
SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2023 - 2024 Regular

Bill No: SB 91 **Hearing Date:** 4/18/2023
Author: Umberg
Version: 1/17/2023 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Aiyana Cortez

SUBJECT: California Environmental Quality Act: exemption: supportive and transitional housing: motel conversion

DIGEST: This bill eliminates the January 1, 2025 sunset date on a provision of state law that exempts from CEQA certain projects that convert a motel, hotel, residential hotel, or hostel to supportive or transitional housing.

ANALYSIS:

Existing law:

- 1) Establishes the California Environmental Quality Act (CEQA), which generally requires state and local government agencies to inform decision makers and the public about the potential environmental impacts of proposed projects, and to reduce those impacts to the extent feasible. CEQA applies when a development project requires discretionary approval from a local government.
- 2) Defines “interim motel housing project” as a conversion of a motel, hotel, residential hotel, or hostel into supportive or transitional housing.
- 3) Exempts 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

This bill:

- 1) Eliminates the January 1, 2025 sunset date of the CEQA-exemption described above, allowing it to continue in perpetuity.

COMMENTS:

- 1) *Author's Statement.* “SB 91 will make permanent a successful California Environmental Quality Act (CEQA) exemption that facilities housing for homelessness. SB 450 (Umberg 2019) exempted certain supportive and transitional housing projects from CEQA until January 1, 2025. Cities who decided to utilize this exemption were able to streamline motel conversions, which helped to alleviate public safety concerns caused by identified nuisance motels while simultaneously providing supportive housing units to address the state’s housing and homeless crisis. Many families experiencing homelessness are already temporarily living in motels through motel voucher programs. Communities have identified these motels as hubs for illegal activities, including human trafficking, crime, and blight on surrounding neighborhoods. While many of these motels are ideal sites for affordable housing, the CEQA process currently has costs ranging from \$100,000 to \$1,000,000 per project as well as administrative and litigation delays that prevent timely housing to those experiencing homelessness. SB 450 passed in 2019 and spurred motel conversion projects to better house individuals as soon as possible. As of June 2022, Project Roomkey, which utilizes this exemption, has filled over 10,600 hotel rooms and leased over 15,800. Due to the CEQA exemption’s resounding success, SB 91 is needed to permanently extend the exemption.”
- 2) *California has a housing shortage.* The need for and costs of housing have consistently outpaced the development of affordable housing for over 30 years. The lack of supply is the primary factor underlying California’s housing crunch. The state HCD estimates that California needs to build 180,000 new homes a year to keep up with population growth. HCD noted in its statewide housing plan that California must plan for more than 2.5 million homes over the next eight-year cycle, and no less than one million of those homes must meet the needs of lower-income households.
- 3) *Housing needs and approvals generally.* Every city and county in California is required to develop a general plan that outlines the community’s vision of future development through a series of policy statements and goals. A community’s general plan lays the foundation for all future land use decisions, as these decisions must be consistent with the plan. Each community’s general plan must include a housing element, which outlines a long-term plan for meeting the community’s existing and projected housing needs, which are allocated through the RHNA process. The housing element demonstrates how the community plans to accommodate its “fair share” of its region’s housing needs.

To do so, each community establishes an inventory of sites designated for new housing that is sufficient to accommodate its fair share. Communities also identify regulatory barriers to housing development and propose strategies to address those barriers. State law requires cities and counties to update their housing elements every eight years. Cities and counties enact zoning ordinances to implement their general plans. Zoning determines the type of housing that can be built. In addition, before building new housing, housing developers must obtain one or more permits from local planning departments and must also obtain approval from local planning commissions, city councils, or county board of supervisors.

Some housing projects can be permitted by city or county planning staff ministerially or without further approval from elected officials. Projects reviewed ministerially require only an administrative review designed to ensure they are consistent with existing general plan and zoning rules, as well as meet standards for building quality, health, and safety. Most large housing projects are not allowed ministerial review. Instead, these projects are vetted through both public hearings and administrative review. Most housing projects that require discretionary review and approval are subject to review under the California Environmental Quality Act (CEQA), while projects permitted ministerially generally are not.

- 4) *Projects already eligible for exemptions.* Numerous types of projects may be eligible for an exemption from CEQA review pursuant to either a statutory exemption or a “categorical” exemption in the CEQA Guidelines. An interim motel housing project may already fit within the following already-existing exemptions:
 - a) Projects consistent with applicable zoning and planning;
 - b) Negligible expansions of existing public and private structures, facilities, mechanical equipment, or topographical features;
 - c) Urban residential or mixed-use housing projects in unincorporated counties;
 - d) Infill housing;
 - e) Residential, employment center, or mixed-use development project in a transit priority-area; and
 - f) Transit-priority and residential projects.

- 5) *Facilitating interim housing for persons experiencing homelessness.* 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. Many housing are subject to review under the CEQA.

Development opponents can appeal many of the individual decisions related to the CEQA review to the planning commission and to the city council or board of supervisors. Litigation over approvals is also common. The building industry points to environmental reviews and other permitting hurdles as a hindrance to housing development. They argue that the high cost of building and delays in the approval process reduce builders' incentives to develop housing.

Over the last two decades, the Legislature has passed a number of bills with statutory exemptions and other measures to streamline CEQA. In 2019, the legislature passed SB 450 (Umberg, Chapter 344, Statutes of 2019), which exempted, until January 1, 2025, interim motel housing projects from the requirements of CEQA. This bill would eliminate that sunset, which would facilitate the construction of interim units for persons experiencing homelessness.

- 6) *Seeing double*. This bill is substantially similar to a portion of SB 1284 (Bates, 2022) that would have also removed the sunset for a CEQA exemption for interim motel conversion projects. SB 1284 included additional language that would have removed the requirement for applicants to state housing and homeless programs to comply with housing first policies. SB 1284 failed passage in the Senate Housing Committee.
- 7) *Double Referral*. This bill was passed out of the Senate Environmental Quality Committee on March 15, 2023 with a vote of 7-0.

RELATED LEGISLATION:

SB 1284 (Bates, 2022) — would have (1) removed the sunset date for a CEQA exemption for interim motel conversion projects, and (2) eliminated the requirement that applicants for state housing and homeless programs comply with housing first policies. *This bill died in the Senate Housing Committee.*

SB 450 (Umberg, Chapter 344, Statutes of 2019) — created the exemption of certain projects from CEQA that convert a motel, hotel, residential hotel, or hostel to supportive or transitional housing.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, April 12, 2023.)

SUPPORT:

American Planning Association, California Chapter
California Apartment Association
California State Association of Counties
City and County of San Francisco
City of Long Beach
City of Santa Monica
County of Orange
County of San Bernardino
County of Santa Clara
EAH Housing
Livable California
Mission Street Neighbors
Urban Counties of California (UCC)

OPPOSITION:

None received.

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