

CALIFORNIA'S 2017 HOUSING PACKAGE PRESENTATION

BRIEF OVERVIEW:

In 2017, Governor Jerry Brown signed off on a package of 15 Housing Bills intended to address California's Housing Crisis. This is the most robust attempt to financially tackle this crisis in recent memory. This is a brief synopsis of the 15 bills, what they mean, and what they are attempting to address.

MONEY FOR AFFORDABLE HOUSING

Senate Bill (SB)2: The "Building Homes and Jobs Act."

This bill would enact the Building Homes and Jobs Act. This act speaks to the need to establish permanent, ongoing sources of funding related to affordable housing development. This Bill establishes a State-Mandated local program.

Very simply: Every time a real estate transaction (real estate instrument, paper, or notice required or permitted by law to be recorded), is conducted and recorded by the county there will be a \$75 SB2 "recording fee" added to transaction.

This fee will then be kept separately, and the revenue sent quarterly to the State where it will be added to the Building Homes and Jobs Fund in the State Treasury.

How it will be spent:

January 1 2018-December 31 2018:

50% - for use by local government for approved building projects

50%- goes to Department of Housing and Community Development for Homeless Services programs/support (rapid rehousing, rental assistance, navigation centers, rehabilitation, preservation of permanent and transitional housing)

January 1 2019 onward:

70% - goes back to local government for "approved projects and programs" (such as affordable housing development, home-ownership programs, etc)

30%- use by the State for "approved programs" (such as multi-family mixed-income housing)

Expected to raise \$250 Million a year beginning in January of 2018

***Local Government with no documented plan in place for spending revenue within 5 years will have revenue deposited in a Housing Rehabilitation Loan Fund (like a savings account to be used when they have plans ready)**

Senate Bill 3: The “Veterans and Affordable Housing Bond Act of 2018”

This act would release \$4 Billion in bonds for affordable housing development

\$3 Billion toward funding existing housing programs, affordable housing match programs, etc.

\$1 Billion allocated toward veterans: assisting with purchase of homes, mobile homes, farms.

This act will be on the November 2018 Ballot

MAKING HOUSING DEVELOPMENT EASIER & REMOVING BARRIERS

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Senate Bill 35: “Affordable Housing: Streamline Approval”

This Bill requires cities to approve projects that comply with existing zoning if not enough housing has been built to keep pace with their state home-building targets. These projects must also reserve a certain percentage of homes for low-income residents and pay construction workers union-level wages and abide by union-standard hiring rules/salaries.

Assembly Bill 73: “Housing Sustainability Districts”

Under AB 73, a city receives money when it designates a particular community for more housing and then additional dollars once it starts issuing permits for new homes. Encourages denser zoning laws, especially around transit lines. In these neighborhoods, at least 20% of the housing must be reserved for low- or middle-income residents, and projects will have to be granted permits without delay if they meet zoning standards. *may receive funding from SB2 revenue.

Senate Bill 540: “Housing Sustainability Districts”

SB 540 authorizes a state grant or loan for a local government to do planning and environmental reviews to cover a particular neighborhood. Developers in the designated community also will have to reserve a certain percentage of homes for low- and middle-income residents and the city’s approvals there would be approved without delay.

*may receive funding from SB2 revenue

BUILDING AND PRESERVING MORE LOW-INCOME HOUSING

Assembly Bill 1505: "Zoning Regulations"

Context/history- since 2009, cities have not been ALLOWED to force builders/developers to set certain percentage of apartments aside for low-income residents.

AB 1505 changes the rules, allowing cities to once again enforce low-income requirements. Setting an example- San Jose is already planning to implement a rule forcing developers to set aside 15% of all units for low income residents.

Assembly Bill 1521: "Notice of Proposed Change"

Context/history- typically, when builders agree to develop low-income apts, that agreement is only good for 30-50 years, then the units can go market rate.

This bill requires advance notice of subsidized rental units returning to market-rate pricing and requires that owners selling affordable rental projects accept offers from any qualified operator of affordable housing provided they maintain affordability restrictions.

Assembly Bill 571: "Farmworker Housing Tax Credit"

Context/history- Low-Income Housing Tax Credit developments for FARMWORKERS have been under-utilized.

The Farmworker Housing Tax Credit Bill modifies criteria for projects eligible for Low Income Housing Tax Credit set aside for farmworker housing. Allows these tax credits to be applied to projects where 50% of units are allocated to/filled by farmworkers (rather than 100%), making these sorts of projects more financially viable/attractive to developers.

HOLDING CITIES ACCOUNTABLE FOR PLANNING AND BUILDING MORE HOUSING

These three laws force cities to plan/build more housing:

Assembly Bill 1397: "Inventory of land for residential development"

Forces local governments to zone land for housing where it could actually go, instead of putting sites they don't intend to approve in their housing plan.

Senate Bill 166: "Residential Density and Affordability" aka the "No Net Loss" Bill

Requires that cities add additional low-income housing units/sites to their plans if they approve plans with fewer units than had originally been proposed and approved. The goal being to make up for the units that were planned for but were not build. (for example- if West Beamer Place was planned and approved by city council to be a 200 unit building, but turned out to only be 150, would force city to build an additional 50 unit building to make up for the lost units)

Assembly Bill 879: "Planning and Zoning"

This bill instructs cities to analyze how long it takes developers to actually build their projects once they've been approved, and then take steps to *shorten that time*.

INCREASING CONSEQUENCES FOR NON-COMPLIANT CITIES

Three measures, Senate Bill 167, Assembly Bill 678 and Assembly Bill 1515, will beef up the existing law by making it easier for developers to prove a city acted "in bad faith" (aka picking and choosing only high cost projects) when denying a project, and by upping a city's penalty to \$10,000 per unit they rejected.

Assembly Bill 1515: "Planning and Zoning"

This bill prohibits a local agency from disapproving, or conditioning approval in a manner that renders infeasible, a housing development project very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified findings.

Senate Bill 167 and Assembly Bill 678: "Housing Accountability Act"

These bills make it more difficult for cities to deny housing developments or emergency shelters that meeting zoning requirements. Also requires courts to give less deference to local governments when a city/county states a project doesn't fit with zoning/planning standards.

Assembly Bill 72:

Expands HCD's authority and oversight to investigate cities that don't meet their housing plans, and gives HCD more authority to pursue legal action against these cities with California's attorney general.