

2017 LEGISLATIVE HOUSING PACKAGE

Funding – SB 2 (Atkins), SB 3 (Beall)

California has seen a significant reduction of state funding in recent years. The funds from Proposition 46 of 2002 and Proposition 1C in 2006 -- totaling nearly \$5 billion for a variety of affordable housing programs -- have been expended. Combined with the loss of redevelopment funds, \$1.5 billion of annual state investment dedicated to housing has been lost, leaving several critical housing programs unfunded. Furthermore, California expects significant funding cuts and even the elimination of some housing programs funded by the federal government. *These bills: 1) create an immediate infusion of funds through a \$4 billion general obligation bond for housing construction for low- and moderate-income families and homeownership opportunities for veterans, and 2) establish a permanent source of funding for the construction of housing affordable to lower- and moderate-income households, as well as offer homebuyer assistance, support for local planning documents, and housing for the homeless.*

CEQA Review and Streamlining – SB 35 (Wiener), SB 540 (Roth), AB 73 (Chiu)

CEQA has reportedly been used as a barrier to housing projects even after being subjected to lengthy public discussion and scrutiny, and approved by local governments. Furthermore, several localities have extensive permitting approval processes, which can add months if not years to the construction of housing projects. These barriers can result in increased costs or delays, or in some instances, completely prohibit projects from being built. *These bills provide two streamlining options: 1) allow housing developers to apply for their infill projects to be permitted “by-right,” thus bypassing the local approval process and CEQA requirements and speeding up the approval process, and 2) allow localities to identify zones where CEQA review is conducted “up-front” for the entire zone or district, thus exempting project-level CEQA review.*

Local Flexibility to Require Affordable Housing Construction – AB 1505 (Bloom)

Roughly 170 localities in California have adopted inclusionary ordinances to facilitate and encourage the construction of affordable housing. A 2009 appellate court decision – *Palmer v. City of Los Angeles* – for the first time called these policies into question when applied to rental housing. *This bill clarifies that localities have the authority to establish inclusionary housing requirements as a condition of development. These ordinances must provide alternatives to construction (such as in lieu fees or land dedication) and do not expand or diminish existing laws.*

Strengthening Enforcement and Increasing Accountability – SB 167 (Skinner), AB 678 (Bocanegra)

Throughout the development process, each locality is faced with factors that discourage housing development, including community opposition, incentives to approve sales tax generating development over residential development, and market conditions, such as high land and construction costs. The State Housing Accountability Act (HAA) limits the ability of local agencies to reject or reduce the viability of housing developments without a thorough analysis of the economic, social, and environmental effects of the action. *These bills amend the HAA by increasing the burden of proof on localities when denying a housing project and imposing fines on those localities that violate state law. These changes make it more difficult for localities to unlawfully deny a housing project, as well as encourage localities to approve a housing project in the first place.*

Identifying Adequate Sites for Housing Construction – SB 166 (Skinner), AB 1397 (Low)

The state housing element law requires a locality to identify adequate sites in its housing element to meet its share of the regional housing needs assessment. Developers have testified before the Senate Transportation and Housing Committee that inadequate sites (*i.e.* areas zoned for multifamily over single family) are a primary barrier to building housing. *These bills ensure that as development occurs on sites identified for housing, a locality continues to maintain an ongoing supply of sites available to meet the unmet need for housing for all income levels. These bills also tighten the standard for what is considered an “adequate site” for housing development. This will help ensure that developers have access to sufficient land sites to build desperately needed housing.*

Strengthening Enforcement – AB 72 (Santiago)

State law requires HCD to review each community's housing element for compliance with state housing element law. A minority of communities, however, have either adopted a noncompliant housing element or failed to submit their housing element to the Department of Housing and Community Development (HCD) for timely review. Communities without an approved housing element face limited ramifications as the primary mechanism to enforce state housing law is through the judicial system. ***This bill gives HCD authority to find a housing element out of compliance if a locality's action or failure to take action, including down zoning sites, is inconsistent with state housing element law. Further, HCD may refer a violation to the Attorney General for action.***

Preserving Existing Affordable Housing Stock – AB 1521 (Bloom)

Since the 1960s, California has built over 425,000 units subject to affordability requirements, which typically last 30 to 55 years. Once affordability obligations expire, owners may preserve the affordability or convert the development to market rate. As of March 2017, California had already lost 25,000 affordable homes and another 32,000 affordable rental homes are at risk in the next five years. ***This bill strengthens the law regarding the preservation of assisted housing developments by requiring an owner of an assisted housing development to accept a bona fide offer to purchase from a qualified purchaser that certifies it will keep the housing affordable, and by giving HCD additional enforcement authority.***

More Flexibility for Farmworker Housing – AB 571 (E. Garcia)

California's farmworkers are the backbone of a \$46 billion agricultural industry that provides fresh fruit and vegetables to America and the entire world. While at one time the farmworker population was characterized by its mobility, today it has become much more stable and permanent in the agricultural areas of the State. ***This bill provides more flexibility to the Tax Credit Allocation Committee in the expenditure of the farmworker housing tax credit set aside for year-round permanent farmworker housing developments and provides HCD with more flexibility in the operation of time-limited seasonal rental housing centers.***

Increasing Data Collection and Identifying Costs – AB 879 (Grayson)

Under existing law, localities are required to submit an annual report, which provide updates on their housing production. ***This bill requires additional information to be reported to HCD and require HCD to do a cost study to evaluate the reasonableness of local fees charged to new developments.***