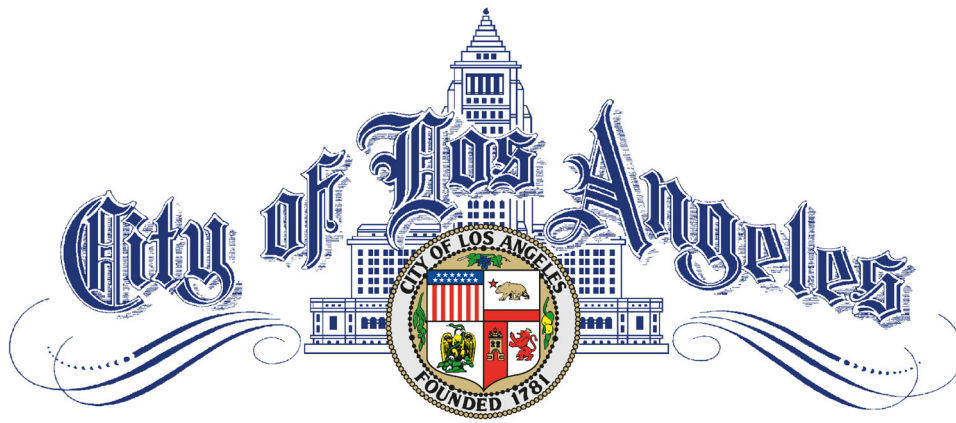




Office of the Los Angeles City Attorney  
Hydee Feldstein Soto

May 23, 2025

**Via E-mail**

The Honorable Senator Anna Caballero  
Chair, Senate Appropriations Committee  
California State Senate  
1021 O Street, Room 7620  
Sacramento, CA 95814

**RE: SB 79 (Wiener) – OPPOSE Unless Amended**

Dear Honorable Chair Caballero,

For numerous reasons set forth below, I respectfully oppose SB 79 (Wiener). SB 79's mandates apply to all cities, including charter cities like Los Angeles, and explicitly state that no State reimbursement will be provided under Government Code Section 17556. This letter is limited to the assessment of mandated costs for which the State is responsible in the event SB 79 were to become law.<sup>1</sup>

**A. Billions of Dollars in Additional Costs to Communities**

SB 79 establishes new state zoning standards within a half-mile radius of every train station and bus rapid transit stop, overriding local zoning to permit by right multi-family homes of up to six stories. While the intent of SB 79 is to further address issues around the supply of housing, the bill's provisions impermissibly impose billions of dollars of costs on Los Angeles and other local jurisdictions, undermine local governance, circumvent local decision-making processes, and impose unintended burdens on communities.

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<sup>1</sup> Our office reserves all rights with regard to other objections including unconstitutionality of SB 79.

For reasons further explained below, SB 79 clearly imposes billions of dollars from our local taxpayers for infrastructure expansion and remediation (e.g., water/sewer/stormwater systems, trash collection, road upgrades and signals, and power grid upgrades; first responder and mobility costs; environmental oversight costs; traffic, parking and livability impacts; and administrative and legal compliance costs) without constitutionally required reimbursement from the State.

While a complete analysis and projection of expenses would take many months to prepare, even a cursory analysis of the primary infrastructure and direct services required to support just three (3) new high-density developments in each of the City of LA's 99 Neighborhood Council Districts would require the following:

#### A. Infrastructure Expansion

| Component                     | Projected Unit Cost            | Multiplier       | Projected Subtotal |
|-------------------------------|--------------------------------|------------------|--------------------|
| Water/sewer/stormwater        | \$3,500/unit                   | 30,000 units     | \$105 million      |
| Water pipe installation       | \$1.25 million per development | 300 developments | \$375 million      |
| Sewer/stormwater installation | \$230K per development         | 300 developments | \$70 million       |
| Road Upgrades /signals        | \$1.2 million per mile         | 100 miles        | \$120 million      |
| Power grid                    | \$750K per development         | 300 developments | \$225 million      |
| Solid waste pickup/management | \$60K annually per development | 300 developments | \$18 million       |
| Solid waste transfer station  | \$20 million per station       | 2 stations       | \$40 million       |
| Materials recovery facility   | \$15 million per facility      | 2 facilities     | \$30 million       |
| Organics processing facility  | \$18 million per facility      | 1 facility       | \$18 million       |
| <b>Projected Subtotal</b>     |                                |                  | <b>\$1.001B</b>    |

#### B. First Responder Costs

| Service Area         | Assumptions                     | Estimate      |
|----------------------|---------------------------------|---------------|
| Fire stations        | 15 stations @ \$20 million each | \$300 million |
| Fire staffing        | Annual cost for 15 stations     | \$170 million |
| Fire equipment       | 15 stations @ \$8 million each  | \$120 million |
| Police Staffing      | \$900 per resident annually     | \$27 million  |
| Recruitment/training | \$800K/year for 5 years         | \$4 million   |
| <b>Subtotal</b>      |                                 | <b>\$621M</b> |

|                             |                             |
|-----------------------------|-----------------------------|
| <b>Totals for A &amp; B</b> | <b>\$1.622B<sup>2</sup></b> |
|-----------------------------|-----------------------------|

<sup>2</sup> These costs do not include the necessary administrative personnel costs and legal costs associated with planning and development staff, legal defense costs, and added judgment and settlement payouts all of which are hard to estimate but have been steadily escalating over the past several years.

The charter City of Los Angeles is spread out across more than 450 square miles and its existing water, sewer, stormwater, solid waste, and power grid infrastructure is planned and laid out under zoning where the existing infrastructure in low-density zones (1-4 units) is vastly different than the existing infrastructure needs and demands of higher-density zones (5+ units).

Higher density developments will lead to significantly greater volumes of waste, recyclables and organics, and will intensify the City's obligation to meet the regulatory requirements under SB 1383 (organics diversion), SB 54 (packaging and plastics reduction), and SB 238 (local government reporting and compliance) – all of which require a significant increase in resources. With the City's only operating landfill scheduled to close, long-haul waste transport will become a major logistical and financial burden. High-density urban development also overwhelms existing collection routes and infrastructure – especially in areas with limited space for bin placement and restricted access for collection vehicles. Mid-rise and high-rise developments require more complex collection systems that come with their own compliance challenges. Finally, Greenhouse Gas (GHG) Impact Studies will be required to assess the environmental impacts of increased waste generation and transportation, especially considering the shift to long-hauling.

Higher density developments also put extreme pressure on existing electrical systems, leading to challenges like overloaded transformers and over-burdened energy storage systems. In order to meet the demands of high-density projects, cities must update their power grid infrastructure to meet increased demand and support for electrification, including considering a mandate that developments with four or more units be served by underground infrastructure. This upgrade is to accommodate growing electric loads from electric vehicles and heating/cooling systems, and ensuring safety (including **fire** safety) and reliability in the power supply. According to the Los Angeles Department of Water and Power (LADWP), only 4% of LA's transmission lines are underground, while 54% of LA's distribution lines are underground. The LADWP has sounded the alarm on the need for undergrounding projects, particularly after many recent wildfires and especially in higher density areas. To meet enhanced standards for safety and reliability, high-density projects should be served by underground power infrastructure. For lower-voltage distribution lines that deliver electricity to homes and businesses, undergrounding costs 3 to 10 times as much as overhead installation. High-voltage transmission lines, which carry electricity over longer distances, can cost 10 to 14 times more than overhead lines in urban areas like Los Angeles. Even if overhead lines are maintained, the current distribution and transmission infrastructure in any low density zone would have to be replaced to meet the power needs of higher density developments, including upgrading individual transformers for each development.

Beyond the billions of dollars in out-of-pocket direct costs from SB 79, there are significant additional indirect costs associated with the bill that LA's taxpayers will have to cover and that must be paid or reimbursed by the State. The indirect costs cannot

reasonably be estimated without specific development plans but they include stormwater runoff and flood mitigation; urban heat island effects, emergency services equipment, displacement mitigation and homeless services, liability and legal risks, and civic engagement and public records requests.<sup>3</sup>

Article XIII, Section 35(a)(3) of the California Constitution expressly states that “public safety is the first responsibility of local government,” thereby obligating cities and counties to ensure that law enforcement, fire protection, and emergency services are not undermined by state-mandated programs. Our city recently experienced the tragedy of the Palisades Fire which highlighted the need for properly funded and staffed first responders. The current uncertainty regarding future levels of federal funding for local government increases the fiscal risks posed by unfunded state mandates. Cities facing declining or unpredictable federal support will be even less able to absorb new unfunded obligations imposed by the State. SB 79 could not be more poorly timed for Los Angeles.

## **B. Government Code Section 17556**

Government Code Section 17556 permits the State to pass general laws without reimbursement only if cities can increase local charges to cover the increase in costs. However, California constitutional provisions, including Proposition 13, Proposition 218, and Proposition 26, limit the ability of cities to impose or raise taxes, assessments, and fees without voter approval, thereby severely restricting cities’ ability to recover the cost of state-mandated programs.

The California Courts have also ruled that a city cannot impose developer fees to fund general infrastructure improvements needed because of pre-existing deficiencies. In *Bixel Associates v. City of Los Angeles*, 216 Cal.App.3d 1210 (1989), the California Court of Appeal for the Second Appellate District held that developer fees must be limited to direct impacts from the new project. Attempting to use fees for broader fixes converts them into unlawful special taxes. Because State mandates like SB 79 require new density without enabling cities to recover the actual infrastructure costs, the mandates create unfunded obligations in the billions of dollars.

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<sup>3</sup> While school-related costs are not on the City’s budget, the same taxpayers foot the bill, and our school districts throughout California will also face significant unreimbursed costs under SB 79 for facilities, new classroom capacity, additional staffing, and transportation and special needs services. Using data related to California’s average student/teacher ratio of 22:1, to serve an additional 15,000 students (based on the average high-density population of 30,000 new residents in the new 300 high-density projects), approximately 650 new classrooms would be needed. At an average cost of roughly \$500K per classroom (with some estimates as much as \$1.5M per classroom in the larger cities), that adds **\$325M**. Additional annual staffing costs at one teacher per classroom adds another **\$52M** per year. Existing facility upgrades would cost **\$60M**, and annual bus and special need transportation services for the new population of 30,000 would be **\$12M**.

Honorable Senator Caballero  
May 23, 2025  
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For these reasons, I respectfully oppose SB 79 as drafted and proposed. I am available at your convenience to provide further detail and discuss the costs for which the State must reimburse the City of Los Angeles in the event that SB 79 were to become law.

Sincerely,



Hydee Feldstein Soto  
Los Angeles City Attorney

cc: Senate Appropriations Vice Chair Kelly Seyarto  
Senator Christopher Cabaldon  
Senator Megan Dahle  
Senator Tim Grayson  
Senator Laura Richardson  
Senator Aisha Wahab

Los Angeles Mayor Karen Bass  
Los Angeles City Council  
Los Angeles Controller Kenneth Mejia  
Los Angeles City Administrative Officer Matt Szabo