
SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2021 - 2022 Regular

Bill No: AB 68 **Hearing Date:** 7/8/2021
Author: Quirk-Silva
Version: 6/1/2021
Urgency: No **Fiscal:** Yes
Consultant: Alison Hughes

SUBJECT: Department of Housing and Community Development: California Statewide Housing Plan: annual reports

DIGEST: This bill revises and modernizes the quadrennial Statewide Housing Plan (Plan) and expands the requirements of the annual report from the Department of Housing and Community Development (HCD).

ANALYSIS:

Existing law:

- 1) Requires that HCD develop a Plan in cooperation with specified entities and that the Plan serves as a state housing plan for all relevant purposes.
- 2) Requires the Plan to include certain information, including:
 - a) A statement of housing goals, policies, and objectives.
 - b) An evaluation and summary of housing conditions in the state, including availability of housing for all economic segments of the state. The evaluation shall also include summary statistics for all counties, all multicounty metropolitan areas, and rural areas, as specified. The evaluation shall include the existing distribution of housing by type, size, gross rent, value, and, to the extent data is available, condition, and the existing distribution of households by gross income, size, and ethnic character for each of those areas.
 - c) A determination of the statewide need for the year the Plan is revised and four years ahead. Need is defined as the minimum number of units necessary to be built or rehabilitated in order to provide sufficient housing to house all residents of the state in standard, uncrowded units in suitable locations.

- d) Goals for the provision of housing assistance for the plan period, established as the minimum number of households to be assisted to result in a substantial reduction in the number of moderate-income, low-income, and very low-income households considered cost-burdened.
 - e) Recommendations for actions by federal, state, and local governments and the private sector that will contribute to the attainment of the housing goals established for California.
 - f) A housing strategy that coordinates the housing assistance and activities of state and local agencies, including the provision of housing assistance for various population groups including, but not limited to, elderly persons, persons with disabilities, large families, families where a female is the head of the household, farmworker households, and other specific population groups as deemed appropriate by HCD
- 3) Provides that, for the next revision on or after January 1, 2020, and each subsequent revision thereafter, the Plan shall include a 10-year housing data strategy that identifies the data useful to enforce existing housing laws and inform state housing policymaking.
- 4) Requires the HCD to complete an annual report on or before December 31st of year, which includes specified information, including:
- a) The number of housing units assisted by those programs;
 - b) The number of individuals and households served and their income levels;
 - c) The distribution of housing units among various areas of the state;
 - d) The amount of other public and private funds leveraged by the assistance provided by those programs;
 - e) Information detailing the assistance provided to various groups of persons by programs that are targeted to assist those groups; and

This bill:

- 1) Reorganizes existing statutory sections related to the Plan and creates a dedicated chapter to the Plan and the plan update, created by HCD.
- 2) Updates the content of the Plan on or after January 1, 2023 by adding the following:

- a) An inventory of affordable units needed, the estimated cost for the needed affordable units, and the financial resources available to the state to develop affordable units.
 - b) Estimated number of units to be produced with the state's financial resources.
 - c) Amount of financial resources the state will need to obtain from other sources, including but not limited to federal, local, and private sources to meet the remaining gap in need housing, if any.
 - d) A plan for how the state's financial and other resources can best be used to maximize units developed and reduce cost burden and overcrowding.
 - e) An identification of strategies to help individuals experiencing homelessness.
 - f) An analysis of local government policies that present barriers to serving individuals experiencing homelessness.
 - g) Data from the statewide gaps and needs analysis on homelessness, should such an analysis be conducted.
- 3) Requires the plan's homelessness provisions to be based on recommendations from the Homeless Coordinating and Financing Council.
 - 4) Requires HCD to report annually on grant programs administered by HCD during the previous fiscal year:
 - a) The time between the issuance of an award letter and the delivery of the standard agreement to the awardee, as well as the time between the delivery of the standard agreement to the awardee and its completion.
 - b) A comparison of how the time between award letter, standard agreement, and standard agreement completion varies across HCD-administered programs.
 - c) Changes to the information reported in this section for each program since the previous annual report; and
 - d) Specified information on housing element oversight actions taken during the previous fiscal year.

COMMENTS:

- 1) *Author's statement.* "Last year, the California State Auditor issued a report that found that the state lacks an effective approach to planning and financing development of affordable housing at both the state and local level. While this body has taken drastic steps to address this crisis and spur housing production, much-needed improvements must be made to more effectively plan for development of affordable housing where it will have the greatest impact. The state has dedicated billions of dollars in investments in new housing. It is important that we make sure the state has the tools and resources needed for a sound, well-coordinated plan that effectively uses its financial resources efficiently, and effectively provides the most impact to support affordable housing."
- 2) *Statewide Housing Plan.* Existing law requires HCD to develop a Statewide Housing Plan, in consultation with private housing industry and local housing and planning agencies. It must revise that plan at least every four years. According to the latest Statewide Housing Plan Update from the HCD, the majority of California renters are considered cost-burdened and pay more than 30% of their household income towards rent. About one-third of California tenants (approximately 1.5 million households) are considered severely cost-burdened and pay more than 50% of their income towards rent.
- 3) *State Auditor's Report.* Last year, the State Auditor published Report 2020-108 titled, *California's Housing Agencies: The State Must Overhaul Its Approach to Affordable Housing Development to Help Relieve Millions of Californians' Burdensome Housing Costs*, which identified several deficiencies in the State's approach to affordable housing development and provided several recommendations for improved coordination, program administration, and oversight. Specifically, the Auditor notes that California's key housing agencies currently do not have "a sound, well-coordinated strategy or plan for how to most effectively use their financial resources to support affordable housing."

The audit notes specific information and analysis missing from the most recent Statewide Housing Plan that, if required in subsequent updates, could better guide the state in its efforts to address the housing crisis. This bill seeks to update the Statewide Housing Plan in response to the Auditor's report. In particular, this bill requires future Statewide Housing Plan updates to include an inventory of the number of affordable units required to meet the state's affordable housing needs for the plan period and the cost of providing those units. Additionally, it would require HCD to plan for how the state's financial and other resources can best be used to maximize units developed, reduce cost

burden, and reduce overcrowding. Additionally, this bill adds in reporting on the median time between the issuance of award letters and standard agreements in HCD's grant programs.

This bill requires annual reporting on specified oversight actions that HCD has taken to ensure local governments are complying with their legal obligations regarding housing element law. **Given that HCD has oversight authority over several state housing laws, such as density bonus law and the Housing Accountability Act, the author has agreed to amend the bill to instead report on actions taken over state housing laws.**

Lastly, the bill requires the Plan update and revision to identify specified data related to homelessness. The Homeless Coordinating and Financing Council (HCFC) actually already compiles some of this information. **The author has agreed to amend the bill to authorize HCD to utilize data collected by the HCFC.**

4) *Let's be clear.* The author will accept the following technical amendments:

a) Page 7, line 30:

Data from the statewide ~~gaps and needs analysis~~ **homelessness assessment**
on

b) Page 9, line 27:

the awardee and its ~~completion~~ **execution**.

c) Page 9, line 29:

agreement, and standard agreement ~~completion~~ **execution** varies across

RELATED LEGISLATION:

AB 1483 (Grayson, Chapter 662, Statutes of 2019) — required cities and counties to post specified housing-related information on their Web sites. Required HCD to establish a workgroup, as specified, to develop a strategy for state housing data.

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

POSITIONS: (Communicated to the committee before noon on Thursday,
July 1, 2021.)

SUPPORT:

California Apartment Association

OPPOSITION:

None received

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