view TOD challenges, and the intersecting state, regional, and local strategies for supporting TOD, in this evolving context.

As noted, the report builds upon previous research projects conducted by the authors to examine patterns of local policymaking in California to support compact infill and TOD. The first project, conducted in 2019-21 through the National Center for Sustainable Transportation, employed survey and case study research to assess motivations, perceived obstacles, and patterns of local policy adoption to support TOD, from the perspective of city planning directors in the San Francisco Bay, Los Angeles, San Diego, and Sacramento metropolitan areas. The project reports can be found here: https://escholarship.org/uc/item/7j37k8ms; https://escholarship.org/uc/item/49t729rc. The second project, conducted for the California Air Resources Board in 2024-25, employed similar research methods to examine local policymaking to support TOD, and local planner interactions with regional Metropolitan Planning Organizations (MPOs), which are federally-mandated transportation planning agencies in 18 California metropolitan areas. Under California's regional planning law, Senate Bill (SB) 375 (discussed in more detail later in the report), MPOs must develop, in coordination with localities, long-range regional plans for transportation and land use deemed capable of reducing greenhouse gas (GHG) emissions by state-mandated amounts through more efficient development patterns.

Here we describe the methods used and sample representativeness of the two on-line surveys conducted by this report's authors. In both cases, the survey respondent samples were generally representative of all cities in the areas surveyed. The 2019 survey was sent confidentially to city planning directors or their equivalent (such as community development directors in cities without a designated planning director) in the state's four largest metropolitan areas: the San Francisco Bay, Los Angeles, San Diego, and Sacramento metropolitan areas. Responses were received from 147, or 44%, of all cities in the four regions surveyed. Respondent cities were generally representative of all cities in the four regions, when considering the following characteristics: metropolitan region location[1]; share of city land within one-quarter mile of high-quality transit (HQT) access, population size, activity density (resident population plus workers in the city, regardless where they live, measured in relation to city land area), housing unit growth rate from 2010 to 2017; jobs-housing balance, median household income, racial/ethnic make-up, and political leanings (based on voting patterns). See the

[1] We defined metropolitan region based on the jurisdictions of the MPOs in the four regions, namely the Metropolitan Transportation Commission (MTC), in the 9-county San Francisco Bay area; the Southern California Association of Governments (SCAG), in the 6-county Los Angeles metropolitan area; the San Diego Association of Governments (SANDAG), in the single-county San Diego metropolitan area; and the Sacramento Area Council of Governments (SACOG), in the 6-county Sacramento area.

project reports (noted above) for more information on data sources and methods for variable construction. However, the 2019 survey sample was somewhat over-represented by cities with better HQT coverage, especially when considering population-weighted results (meaning more survey responses were received from larger cities with good HQT coverage). The survey sample was also slightly over-represented by very low and very high population cities, and by denser, higher-growth rate, less wealthy, more liberal, and more ethnically diverse cities, compared to all cities in the regions studied.

The second on-line survey conducted by the authors, in the Spring of 2025, was sent to local planning directors or equivalent in all cities located in California's 18 MPO regions, which cover 37 counties in the state. Usable responses were received from 78 cities, or 18% of the 437 cities surveyed, and from 7 county planning agencies, which regulate land use planning for unincorporated territory in their counties, or 19% of the 37 county planning departments surveyed. San Francisco Bay Area and Los Angeles area cities were slightly over-represented in the survey sample, while Central Valley cities were under-represented. However, when the cities in the survey respondent sample were compared to all cities in the 18 MPO regions covered, the respondent cities were quite representative (similar) on the following characteristics, measured using data from the US Census Bureau's American Community Survey 2023 5-year dataset: city population size, median household income, percent of residents comprised by people of color (non-white and non-Hispanic), percent of workers who commute by transit, and activity density (a measure of "urban-ness" calculated as the sum of residential population plus people who work within the city, regardless of where they live, divided by city land in square miles). The percent of city voters registered as Democrats was also calculated using data from the California Secretary of State's office. The survey sample was slightly over-represented by larger-population, higher-density cities, but generally was representative of all cities in question.

In addition to survey responses, the findings in this report also reflect 24 interviews conducted by the authors in 2020 with land use and transportation planners from eleven case study cities studied, and with some policy advocates and news analysts. Similarly, findings reflect 27 interviews conducted by the authors in 2024 and 2025 with staff persons from 11 MPOs, planners from four of the state's largest central cities, and an additional seven cities ranging in size and location (from urban to rural), as well as with two housing and SB 375 experts. The on-line surveys and interviews were conducted confidentially, meaning that results are presented without naming any individual or city by name, unless we gained permission to do so.

The report proceeds as follows. First, the context of state policies addressing compact, infill development and TOD is briefly outlined, to provide a background for interpreting the research findings that follow. Regional programs developed by MPOs to support infill and TOD are described. Then, survey findings are presented identifying local motivations and barriers, and policies and programs adopted locally, for supporting compact infill and TOD. These findings on local policy are interpreted in relation to the newly adopted state policies previously discussed. Survey findings are also presented on how local planning directors rate the relative influence on TOD impacts of the various state, regional, and local policies and programs covered in this report.

Policy Context

This section describes the policy context in which localities are operating in relation to supporting compact infill and TOD. This background is useful for interpreting the survey findings presented later regarding motivations, obstacles, and strategies that localities are pursuing to induce compact infill and TOD.

State Support for Compact Infill and TOD

The California state government supports compact infill and TOD as an objective to help achieve the state's climate policy and sustainable development goals. So, for example, the most recent Scoping Plan published by the California Air Resources Board (CARB), responsible for overseeing and integrating the state's climate policies, notes that:

> Transforming the transportation sector goes beyond phasing out combustion technology and producing cleaner fuels. Managing total demand for transportation energy by reducing the miles people need to drive on a daily basis is also critical as the state aims for a sustainable transportation sector... Vehicle miles traveled (VMT) reductions will play an indispensable role in reducing overall transportation energy demand and achieving the state's climate, air quality, and equity goals (CARB, 2022a, p. 192).

CARB notes, however, that "sustained VMT reductions have been difficult to achieve for much of the past decade, in large part due to entrenched transportation, land use, and housing policies and practices" (ibid, p. 193). CARB defines four "strategic objectives" in the Scoping Plan for reducing VMT, one of which is to "encourage future housing production and multi-use development in infill locations and other areas in ways that make future trip origins and destinations closer together and create more viable environments for transit, walking, and biking." Under "strategies for achieving success," CARB includes: "Accelerate infill development and housing production at all affordability levels in transportation-efficient places, with a focus on housing for lower-income residents" and, "Ensure alignment of land use, housing, transportation, and conservation planning in adopted regional plans, such as regional transportation plans (RTP)/ sustainable communities strategies (SCS), regional housing needs assessments (RHNA), and local plans (e.g., general plans, zoning, and local transportation plans), and develop tools to support implementation of these plans."

The reference to regional transportation plans (RTPs) and sustainable communities strategies (SCSs) refers to provisions in California's Sustainable Communities and Climate Protection of 2008, commonly referred to as Senate Bill (SB) 375, which calls on the state's eighteen Metropolitan Planning Organizations (MPOs) – federally mandated regional transportation planning agencies in urban areas of 50,000 population or more – to develop their long-range (20+ year) transportation plans (RTPs) so as to reduce greenhouse gas (GHGs) emissions by specific state-mandated amounts over the duration of the plans. The provisions of SB 375 "recognize the necessary role of integrating transportation, land use, and housing decisions to reduce driving in order to achieve California's climate goals" (CARB, 2022b, p. ii). Specifically, each MPO must develop, along

with its periodically updated RTP, a Sustainable Communities Strategy (SCS), to include a "development pattern … [that, when] integrated with the transportation network, and other transportation measures and policies," is designed to achieve specific per capita GHG reduction targets set by the California Air Resources Board (CARB) for automobiles and light trucks over the duration of the RTP/SCS (Cal. Gov. Code § 65080(b)(2)(B)(vii)).

To achieve SB 375 goals, the California Transportation Commission (CTC), in its RTP Guidelines, calls on MPOs to model and address projected impacts of compact development, among other factors, noting that, "transit investments need supporting levels of land use density and intensity…[and] placing land uses closer together and minimizing unnecessary barriers to circulation increases travel choices such that transit, walking, and biking become viable while also reducing transportation sector energy use and GHG emissions" (CTC, 2024, p. 159).

SB 375 also requires that RTP/SCSs be aligned with Regional Housing Needs Assessment (RHNA) plans, by which regional Councils of Government, or COGs (coincident with MPOs in most California metropolitan regions) allocate identified housing need by income level among localities. The RHNA process has been the primary enforcement tool for California state housing policy since 1980. On an eight-year cycle, the California Department of Housing and Community Development (HCD) provides a target production number of housing units to the MPO/COG in each region, to accommodate projected growth. Then the MPO/COGs are responsible for allocating to each local jurisdiction in their regions its so-called "fair share" of projected regional housing needs at all income levels, to be accommodated through appropriate zoning measures. Jurisdictions must then use these fair share targets as the basis for their housing elements in their general plans (the documents developed by localities to set parameters for land use regulation).

Recently, SB 375 has come under scrutiny, as CARB published progress reports for the legislature in 2018 and 2022 indicating the law is "not on track" for achieving GHG reduction goals (CARB, 2018 and 2022). This conclusion was based on evaluation of multiple data-supported indicators, of which the most concerning was a rise in vehicle miles traveled (VMT) and associated GHGs per capita starting after 2013. One identified concern is whether localities are doing enough to align land use policies with RTP/SCS goals such as by supporting compact development near transit. CARB found that while development in most regions of the state has become somewhat more compact overall since 2005, housing production, especially affordable housing, has not matched assumptions in SCS plans. Noting that most MPOs have identified priority growth areas in their SCSs, CARB asserted that actual growth patterns in each region have diverged from these plans and that "many local agencies have not successfully advanced infill and climate-friendly development as needed" (CARB, 2022b, p. 36).In recent years, concerns about housing supply and affordability have led California lawmakers to adopt many new policies to support housing production, including by strengthening RHNA, as discussed further below. Some of the new policies support infill and TOD, but not all, and some even potentially conflict with that goal.

Capacity for Infill and TOD

As housing affordability has gained concern in California, policymakers and analysts have focused on lack of adequate supply as the primary cause, pointing to a shortfall in construction of enough units. Analysts point to various explanations for low construction rates, some of which are under the control of local government, such as zoning constraints and impact fees, and some of which reflect larger market and government factors that localities have little to do with, such as high interest rates and high construction costs in recent years. Observers also point to inadequate levels of public funding for construction of affordable (below-market-rate) units; the California Housing Partnership contends that the state is only funding 15% of what is needed to meet its affordable housing goals (CHP, 2025).

With HCD having set a goal of building over 310,000 units annually statewide, based on defined RHNA needs during the current 8-year cycle, including 125,000 units affordable to lower income Californians, the state is falling far short of its housing production goals (California Assembly Select Committee on Permitting Reform, 2025). Fewer than 115,000 total homes were produced in 2023 (36% of the target), 17,831 of which were affordable (just 6% of the target) (ibid).

How much of the state's needed new housing development could be realistically supplied through infill and TOD? From 2010 to 2017, more than half of annual building permits for housing in California were issued for multi-family units (author's calculation from data from the US Census Building Permits Survey), showing market interest in this form of housing. However, since then, the share of annual residential building permits allocated to multi-family units has dropped below half. Research indicates that zoning to accommodate infill and TOD is, in fact, not at all widespread across California; the opposite is more accurate, generally speaking. Research from UC Berkeley's Othering and Belonging Institute found that, in 2024, 96% of total residential land area in California was zoned as single-family-only, severely constraining the spatial possibilities for denser and more affordable housing (Menendian et al., 2024). After removing unincorporated territory from the calculation, 82% of total residential land area in the state was found to be reserved for single-family housing, with the median single-family-only residential land share across jurisdictions at 84%. Researchers from the Terner Center similarly found that about two-thirds of urban land in the state is zoned for single-family housing, and less than one quarter for multifamily, even in central cities (Mawhorter et al., 2018). For example, in San Francisco, the share of residential land zoned for single-family has been about 38%, while in Los Angeles, the share is 70%, and in San Jose nearly 90% (Manville et al. 2020).

Even territory located near transit is often comprised by single family homes. One study from the Terner Center at UC Berkeley found that, on average, 43% of homes located in California neighborhoods with relatively low VMT (which can be assumed to include transit-proximate areas) are comprised by single-family buildings, and 75% in buildings no bigger than a fourplex (Subin, 2024). Other research indicates that cities tend to direct new infill development to lower-income areas, often already comprised by multi-family buildings. A study from the UCLA Lewis Center for Regional Policy Studies found that roughly 80% of California cities disproportionately plan new housing in lower-income, environmentally compromised neighborhoods, contrary

to state mandates that encourage housing in higher-opportunity areas (Barrall and Monkkonen,2024). Cities that proposed rezoning for new housing sites showed better fair housing results, but the majority of cities relied on existing zoning, thereby perpetuating income and racial disparities due to the location of multifamily zones. The authors conclude that political pressure and legal challenges are major reasons why cities avoid rezoning, even though state laws offer penalties for non-compliance.

Restrictive zoning is not the only way that cities can inhibit infill and TOD. Researchers have documented various regulatory barriers to housing employed by California cities, including burdensome multifamily development review processes and permitting standards, and high impact fees (Mawhorter, Garcia, and Raetz, 2018; Monkkonen, Lens, and Manville 2020; Raetz, Garcia, and Decker 2019). Many communities apply discretionary review requirements at multiple points in the development entitlement process, to address concerns about project design, contribution to public benefits, and other issues, which can add substantially to uncertainty and delay (California Tax Credit Allocation Committee et al., 2014). The constraints help explain why the development entitlement process (the time needed for a developer to obtain a building permit) takes about two and a half months longer, on average, in coastal communities in California than in the typical US metropolitan area (seven months compared to four-and-a-half months) (Reid et al., 2016).

Drawing on data from a land use survey by UC Berkeley's Terner Center, Monkkonen and co-authors created an index of regulatory prohibitiveness in California cities based on cities' level of discretion imposed on development approvals (discretionary versus by-right), permit approval time averages, impact fees imposed, public opposition raised to development proposals, and CEQA concerns raised (Monkkonen, Lens, and Manville 2020). Using their index with data on self-reported zoning capacity identified in California cities' General Plans, the authors found that California cities that permitted more housing between 2013 and 2017 had zoned for more housing and had fewer regulatory prohibitions. Multifamily housing production was found to be especially sensitive to regulatory prohibitions, and both effects were stronger in more expensive cities (ibid). In another study, Marantz and co-authors found that in California cities with extensive transit infrastructure, new development projects approved from 2014 through 2017 were generally located in parts of town with high proximity to transit, but the only factors related to extreme delay in the permitting process were the percentage of land within a half mile radius of dedicated single-family housing and whether a multiunit project required a rezoning or general plan amendment (Marantz et al. 2022).

Even when cities support TOD, it is often challenging to achieve in practice. TOD involves more complicated planning, finance, and regulatory requirements, and it entails higher costs for land and construction than greenfield development does (Fleissig and Carlton, 2009). Furthermore, TOD proposals can meet resistance from nearby residents, concerned about impacts including traffic congestion, stress on public services, and loss of neighborhood character, among other issues. The strategy of funneling TOD into lower-income areas, while leaving wealthier, single-family neighborhoods alone, raises concerns about TOD in these areas, for example about whether gentrification will lead to displacement of current residents.

A variety of market and policy constraints can inhibit infill, TOD, and affordable housing. In its 2022 Statewide Housing Plan (2022), the state's Department of Housing and Community Development (HCD) points to a

"combination of local permitting and zoning barriers, opposition to neighborhood change, segregation and exclusion, mounting construction costs, and a shortage of labor," along with insufficient federal resources to build housing, in explaining why housing production is not higher in the state (California Department of Housing and Community Development, 2022).

To boost housing production, the state legislature adopted multiple new policies in recent years, which can be grouped into the following categories: CEQA reform, strengthening RHNA requirements and enforcement, policies to support "ministerial review" (automatic, non-discretionary review) of housing development permit proposals, and requiring upzoning to permit denser housing patterns. The sheer amount of housing legislation adopted since 2017, affecting local permit approval of new development, cumulatively constitutes a transformation of the state's housing policy, according to some observers (Fulton, 2019). The section now addresses each of these four identified approaches in turn.

CEQA Streamlining Reforms

One of the strongest environmental review laws in the nation, the California Environmental Quality Act (CEQA) has exerted considerable influence on development decisions. The law requires analysis and mitigation, if feasible, of negative environmental impacts of development projects and plans. CEQA review has been implicated as a sometimes costly element of the permitting process, not just in terms of direct costs to developers for conducting sometimes very extensive required analysis of multiple impacts of proposed projects, but also in terms of indirect costs associated with uncertainty, reflecting the possibility that planning officials and residents opposing the project might raise concerns that delay approval. A study of CEQA review in the state's ten largest cities between 2004 and 2013 showed that housing projects requiring a full-blown Environmental Impact Report required, on average, about 2.5 years to approve (LAO, 2015).

A critical CEQA-related strategy to support infill development was adopted in 2013 through Senate Bill 743, promulgated through state implementing guidance in 2018. This law changed analysis and mitigation required under CEQA of transport impacts of development from a focus on maintaining level of service (LOS) standards for vehicular throughput (a measure of traffic speed and delay), to instead considering impacts on reducing VMT. The focus, for decades, on maintaining LOS standards had translated to maintaining smooth traffic flow, with detrimental consequences in many instances for infill developments and facilities to support non-auto modes. The LOS standard meant, in practice, that CEQA regulations facilitated increased driving and lower densities. By contrast, SB 743 represents a sea change in CEQA review by orienting it toward VMT reduction, thereby supporting infill and TOD.

Various legislative efforts in addition to SB 743 were mounted over recent years to make CEQA more conducive to supporting infill development. Adopted policies generally took the form of selective CEQA carve-outs, conditioned exemptions and narrow loopholes. The use of many of these streamlining provisions has been limited, however, because the costs and complications have outweighed streamlining benefits (Affolter et

al., 2025). Nevertheless, research indicates that between 2008 and 2019, exemptions grew from 38% to 55% of all CEQA actions (Fulton et al., 2023).

The situation changed in 2025, with passage of the most significant CEQA reform in many years through AB 130 and SB 131, signed into law on June 30, 2025. The policies create a broader statutory CEQA exemption and streamlined approval requirements for infill housing development, as well as a "near-miss" provision. The new exemption applies to housing projects of less than 20 acres in an urbanized setting, which are now subject to a ministerial (automatic and non-discretionary) review process without CEQA review, if the project is consistent with the applicable local general plan and zoning ordinance, meets the locality's objective zoning and planning standards, and is not located on historic or specified sensitive sites. The idea here is to reduce environmental review of housing projects from three rounds to one, as environmental review is to be conducted on the Housing Element, but rezoning and then infill projects are exempt, meaning CEQA is "one-and-done" at the Housing Element level (Fulton, July 5, 2025). As a statutory exemption, CEQA does not apply at all and permit proposals generally receive substantial deference from courts, when challenged.

The impact of the new CEQA exemption is expected to be substantial, as "the vast majority of infill housing projects will now be exempt from CEQA" (Fulton, July 5, 2025). Project density must be at least 30 units per acre in metropolitan counties, 20 units per acre in suburban jurisdictions, and 10 to 15 units per acre in non-metropolitan counties. The new provisions for streamlined approval require local governments to determine whether an application is complete within 30 days of submittal, and upon completion, approve or disapprove the project within 60 days. The "near-miss" provision allows partial CEQA exemptions for projects that meet all but one exemption criterion.

Some wage concessions offered to building trades unions were necessary to gain approval of the bills, but they were modest compared to prior streamlining bills. 100% affordable projects and projects above 85 feet tall must pay prevailing wage and the latter must also use a "skilled and trained" workforce, but those two project types generally require paying union-level wages in any case (Christopher, June 30, 2025).

Another interesting provision of AB 130 is that lead permitting agencies under CEQA (generally local governments, in the case of housing development permits) are given the option of allowing developers to mitigate VMT impacts (as per SB 743, described above) by paying a fee to build infill housing. HCD is to create a VMT mitigation fund to be called the "Transit-Oriented Development Implementation Fund," into which developers' mitigation fees could be deposited. The Governor's Office of Land Use and Climate Innovation is charged with figuring out how to implement this strategy.

RHNA Revisions

As noted earlier, the Regional Housing Needs Allocation (RHNA) process is connected to requirements for localities to adopt Housing Elements, as part of their General Plans, that accommodate their "fair share" of regional housing need at all income levels. California's fair share requirements have been one of most active

means by which the state government directs local planning toward a substantive policy goal, with housing elements being the only sections of local general plans that must be reviewed by the state (by HCD). However, traditionally, housing element law was seen as “just strong enough to be annoying but just weak enough to be useless” (Fulton, 2018). For decades, RHNA enforcement was traditionally notoriously weak, with most localities for many decades letting their housing elements become out-of-date (Elmendorf, 2019).

In recent years, the state legislature has strengthened RHNA enforcement. Especially important was adoption of SB 828 in 2018, which requires that RHNA take account of past housing shortages in addition to estimates of future housing need. Determination of housing need now must account for the percentage of households in a region that spend more than 30 percent of their income on housing, relative to what that percentage would be in a "healthy housing market” (Elmendorf, 2019). In addition, rental housing need is based on estimated occupancy; overcrowding rates among renters should be "no more than the average…in comparable regions throughout the nation” (ibid). Furthermore, localities must demonstrate that RHNA allocations are accommodated on imminently developable sites, so as to address a long-standing complaint that anti-housing local governments often assign their RHNA shares to sites not practical for actual development.

RHNA policy reforms have strengthened HCD’s hand in setting more ambitious regional RHNA targets for regions and their localities (ibid). The housing targets that HCD calculated for Southern California and the San Francisco Bay Area in the most recent RHNA cycle were 2 to 3 times larger than in the previous cycle, for example (Elmendorf and Nall, 2024).

Another important factor influencing RHNA and housing element compliance has been the strengthening of “fair housing” requirements. This concept is generally understood to require some effort to rezone historically exclusionary neighborhoods for multifamily housing (ibid). AB 686, passed in 2018, codified the requirement that all state and local agencies take meaningful actions to “affirmatively further fair housing.” The bill created requirements for all housing elements to include assessments of fair housing practices, and to report on the relationship between available sites and areas of high or low resources and actionable programs. The fair housing imperative – long a main rationale for the RHNA process - can raise tensions with VMT-reduction strategies such as compact infill and TOD, however, because it can mean targeting more affordable housing to “resource-rich” communities and parts of town, which are more likely to be lower-density and less transit-accessible than TOD zones. So in the current context, MPO/COGs and localities are being called on to align the social equity and location efficiency aspects of SB 375 and RHNA, even if they come into tension.

The RHNA reforms discussed above have been combined with other new state policies in recent years intended to limit local discretionary review and prevent delay in the permitting process; these policies, described below, sometimes apply specifically to localities which fail to gain HCD approval of their Housing Elements. Higher assigned RHNA housing unit target numbers, together with new criteria for housing element review (assurance of realistic sites, fair housing strategies), have made it difficult for cities to get their housing plans certified by HCD without substantial upzoning commitments (Elmendorf and Nall, 2024). The cumulative result of all the reforms to housing element-related law has been to encourage greater attention from localities to updating their housing elements on time, to providing for upzoning needed to accommodate the mandated numbers of

units, and to promulgating clearer, up-front conditions of development approval, so as to limit negotiation and delay (Elmendorf, 2019; Stephens, 2020, February 17; Elmendorf and Nall, 2024). While in the early 1990s, only about a quarter of California jurisdictions had HCD-approved housing elements in place, by 2019 the figure was about 90 percent (Elmendorf, 2019).

Some scholars, while recognizing that the recent policy reforms are supporting better RHNA compliance, point to ongoing, structural weaknesses with the entire RHNA framework. Most housing is built by the private market, not government, and RHNA provides no guarantee that housing will actually be built, even if it could be accommodated by local zoning. Monkonnen and co-authors note a basic problem with RHNA logic regarding affordable housing as "ask[ing] cities to zone for much more subsidized housing than we have subsidies available to build, and cities face few consequences when housing they zone for goes unbuilt" (Monkonnen et al., 2019, p.4).

Permit Streamlining Through Ministerial Review

Various recently adopted state policies, many of which touch on RHNA compliance, are aimed at making the local development permitting process more efficient by supporting "ministerial" permit approval (in a standardized non-discretionary fashion) of projects meeting "objective" standardized permitting requirements. Senate Bill 35, passed in 2017, and extended through SB 423 (2023), made local governments liable for the first time for failing to meet assigned RHNA housing targets, not just for failing to plan. SB 35 directs HCD to determine mid-cycle and at the end of the RHNA cycle whether each local government is on pace to meet, or has met, its RHNA production targets. If a local government falls short, it is now required to ministerially permit certain housing project proposals. Qualifying proposals must be multifamily, urban, on an infill site, include an affordable housing component, and use union labor. Under SB 35 any such housing proposal must be approved within a maximum of 60 to 90 days if it meets other existing "objective" zoning and development standards. If the city fails to do so within that time frame, SB 35 stipulates that the development is approved automatically. For cities that have failed to meet their above-moderate income RHNA affordable housing goals, any such development with 10 percent affordable housing falls under SB 35. For cities that have failed to meet only low and very-low income goals, the bar is 50 percent affordable units. For qualifying housing proposals, the law grants exemption from CEQA review, exemption from local design guidelines beyond height and density restrictions, consideration of density bonuses, and exemption from any minimum parking requirements for projects within ½ mile of public transit (Clare, 2019).

Other recent legislation has further chipped away at local discretion in the housing permit approval process. SB 330, the so-called "Housing Crisis Act of 2019," essentially outlawed plan-level downzoning and moratoria on housing for the next five years. It established that housing projects cannot be denied based on application of subjective design standards and must be measured instead against "objective, quantifiable, written development standards, conditions and policies." The law also limited the time and number of hearings a local government can conduct in considering a development project, and it prevents cities from assessing project-specific impact fees or changing permit requirements after a developer has submitted a preliminary

application. In a similar vein, AB 821 (2023) requires local governments to approve developments that are consistent with the general plan but not with applicable zoning.

A consequential outcome of SB 330 has been the emergence of development project applications filed under provisions of a long-dormant element of housing element law, called the "builder's remedy." California's Housing Accountability Act, adopted in 1990, provided the so-called builder's remedy provision, under which a city with a non-compliant housing element cannot block development of a housing project with at least 20% of units affordable to lower-income households, or 100% affordable to moderate-income households (Gov't Code § 65589.5(d)). Projects can only be rejected for a narrow set of specified reasons, including lack of conformance with "objective standards."

For decades, developers hesitated making use of the builder's remedy provision, as compliance with housing element law was not being strictly enforced (Fulton, October, 2022). The wave of housing production legislation since 2017 has changed the situation, however, inducing multiple developers in many jurisdictions to submit permit applications under terms of the builder's remedy provision. Localities were already facing significant planning challenges in gaining HCD approval of their housing elements under requirements of SB 828, and now they also faced the prospect of having to approve project proposals ministerially under SB 35 and the builder's remedy.

The new housing-related policies discussed here appear to be changing how local developers interact with local governments. Based on extensive interviews with various interested stakeholders, Fulton et al. (2023) find that "in some cities at least, the new laws have encouraged a shift to a culture of 'yes' around project approvals," by making permit expectations more predictable, and by making it legally more difficult to deny and delay project approval. Elmendorf and Nall (2024) find that the policies have prompted some developers to "rethink their business model" toward one less concerned with building bridges with local governments and more oriented instead to "specializing in the state-law protected class of projects." Another observer quotes a developer as saying on the subject that, "The old games of begging municipalities for a project and reducing the density to get there … that's the old way of doing things. Our spines are stiffening" (Christopher, 2023).

Upzoning

As noted earlier, zoning to accommodate infill and TOD is not widespread across California; with 82% of total residential land area in incorporated areas in the state reserved for single-family housing (Menendian et al., 2024), and 43% of homes in low VMT areas (which can be assumed to include transit-proximate areas) comprised by single-family buildings (Subin, 2024). Some aggressive legislative efforts to mandate upzoning on a ubiquitous basis near transit were proposed in recent years, but until recently they generally failed to overcome opposition from localities and other stakeholder groups. A few policies supporting more "gentle" density increases proved successful, however. For example, SB 9, approved in 2021, requires ministerial (non-discretionary) approval for property owners who split their lot in half and who build up to four units in the resulting two parcels.

Another important zoning-related strategy to support infill has been to reduce parking requirements. Most jurisdictions in the US require a minimum number of parking spots to be built with new development. For example, a typical requirement for single family homes in the San Francisco Bay Area has been two parking spaces per unit, while for center city properties, requirements have ranged from no parking to one space per unit (MacDonald, 2016). Parking requirements, included in zoning codes, significantly affect housing location, price, and profitability of new construction, with costs for a parking spot ranging from $30,000 to $75,000 per space, representing anywhere from 3% to 17% of development costs (ibid). Much research confirms that lowering parking requirements in infill zones can reduce projects costs significantly, while also helping reduce VMT (Chatman et al., 2024).

In 2022, AB 2097 was adopted, prohibiting a California public agency from imposing or enforcing any minimum automobile parking requirement on a residential, commercial or other development project located within one-half mile of a major transit stop. Some loopholes in the law have enabled cities to avoid its requirements, although the loopholes are not available for developments that dedicate at least 20% of housing units to very low, low-, or moderate-income households, students, the elderly, or persons with disabilities (Elmendorf and Nall, 2024).In working to support affordable housing production, cities pursue two basic approaches, either to impose mandatory "inclusionary housing" requirements, on the one hand, or voluntary incentive-based programs on the other, such as density bonus programs, which are zoning-based. Mandatory requirements include impact fees, and requirements that developers provide some share of on-site units as deed-restricted affordable, or else pay in-lieu fees, or comply with other alternative options. Voluntary incentive-based programs include, in particular, density bonus programs through which cities offer incentives, including density increases, to developers in exchange for their building affordable units.

In using these methods, cities face market-imposed constraints on their TOD policymaking—the need to balance what they can extract in public benefits from developers, such as commitments to provide affordable housing or other benefits, with profitability for developers for building at the site in question. Planners and elected officials must become savvy in designing affordability provisions, especially mandatory ones, that extract public benefits (such as affordable units) without imposing so high a cost burden that developers walk away. Differences in the design of density bonus and inclusionary housing programs can produce large differences in outcomes for development permitting activity, signaling that good program design is essential to effective TOD policymaking.

The state's Density Bonus Law (Gov. Code §§65915 - 65918) is a zoning-related policy to support housing production, which favors TOD. Originally enacted in 1979, and then strengthened through various legislation in recent years, the law allows a developer to increase density on a property above the maximum set under a jurisdiction's General Plan, if, in exchange, a certain share of the new units provided are reserved at below market rate (BMR) rents. Qualifying applicants must be granted incentives (or concessions) that provide cost reductions, waivers of development standards that would physically preclude the development of a project at the density permitted and with the incentives granted, and reductions in parking requirements. Benefits are

scaled depending on the affordability percentages offered for given projects, with unlimited density available for certain 100-percent BMR projects located near transit or in low-VMT areas.

The recent changes to the state's density bonus law have made it much more beneficial for developers to use, resulting in greater project feasibility and more housing units produced (Fulton et al., 2023). The changes have allowed more units to be built in a given project if some units are designated as affordable housing; while prior to 2017, the maximum density bonus available was an additional 35% of the maximum number of units allowed by the zoning for a project, by 2020, a density increase of up to 50% was allowed for projects with 15% of units offered to lower-income households, up to 80% density increase for 100% percent affordable housing projects, and unlimited density (up to three stories) for projects located within a quarter mile of a major transit stop. However, it should also be noted that allowing for added density does not necessarily work for inducing new projects in lower-cost markets, such as inland areas, where market-rate rents in the area are not high enough to offset the costs of operating the affordable units as required.

Another type of infill housing that has gained significant attention from the state legislature in recent years is the provision of accessory dwelling units (ADUs). In 2016, SB 1069 and AB 2299 established that ADU approval must be ministerial, and with AB 881, AB 68, and SB 13 (2019), created an "essentially unqualified right" for any homeowner to add a freestanding backyard ADU of up to 800 square feet, plus a "junior ADU" of up to 500 square feet within the envelope of an existing structure. The new measures generated a flood of ADU applications (Elmendorf, 2019). Before the legislation, the number of ADUs built in California was negligible, while in 2023, the state permitted more than 28,000 ADUs (Christopher, 2025a).

Finally in this section, we consider more ubiquitous efforts to upzone near transit. As noted earlier, some aggressive legislative efforts to mandate upzoning on a ubiquitous basis near transit were proposed in recent years, but until recently they generally failed to overcome opposition from localities and other stakeholder groups. This situation changed in 2025 with state adoption of SB 79, which overrides local zoning to boost transit-oriented development.

On residential and commercial lots within a walkable half-mile of well-trafficked public transit stops, developers are now, under SB 79, allowed to build taller and denser housing — as high as six stories. That prescription even applies in neighborhoods where local regulations restrict new development to single-family homes. Projects must set aside a modest share of homes for lower-income residents (at least 7%) and replace any rent-controlled units that are destroyed during construction. Additionally, for land owned by transit agencies that is located near a transit station, the law effectively transfers land-use authority from local governments to transit agencies and permits buildings of up to 100 feet high immediately adjacent to the stations (Christopher, September 12, 2025; Fulton, October 12, 2025).

The SB 79 proposal underwent multiple rounds of amendments — more than any other policy bill in the legislature this year (Christopher, September 12, 2025). Many changes were made to convince powerful interest groups to drop their opposition, often resulting in reducing the bill's scope. The legislation applies only to counties with at least 15 passenger rail stations, with just eight counties fitting the bill: Los Angeles, San

Diego, Orange, Santa Clara, Alameda, Sacramento, San Francisco and San Mateo. Rather than applying to every major bus line in the state, as the 2018 iteration did, SB 79 only targets homes within a half mile of train stations, subway stops, "high-frequency" light rail and commuter rail stops and fixed-route bus rapid transit lines. Buildings within the nearest quarter mile of Amtrak stations, Bay Area Rapid Transit stops and Los Angeles subway stations can top out at roughly seven stories, while parcels further out or surrounding less-trafficked light rail stations would be capped at more modest heights. Lower-income neighborhoods also have more time to plan for the rezoning with the new rules not taking effect until at least 2032. And, in a fig leaf to ticked-off local governments, the bill also allows cities that are already planning for transit-oriented apartment buildings at a significant scale, such as San Francisco and Sacramento, to stick with those plans rather than abide by the full scope of the new law.

It is too soon to know what difference SB 79 will make in supporting new infill and TOD. However, the previous discussion makes clear that localities currently face stricter regulations than in the past to support infill. RHNA reforms have been combined with other new state policies to limit local discretionary review and prevent delay in the permitting process, and to require more infill-supportive zoning. The result is that it has become difficult for cities to get their housing elements certified by HCD without substantial upzoning commitments (Elmendorf and Nall, 2024). Some observers point to ongoing constraints and loopholes in housing policies that permit localities to avoid infill-supportive policymaking (Fulton et al., 2023; Elmendorf and Nall, 2024;), but they concur that some policies, in particular those favoring construction of ADUs and affordable housing, have been making a noticeable difference in results.

Although public engagement processes can sometimes add to costs of TOD, it is important to recognize that effective neighborhood planning can also reduce TOD costs. If and when a neighborhood plan (sometimes called a Specific Plan) embodies a widely accepted vision for development, then the regulatory mechanisms adopted to implement the plan can facilitate a more predictable permitting procedure for developers. The Environmental Impact Report developed under CEQA that must be completed for a neighborhood plan can provide the basis for subsequent "tiering" under CEQA of environmental review requirements for projects contemplated in the plan. In this way, effective planning processes, though they may be arduous and costly to complete, can facilitate development by streamlining approvals for developers, even as they also provide for democratic decision-making by incorporating neighborhood and stakeholder priorities and interests.

If the tougher regulations described above constitute a stronger "stick" imposed by the state on localities, has the state also provided more of a "carrot" as well to support infill and TOD? The next section considers and compares two key programs provided by the State of California to support infill and TOD.

State Programs Supporting Infill and TOD: AHSC and REAP

In this section of the report, we compare two programs by which the state has supported infill and TOD, namely the Affordable Housing and Sustainable Communities (AHSC) Program, and the Regional Early Action Planning (REAP) program. Both administered by HCD, these programs have been the most significant sources of state funding provided to support housing production tied explicitly to VMT reduction.

California's GHG carbon trading (cap-and-trade) program has dedicated substantial funding on an ongoing basis to programs that build local transit, active transportation, and affordable TOD projects. One notable program that fits into the analysis for our report is the AHSC Program, which since 2014 was allocated 20% of cap-and-trade funds on an ongoing basis till 2025, when the program funding was shifted to $800 million annually with reauthorization of cap-and-trade. The program provides grants on a competitive basis to local affordable housing projects combined with transit and/or active transport facilities upgrades. This is the only state program that explicitly links ongoing funding for affordable housing to transit and active transport enhancements (see websites at https://sgc.ca.gov/grant-programs/ahsc/ and https://www.hcd.ca.gov/grants-and-funding/programs-active/affordable-housing-and-sustainable-communities).

Since inception, the AHSC program has distributed upwards of $4.31 billion dollars over nine rounds of funding, facilitating the construction of 22,471 housing units. AHSC is designed to fund affordable housing developments with one or more new sustainable transportation elements (like bus route expansion or bike paths) constructed as part of the project (Strategic Growth Council, AHSC Guidelines Round 8). Projects must show that they would reduce VMT and GHGs if built.

AHSC project applications, which can be submitted (often jointly) by entities including developers, local jurisdictions, tribal governments, regional transportation agencies, and public transit providers, are evaluated on a set of criteria that judges them for GHG reductions and other environmental and economic co-benefits (Strategic Growth Council, 2023). The program has rigorous and transparent scoring criteria for applicant local projects. Almost a third of the points are based on quantitative metrics for GHG reduction that capture important indicators of land use-transportation connection such as density, mix of uses, and access to sustainable transportation (CARB, 2024).

With funding awarded on a project-by-project basis, some regions have received more funding proportionate to their populations, reflecting their high-quality transit options available in infill areas. The region that stands out in terms of its overperformance is the Bay Area; while only comprising about 20% of the state's population, the Bay Area was awarded AHSC funding to construct just under 35% of all units constructed through eight rounds of AHSC funding (based on authors' calculations from California Housing Partnership, AHSC Impact Report pgs. 30-37; Strategic Growth Council, AHSC Awards and Applications Round 8).

But the AHSC program also works to ensure a baseline level of parity in terms of geography as well as project type and to ensure the achievement of equity goals. Three main sub-allocation pots of money are designated for distinct area types from which projects can compete for funds: the Transit-Oriented Development (TOD),

Integrated Connectivity Project (ICP), and Rural Innovation Project Area (RIPA) project types. The current funding cycle will allocate at least 35% of the funds to TOD projects, 35% to ICP projects, and 10% of funds to RIPA. The remaining 20% of funds are allocated first to regions that have not yet received funding (ensuring at least one project is selected from each of California's eight mega regions) and to at least one tribal applicant if none has been allocated funding. They then are allocated based on the highest score (Strategic Growth Council, AHSC Round 8 Guidelines, pg. 42). AHSC is also required to give 50% of funds to projects that serve disadvantaged communities (California Public Resource Code Section 75214).

AHSC provides an invaluable source of capital funding for affordable housing development, with applicant projects scored for how many deed-restricted units will be provided for low-income households, and for whether they include transportation investments that reduce VMT. But we also heard about some limitations and drawbacks of the AHSC program. We heard some complaints that because AHSC seeks to achieve goals measured at the project scale, this works in favor of project applications from more compactly built regions with more transit availability, leaving some regions under-funded. The project-based standards used for allocating AHSC funds contrast with the formula used in the REAP program, in which MPOs were awarded REAP funds based on each region's population. REAP more equitably supported the state's regions that have lower-density development and less transit infrastructure.

AHSC also presents significant barriers to application, with a six-page application required stipulating minimum standards for a project to be considered for funding (AHSC Round 8 Program Guidelines, pg. 21-27). Also, the requirement that every housing project be paired with new transportation infrastructure places a coordination burden on applicants because housing projects and transportation projects are generally the purview of separate entities. We heard in our interviews, especially with planners from regions outside the Bay Area and Los Angeles, that the combination of onerous application requirements and the pairing of transportation expansion with housing development presented a major barrier to generating sufficient interest in the AHSC program in some communities.

Meanwhile, starting in 2019, the REAP program has distributed, on a one-off basis, significant state funding to MPOs to be used to support land use-related aspects of the MPOs' regional plans. HCD allocated funding for the program in two different rounds. REAP 1.0, initiated in 2019, allocated $118.75 million to the MPOs, to be used for planning expenses that accelerate housing production, including developing RHNA methodology, funding local planning updates, or creating region-wide TA or planning resources (see https://www.hcd.ca.gov/funding/archive/reap2019). For the second REAP 2.0 round,, initiated in 2021, $480 million was allocated non-competitively to MPOs based on population share, and another $50 competitively to rural areas or other applicants, or to HCD for administration (see https://www.hcd.ca.gov/grants-and-funding/programs-active/regional-early-action-planning-grants-of-2021).

MPOs could use REAP 2.0 funds for any policy or program that met any of the three primary program objectives: accelerating infill development, affirmatively furthering fair housing, and reducing VMT. MPOs were able to develop their own criteria for what projects received REAP funding and administer the funding

themselves. HCD had oversight over the process, setting up guidelines for funding and determining if MPO-developed criteria and administration met those guidelines (HCD, REAP Guidelines, 2022).

As **Figure 1** indicates, MPOs allocated most of their REAP funding to local projects; Central Valley MPOs were most likely to do so. MPOs chose to award 70% of funds for localities competitively, although this varied somewhat by regional grouping. Central Valley MPOs were least likely to do so.

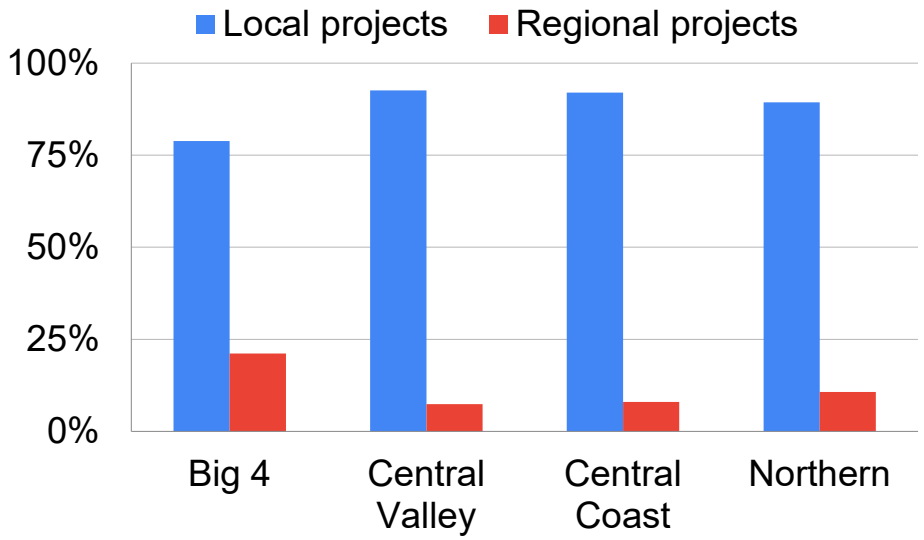

Figure 1. Share of REAP 2.0 Funding Allocated to Regional Versus Local Projects,
Sources: Contact authors for a full list and typology of REAP-funded programs.

We broke down MPO programs funded through REAP into the following categories: planning expenses, technical assistance (TA), or outreach; predevelopment infrastructure, including but not limited to sewers, water, transformers, and other utilities; direct funding for housing construction; transportation planning or infrastructure; or general funding that was distributed to projects that best fulfilled REAP objectives regardless of type. **Figure 2** depicts how REAP funds, overall, were spent.

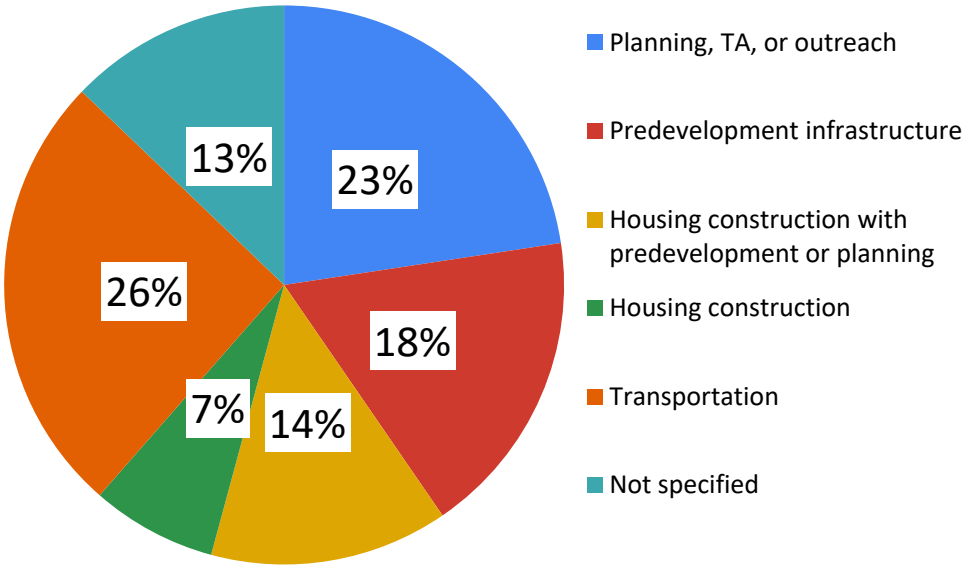

Figure 2. Share of REAP 2.0 Funding by Program Type
Sources: Contact authors for a full list of REAP-funded programs.

As **Figure 2** indicates, planning and pre-development infrastructure made up a substantial portion of REAP investments. Housing construction also made up a similarly large share, while transportation programs only comprised 26%. These findings reflect the value MPOs perceived in being able to direct funding to housing and land use planning and project purposes. Land use changes are important components in MPOs' plan implementation strategies, and REAP is one of the only mechanisms that MPOs have had to execute the land use side of their plans.

REAP facilitated relationship-building for MPOs with localities on land use concerns. Especially given the challenges faced by localities in meeting the most recent RHNA cycle, localities needed assistance and REAP helped make this possible. MPOs told us this directly. A staff person at one MPO said, "REAP creates positive feedback loops...We've leveraged REAP to really catalyze shifts in relationships [with localities] and to move things forward." MPOs used REAP funding to gain support for land use elements of their regional plans. For example, one MPO staff person told us, "With REAP, we got money, and suddenly [our infill pre-development program] got legs, and more jurisdictions got interested. It's an effective program, but not without that pot of gold, of incentives."

Funding flexibility under REAP was greatly valued by the MPOs. MPOs could use REAP funding to build housing-supportive infrastructure (like sewers), planning expenses that come with housing construction, or fund the housing projects themselves in areas that they thought should be developed densely, but where the market did not support such construction. One MPO told us:

> “REAP is absolutely a game changer, not just in the level and amount of resources... REAP has given us money to work on broader programs to address the infrastructure challenges. We used REAP to address these major roadblocks - it allowed us to get at some of the bigger structural issues that have been barriers to more sustainable development and housing...We need an ongoing source of funding like REAP to be able to accomplish everything the state is asking us to accomplish.”

This point was echoed by another MPO:

> "We view REAP as absolutely critical. It is so rare that we have a funding source from the state that is specifically designed to help us implement the strategies in the plan, and it's uncommon and new that we're able to put so much on the land use side."

Providing structural support for housing can help implement regional plan goals even in areas experiencing lower market demand for infill housing. A staff person from one MPO said exactly this:

> “There are places in California where you can change the zoning and then the project happens, because there's latent demand for that project. And I think that the general thesis is that you could double the zone capacity in parts of these places, which we should, and that's the right thing to do, and we're working to do that, but it doesn't create the underlying [market] demand to actually build that project. And so, we have to find ways of putting our thumbs on the scale to actually deliver more housing. And so, the infrastructure piece was one way of doing that, to take that burden off of the project-by-project development and send a market signal as well to the development community that these are places that the public sector is investing in, and we really want your capital to actually build these larger projects here.”

In contrast to REAP, AHSC only allows for last-in funding of housing and transportation projects, meaning that for areas to take advantage of AHSC funds, regions must have the right type of projects ready to be built in infill areas (SACOG, n.d.). However, regions may not have adequate numbers or appropriate types of projects ready for last-in funding to take advantage of the program. REAP funding, unlike AHSC, can be used to support changes to the market conditions needed to support infill, such as through investments made in planning and pre-development infrastructure. Thus, REAP could help lead to inducing new proposals for both affordable and market rate housing, and not just fund projects already proposed.

These differences between REAP and AHSC are not necessarily antagonistic. In an interview, one city planner highlighted mutual benefits from the two programs’ dual roles:

> “[REAP funding] was so exciting because it was the first time we were getting these core issues addressed that we had been raising for quite some time about infrastructure. And it's nice because it gives us a little bit more authority over where these funds are going. Where are the critical areas that are lacking infrastructure improvements? Where are our housing element inventory sites, and where are our vacant lots, and how can we prioritize where the money goes using our planning documents and data? That's amazing, but also we're not the ones developing the housing, right? So, I think AHSC is the other piece of

> the puzzle, because really, it's about the market identifying: Okay, here's a site, and this project works well with the program. And you know, we're not the ones putting together the applications, but we're very happy for developments to come into [our city] and be seeking AHSC dollars and receiving them. So I think they're different, right, in terms of the mechanism for how they are deployed. One is really guided by the cities and informed by the applications that we put together for them, and the other is just driven by development, right and trying to incentivize a certain type of housing, given the program guidelines and the scoring sheets that that are put together. They're both serving different roles in this ecosystem."

We conclude that the REAP program had a uniquely strong facility to support regional plan implementation by giving MPOs resources to use for land use purposes, allowing for tailoring to region-specific needs, and facilitating development of stronger partnerships with localities. AHSC, by contrast, provides critical last-in capital funding for exceptional housing projects that merge land use and transportation objectives for every region. REAP and AHSC have the potential to work synergistically in practice, with REAP priming AHSC capital investments, through support for planning and pre-development infrastructure needed.

Local Perspectives on Infill and TOD

This section presents findings on local motivations and barriers, and perceptions of the effectiveness of various state, regional, and local policies and programs adopted to support compact infill and TOD.

Local Motivations and Perceived Barriers to Compact Infill and TOD

Overall, our survey findings were encouraging in terms of TOD policy interest, with 66% of respondent cities in the 2019 survey indicating they had adopted policies, programs, and plans to support TOD, and nearly as high a share with adopted policies to support transit use. An even higher share – almost all respondent cities/counties (84 of 85) – in the 2025 survey indicated they had adopted at least one of the infill-supportive policies we asked about (the policies and adoption rates are shown in more detail below).

The 2019 survey asked about local motivations for supporting compact infill and TOD. The motivation that survey respondents rated most often as being "very important" to their city's elected leaders in adopting TOD policies and programs was improving community revitalization/livability (rated very important by 71% of respondents), followed by improving mobility/accessibility (63%), and then affordable housing (60%) and housing more generally (58%) (**Figure 3**). The high share ranking mobility/accessibility as very important shows that local officials were aware of the strong inter-connection between land use patterns and travel behavior.

> Question from 2019 survey: "Please indicate the importance to your city's elected leaders of the following motivations and objectives for adopting TOD policies and programs."

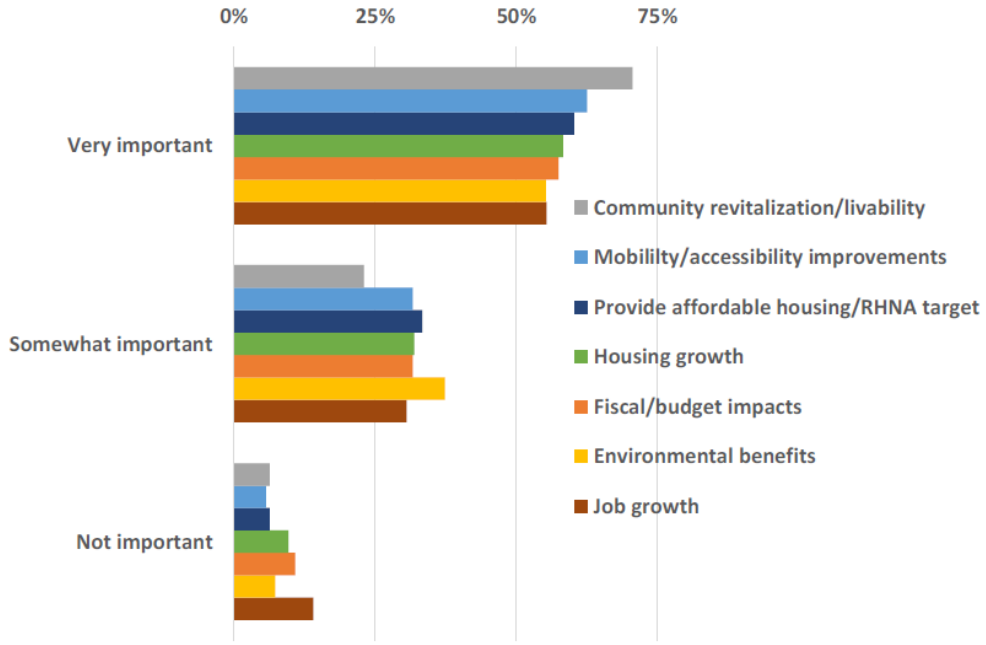

Figure 3. Local Motivations for Adopting TOD Policies
Source: Authors' 2019 on-line survey of city planning directors in the San Francisco Bay, Los Angeles, Sacramento, and San Diego metropolitan areas

Our surveys probed about factors that local planning directors perceive to be obstacles to inducing compact infill and TOD in their jurisdictions. In the 2019 survey, the two top obstacles to TOD cited by respondents, among the factors asked about, were a lack of vacant land and difficulty in assembling land parcels (**Figure 4**). Difficulty in assembling land parcels had become a greater problem for cities after the dissolution of redevelopment agencies by the state government in 2012. Tax increment financing through redevelopment had been the major way that localities could finance redevelopment projects and fund affordable housing, with a requirement that 20% of tax increment revenue raised be devoted for the purpose. Although various state policies have provided some tax increment financing authority to localities since 2012, none have fully restored the powers lost.

Question from 2019 survey: "*What do you think are the major barriers/obstacles to achieving development in areas near transit in your city?*"

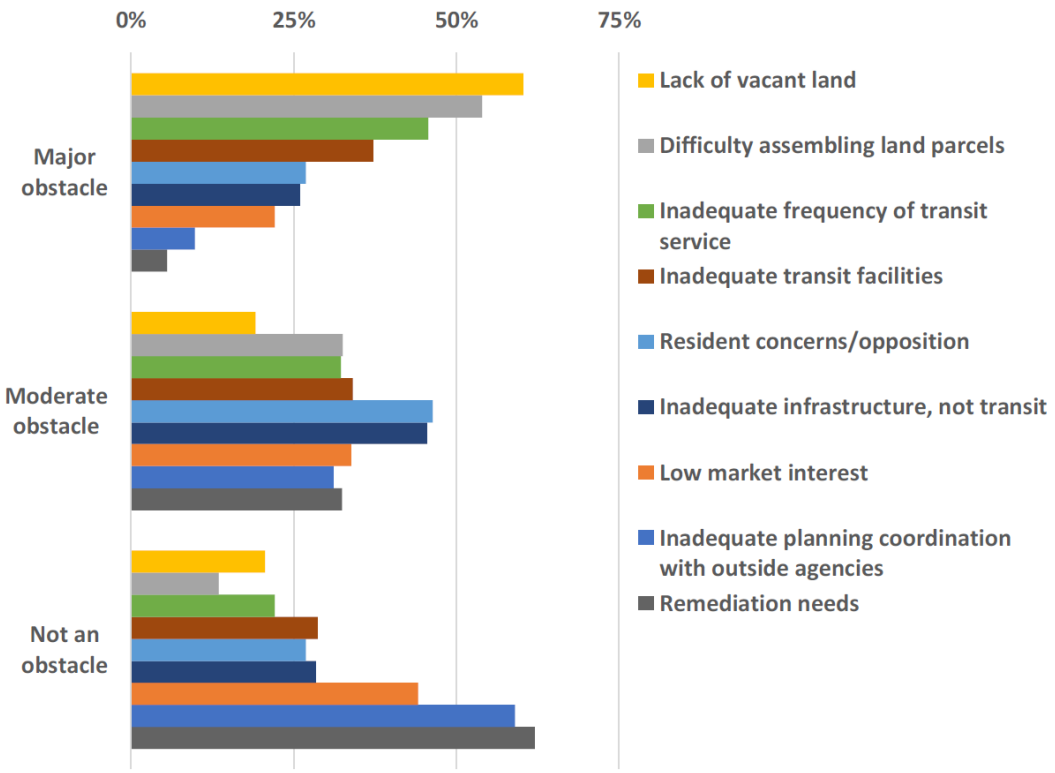

Figure 4. Perceived Obstacles to Achieving Development Near Transit
Source: Authors' 2019 on-line survey of city planning directors in the San Francisco Bay, Los Angeles, Sacramento, and San Diego metropolitan areas

Other major obstacles cited by survey respondents, seen in **Figure 4**, included inadequate frequency of transit and number of transit facilities, inadequate infrastructure near transit, resident concerns and opposition, and low market interest. For transit services and facilities, it is important to note that many if not most cities in California do not run their own independent transit authority. In this regard, inadequate transit service and facilities may be perceived as being beyond the control of city planners and officials, if an independent (sub)regional transit agency controls such decision-making. Nevertheless, it is also useful to note that only a small share of survey respondents considered inadequate multi-agency planning coordination to be a major obstacle to TOD policymaking.

It is also notable that among the factors most likely to be considered "major obstacles" to TOD by survey respondents, two factors often cited as potentially inhibiting the success of TOD, namely resident opposition (associated with "NIMBYism") and lack of market interest in TOD, were ranked below factors more directly under the control of public decision-makers, namely provision of transit facilities and service, and legal/planning authority to assemble parcels. For 61% of respondent cities in the 2019 survey, market interest in TOD was considered at least moderately high. For 22% of respondents, lack of market interest was cited as a "major obstacle," and for 34% as a "moderate obstacle." Meanwhile, resident concerns or opposition were

considered a “major obstacle” by about one-quarter (27%) of respondents, with an additional 46% considering this to be a “moderate obstacle.” However, in 55% of cities with adopted TOD plans/policies, at least “some” TOD projects had generated significant concerns or opposition from nearby residents and/or firms and workers, and in 30% of cities, at least “some” TOD projects had generated local concerns about gentrification or displacement.

Our 2025 survey findings similarly point to a variety of factors that pose significant challenges to achieving compact infill and TOD. Four-fifths of respondents indicated that achieving compact infill and TOD is at least somewhat challenging in their jurisdiction (**Figure 5**). Even higher shares of respondents find upzoning in areas not located near transit, and improving transit facilities and access, to be at least somewhat challenging.

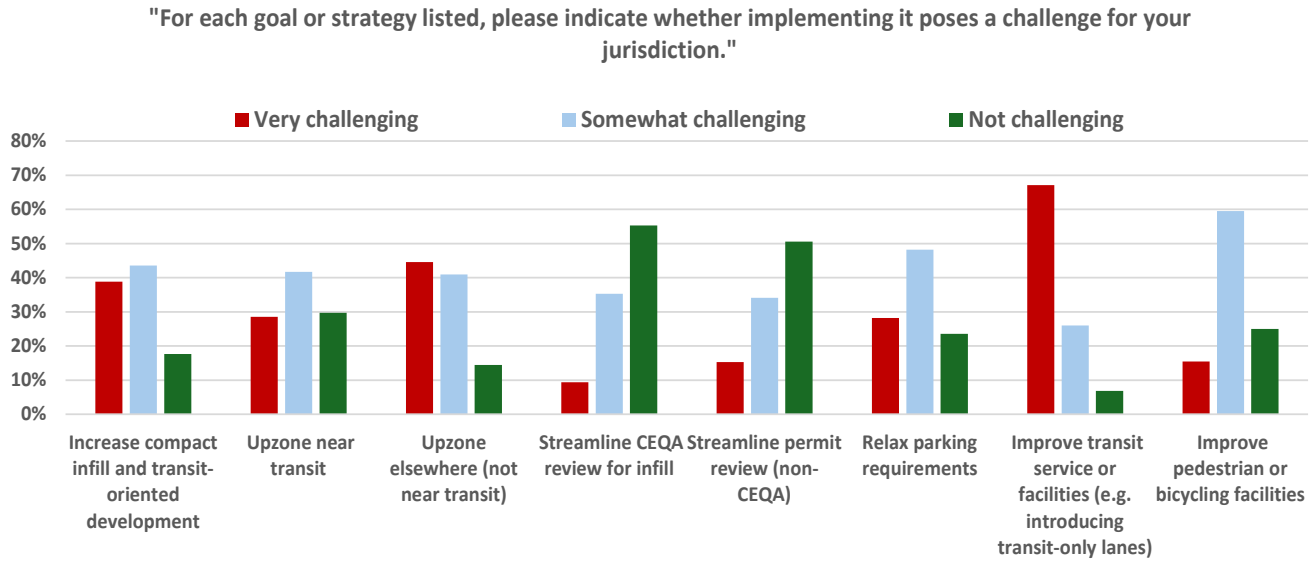

Figure 5. Perceived Difficulty in Achieving Policy Objectives for Location-efficient Development
Source: Authors’ survey of local planning directors, Spring, 2025

The following graphs show factors that survey respondents indicated pose obstacles to achieving the policy goals depicted in **Figure 5** above. In relation to achieving compact infill and TOD, lack of market interest/market infeasibility, resident opposition, and lack of funding for implementation pose the strongest barriers, with more than four-fifths of respondents indicating these barriers are at least somewhat significant.

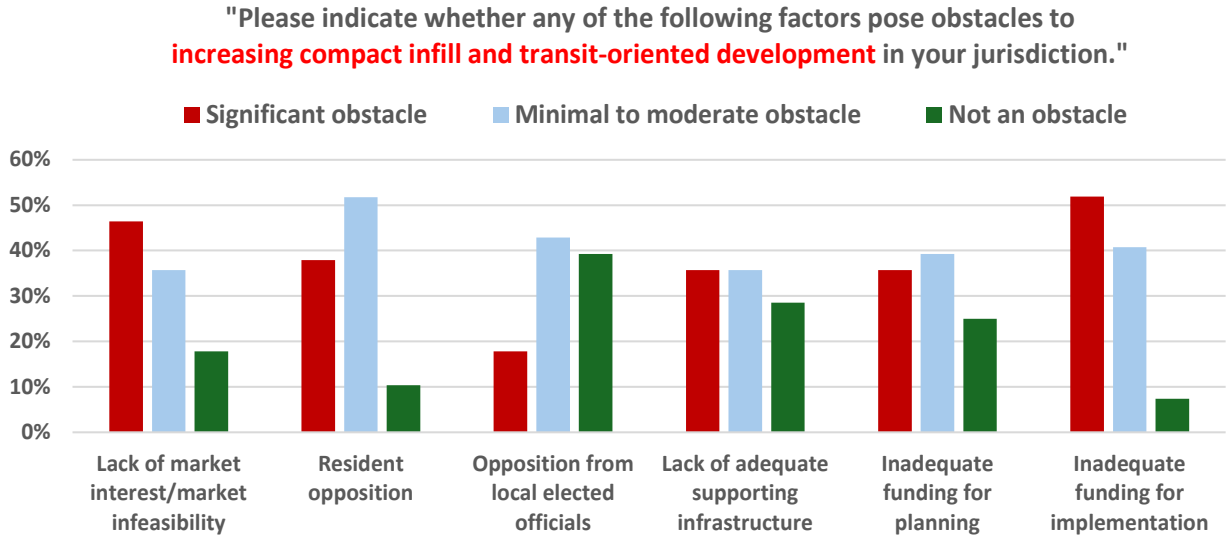

Figure 6. Perceived Obstacles to Achieving Compact Infill and TOD
Source: Authors' survey of local planning directors, Spring, 2025

Perceived obstacles to upzoning near transit include especially inadequate funding for planning and implementation, lack of market interest/market infeasibility, and resident opposition, with about four-fifths of respondents indicating these barriers are at least somewhat significant in their jurisdictions (**Figure 7**).

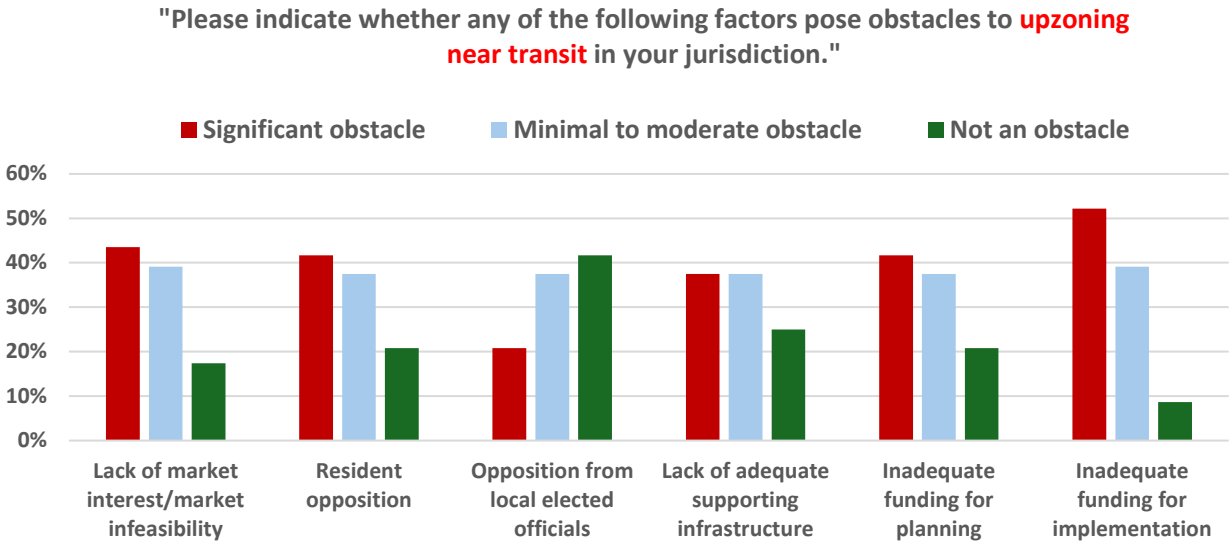

Figure 7. Perceived Obstacles to Upzoning Near Transit
Source: Authors' survey of local planning directors, Spring, 2025

In relation to upzoning *not* near transit, the picture looks different, with the strongest obstacle cited being resident opposition, considered a very significant obstacle by four-fifths of respondents (**Figure 8**). This finding

corroborates research indicating that project delays in southern California are most prevalent in low-density areas not near transit (Marantz et al., 2022).

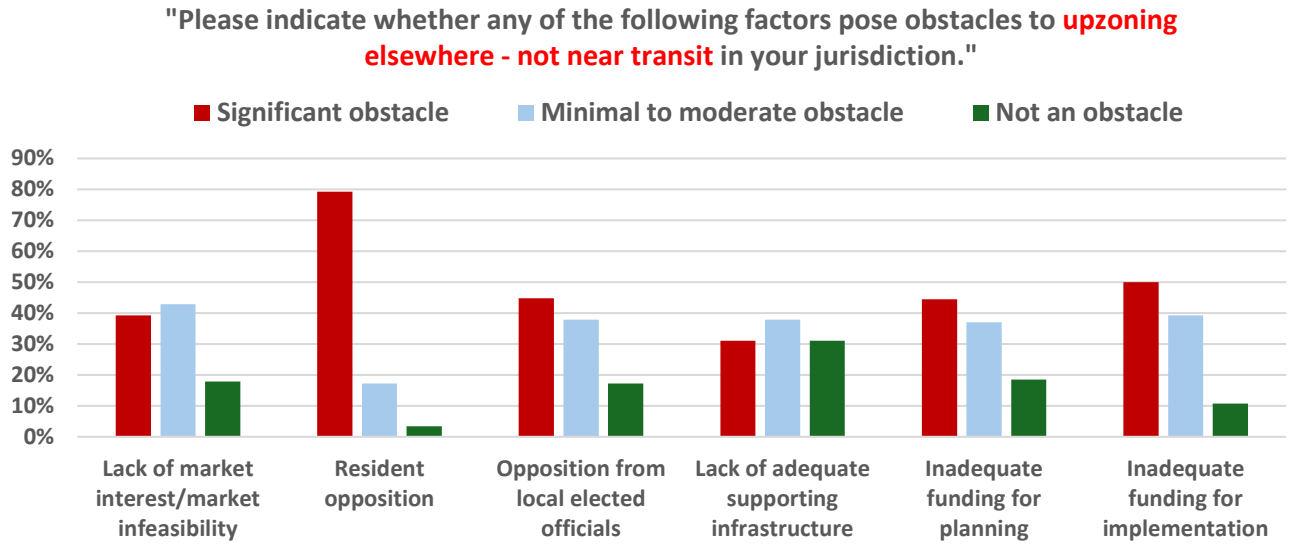

Figure 8. Perceived Obstacles to Upzoning Not Near Transit
Source: Authors' survey of local planning directors, Spring, 2025

A similar pattern is evident in regard to perceived obstacles to relaxing parking requirements, for which resident opposition is considered to be a significant obstacle in 60% of respondent jurisdictions, and a minimal to moderate obstacle in another 30% (**Figure 9**).

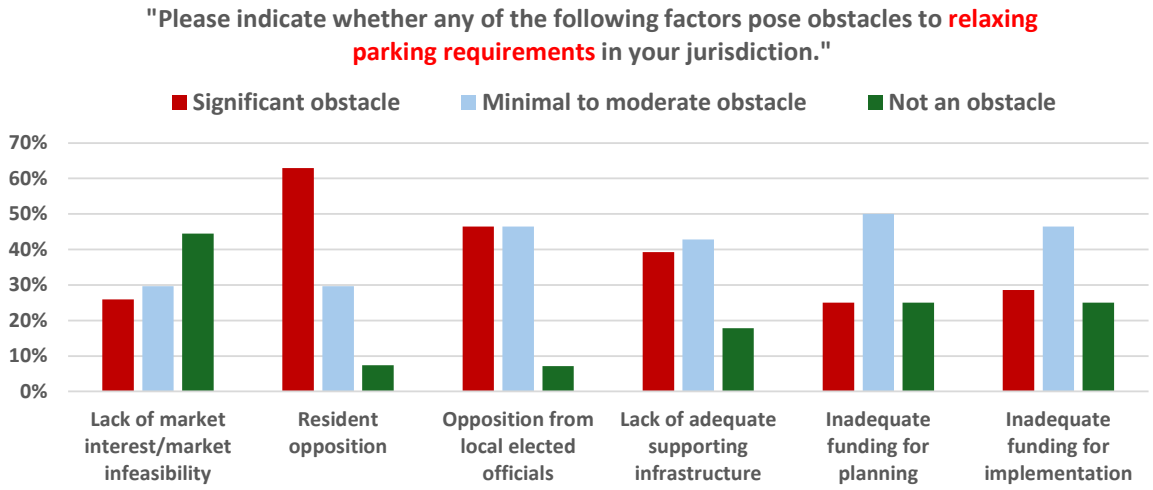

Figure 9. Perceived Obstacles to Relaxing Parking Requirements
Source: Authors' survey of local planning directors, Spring, 2025

Quite a different pattern is evident in regard to perceived obstacles to improving transit service and facilities. In this case, little opposition is encountered from residents or public officials, but inadequate funding for planning and implementation, as well as inadequate supporting infrastructure, are considered to be obstacles in most jurisdictions (**Figure 10**).

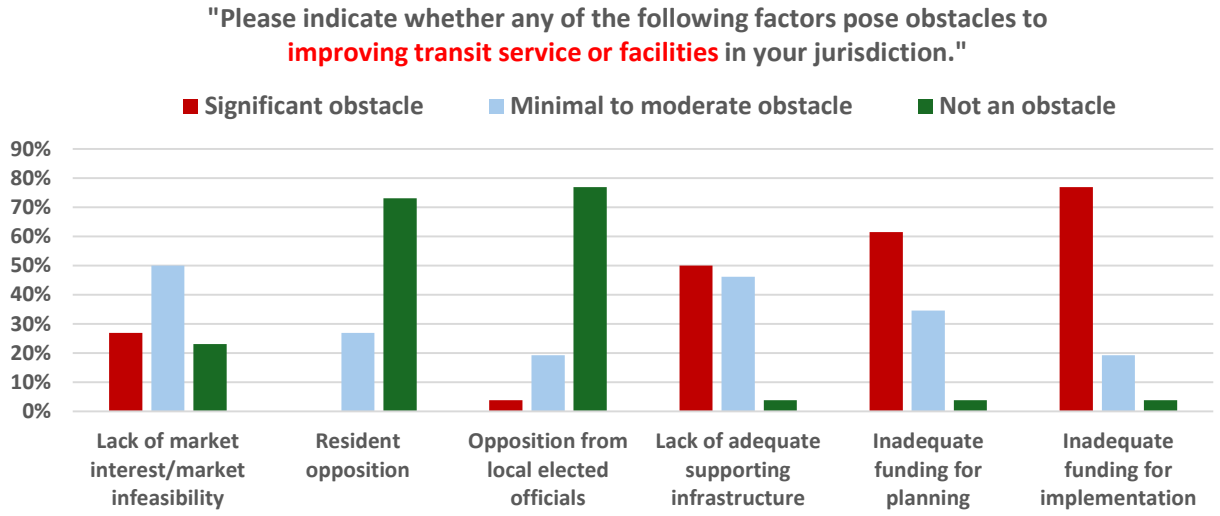

Figure 10. Perceived Obstacles to Improving Transit

Source: Authors' survey of local planning directors, Spring, 2025

A similar pattern is evident in regard to perceived obstacles to improving bicycle and pedestrian facilities, in which little opposition is encountered from residents or public officials, but inadequate funding for planning and implementation, as well as inadequate supporting infrastructure, are considered to be obstacles in most jurisdictions (**Figure 11**).

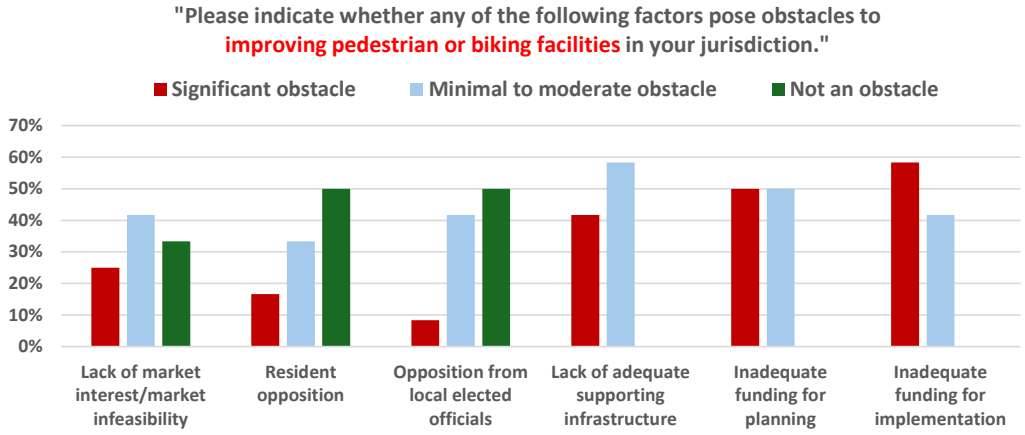

Figure 11. Perceived Obstacles to Improving Bike and Ped Facilities

Source: Authors' survey of local planning directors, Spring, 2025

TOD Strategies

What strategies do cities adopt to overcome barriers and advance TOD success? **Figure 12** depicts whether respondent cities to our 2019 survey, which indicated they had adopted TOD-supportive programs, policies, or plans, had adopted any of 22 specific strategies that we identified.

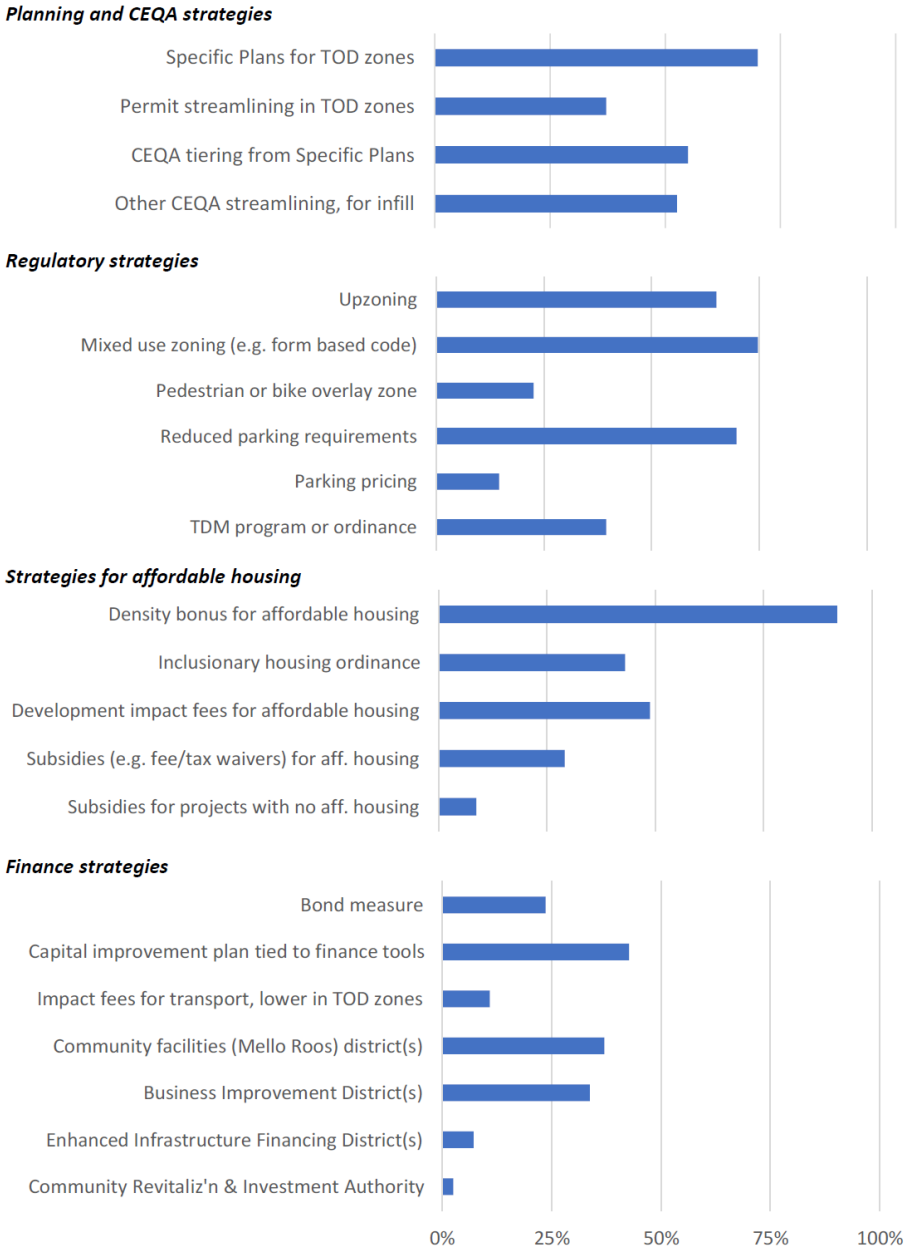

Figure 12. TOD Strategies Adopted by Respondent Cities with TOD Policies, Programs, or Plans
Source: Authors' 2019 on-line survey of city planning directors in California's four largest metro regions

The most popular strategies cited, which at least half of respondent cities with TOD strategies had adopted, were: density bonuses for affordable housing (required by state law), mixed-use zoning, development of Specific Plans (area plans), reduced parking requirements, upzoning (increasing zoning density), and streamlining of environmental review required under the California Environmental Quality Act (CEQA) (see **Figure 12**). The CEQA-related strategies that we asked about were, specifically, "tiering" project-level review from Specific Plans and utilizing other available streamlining mechanisms for review of infill projects.

As can be seen, the most commonly used strategy cited by our 2019 survey respondents was to provide a density bonus for affordable housing development (used by 92% of cities). The high rate of implementation of this measure reflected the state's density bonus law, first adopted in 1979 and expanded multiple ways since then, as discussed in the previous section of this report. The law requires that localities must grant a density bonus above local density standards in exchange for the provision of affordable housing or senior housing units, and provide incentives, concessions, waivers or reductions of development standards, and reduced parking requirements, upon request from a developer. As discussed in Section 2 of this report, the state legislature strengthened requirements for provision of density bonuses to developers in the period after our survey was completed in 2019, which has made the policy more conducive to supporting development feasibility.

The second most commonly used TOD strategy, according to the 2019 survey respondents, was mixed use zoning, for example through a form-based code, with three quarters (75%) of respondent cities have implemented this strategy. Considering that about 2/3rd of respondents indicated that their city had also adopted upzoning to support TOD, the findings suggest that local TOD planners are combining "D-variable" policies associated with reducing the need to drive (the commonly examined so-called "D-variables" characterizing the built environment that have been associated in academic research with reducing the need to drive, especially when present in combination, are density, diversity (land use mix), destination accessibility (often measured in terms of distance to jobs or shopping), shorter distance to transit access, and pedestrian/bicycle friendly street design) (Ewing and Cervero, 2010).

The third most commonly used strategy reported by survey respondents was adoption of Specific Plans, which are area-wide (neighborhood-scale) plans aimed at tailoring various zoning and other policy measures to address specific local conditions; 70% of respondent cities had adopted at least one Specific Plan to support TOD. The fourth most commonly used strategy was to reduce parking requirements for development near transit; 70% of respondent cities reported having done so. The fifth most commonly used strategy was upzoning, while the sixth and seventh most popular strategies relate to compliance with CEQA, which requires that all projects seeking development approval be analyzed, and if feasible, mitigated for their negative environmental impacts. Among respondent cities, 55% employed CEQA tiering from Specific Plans, a strategy that enables development projects evaluated as part of an area plan (Specific Plan) to be approved with reduced environmental review. Meanwhile, 53% of respondent cities also utilized other mechanisms for streamlining review of infill projects that have been incorporated into CEQA.

The 2019 survey also asked how important respondents considered each of their adopted strategies to be for achieving their city's TOD goals. The same set of strategies shown as priorities above, with the exception of density bonuses for affordable housing, were most likely to be rated "very important" (**Figure 13**).

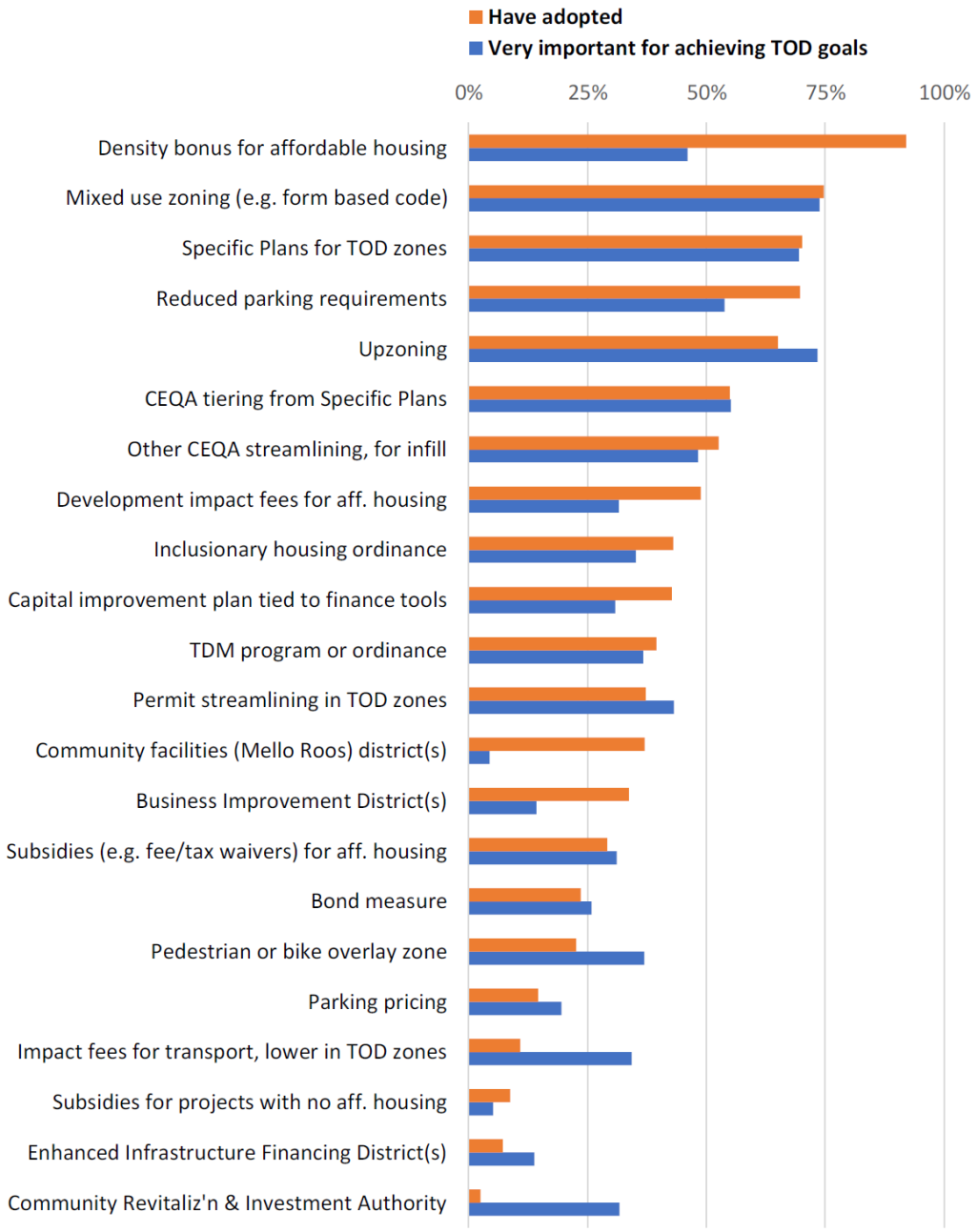

Figure 13. Adoption Rate and Perceived Importance of Specific Adopted TOD Policies and Strategies for Achieving Local TOD Goals

Source: Authors' 2019 on-line survey of city planning directors in California's four largest metro regions.

These findings point to a critical nexus of local policies and strategies for promoting TOD, namely regulatory measures (specifically zoning and parking requirements) and local plan-making and permit streamlining strategies, especially connected to easing CEQA review. As **Figure 13** indicates, zoning policies were considered most important – both mixed use zoning and upzoning, reinforcing the concept that adequate zoning lies at the heart of effective TOD policymaking. The third and fourth policy types considered most important were Specific Plans and CEQA tiering from Specific Plans, confirming the value of local planning, not just regulation, for achieving TOD goals. Specific Plans take time and resources to develop, but this strategy evidently also pays off. Through the planning process stakeholders can voice their concerns and embed their priorities, enabling policy approaches that may have a better chance of success due to buy-in from more stakeholders.

Our 2025 survey of all local planning directors in California also inquired about potential strategies aimed at supporting compact infill and TOD, asking whether respondent localities had adopted them, and also how effective respondents deemed the strategies to be to support infill in their jurisdiction. **Figure 14** shows strategies adopted by at least 20% of localities, according to survey responses.

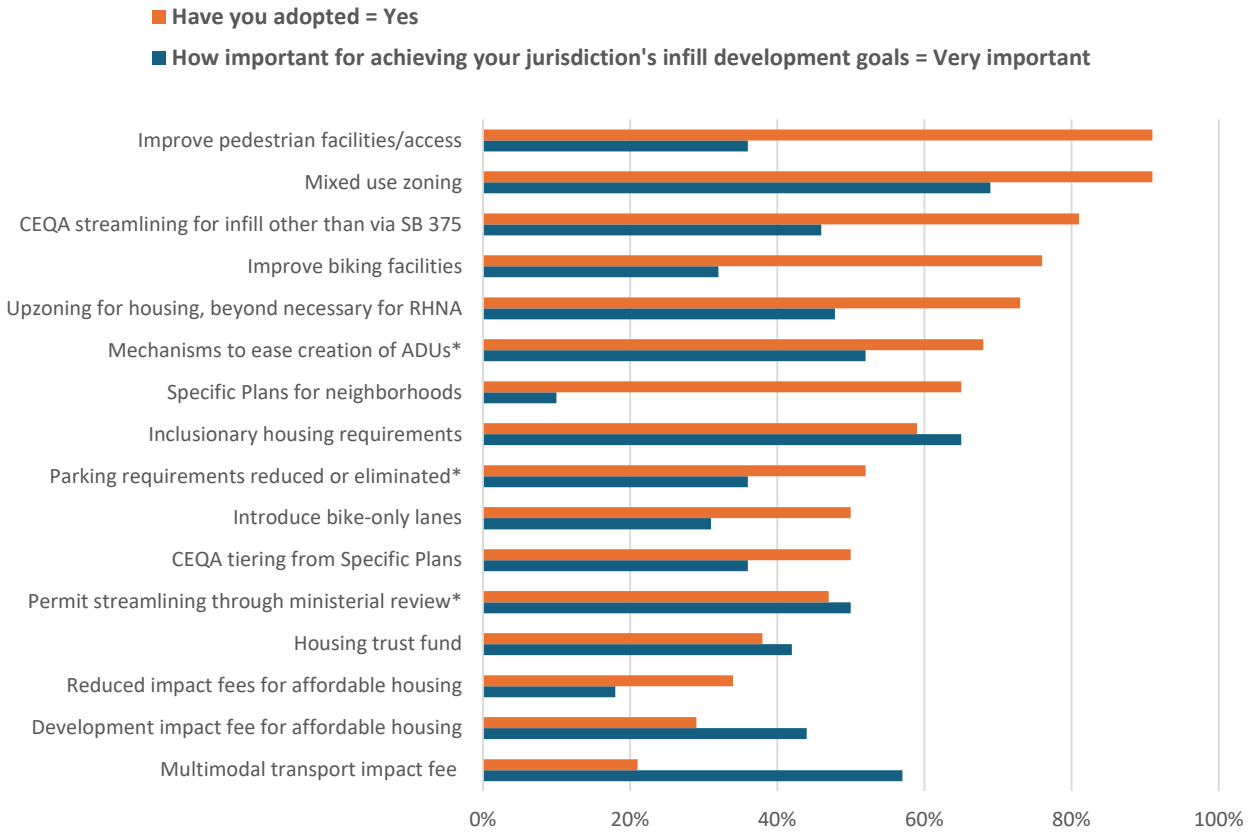

Figure 14. Local Adoption Rate and Perceived Efficacy of Infill Strategies

*Beyond requirements under state law

Source: Authors' survey of local planning directors, Spring, 2025

Figure 14 indicates that improving bicycle and pedestrian facilities, mixed use zoning and upzoning, CEQA streamlining, development of Specific Plans, and mechanisms to ease ADUs, are especially commonly adopted, with at least 60% of respondent localities having done so. As for strategies also deemed most effective for achieving infill goals, respondent localities pointed especially to mixed use zoning, mechanisms to ease ADUs, inclusionary housing requirements, permit streamlining through ministerial review, and development impact fees.

The findings from the two surveys shown above are similar in some respects, especially in emphasizing the importance of combining zoning, both upzoning and mixed use zoning, with CEQA streamlining, as means to support infill and TOD. The results differ in other ways; for example, the 2019 survey respondents found that Specific Plans and CEQA tiering from Specific Plans were more important than respondents to the 2025 survey, while respondents to the 2025 survey were more likely to consider inclusionary housing and ADU requirements important and effective.

Gauging the Influence of State and Regional Programs and Policies Supporting TOD

Both surveys probed the influence on achieving local TOD goals of state and regional (MPO-led) programs to support compact infill and TOD. Based on the 2019 survey, **Figure 15** shows rates of application for state and regional project and planning grants, and assessment of the importance of the grant, if received, for achieving local TOD goals.

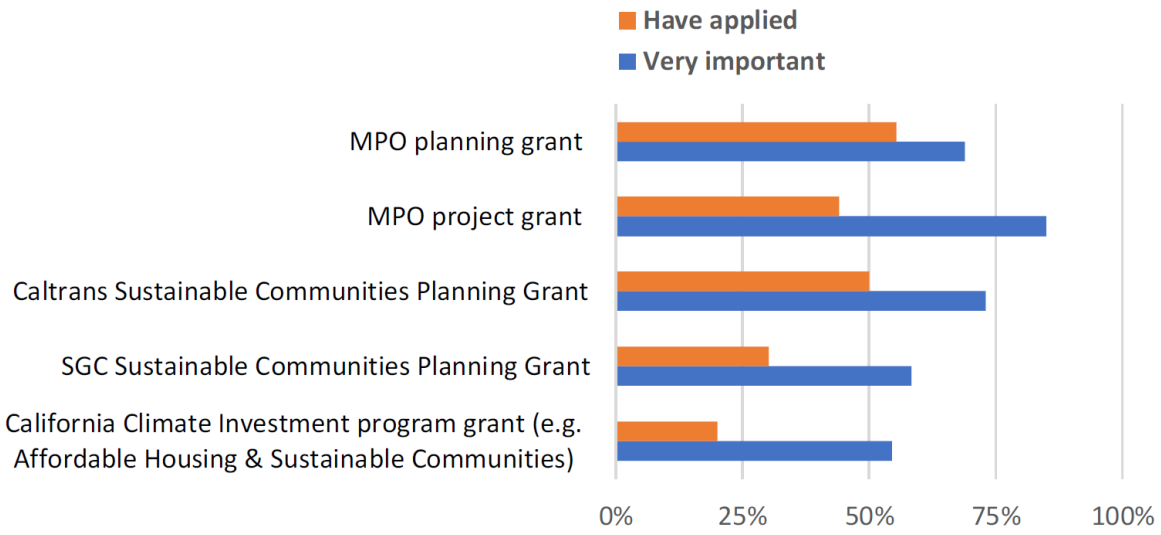

Figure 15. Rates of Application and Perceived Importance of State or Regional Grants for Achieving TOD Goals

Source: Authors' survey of local planning directors, 2019

The results indicate that half or more of respondent cities (among cities that had adopted policies to promote TOD/transit/AT) had applied for MPO and/or Caltrans planning grants, and substantial shares (over 20% of cities) had applied for grants from the other sources listed. Respondents who received the grants indicated they were quite important in helping their city achieve its TOD goals, especially in the case of MPO project grants (85% of respondents indicated they were "very important"), Caltrans' Sustainable Communities Planning Grants (73% indicated they were "very important"), and MPO planning grants (69% indicated they were "very important").

The 2025 survey similarly asked about grants sought by localities from their MPO and/or state agencies. As indicated in **Figure 16**, planning grants were the most common type of grant sought by localities from their regional MPO; over half of respondent localities reported they had sought this type of grant. Among those who sought the grants, most received them, according to respondents.

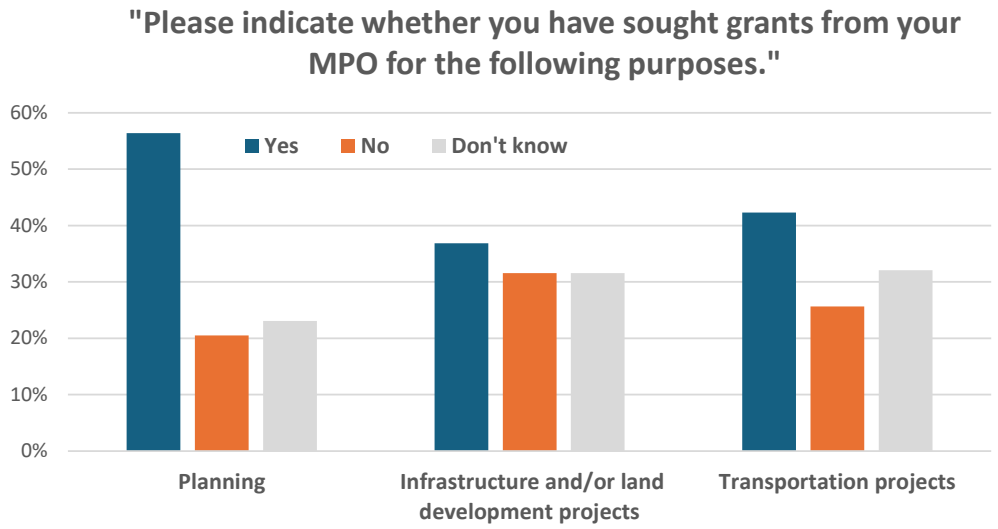

Figure 16. Types of Grants Sought from MPOs
Source: Authors' survey of local planning directors or equivalent, Spring, 2025

As **Figure 17** indicates, more than half of survey respondents who received an MPO grant considered it to have been very effective in helping them achieve their development goals.

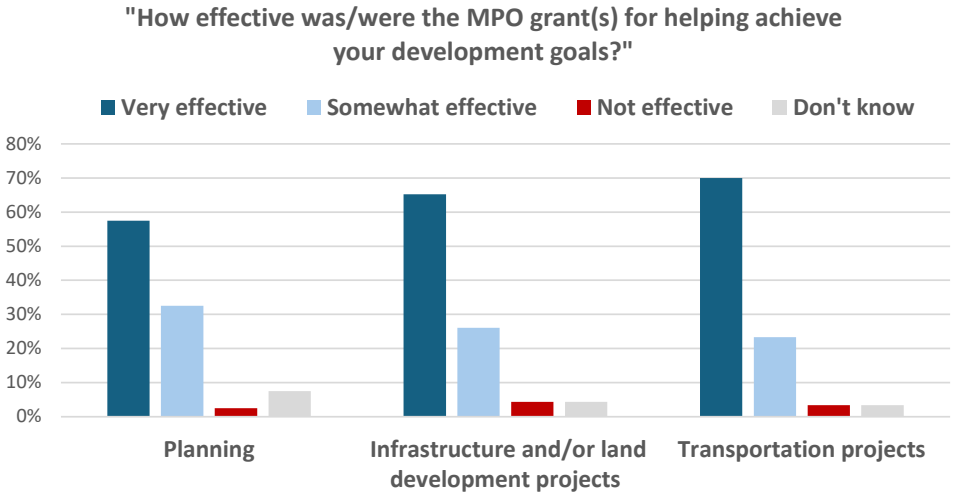

Figure 17. Perceived Effectiveness of Grants Received from MPOs
Source: Authors' survey of local planning directors or equivalent, Spring, 2025

The next three figures show responses to a similar set of questions about participation in state-directed grant programs that support compact infill and TOD. **Figure 18** indicates that among our survey respondents, Caltrans Sustainable Communities Planning Grants, AHSC program grants, and HCD's pro-housing designation, were the most highly sought. Between 60% to 70% of localities that applied for grants from these sources indicated they received them.

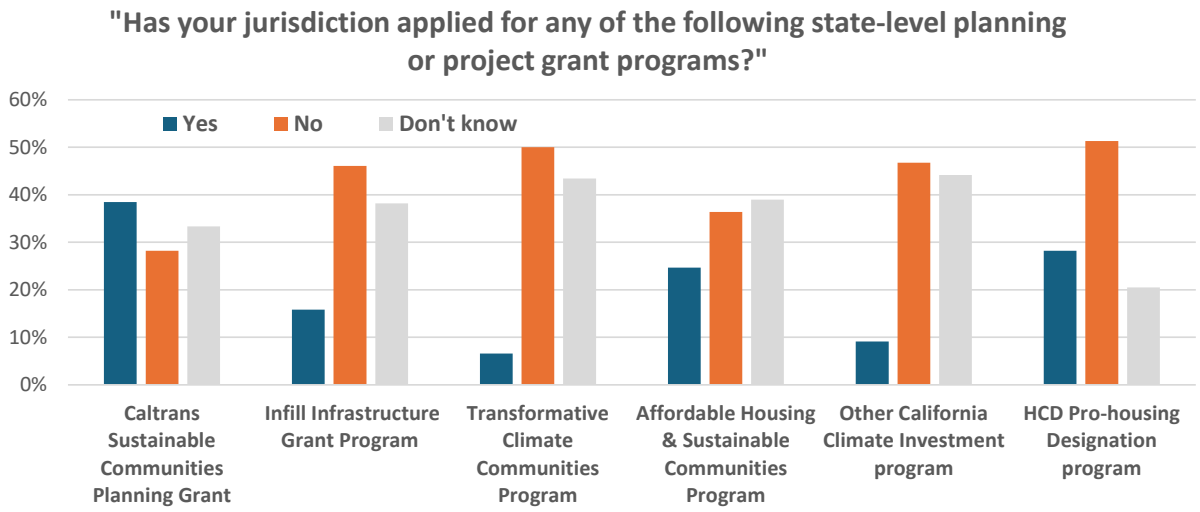

Figure 18. Types of Grants Sought from State Programs
Source: Authors' survey of local planning directors or equivalent, Spring, 2025

Figure 19 indicates that survey respondents whose jurisdiction received these state grants or awards generally considered them to be very important for helping achieve the community's development goals. Over 80% of respondents who received AHSC grants in their locality deemed the grant to have been very important.

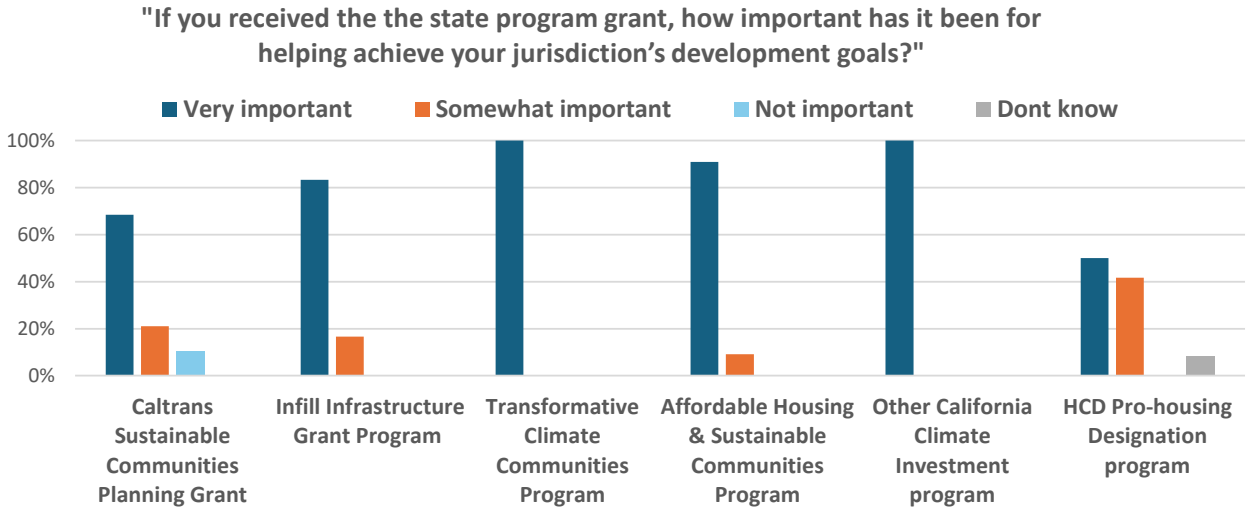

Figure 19. Perceived Importance of State Program Grants and Awards
Source: Authors' survey of local planning directors or equivalent, Spring, 2025

Comparing the Influence of State, Regional, and Local TOD Policy and Programs

We asked survey takers to rank the relative influence/importance of certain key state, regional, and local program and policy strategies in achieving their locality's TOD goals. **Figure 20** shows the results from the 2019 survey, which indicate that policies and programs at all levels of government are considered important. Among the state policies/programs we asked about, the RHNA process, by which MPOs (or more technically, Councils of Government, which coincide with COGs in almost all of California's metropolitan areas) allocate identified housing need at all income levels among localities (as described in Section 2 of this report), along with other housing-related requirements, were considered most important. Respondents also indicated that CEQA streamlining provisions, and state funds provided for transit, active transport, and affordable housing were very influential/important. Among policies and program types categorized as "local," permit streamlining and plan-making were rated most important.

Survey question: How influential/important have the following state, regional, and local policies and programs been in supporting your city's TOD goals and objectives?

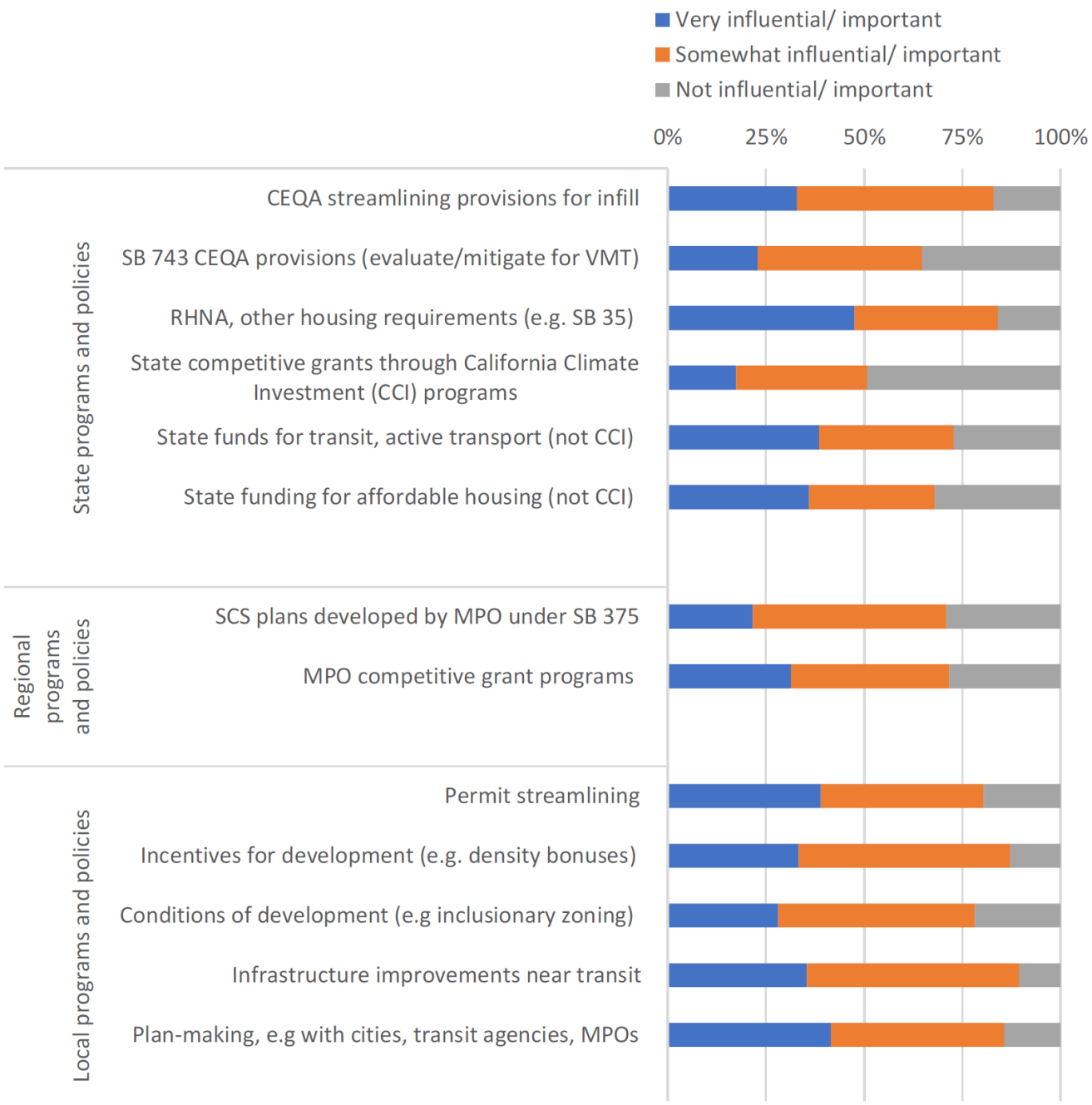

Figure 20. Rating of Relative Influence/Importance of Various State, Regional, and Local Policies and Programs for Achieving TOD Goals

Source: Authors' survey of local planning directors, 2019

A similar set of questions was posed in the 2025 survey asking respondents to rate and, implicitly, to compare the relative influence of different types of state, regional, and local policies and programs. The responses, shown in **Figure 21**, indicate that most of the strategy types are considered influential. State-mandated CEQA provisions for infill projects were rated particularly influential, as well as state funding for affordable housing. MPO grant funding was rated more influential than in the 2019 survey, possibly reflecting the provision of REAP-funded programs in the interim. Among locally directed policies, permit streamlining, as in the 2019 survey, and policies affecting conditions of development, such as zoning and parking requirements, and locally sensitive planning, such as through Specific Plans, were deemed most influential. The findings indicate that the rash of recent state laws pertaining to these aspects of local housing-related policy are likely making a difference, and they confirm the importance of a nexus of approaches pertaining to zoning, CEQA streamlining, and locally sensitive plans.

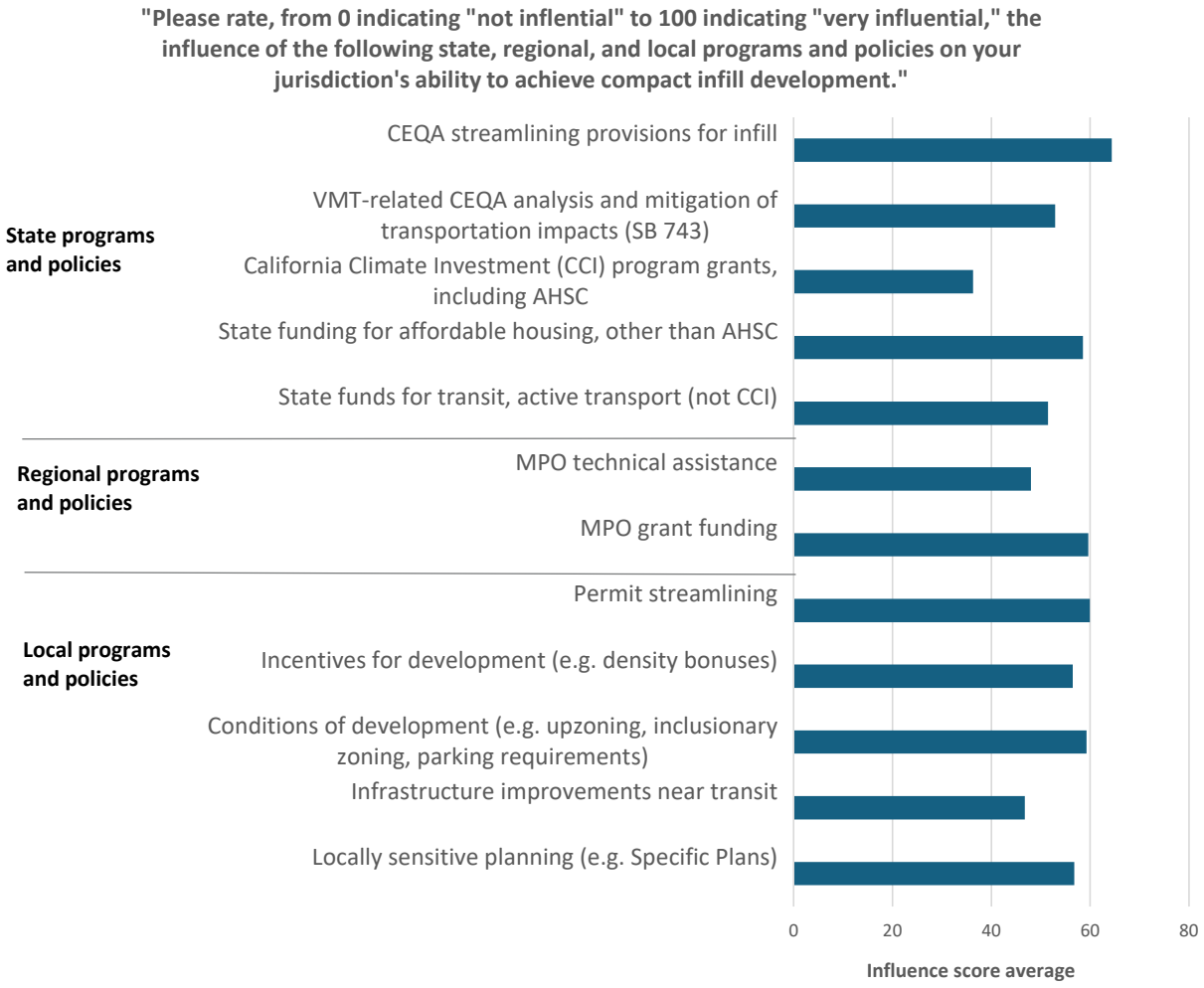

Figure 21. Perceived Relative Influence of Strategies for Supporting Compact Infill Development
Source: Authors' survey of local planning directors or equivalent, Spring, 2025

Overall, the findings in this section indicate that respondent localities consider grants received from their MPO and from state programs supporting infill to be useful and effective. They also point to the importance of CEQA streamlining, ministerial streamlining, upzoning and parking deregulation, and locally sensitive planning through Specific Plans as very influential, indicating that continuing state support for such strategies is warranted.

Conclusion

To sum up results from our survey analysis, we find encouraging signs of widespread local adoption of policies, programs, and plans to support compact infill, as well as significant links between state and regional programs to support TOD with local policymaking. Our research indicates that the flurry of recent state legislation, described in Section 2 of this report, enacted to support housing production by stiffening RHNA requirements, enabling and mandating streamlining of permitting requirements, mandating some degree of upzoning (such as through ADUs), reducing parking requirements near transit, and requiring provision of density bonuses, has been making a significant difference in local policymaking to accommodate more compact infill and TOD, based on how influential our survey respondents believe these strategies to be in supporting TOD.

At the same time, however, practical challenges for achieving compact infill and TOD remain substantial. Indeed, as research indicates, zoning to accommodate infill and TOD has not been widespread and uniform across California. Furthermore, to succeed, TOD and compact infill require more than permissible zoning, as a variety of market and policy constraints inhibit infill, TOD, and affordable housing. Our survey findings point to factors that pose the most significant challenges to achieving compact infill and TOD, including lack of market interest/market infeasibility, resident opposition (especially in areas not near transit access), and lack of funding for implementation such as for providing necessary infrastructure to support development. More than four-fifths of survey respondents indicated that achieving compact infill and TOD is at least somewhat challenging in their jurisdiction. Even higher shares of respondents find upzoning in areas not located near transit, and improving transit facilities and access, to be at least somewhat challenging. In relation to certain infill-friendly policies including upzoning not near transit, and relaxing parking requirements, resident opposition constitutes a strong obstacle.

Our surveys inquired about potential strategies aimed at supporting compact infill and TOD, asking whether respondent localities had adopted them, and also how effective respondents deemed the strategies to be in achieving infill and TOD in their jurisdiction. Improving bike and ped facilities, mixed-use zoning and upzoning, use of CEQA streamlining, development of Specific Plans for neighborhoods, and mechanisms to ease ADUs, are especially commonly adopted, with at least 60% of respondent localities having done so. As for strategies also deemed most effective for achieving infill goals, respondent localities to our 2025 survey pointed especially to mixed use zoning, mechanisms to ease ADUs, inclusionary housing requirements, permit streamlining through ministerial review, and development impact fees. These findings provide a clue about which policies deserve further state and regional-level support.

The surveys gauged respondents' views on the perceived relative effectiveness of various state-imposed, regionally-provided, and locally induced policies for supporting compact infill and TOD. The findings indicate that multiple policies, generated from multiple levels of government, are considered important. State-mandated CEQA provisions for streamlining review of infill projects were rated particularly influential, as well as state funding for affordable housing. MPO grant funding was rated more influential in the 2025 survey than

in the 2019 survey, possibly reflecting the provision of REAP-funded programs in the interim. Among locally directed policies, permit streamlining, policies affecting conditions of development, such as zoning and parking requirements, and locally sensitive planning, such as through Specific Plans, were deemed most influential. The findings indicate that the rash of recent state laws pertaining to these aspects of local housing-related policy are likely making a difference, and they confirm the importance of a nexus of approaches pertaining to zoning, connected to CEQA streamlining, and locally sensitive plans.

Considering and comparing the AHSC and REAP programs, we note the great value MPOs ascribe to the REAP program in supporting their regional plan implementation efforts under SB 375. As discussed in Section 2, REAP, initiated in 2019 and expanded in 2021, distributed, for the first time, significant state funding to MPOs to be used to support land use-related aspects of their regional plans. Examining how MPOs chose to allocate their REAP funding, we found that planning, pre-development infrastructure, and housing construction made up substantial shares of REAP investments, while transportation programs only comprised 26%. We found also that MPOs allocated most (70%) of their REAP funding to local projects, often awarded on a competitive basis, rather than to regional projects.

As detailed in Section 2 of this report, MPO staff told us they valued REAP funding because of the ability of the MPOs to tailor the funding towards identified region-specific needs, because of its usefulness in addressing structural barriers to housing production, including the need for constructing infill-supportive infrastructure and for developing plans and policies to realize actual production, and the way the program enabled MPOs to develop and strengthen relationships with localities around land use. MPOs noted the value for gaining local buy-in for programs and initiatives they had identified as vital to implementing land use elements of their regional plans, and the value in strengthening "partnerships" with localities in the process. Especially given the challenges faced by localities in meeting the most recent RHNA cycle, localities needed assistance and REAP helped make this possible. For these reasons, we heard that "REAP is absolutely a game changer, not just in the level and amount of resources… but in allow[ing] us to get at some of the bigger structural issues that have been barriers to more sustainable development and housing…We need an ongoing source of funding like REAP to be able to accomplish everything the state is asking us to accomplish."

Our research leads us to make the following recommendations to state- and regional policymakers about how to strengthen support for compact infill and TOD. First, we think that an ongoing dedicated funding stream, perhaps coupled with financing authority, needs to be allocated to a state-level program similar to REAP. Our research strongly indicates that the REAP program structure worked well for MPOs in enabling them to develop better partnerships with localities on land use issues, and in funding critical pre-development and planning needs for inducing compact infill and TOD. Funding might be derived from cap-and-trade or another ongoing state revenue source. And/or a tax increment financing mechanism might be authorized for local uses subject to MPO and HCD oversight to support defined regional plan goals and objectives. This strategy could help in restoring redevelopment tax increment financing authority which localities lost in 2012, removing a major source of their local capacity to redevelop downtown locations and to fund affordable housing.

Based on findings from our on-line surveys, discussed above, state and regional support should also continue to be provided for policies and programs that local planners perceive as most effective in inducing compact infill and TOD. These include mixed use zoning, upzoning, CEQA streamlining for infill, mechanisms to ease ADUs, inclusionary housing requirements, permit streamlining through ministerial review, managing development impact fees, supporting Specific Plans, and providing more state funds for affordable housing.

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