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By Transit, By-Right: Impacts of Housing Development Approval Processes on Transit-Supportive Density

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# By Transit, By-Right: Impacts of Housing Development Approval Processes on Transit-Supportive Density

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## Issue

Transit ridership in Los Angeles County has fallen consistently over the past decade despite major investments in public transportation. The reasons for this outcome vary, but one likely culprit is the county's built environment, which is generally auto-oriented and low-density. Allowing more, higher-density housing to be built near transit could help increase transit ridership, but this solution faces two obstacles. The first and largest obstacle is widespread restrictions on multifamily development. The second, and the focus of this brief, is the housing development process: Even if new multifamily housing is allowed on a site, a complicated, lengthy or unpredictable process could still discourage its production.

Development processes are often categorized as “by-right,” meaning developments are approved or not based on whether they meet certain objective requirements, or as “discretionary” — negotiated project-by-project in a back-and-forth between city officials and builders.

Compared to discretionary processes, by-right processes should in theory reduce the cost, delay, and uncertainty associated with securing approvals, allowing homes to be delivered more quickly and less expensively. It has been difficult to test this hypothesis, however, because by-right approvals are rare in cities where housing is in high demand and are usually reserved for smaller projects.

The Transit Oriented Communities (TOC) density bonus program, implemented in Los Angeles in 2017, changed the

city's development process for certain projects, creating a by-right approval pathway for many projects that would have previously been discretionary, and streamlining the entitlement process for many others that remained discretionary. We take advantage of this program to measure the impact of by-right and streamlined processes on project approval times, with shorter times serving as a proxy for less costly and potentially less risky housing development. For each project, we determine the entitlement pathway, total approval time, size, subsidy status, parking provided, certain characteristics of the parcel, neighborhood characteristics such as median household income and distance from the central business district, and its location relative to the TOC program boundaries. Using a multivariate analysis, we compare approval times for each category, with and without controls for many project and neighborhood characteristics.

## Key Research Findings

- TOC projects are approved faster than projects using non-TOC approval pathways, and all by-right multifamily projects are approved roughly 40% faster than discretionary projects.
- Even the faster approval pathways usually take well over one year. By-right TOC projects have the shortest median approval time of 434 days, followed by discretionary TOC and by-right non-TOC projects, which are very similar at 487 and 492 days, respectively. Discretionary non-TOC projects are the slowest to be approved, with a median time of 731 days (Figure 1).

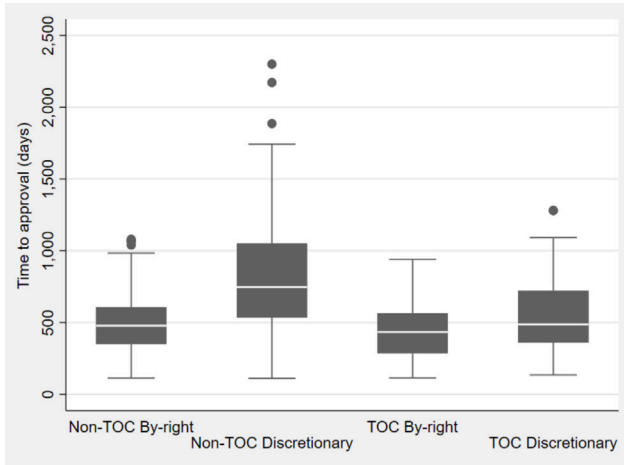


Figure 1. Project approval times by approval pathway

- Differences in approval timelines persist even when controlling for project characteristics such as project size, parking, lot configuration, subsidy status, and neighborhood characteristics such as proximity to jobs and the share of single-family housing nearby. We find that by-right TOC projects were approved 35% faster than discretionary non-TOC projects. Discretionary TOC projects and by-right non-TOC projects were approved 27% faster than discretionary non-TOC projects.
- TOC projects, in addition to being approved faster, include more units on average and reserve a higher percentage of units for low-income households compared to non-TOC projects.

## Conclusion

- We find that approval times are shorter for by-right projects than discretionary projects, and shorter for TOC projects than non-TOC projects. By-right TOC

projects have the shortest median approval times of all approval pathways. These effects remain large and statistically significant after accounting for project- and neighborhood-level controls. Variation in approval times is also considerably smaller for by-right projects (TOC and non-TOC), with somewhat larger variation for discretionary TOC projects and the greatest approval time variation for discretionary non-TOC projects.

- Faster, less variable approval times are likely to reduce the cost and uncertainty associated with housing development, and this may help explain the sharp rise in TOC projects as a share of total housing production in the City of Los Angeles since 2017.
- By-right and discretionary TOC projects in our sample were larger than corresponding non-TOC projects, on average, and included a higher share of deed-restricted low-income housing units. These results indicate that by-right and streamlined approvals are compatible with larger projects and more demanding public exactions, including on-site affordable unit requirements.
- Cities should consider increased use of by-right approvals and other streamlining measures as a way to reduce the cost, delay, and uncertainty associated with housing development. This may allow cities to increase housing production overall, as well as achieving income-restricted (inclusionary) housing targets.

## More Information

This brief is based on an academic publication under review. For a pre-publication preview, contact corresponding author Michael Manville at [mmanvill@ucla.edu](mailto:mmanvill@ucla.edu).

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