

2017 California Housing Package Overview

In 2017, Governor Brown signed into law 15 housing bills aimed at addressing California's housing shortfall most of these bills fall into three groups:

- Direct Financing to Affordable Housing Production (SB 2, SB 3, AB 571)
- Streamlining Local Review Process (SB 35, SB 540, AB 73)
- Increasing Local Accountability for Accommodating a Fair Share of Local Housing Development (AB 1397, SB 166, AB 879, AB 72, SB 167, AB 678, AB 1515)

The package also includes two other bills:

- Harnessing Private Funding to Pay for Affordable Housing Development through Inclusionary Zoning (AB 1505)
- Preserving Existing Subsidized Housing (AB 1521)

Direct financing to affordable housing production:

- Two of the bills in the housing package are designed to provide new sources of state funding to directly invest in the production or rehabilitation of homes that are affordable to households with low incomes.
- A third bill included in the housing package is designed to improve the utilization of an existing state funding source for affordable housing developers, the state low income housing tax credit (LIHTC).

SENATE BILL 2 (ATKINS), the building homes and jobs act:

- \$75 recording fee on real estate transactions - excluding new home purchase.
- Creates a permanent source of state funding for affordable housing.
- This is projected to generate \$200 million to \$300 million per year.
- Year 1 Funding: Homelessness Services & Capacity Building.
 - Notice of Funding Availability for Year 1 Funding: Spring 2019*
- Year 2 Funding: Distributed to Local Entitlement Communities (Merced)
 - Merced is considered an Entitlement Community.
 - Adoption of an Annual Action Plan (Similar to HUD's Requirement).

SENATE BILL 3 (BEALL), The affordable housing bond act of 2018:

- The Ballot Measure is on the November 2018 Election
- The Measure proposes \$4 billion in bonds
 - \$3 billion going to fund affordable housing development.
 - Programs projected to receive funding have been very successful in Merced.
 - Many of our recipients are working class households receiving FTHB Loans.
 - \$1 billion to support affordable homeownership for veterans.
- Bond Estimates production of 18,000 to 43,000 homes.
- Provide home loans to more than 3,300 veterans.
- If approved, the Notice of Funding Availability (NOFA): Spring 2019

SENATE BILL 3 - Funds distributed as follows:

- \$1.5 billion to the existing Multifamily housing program
- \$1 billion to the CalVet Home Loan Program
- \$150 million to the existing TOD Implementation program
- \$300 million to the Infill Incentive Grant Program
- \$300 million to the Joe Serna, Jr. Farmworker Housing Grant fund
- \$300 million to the Local Housing Trust Fund Matching Grant Program
- \$300 million to the CalHome Program
- \$150 million to the Self-Help Housing Fund

ASSEMBLY BILL 571 (GARCIA):

- Provides incentives to developers / communities developments
- Incentivizes rural communities to finance farmworker housing
- Past restrictions too burdensome and little interest from developers
 - 100% of units were required for farmworkers.
 - 15-year rental subsidy required was a substantial cost to the pro-forma.
- By making eligibility less restrictive, more units will be built!
 - Encourages a blend of farmworker housing with other types.
 - Reduces rental subsidy required to be financed by a local jurisdiction.
 - Diversifies the development financially and demographically!

Increasing local accountability for accommodating a fair share of new housing development:

- These bills are designed to improve the existing state process for ensuring that all local jurisdictions accommodate a fair share of the production of new housing that is needed to meet the increased statewide need for housing as California's population and economy grow.
- The housing package includes several bills designed to ensure that local housing elements are realistic and that make it easier to hold jurisdictions accountable for achieving their assigned housing goals.

ASSEMBLY BILL 1397 (LOW):

- Specifies that housing elements can only list land as a potential site to accommodate new housing if that land has a realistic capacity for housing development.
- An analysis of and demonstration of local efforts to remove nongovernmental constraints upon the maintenance, improvement, or development of housing.

SENATE BILL 166 (SKINNER):

- Requires local jurisdictions to continually update their housing elements and general plans, as new development permits are issued and land uses change, to ensure that their housing elements always identify enough sites for potential development to meet their assigned goals for housing of different income categories.

ASSEMBLY BILL 879 (GRAYSON):

- Requires local jurisdictions to include in their housing elements an expanded analysis and attempt to mitigate constraints on housing development.
- This specifically includes:
 - Requests to develop housing at lower densities than zoned.
 - Length of time to complete permitting.
 - Local ordinances that impact the cost and supply of housing development.
- Requires the Department of Housing and Community Development to complete a study on the reasonableness of local fees charged to new developments, including potential amendments to the Mitigation Fee Act to substantially reduce fees for residential development.

ASSEMBLY BILL 72 (SANTIAGO):

- Requires the department of housing and community development to review local jurisdictions' general plans and housing actions to ensure that they comply with state law.

SENATE BILL 35 (WIENER):

- Described earlier, also requires local jurisdictions to report more complete information about their progress in meeting housing goals to the department of housing and community development.

SENATE BILL 167 (SKINNER) and ASSEMBLY BILL 678 (BOCANEGRA):

- Increases the burden of proof required for a local government to reject or require downsizing of a housing project that includes affordable units.
- These bills also require written documentation to justify decisions to reject this type of housing project, and impose fines on jurisdictions that improperly reject or require downsizing of housing projects or fail to comply with required timelines for making approval decisions.

ASSEMBLY BILL 1515 (DALY):

- Requires courts to give less deference to evidence presented by local governments, and more consideration of alternative reasonable evidence, when a housing developer legally challenges a local jurisdiction's decision to reject a proposed housing project based on inconsistency with local plans or policies.

Streamlining local review process:

- All three of these bills require or facilitate faster and simpler local review processes, and fewer opportunities for project-specific legal challenges, for multi-unit housing. Projects that include affordable units and pay prevailing construction wages.
- SB 540 and AB 73 take a “carrot” approach, incentivizing local governments to streamline review through eligibility for additional state funding, while SB 35 takes a “stick” approach, requiring local governments to streamline review if they have failed to accommodate housing production in the past.

SENATE BILL 35 (WIENER):

- Requires localities to follow a streamlined, ministerial local review process for some types of proposed housing projects if the locality has failed to meet certain established goals for accommodating a fair share of new housing development.
- Eligible projects for streamlined review must be:
 - Multifamily housing containing 2 or more residential units.
 - At least 75% of the perimeter adjoins parcels developed with urban uses.
 - Zoned for residential or residential mixed-use development or general plan equivalent
 - Not in especially environmentally sensitive areas.
 - Paying prevailing wages to construction workers.
 - A certain percentage of affordable units.

SENATE BILL 540 (ROTH):

- Allows local governments to create workforce housing opportunity zones.
- Within the zones, local governments complete environmental and planning reviews in advance.
- Qualified housing projects must also pay prevailing wages to construction workers.
- Local governments that create these zones may apply for state grants or zero-interest loans to cover the costs of completing the needed planning and environmental review processes.

ASSEMBLY BILL 73 (CHIU):

- Allows cities and counties to create housing sustainability districts.
- Local jurisdictions complete environmental and planning reviews for the land within the districts in advance so that housing projects proposed within the districts:
 - Must include at least 20 percent affordable units overall
 - Can be approved through a streamlined review process
 - Are not subject to project-specific legal challenges under CEQA.
- As with SB 540, projects must pay prevailing wages to construction workers. Local Governments that create these housing districts become eligible for incentive payments from the state.

Harnessing private funding to pay for affordable housing development through inclusionary zoning

ASSEMBLY BILL 1505 (BLOOM):

- Overrules a 2009 appellate court decision that inclusionary zoning policies could not be applied to rental housing developments. Many California jurisdictions applied these policies to rental housing prior to 2009, so the “Palmer fix” restores this local planning mechanism as a tool to regulate the production of rental housing.
- By requiring market-rate housing developers to incorporate or provide funding for affordable homes, inclusionary zoning policies harness a portion of the private revenues generated by market-rate housing production to fund production of homes affordable to lower-income households.
- Allows the state to review local inclusionary policies when circumstances suggest the policies might be overly inhibiting housing development needed to meet a community’s fair share housing goals.

Preserving existing subsidized housing

ASSEMBLY BILL 1521 (BLOOM):

- Strengthens the existing preservation notice law that applies to housing developments whose affordability requirements are set to expire so that rents will no longer be required to be maintained at below-market rates.
- Requires longer advance notice to tenants in these units to let them know when rents are scheduled to increase.
- Requires the owners to preferentially sell to qualified buyers who intend to maintain the properties as below-market rental housing and who make a fair-market-value purchase offer.

For Additional information please visit the following link:

<http://www.hcd.ca.gov/policy-research/lhp.shtml#milestones>