

- a) *CEQA exemption for interim motel conversions.* SB 450 (Umberg, Chapter 344, Statutes of 2020) exempted interim motel conversion projects from CEQA, until January 1, 2025, provided the project does not result in an expansion of more than 10% of the floor area of any individual living unit in the structure or does not result in any significant effects relating to traffic, noise, air quality, or water quality. “Interim motel housing project” is defined as conversion of a motel, hotel, residential hotel, or hostel into supportive or transitional housing.
- b) *CEQA exemption for Project Homekey projects.* AB 83 (Committee on Budget, Chapter 15, Statutes of 2020) included, among other provisions, an exemption from CEQA requirements, until July 1, 2021, for Project Homekey projects if certain requirements are met. Project Homekey is an initiative to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other types of innovating housing, and convert them into permanent, long-term housing for people experiencing or at risk of homelessness.
- c) *Streamlining for homeless shelters.* AB 101 (Committee on Budget, Chapter 159, Statutes of 2019), among other provisions, defined low-barrier navigation centers as high-quality, low-barrier service-enriched shelters focused on moving people into permanent housing while connecting them with services. AB 101 required, until January 1, 2027, low-barrier navigation centers to be a use by right in areas zoned for mixed uses and non-residential zones permitting multifamily uses if the development meets certain requirements.
- d) *Streamlining for permanent supportive housing.* AB 2162 (Chiu, Chapter 753, Statutes of 2018) streamlined affordable housing projects that include supportive housing and onsite supportive services, by providing that supportive housing shall be a use by right in all zones where multifamily and mixed uses are allowed.
- e) *Streamlined ministerial approval for certain housing projects.* SB 35 (Wiener, Chapter 366, Statutes of 2017) established a ministerial approval process, not subject to CEQA, for certain multifamily affordable housing projects proposed in local jurisdictions that have not met their RHNA allocation.
- f) *CEQA exemption for activities carried out in furtherance of shelters and permanent supportive housing in Los Angeles.* Emergency shelters and supportive housing projects approved or carried out within the City of Los Angeles by City of Los Angeles and specified public agencies are exempt from CEQA, until January 1, 2025 when undertaking the following actions:

- i) Lease, convey, or encumber land for an affordable housing project, an emergency shelter, a supportive housing project, or a transitional housing project.
- ii) Facilitate the lease, conveyance, or encumbrance of land owned or to be purchased for an affordable housing project, an emergency shelter, a supportive housing project, or a transitional housing project.
- iii) Provide financial assistance in furtherance of implementing an affordable housing project, an emergency shelter, a supportive housing project, or a transitional housing project.

This bill:

- 1) Defines “affordable housing” as a project with 100% of the units in the development, sold or rented to lower income households, except that up to 20% of the units in the development may be for moderate-income households and that meet the following requirements:
 - a) The site is located in an urbanized area or cluster;
 - b) If the project is located on a vacant site, the site does not contain tribal cultural resources that were found pursuant to a specified tribal consultation process;
 - c) The project is not on any specified environmentally sensitive sites.
- 2) Expands the activities exempt from CEQA by the city and county of Los Angeles in furtherance of affordable housing projects and transitional housing projects, in addition to emergency shelter and permanent supportive housing, to include:
 - a) The issuance of an entitlement;
 - b) Rezoning, specific plan amendments, or general plan amendments required specifically and exclusively to allow the construction of an affordable housing project, an emergency shelter, a supportive housing project, or a transitional housing project.
- 3) Extends the sunset to January 1, 2030.

COMMENTS:

- 1) *Author’s statement.* “It’s taking way too long to build homeless and affordable housing. While the City and County of Los Angeles have declared state of emergencies on homelessness, it is imperative we speed up the construction of desperately needed housing. AB 785 responds to the homeless crisis in Los

Angeles by removing barriers that slow the construction of homeless housing. Specifically, the bill provides CEQA exemptions for publicly funded homeless and affordable housing projects in Los Angeles.”

- 2) *The Housing Crisis in Los Angeles.* Like most of California, the County of Los Angeles and the City of Los Angeles have acute housing crises. In the County, over half of renters – more than 1 million households – are rent-burdened, meaning they pay over 30% of their income towards rent. At last count, there were over 66,000 homeless persons in the County. In 2019, the City of Los Angeles had a higher percentage of cost-burdened renter households than any other major American city, at nearly 60%. Over one-quarter of residents are severely cost-burdened, contributing to the homelessness emergency in the City. At last count, there were nearly 42,000 homeless persons in the City.

A major cause of the housing crisis is the mismatch between the supply and demand of affordable housing. Through the Regional Housing Needs Assessment process, the Southern California Association of Governments has determined that the governments within Los Angeles County need to plan for 341,000 homes by 2029 that are affordable to lower income households. However, if current production rates continue, within the County just 25,000 of these units would be created in the next eight years.

To help address this crisis, in December 2022 the City of Los Angeles declared a state of emergency related to homelessness. The County of Los Angeles made the same declaration one month later. Both declarations direct the local jurisdictions to expedite the production of emergency shelters and affordable housing, and create specified powers for doing so.

- 3) *CEQA, exemptions, and ministerial approvals.* CEQA applies when a development project requires discretionary approval from a local government agency. When a local agency has the discretion to approve a project, its CEQA evaluation begins with deciding whether an activity qualifies as a project subject to CEQA review. If an activity is deemed a “project,” the agency decides whether it is exempt from compliance with CEQA under either a statutory or a categorical exemption. Statutory exemptions are activities the Legislature has excluded from CEQA despite potential environmental impacts. If a project is statutorily exempt, it can be implemented without a CEQA evaluation.

In addition to statutory exemptions, the Legislature specifically directed the Secretary of the California Natural Resources Agency to designate categorical exemptions from CEQA. Categorical exemptions include projects that the

Secretary deems do not have a significant impact on the environment. The CEQA Guidelines, found in Title 14 of the California Code of Regulations, set forth more than two dozen categorical exemptions covering a wide range of projects, from minor alterations of existing facilities to construction of certain types of buildings. As with statutory exemptions, if the project is categorically exempt, no formal evaluation is required, and the project can be implemented without a CEQA evaluation.

In recognition of this issue, the state has created multiple statutory and regulatory exemptions from CEQA for residential projects, including ones specific for affordable housing. However, housing developers report that many of these exemptions include subjective provisions that make them easy to challenge, and thus difficult to utilize. Because of these difficulties, affordable housing projects are increasingly utilizing ministerial approval processes – which bypass CEQA – provided by SB 35 (Wiener, Chapter 366, Statutes of 2017) and AB 2162 (Chiu, Chapter 753, Statutes of 2018).

- 4) *CEQA exemption for housing in LA.* AB 1197 (Santiago, Chapter 340, Statutes of 2019), established a CEQA exemption for emergency shelters and supportive housing projects approved or carried out within the City of Los Angeles by the City of Los Angeles or specified public agencies. The provisions of AB 1197 will sunset on January 1, 2025.

This bill would expand the CEQA exemptions in Los Angeles City and County to additional actions taken in furtherance of providing housing options for people experiencing homelessness. In addition, the CEQA exemptions apply to specified affordable housing and transitional housing projects. Lastly, this bill extends the existing CEQA exemptions until January 1, 2030.

- 5) *Removing outdated references.* The bill expands CEQA exemptions for “transitional housing projects,” which are generally no longer funded by federal and state programs. **The committee may wish to consider narrowing the focus of the CEQA exemption for transitional housing to projects serving transition-aged youth, or instead include a CEQA exemption for low barrier navigation centers, or both.**
- 6) *Author’s amendments.* The author is proposing to make several technical changes to the bill. **Due to time constraints, the committee may wish to consider adopting these author’s amendments as committee amendments.**
- 7) *Here, there, and everywhere.* This bill was heard in the Environmental Quality Committee on June 21, 2023 and passed out on a 7-0 vote.

RELATED LEGISLATION:

AB 1197 (Santiago, Chapter 340, Statutes of 2019) — exempted from the CEQA, until January 1, 2025, the following: (1) actions taken by eligible public agencies to lease, convey, or encumber land owned by that agency, or to facilitate that lease, conveyance, or encumbrance, and actions taken by an eligible public agency in furtherance of providing emergency shelters or supportive housing in the City of Los Angeles, (2) activities approved or carried out by the City of Los Angeles in furtherance of either certain supportive housing projects or emergency shelters funded by certain sources during a declared shelter crisis, and (3) the adoption of specified City of Los Angeles Ordinances relating to qualified supportive housing and qualified permanent supportive housing.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, July 5, 2023.)

SUPPORT:

Mayor Karen Bass, City of Los Angeles (Sponsor)
California Housing Partnership Corporation
California YIMBY
County of Los Angeles
LA Family Housing
Los Angeles Homeless Services Authority
Los Angeles Unified School District
Southern California Association of Governments (SCAG)
Southern California Association of Non-profit Housing (SCANPH)
The People Concern

OPPOSITION:

None received.

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