SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 4	**Hearing Date:**	4/2/2019
Author:	McGuire		
Version:	2/28/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Housing

DIGEST: This bill creates a streamlined approval process for eligible projects within ½ mile of fixed rail or ferry terminals in cities of 50,000 residents or more in smaller counties and in all urban areas in counties with over a million residents. It also allows creates a streamlined approval process for duplexes and fourplexes, as specified, in residential areas on vacant, infill parcels.

ANALYSIS:

Existing law:

1) Requires all cities and counties to adopt an ordinance that specifies how they will implement state density bonus law.

2) Requires cities and counties to grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least one of the following:

    a) 10% of the total units of a housing development for lower income households
    b) 5% of the total units of a housing development for very low-income households
    c) A senior citizen housing development or mobile home park
    d) 10% of the units in a common interest development (CID) for moderate-income households
    e) 10% of the total units for transitional foster youth, disabled veterans, or homeless persons.

3) Requires the city or county to allow an increase in density of 20% over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the general plan for low-income, very low-

income, or senior housing, and by five percent for moderate-income housing in a CID.

4) Provides that upon the request of a developer, a city, county, or city and county shall not require a vehicular parking ratio, inclusive of disabled and guest parking, that meets the following ratios:

   a) Zero to one bedroom — one onsite parking space
   b) Two to three bedrooms — two onsite parking spaces
   c) Four and more bedrooms — two and one-half parking spaces

5) Requires cities and counties to provide an applicant for a density bonus with concessions and incentives based on the number of below market-rate units included in the project as follows:

   a) One incentive or concession, if the project includes at least 10% of the total units for low-income households or 5% for very low-income households
   b) Two incentives or concessions, if the project includes at least 20% of the total units for low-income households or 10% for very low-income households.
   c) Three incentives or concessions, if the project includes at least 30% of the total units for low-income households or 15% for very low-income households.

6) Requires, until January 1, 2029, cities and counties to adopt zoning standards in the San Francisco Bay Area Rapid Transit District's (BART) transit-oriented development (TOD) guidelines and establishes a streamlined approval process for certain projects on BART-owned land.

7) Requires every city and county to prepare and adopt a general plan, including a housing element, to guide the future growth of a community. The housing element must identify and analyze existing and projected housing needs, identify adequate sites with appropriate zoning to meet the housing needs of all income segments of the community, and ensure that regulatory systems provide opportunities for, and do not unduly constrain, housing development.

8) Requires local governments located within the territory of a metropolitan planning organization (MPO) to revise their housing elements every eight years following the adoption of every other regional transportation plan (RTP). Local governments in rural non-MPO regions must revise their housing elements every five years.

9) Provides that each community's fair share of housing shall be determined through the regional housing needs allocations (RHNA) process, which is composed of three main stages:

   a) The Department of Finance and the Department of Housing and Community Development (HCD) develop regional housing needs estimates;
   b) Councils of government (COGs) allocate housing within each region based on these estimates (where a COG does not exist, HCD makes the determinations); and
   c) Cities and counties incorporate their allocations into their housing elements.

10) Requires a local jurisdiction to give public notice of a hearing whenever a person applies for a zoning variance, special use permit, conditional use permit, zoning ordinance amendment, or general or specific plan amendment.

11) Requires the board of zoning adjustment or zoning administrator to hear and decide applications for conditional uses or other permits when the zoning ordinance provides therefor and establishes criteria for determining those matters, and applications for variances from the terms of the zoning ordinance.

12) Provides that supportive housing, in which 100% of units are dedicated to low-income households (up to 80% AMI) and are receiving public funding to ensure affordability, shall be a use by right in all zones where multifamily and mixed uses are allowed, as specified.

13) Provides that infill developments in localities that have failed to meet their regional housing needs assessment (RHNA) numbers shall not be subject to a streamlined, ministerial approval process, as specified.

14) Requires HCD, by June 30, 2019, to complete a study evaluating the reasonableness of local fees charged to new developments. The study shall include findings and recommendations regarding potential amendments to the Mitigation Fee Act to substantially reduce fees for residential development.

This bill:

1) Defines "eligible parcel" as a parcel that meets all of the following requirements:

   a) The parcel is in a jurisdiction of a local agency that meets both conditions:

   i. HCD has determined that the local agency has produced fewer housing units than jobs over the past 10 years; and
   ii. The local agency has unmet regional housing needs.
b) The parcel is not located within any of the following:
   i. An architecturally or historically significant historic district
   ii. Coastal zone
   iii. Very high fire hazard severity zone, as specified
   iv. A flood plain
c) The project on the proposed parcel will not require the demolition of any of the following types of housing:
   i. Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to families of low- and moderate income levels;
   ii. Housing that is subject to rent or price control;
   iii. Housing that has not been occupied by tenants in the past 10 years.
d) The site was not previously used for housing that was occupied by tenants that was demolished within 10 years before the development proponent submits an application pursuant to this bill.
e) The development of the project on the proposed parcel would not require the demolition of a historic structure.
f) The proposed parcel does not contain housing units that were occupied by tenants and units at the property are or were subsequently offered for sale to the general public by the subdivider or subsequent owner of the property.
g) The parcel is zoned to allow residential use and qualifies as an infill site.
h) The parcel does not qualify as an eligible TOD project site for a development on BART property.
i) A parcel on which the project would be located would be fully assessed on or after January 1, 2021 to reflect its full cash value as if a change in ownership has occurred.

2) Defines "eligible TOD project" as a transit oriented development (TOD) project, located on an eligible parcel in an urban community that meets all of the following requirements:

   a) Has a height less than or equal to one story, or 15 feet, above the highest allowable height, or the tallest height allowable, for mixed use or residential use.
   b) Is located within ½ mile of an existing or planned transit station entrance.
   c) Has a floor area ratio of 0.6 times the number of stories that satisfies paragraph (a). If the parcel is not subject to a zoning ordinance or other restriction on maximum height, the maximum allowable floor area ratio shall be calculated by multiplying the number of stories proposed by 0.6.

d) Has a minimum density of 30 units per acre in a metropolitan area or 20 units per acre in suburban areas.
e) Provides parking as follows:
   i. In a city with fewer than 100,000 residents, or over 100,000 residents and between ¼ and ½ mile from an existing planned transit station, a project shall provide parking consistent with existing density bonus law.
   ii. In a jurisdiction with more than 100,000 residents and that is within ¼ of a mile from an existing or planned transit station entrance, no further parking requirements may apply.
f) At least 2/3 of the square footage of the development is designated for residential use.
g) The eligible TOD project meets all local requirements that do not conflict with this bill, including but not limited to a general plan, a specific plan, or a zoning ordinance.
h) The development proponent of the TOD project develops a plan to ensure transit accessibility to the residents of the development
i) For a TOD project with 10 units or more, the development shall dedicate 30% of the total units at rent affordable to households earning lower than 80% of the area median income and execute a recorded affordability restriction for at least 55 years. If a local agency has adopted an ordinance requiring greater than 30% affordability, that ordinance shall apply.

k) The development proponent has done both of the following, as applicable:
   i. Certified to the locality that either of the following is true: (1) The entirety of the development is a public work or, (2) if the development is not in its entirety a public work, that all construction workers employed in the execution of the development will be paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as specified, except that apprentices registered in programs approved by the chief of the division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.
   ii. For specified developments, a skilled and trained workforce shall be used to complete the development.

3) Defines "neighborhood multifamily project" (NMP) as a project to construct up to two residential units in a non-urban community and up to four units in an urban community, located on an eligible parcel that meets all of the following:

a) The parcel on which the NMP would be located is on vacant land. "Vacant land" means either: a property with no existing structures or a property with a least one structure but the structure has been unoccupied for at least 5 years and considered substandard under the state housing law.
b) The NMP meets all local requirements, including height, setbacks, lot coverage, and other applicable zoning requirement.
c) The project provides at least .5 parking spaces per unit.

4) Defines "planned transit station" as a transit station that has completed CEQA review and for which construction is 75% funded.

5) Defines "station entrance" as the entry point into an enclosed station structure, or if that point is not clear or does not exist, the station fare gates.

6) Defines "non-urban community" as not an urban community. Urban community means either of the following.

a) A city with a population of 50,000 or greater that is located in a county with a population of less than 1,000,000.
b) An urbanized area or urban cluster located in a county with a population of 1,000,000 or greater.

7) Defines "infill site" as a site in an urban or nonurban community that meets the following criteria:

a) The site has not previously been used for urban uses and both of the following apply (i) The site is immediately adjacent to parcels that are developed with urban uses or at least 75% of the perimeter of the site adjoins parcels that are developed with urban uses, and (ii) the remaining 25% of the site adjoins parcels that have been previously developed for urban uses.
b) "Urban use" means any residential, commercial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

8) Provides that an eligible NMP or eligible TOD project located on an eligible parcel may submit an application for a development to be subject to a streamlined, ministerial approval process outlined in this bill and not subject to a conditional use permit if it is consistent with objective zoning standards, as defined.

9) States that if a local agency determines that a development is inconsistent with any of the requirements allowing streamlined approval, the local agency shall provide the development proponent with written documentation of which requirement the development conflicts with and an explanation for the reason or reasons the development conflicts with that requirement or requirements within a specified period of time. If a local agency fails to provide the required documentation, the development shall be deemed to satisfy the requirements for streamlined approval.

10) Provides that design review or public oversight of the development may be conducted, as specified.

11) Provides that if a project is approved using the streamlined process outlined in this bill and the project contains 50% of units affordable to households making below 80% AMI, the approval shall not expire. The approvals for projects with fewer than 50% units affordable to those making 80% AMI shall expire after 3 years; a project proponent may apply for a one year extension after providing specified documentation.

12) Provides that a NMP shall not be considered by a local agency, special district, or water corporation to be a new residential use for the purposes of calculating fees charged for new development, except as follows: 1) Connection fees and capacity charges related to water, sewer, and electrical service shall be determined by existing law, and 2) fees charged by a school district shall be limited to no more than $3,000 per dwelling unit.

13) Authorizes a development proponent of an eligible TOD project to apply for a density bonus. A project that meets the requirement for streamlining under this bill before adding any height increases, density increases, waivers, or concessions awarded through a density bonus shall remain eligible for streamlining after the addition of a density bonus, waiver, incentive, or concession.

14) Prohibits streamlining from applying if the local agency finds that the development would have a specific, adverse impact, as specified, on public health or safety, including but not limited to, fire safety, and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact without rendering the development unaffordable to low- and moderate-income households.

COMMENTS

1) *Purpose of the bill.* According to the author, "A variety of causes have contributed to California's lack of housing production, including restrictive zoning ordinances, skyrocketing land prices, local permitting processes that provide multiple avenues to stop a project, and the lack of public funding to advance workforce affordable housing. These issues pose challenges to constructing market-rate and affordable housing developments alike. SB 4 advances strategic changes to local zoning to allow construction of additional homes in two ways. First, SB 4 grants streamlined ministerial review to eligible projects within ½ mile of fixed rail or ferry terminals in cities of 50,000 residents or more in smaller counties and in all urban areas in counties with over a million residents. Second, SB 4 allows ministerial permitting of up to fourplexes in cities and urban areas over 50,000 people (duplexes in urban areas under 50,000) on any vacant infill parcels zoned residential. SB 4 helps address the affordable housing crisis in big cities and small, in every corner of California by encouraging projects that are in scale with what local governments already allow in areas with sufficient transit, but some cities simply won't approve and unlocking neighborhood multi-family buildings in residential areas throughout the state."

2) *Existing Streamlining Programs.* 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. 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.

SB 2 (Cedillo, 2007) required local governments, in their housing element, to accommodate their need for emergency shelters on sites where the use is allowed without a conditional use permit, and requires cities and counties to treat transitional and supportive housing projects as a residential use of property. In addition to SB 2 (Cedillo), SB 35 (Wiener, 2017) requires local jurisdictions that have not met their above moderate-income or lower income regional housing needs assessment (RHNA) to streamline certain developments. Jurisdictions that are not meeting their lower income RHNA requirement must streamline developments that restrict at least 50% of the units in a development to households earning up to 80% AMI. However, SB 35 is limited to urban infill sites and has limited application where rental housing existed within the last 10 years. AB 2162 (Chiu, 2018) provided that supportive housing, in which 100% of units are dedicated to low-income households (up to 80% AMI) and are receiving public funding to ensure affordability, shall be a use by-right in all zones where multifamily and mixed uses are allowed, as specified. AB 2162 applies to all areas of the state, urban and rural, and would apply regardless of whether a local government has met its RHNA.

3) *Housing near Transit.* Research has shown that encouraging more dense housing near transit serves not only as a means of increasing ridership of public transportation to reduce greenhouse gases (GHGs), but also a solution to our state's housing crisis. As part of California's overall strategy to combat climate change, the Legislature began the process of encouraging more transit oriented development with the passage of SB 375 (Steinberg, Chapter 728, Statutes of 2008). SB 375 is aimed at reducing the amount that people drive and associated GHGs by requiring the coordination of transportation, housing, and land use planning. The Legislature subsequently allocated 20% of the ongoing Cap and Trade Program funds to the Affordable Housing and Sustainable Communities Program, which funds land use, housing, transportation, and land preservation projects to support infill and compact development that reduce GHGs. At least half of the funds must support affordable housing projects.

   The McKinsey Report found that increasing housing demand around high-frequency public transit stations could build 1.2 – 3 million units within a half-mile radius of transit. The report notes that this new development would have to be sensitive to the character of a place, and recommends that local communities proactively rezone station areas for higher residential density to pave the way for private investments, accelerate land-use approvals, and use bonds to finance station area infrastructure.

Research has also demonstrated a positive relationship between income and vehicle miles traveled (VMT). A study by the Center for Neighborhood Technology, entitled *Income, Location Efficiency, and VMT: Affordable housing as a Climate Strategy*, created a model to isolate the relationship of income on VMT. This model found that lower-income families living near transit were likely to drive less than their wealthier neighbors. More specifically, in metro regions, home to two-thirds of California's population, identically composed and located low-income households were predicted to drive 10% less than the median, very low-income households 25% less, and extremely low-income households 33% less. By contrast, middle income households were predicted to drive 5% more and above moderate-income households 14% more. The patterns are similar for the other two Regional Contexts, although the differences are slightly reduced in Rural Areas. This research demonstrates the value of encouraging lower-income people to live near transit who are more likely to increase transit ridership.

4) *2018 BART bill.* In May 2017, BART released a publication on its "Transit-Oriented Development Guidelines," with the goal of beginning to implement BART's previously adopted TOD policy. Among others, the purposes of the TOD Guidelines were to delineate what BART requires and encourages in TOD projects—such as building and street design, financial performance, partnerships and blending with the community—and to offer guidance to cities and developers in creating transit-supportive station area plans for the areas surrounding BART stations, TOD projects, and approvals within a half-mile of BART stations.

   The TOD Guidelines state that BART-owned developable land, totaling 250 acres spread across 27 stations that are already built or under construction, offers a unique opportunity for TOD. The Guidelines assign each BART station a "place type": regional centers, urban or city centers, and neighborhood or town centers. Based on these place types, the guidelines specify zoning standards that BART identifies as conducive to TOD, including quantified standards for height, density, and parking, as follows:

	Regional Center	Urban or City Center	Neighborhood or Town Center
Parking maximum	1 space/unit; 2.5 spaces/1,000 sq. ft.	0.5 space/unit; 1.6 spaces/1,000 sq. ft.	0.375 space/unit; no office parking spaces
Height minimum	12 stories	7 stories	5 stories
Density	75 units/acre		

Last year, the Legislature passed and the Governor signed AB 2923 (Chiu, Chapter 1000), which required, until January 1, 2029, cities and counties to adopt zoning standards in the San Francisco BART transit-oriented development (TOD) guidelines and establishes a streamlined approval process for certain projects on BART-owned land.

This bill, similar to the BART bill (AB 2923, Chiu, Chapter 1000), would create a streamlined approval process for specified housing developments near planned or existing transit stations and ferry terminals. To qualify for streamlining, a jurisdiction must have created fewer jobs than homes in the past 10 years and have unmet housing needs under RHNA. Projects must be on a site that is infill and zoned residential, and must be in an urban community. Projects also may not be in an architecturally or historically significant historic district, coastal zone, a very high fire hazard severity zone, or flood plain.

In addition to streamlined approvals, a development utilizing this bill may build the development one story higher than the local zoning allows, have a floor area ratio of .6 the number of stories, have reduced parking requirements (similar to density bonus law), and have minimum density, as specified.

5) *Denser Housing in Single-Family Zoning.* California's high — and rising — land costs necessitate dense housing construction for a project to be financially viable and for the housing to ultimately be affordable to lower-income households. Yet, recent trends in California show that new housing has not commensurately increased in density. In a 2016 analysis, the Legislative Analyst's Office (LAO) found that the housing density of a typical neighborhood in California's coastal metropolitan areas increased only by four percent during the 2000s. In addition, the pattern of development in California has changed in ways that limit new housing opportunities. A 2016 analysis by BuildZoom found that new development has shifted from moderate but widespread density to pockets of high-density housing near downtown cores surrounded by vast swaths of low-density single-family housing. Specifically,

construction of moderately-dense housing (2 to 49 units) in California peaked in the 1960s and 1970s and has slowed in recent decades.

Stricter land use controls are also associated with greater displacement and segregation along both income and racial lines. Past practices such as redlining, which led to the racial and economic segregation of communities in the 1930s, have shown the negative effects that these practices can have on communities. The federal National Housing Act of 1934 was enacted to make housing and mortgages more affordable and to stop bank foreclosures during the Great Depression. These loans were distributed in a manner to purposefully exclude "high risk" neighborhoods composed of minority groups. This practice led to underdevelopment and lack of progress in these segregated communities while neighborhoods surrounding them flourished due to increased development and investment. People living in these redlined communities had unequal access to quality, crucial resources such as health and schools. These redlined communities experience higher minority and poverty rates today and are experiencing gentrification and displacement at a higher rate than other neighborhoods. Today, exclusionary zoning can lead to "unintended" segregation of low-income and minority groups, which creates unequal opportunities for Californians of color. Both the LAO and an analysis by the Institute of Governmental Studies (IGS) at the University of California, Berkeley indicate that building new housing would reduce the likelihood that residents would be displaced in future decades.

The UC Berkeley Terner Center conducted a residential land use survey in California from August 2017 to October 2018. The survey found that most jurisdictions devote the majority of their land to single family zoning and in two-thirds of jurisdictions, multifamily housing is allowed on less than 25% of land. Some jurisdictions in the US have taken steps to increase density in single-family zones. For example, Minneapolis will become the first major U.S. city to end single-family home zoning; in December, the City Council passed a comprehensive plan to permit three-family homes in the city's residential neighborhoods, abolish parking minimums for all new construction, and allow high-density buildings along transit corridors. According to the 2016 McKinsey Report, California has the capacity to build between 341,000 and 793,000 new units by adding units to existing single-family homes.

In an effort to encourage density everywhere, this bill creates a streamlined approval process for duplexes in non-urban cities or fourplexes in urban cities, on vacant parcels. To qualify for streamlining, a jurisdiction must have created fewer jobs than homes in the past 10 years and have unmet housing needs under RHNA. Projects must be on a site that is vacant, infill and zoned residential,

and must be in an urban community. Projects may not be in an architecturally or historically significant historic district, coastal zone, a very high fire hazard severity zone, or flood plain. Eligible projects must otherwise comply with existing zoning requirements and design review. Developers would have to pay for sewer, water, and electrical hookups, and school fees would be capped at $3,000 per unit, but other impact fees would be prohibited.

6) *Density bonus law.* Given California's high land and construction costs for housing, it is extremely difficult for the private market to provide housing units that are affordable to low- and even moderate-income households. Public subsidy is often required to fill the financial gap on affordable units. Density bonus law allows public entities to reduce or even eliminate subsidies for a particular project by allowing a developer to include more total units in a project than would otherwise be allowed by the local zoning ordinance in exchange for affordable units. Allowing more total units permits the developer to spread the cost of the affordable units more broadly over the market-rate units. The idea of density bonus law is to cover at least some of the financing gap of affordable housing with regulatory incentives, rather than additional subsidy.

   Under existing law, if a developer proposes to construct a housing development with a specified percentage of affordable units, the city or county must provide all of the following benefits: a density bonus, incentives or concessions (hereafter referred to as incentives); waiver of any development standards that prevent the developer from utilizing the density bonus or incentives; and reduced parking standards.

   To qualify for benefits under density bonus law, a proposed housing development must contain a minimum percentage of affordable housing (*see* the "Existing Law" section). If one of these five options is met, a developer is entitled to a base increase in density for the project as a whole (referred to as a density bonus) and one regulatory incentive. Under density bonus law, a market rate developer gets density increases on a sliding scale based on the percentage of affordable housing included in the project. At the low end, a developer receives 20% additional density for 5% very low-income units and 20% density for 10% low-income units. The maximum additional density permitted is 35% (in exchange for 11% very low-income units and 20% low-income units). The developer also negotiates additional incentives and concessions, reduced parking, and design standard waivers with the local government. This helps developers reduce costs while enabling a local government to determine what changes make the most sense for that site and community.

A development proponent may enjoy greater benefits under the provisions of this bill than those received under DBL. TOD projects of any size may receive increased density and reduced parking requirements, and minimum height and floor area ratio requirements. In exchange, projects with 10 or more units must include at least 30% of the units at an affordable rate to lower-income households. NMPs will also receive greater density than an existing residential zone without any affordable housing requirements. Moving forward, the author may wish to evaluate how the two programs may work more closely in concert with one another.

7) *Applicability.* The author provided a rough estimate of the cities and counties affected by this bill: roughly 60% of cities or 92% of the city population and 16% of counties or 52% of the county population, meet the minimum threshold requirements (jobs/housing imbalance and unmet housing needs). Unfortunately, this bill will likely have relatively limited applicability due to restrictions on eligible parcels. The provisions for both TOD projects and NMPs are limited to infill sites and may not be permitted in architecturally or historically significant historic district, the coastal zone, very high fire hazard severity zone, or flood plains. TOD projects may only exist in urban communities, or cities with populations of 50,000 or more and, while NMPs may exist in a city of any size, they are limited to vacant parcels, as defined. Given the extent of the housing crisis in California, moving forward, the author may wish to consider expanding the applicability of this bill so as to encourage the development of more units.

8) *Reduced fees on NMPs.* As part of the 2017 Housing Package, the Legislature passed AB 879 (Grayson, Chapter 374), which requires HCD to complete a study to evaluate the reasonableness of local feels charged to new developments. The study, which is due to the Legislature by June 30th, 2019, must include findings and recommendations regarding amendments to existing law to substantially reduce fees for residential development. This bill recognized that, in order to address the statewide housing shortage, more units need to be built at a lower per-unit cost. This bill will help inform the legislature of ways to reduce feeds for residential development in a comprehensive manner. Moving forward, the author may wish to consider whether it is premature to prohibit certain fees when a study is already underway to provide overall policy recommendations for reducing housing costs.

9) *SB 4 (McGuire) vs. SB 50 (Wiener).* This bill is similar in nature to SB 50 (Wiener), which will also be heard today. Both bills encourage denser housing

near transit by relaxing density, height, parking, and floor area ratio requirements, but also differ in several ways. First, this bill only applies in jurisdictions that have built fewer homes in the last 10 years than jobs and have unmet housing needs, whereas SB 50 does not have threshold requirements. Also, the zoning benefits in this bill do not extend to projects in proximity to high quality bus corridors. While both bills only apply to parcels in residential zones, this bill only applies to infill sites and is not permitted in specified areas. Both bills also relate to areas not tied to transit; this bill allows for duplexes on vacant parcels that allow a residential use in cities less than 50,000 and fourplexes in cities greater than 50,000. SB 50 does not limit density, however it is limited to areas designated as "jobs-rich" by HCD and OPR. Lastly, this bill also provides a streamlined approval process for both TOD.

Here is a comparison of the SB 4 and SB 50 benefits for projects near transit:

	SB 4 TOD	SB 50 Transit-Rich
Density	- Metro areas: min. 30 units/acre - Suburban: min. 20 units per acre	No limit
Parking	- Cities <100,000 and 1/4-1/2 mile from transit: DBL (spaces/BR or .5 spaces/unit if 100% affordable) - Cities >100,000 and 0-1/4 mile from transit: no parking	No parking
Concessions and Incentives	No	- 1 C/I: Projects with 10% LI or 5% VLI - 2 C/I: Projects with 20% LI or 10% VLI - 3 C/I: Projects with 30% LI or 15% VLI
Waivers or Reductions of Dev't Standards	Existing design review applies	Must comply with all relevant standards, including architectural design
Height	One story over allowable height	No less than 45' or 55' (depending on proximity to transportation)
FAR	.6 times the number of stories	No less than 2.5 or 3.25 (depending on proximity to transit)
Streamlining	Ministerial Review	No new streamlined approvals, but may qualify under existing law (SB 35)
Reduced Fees	No	No

Here is a comparison of the SB 4 and SB 50 benefits for a "jobs-rich" and NMP incentive:

	SB 4 Duplexes & Fourplexes	SB 50 Jobs-Rich
Density	- Urban Cities (<50,000): 2 units - Non-Urban (>50,000): 4 units	No limit
Parking	.5 spaces per unit	.5 spaces per unit
Concessions and Incentives	No	- 1 C/I: Projects with 10% LI or 5% VLI - 2 C/I: Projects with 20% LI or 10% VLI - 3 C/I: Projects with 30% LI or 15% VLI
Waivers or Reductions of Dev't Standards	Existing design review applies	Must comply with all relevant standards, including architectural design
Height	Meet existing zoning requirements	None *(can use one of the C/I or W/R of design standards)*
FAR	Meet existing zoning requirements	None *(can use one of the C/I or W/R of design standards)*
Streamlining	Ministerial Review	No new streamlined approvals, but may qualify under existing law (SB 35)
Reduced Fees	- Not a new residential use, except connection for service fees - No more than $3,000 in school fees	No

10) *Opposition.* Associated Builders and Contractors of Northern California are opposed to specified labor provisions in the bill.

11) Triple-referral. This bill is triple-referred to the Governance and Finance Committee and the Senate Environmental Quality Committee.

RELATED LEGISLATION:

SB 50 (Wiener, 2019) — requires a local government to grant an equitable communities incentive, which reduces local zoning standards, when a development proponent meets specified requirements. *This bill will also be heard today by this committee.*

AB 2162 (Chiu, Chapter 753, 2018) — streamlined affordable housing developments that include a percentage of supportive housing units and onsite services

AB 2923 (Chiu, Chapter 1000, Statutes of 2018) — required, until January 1, 2029, cities and counties to adopt zoning standards in the San Francisco BART transit-oriented development (TOD) guidelines and establishes a streamlined approval process for certain projects on BART-owned land.

SB 827 (Wiener, 2018) — would have created an incentive for housing developers to build near transit by exempting developments from certain low-density requirements, including maximum controls on residential density, maximum controls on FAR, as specified, minimum parking requirements, , and maximum building height limits, as specified. A developer could choose to use the benefits provided in that bill if it meets certain requirements. *This bill failed passage in the Senate Transportation and Housing Committee.*

AB 879 (Grayson, Chapter 374, Statutes of 2017) — required HCD to complete a study to evaluate the reasonableness of local feels charged to new developments.

SB 35 (Wiener, Chapter 366, Statutes of 2017) — created a streamlined, ministerial approval process for infill developments in localities that have failed to meet their regional housing needs assessment (RHNA) numbers.

SB 2 (Cedillo, Chapter 633, Statues of 2007) — required cities and counties to accommodate their need for emergency shelters on sites where the use is allowed without a conditional use permit, and requires cities and counties to treat transitional and supportive housing projects as a residential use of property.

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

POSITIONS: (Communicated to the committee before noon on Wednesday,

March 27, 2019.)

SUPPORT

California Alternative Payment Program Association

OPPOSITION

Associated Builders and Contractors Northern California Chapter
California Assessors' Association

-- END --

SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 50	**Hearing Date:**	4/2/2019
Author:	Wiener		
Version:	3/12/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Planning and zoning: housing development: equitable communities incentive

DIGEST: This bill requires a local government to grant an equitable communities incentive, which reduces specified local zoning standards in "jobs-rich" and "transit rich areas," as defined, when a development proponent meets specified requirements.

ANALYSIS:

Existing law:

1) Provides, under the Housing Accountability Act, that when a proposed housing development project complies with applicable, objective general plan, zoning, and subdivision standards in effect at the time the housing development project's application is determined to be complete, but the local agency proposes to disapprove the project or impose a condition that the project be approved at a lower density, the local agency shall base its decision upon written findings, as specified.

2) Requires all cities and counties to adopt an ordinance that specifies how they will implement state density bonus law. Requires cities and counties to grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least one of the following:

    a) 10% of the total units of a housing development for lower income households
    b) 5% of the total units of a housing development for very low-income households
    c) A senior citizen housing development or mobile home park

   d) 10% of the units in a common interest development (CID) for moderate-income households
   e) 10% of the total units for transitional foster youth, disabled veterans, or homeless persons.

3) Requires the city or county to allow an increase in density on a sliding scale from 20% to 35% over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the general plan, depending on the percentage of units affordable low-income, very low-income, or senior households.

4) Provides that upon the request of a developer, a city, county, or city and county shall not require a vehicular parking ratio, inclusive of disabled and guest parking, that meets the following ratios:

   a) Zero to one bedroom — one onsite parking space
   b) Two to three bedrooms — two onsite parking spaces
   c) Four and more bedrooms — two and one-half parking spaces

5) Provides that if a project contains 100% affordable units and is within ½ mile of a major transit stop, the local government shall not impose a parking ratio higher than .5 spaces per unit.

6) The applicant shall receive the following number of incentives or concessions:

   a) One incentive or concession for projects that include at least 10% of the total units for lower income households or at least 5% for very low income households.
   b) Two incentives or concessions for projects that include at least 20% of the total units for lower income households or least 10% for very low income households.
   c) Three incentives or concessions for projects that include at least 30% of the total units for lower income households or at least 15% for very low income households.

7) Provides that supportive housing, in which 100% of units are dedicated to low-income households (up to 80% AMI) and are receiving public funding to ensure affordability, shall be a use by right in all zones where multifamily and mixed uses are allowed, as specified.

8) Provides that infill developments in localities that have failed to meet their regional housing needs assessment (RHNA) numbers shall not be subject to a streamlined, ministerial approval process, as specified.

This bill:

1) Defines "high quality bus corridor" as a corridor with fixed bus route service that meets specified average service intervals.

2) Defines "jobs-rich area" as an area identified by the Department of Housing and Community Development (HCD), in consultation with the Office of Planning and Research (OPR), that both meets "high opportunity" and "jobs-rich," based on whether, in a regional analysis, the tract meets (a) and (b) below. HCD shall, beginning January 1, 2020 publish and update a map of the state showing areas identified as "jobs-rich areas" every five years.

    a) The tract is "higher opportunity" and its characteristics are associated with positive educational and economic outcomes of all income levels residing in the tract.
    b) The tract meets either of the following:
        i. New housing sited in the tract would enable residents to live in or near the jobs-rich area, as measured by employment density and job totals.
        ii. New housing sited in the tract would enable shorter commute distances for residents compared to existing commute levels.

3) "Jobs-rich housing project" means a residential development within an area identified as a "jobs-rich area" by HCD and OPR, based on indicators such as proximity to jobs, high median income relative to the relevant region, and high-quality public schools, as an area of high opportunity close to jobs.

4) Defines "major transit stop" as a rail transit station or a ferry terminal as defined.

5) Defines "residential development" as a project with at least two-thirds of the square footage of the development designated for residential use.

6) Defines "sensitive communities" as either:

    a) An area identified by HCD every five years, in consultation with local community-based organizations in each metropolitan planning region, as an area where both of the following apply:

i. 30% or more of the census tract lives below the poverty line, provided that college students do not compose at least 25% of the population.
ii. The "location quotient" of residential racial segregation in the census tract is at least 1.25 as defined by HCD.

b) In the counties of Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, Solano, and Sonoma, areas designated by the Metropolitan Transportation Commission (MTC) on December 19, 2018 as the intersection of disadvantaged and vulnerable communities as defined by the MTC and the San Francisco Bay Conservation and Development Commission.

7) Defines "tenant" as a person who does not own the property where they reside, including specified residential situations.

8) Defines "transit-rich housing project" as a residential development in which the parcels are all within ½ mile radius of a major transit stop or ¼ mile radius of a stop on a high-quality bus corridor.

9) Requires a local government to grant an equitable communities incentive when a development proponent seeks and agrees to construct a residential development that meets the following requirements:

a) The residential development is either a jobs-rich housing project or transit-rich housing project.
b) The residential development is located on a site that, at the time of application, is zoned to allow "housing as an underlying use" in the zone.
c) Prohibits the site from containing either of the following:
i. Housing occupied by tenants within the seven years preceding the date of the application.
ii. A parcel or parcels on which an owner of residential real property has exercised their rights to withdraw accommodations from rent or lease within 15 years prior to the date that the development proponent submits an application under this bill.
d) The residential development complies with all applicable labor, construction, employment, and wage standards otherwise required by law, and any other generally applicable requirement regarding the approval of a development project.
e) The residential development complies with all relevant standards, requirements, and prohibitions imposed by the local government regarding architectural design, restrictions on or oversight of demolition, impact fees, and community benefit agreements.

f) Affordable housing requirements, required to remain affordable for 55 years for rental units and 45 years for units offered for sale, as specified:
   i. If the local government has adopted an inclusionary housing ordinance and that ordinance requires that a new development include levels of affordability in excess of what is required in this bill, the requirements in that ordinance shall apply.
   ii. If (i) does not apply, the following shall apply:

Project Size	Inclusionary Housing Requirement
1-10 units	No affordability requirement.
11-20 units	Development proponent may pay an in lieu fee, where feasible, toward housing offsite affordable to lower income households.
21-200 units	• 15% low income OR • 8% very low income OR • 6% extremely low income OR • Comparable affordability contribution toward housing offsite affordable to lower income households.
201 – 350 units	• 17% low income OR • 10% very low income OR • 8% extremely low income OR • Comparable affordability contribution toward housing offsite affordable to lower income households
351 units or more	• 25% low income OR • 15% very low income OR • 11% extremely low income OR • Comparable affordability contribution toward housing offsite affordable to lower income households

   iii. If a development proponent makes a comparable affordability contribution toward housing offsite, the local government collecting the in-lieu payment shall make every effort to ensure that future affordable housing will be sited within ½ mile of the original project location within the boundaries of the local government by designating the existing housing opportunity site within a ½ mile radius of the project site for affordable housing. To the extent practical, local housing funding shall be prioritized at the first opportunity to build affordable housing on that site.
   iv. If no housing sites are available, the local government shall designate a site for affordable housing within the boundaries its jurisdiction and make findings that the site affirmatively furthers fair housing, as specified.

10) Prohibits the equitable communities incentive from being used to undermine the economic feasibility of delivering low-income housing under specified state and local housing programs, including the state or a local implementation of the state density bonus program.

11) Requires a transit-rich or jobs-rich housing project to receive an equitable communities incentive, as follows:

a) A waiver from maximum controls on density.
b) A waiver from minimum parking requirements greater than .5 parking spaces per unit.
c) Up to three incentives and concessions under density bonus law.

12) Requires projects up to ¼ mile radius of a major transit stop, in addition to the benefits identified in (11), to receive waivers from all of the following:

a) Maximum height requirements less than 55 feet.
b) Maximum floor area ratio requirements less than 3.25.
c) Any minimum parking requirement.

13) Requires projects between ¼ and ½ mile of a major transit stop, in addition to the benefits identified in (11), to receive waivers from all of the following:

a) Maximum height requirements less than 45 feet.
b) Maximum floor area ratio requirements less than 2.5.
c) Any maximum parking requirement.

14) Requires, for purposes of calculating any additional incentives and concessions under density bonus law, to use the number of units after applying the increased density permitted under this bill as the base density.

15) Permits a development receiving an equitable communities incentive to also be eligible for streamlined, ministerial approval under existing law.

16) Requires the implementation of this bill to be delayed in sensitive communities until July 1, 2020. Between January 1, 2020 and an unspecified date, a local government, in lieu of the requirements in this bill, may opt for a community-led planning process in sensitive communities aimed toward increasing residential density and multifamily housing choices near transit stops, as follows:

a) Sensitive communities that pursue a community-led planning process at the neighborhood level shall, on or before January 1, 2025, produce a community plan that may include zoning and any other policies that encourage multifamily housing development at a range of income levels to meet unmet needs, protect vulnerable residents from displacement, and address other locally identified priorities.
b) Community plans shall, at a minimum, be consistent with the overall residential development capacity and the minimum affordability standards set forth in this chapter within the boundaries of the community plan.
c) The provisions of this bill shall apply on January 1, 2025, to sensitive communities that have not adopted community plans that meet the minimum standards described in paragraph (16)(b).

17) States that the receipt of an equitable communities incentive shall not constitute a valid basis to find a proposed housing development project inconsistent, not incompliance, or in conformity with an applicable plan, program, policy, ordinance, standard, requirement or other similar provision under the Housing Accountability Act.

COMMENTS

1) *Purpose of the bill.* According to the author, "California's statewide housing deficit is quickly approaching four million homes -- equal to the total deficit of the other forty-nine states combined. This housing shortage threatens our state's environment, economy, diversity, and quality of life for current and future generations. In addition to tenant protections and increased funding for affordable housing, we need an enormous amount of new housing at all income levels in order to keep people stable in their homes. Policy interventions focused on relieving our housing shortage must be focused both on the number of new homes built and also the location of those homes: as we create space for more families in our communities, they must be near public transportation and jobs. The status quo patterns of development in California are covering up farmland and wild open space while inducing crushing commutes. Absent state intervention, communities will continue to effectively prohibit people from living near transit and jobs by making it illegal to build small apartment buildings around transit and jobs, while fueling sprawl and inhumane supercommutes.

"Small and medium-sized apartment buildings (i.e., not single-family homes and not high rises) near public transportation and high-opportunity job centers are an equitable, sustainable, and low-cost source of new housing. SB 50 promotes this kind of housing by allowing small apartment buildings that most California neighborhoods ban, regardless of local restrictions on density, within a half mile

of rail stations and ferry terminals, quarter mile of a bus stop on a frequent bus line, or census tract close to job and educational opportunities. Around rail stations and ferry terminals, the bill also relaxes maximum height limits up to 45 or 55 feet—that is, a maximum of four and five stories—depending on the distance from transit. Job-rich areas and those serviced only by buses do not trigger height increases, but these areas will benefit from relaxed density and off-street parking requirements that encourage low-rise multifamily buildings like duplexes and fourplexes. SB 50 grants significant local control to individual jurisdictions over design review, labor and local hire requirements, conditional use permits, CEQA, local affordable housing and density bonus programs, and height limits outside of areas immediately adjacent to rail and ferry. This bill also requires an affordable housing component for all projects over ten units, and contains the strongest anti-displacement rules in state law, including an automatic ineligibility for any property currently or recently occupied by renters."

2) *Housing near Transit.* Research has shown that encouraging more dense housing near transit serves not only as a means of increasing ridership of public transportation to reduce greenhouse gases (GHGs), but also a solution to our state's housing crisis. As part of California's overall strategy to combat climate change, the Legislature began the process of encouraging more transit oriented development with the passage of SB 375 (Steinberg, Chapter 728, Statutes of 2008). SB 375 is aimed at reducing the amount that people drive and associated GHGs by requiring the coordination of transportation, housing, and land use planning. The Legislature subsequently allocated 20% of the ongoing Cap and Trade Program funds to the Affordable Housing and Sustainable Communities Program, which funds land use, housing, transportation, and land preservation projects to support infill and compact development that reduce GHGs. At least half of the funds must support affordable housing projects.

   The McKinsey Report found that increasing housing demand around high-frequency public transit stations could build 1.2 – 3 million units within a half-mile radius of transit. The report notes that this new development would have to be sensitive to the character of a place, and recommends that local communities proactively rezone station areas for higher residential density to pave the way for private investments, accelerate land-use approvals, and use bonds to finance station area infrastructure.

   Research has also demonstrated a positive relationship between income and vehicle miles traveled (VMT). A study by the Center for Neighborhood Technology, entitled *Income, Location Efficiency, and VMT: Affordable housing as a Climate Strategy*, created a model to isolate the relationship of income on VMT. This model found that lower-income families living near transit were

likely to drive less than their wealthier neighbors. More specifically, in metro regions, home to two-thirds of California's population, identically composed and located low-income households were predicted to drive 10% less than the median, very low-income households 25% less, and extremely low-income households 33% less. By contrast, middle income households were predicted to drive 5% more and above moderate-income households 14% more. The patterns are similar for the other two Regional Contexts, although the differences are slightly reduced in Rural Areas. This research demonstrates the value of encouraging lower-income people to live near transit who are more likely to increase transit ridership.

This bill incentivizes denser housing near transit by reducing zoning controls such as density, parking, height, and floor area ratios, as specified.

3) *Denser Housing in Single-Family Zoning.* California's high—and rising—land costs necessitate dense housing construction for a project to be financially viable and for the housing to ultimately be affordable to lower-income households. Yet, recent trends in California show that new housing has not commensurately increased in density. In a 2016 analysis, the Legislative Analyst's Office (LAO) found that the housing density of a typical neighborhood in California's coastal metropolitan areas increased only by four percent during the 2000s. In addition, the pattern of development in California has changed in ways that limit new housing opportunities. A 2016 analysis by BuildZoom found that new development has shifted from moderate but widespread density to pockets of high-density housing near downtown cores surrounded by vast swaths of low-density single-family housing. Specifically, construction of moderately-dense housing (2 to 49 units) in California peaked in the 1960s and 1970s and has slowed in recent decades.

Stricter land use controls are also associated with greater displacement and segregation along both income and racial lines. Past practices such as redlining, which led to the racial and economic segregation of communities in the 1930s, have shown the negative effects that these practices can have on communities. The federal National Housing Act of 1934 was enacted to make housing and mortgages more affordable and to stop bank foreclosures during the Great Depression. These loans were distributed in a manner to purposefully exclude "high risk" neighborhoods composed of minority groups. This practice led to underdevelopment and lack of progress in these segregated communities while neighborhoods surrounding them flourished due to increased development and investment. People living in these redlined communities had unequal access to quality, crucial resources such as health and schools. These redlined communities experience higher minority and poverty rates today and are

experiencing gentrification and displacement at a higher rate than other neighborhoods. Today, exclusionary zoning can lead to "unintended" segregation of low-income and minority groups, which creates unequal opportunities for Californians of color. Both the LAO and an analysis by the Institute of Governmental Studies (IGS) at the University of California, Berkeley indicate that building new housing would reduce the likelihood that residents would be displaced in future decades.

The UC Berkeley Terner Center conducted a residential land use survey in California from August 2017 to October 2018. The survey found that most jurisdictions devote the majority of their land to single family zoning and in two-thirds of jurisdictions, multifamily housing is allowed on less than 25% of land. Some jurisdictions in the US have taken steps to increase density in single-family zones. For example, Minneapolis will become the first major U.S. city to end single-family home zoning; in December, the City Council passed a comprehensive plan to permit three-family homes in the city's residential neighborhoods, abolish parking minimums for all new construction, and allow high-density buildings along transit corridors. According to the 2016 McKinsey Report, California has the capacity to build between 341,000 and 793,000 new units by adding units to existing single-family homes.

In an effort to encourage denser housing everywhere, and in particular, in traditionally exclusionary jurisdictions, this bill seeks to incentivize denser housing development in "jobs-rich areas" by reducing density and parking, and granting developments up to three concessions and incentives consistent with density bonus law. This is similar mapping exercise to a process that the California Tax Credit Allocation Committee (TCAC) in the State Treasurer's Office underwent to encourage low-income housing developments in high opportunity areas, with the goal of encouraging more inclusive communities in California. TCAC and HCD convened a group of independent organizations and researchers called the California Fair Housing Taskforce (Taskforce). The Taskforce released a detailed opportunity mapping methodology document that identifies specific policy goals and purposes, as well as detailed indicators to identify areas that further the policy goals and purposes. This bill specifies that HCD, in consultation with OPR, is responsible for creating maps that identify which tracts meet the requirements in this bill. As written, the definition of "jobs-rich area" is not entirely clear. Moving forward, the author may wish to modify the requirements for a "jobs-rich area" to provide more clarity to HCD and OPR.

4) *Density bonus law (DBL).* Given California's high land and construction costs for housing, it is extremely difficult for the private market to provide housing

units that are affordable to low- and even moderate-income households. Public subsidy is often required to fill the financial gap on affordable units. DBL allows public entities to reduce or even eliminate subsidies for a particular project by allowing a developer to include more total units in a project than would otherwise be allowed by the local zoning ordinance in exchange for affordable units. Allowing more total units permits the developer to spread the cost of the affordable units more broadly over the market-rate units. The idea of DBL is to cover at least some of the financing gap of affordable housing with regulatory incentives, rather than additional subsidy.

Under existing law, if a developer proposes to construct a housing development with a specified percentage of affordable units, the city or county must provide all of the following benefits: a density bonus; incentives or concessions (hereafter referred to as incentives); waiver of any development standards that prevent the developer from utilizing the density bonus or incentives; and reduced parking standards.

To qualify for benefits under density bonus law, a proposed housing development must contain a minimum percentage of affordable housing (*see* the "Existing Law" section). If one of these five options is met, a developer is entitled to a base increase in density for the project as a whole (referred to as a density bonus) and one regulatory incentive. Under density bonus law, a market rate developer gets density increases on a sliding scale based on the percentage of affordable housing included in the project. At the low end, a developer receives 20% additional density for 5% very low-income units and 20% density for 10% low-income units. The maximum additional density permitted is 35% (in exchange for 11% very low-income units and 20% low-income units). The developer also negotiates additional incentives and concessions, reduced parking, and design standard waivers with the local government. This helps developers reduce costs while enabling a local government to determine what changes make the most sense for that site and community.

This bill provides similar zoning reductions as density bonus law. Unlike density bonus law, which grants more zoning reductions and waivers with increased percentages of affordable housing, this bill encourages the construction of more housing across the state, generally. This bill provides that in areas that are "jobs-rich" – the goal of which is to increase housing in traditionally "high opportunity areas" – a specified project is not subject to density controls, parking, and may receive up to three concessions and incentives under DBL. Housing projects near transit, as specified, receive additional benefits of having minimum height requirements and minimum floor area ratios. Under the requirements of this bill,

affordable housing requirements depend on the size of the project and increase with the number of units in a housing project.

A development proponent, particularly near transit, will likely enjoy greater benefits under the provisions of this bill than those received under DBL. For example, the greatest density a housing project enjoys under DBL is 35%; this bill removes density requirements, so while increased density will vary for each individual site, it is not limited. Under DBL, only projects containing 100% affordable units enjoy parking minimums less than 1 space per bedroom, while pursuant to this bill, no projects are required to have more than .5 spaces per unit. Additionally, under both DBL and this bill, a developer may receive three concessions and incentives only if at least 30% of the units are affordable to lower income households. Under this bill, projects near transit enjoy minimum height requirements and floor area ratios, while under DBL, a developer would need to use its concessions and incentives or waivers to negotiate reductions of those types of requirements.

The author's stated goal is to enable a developer to access the benefits of DBL as well as those provided under this bill. In fact, this bill states that the incentive granted under this bill shall not be used to "undermine the economic feasibility of delivering low-income housing under the state density bonus program…". Moving forward, the author is evaluating how the two programs may work more closely in concert with one another.

5) *Sensitive Communities.* According to the author, many communities, particularly communities of color and those with high concentrations of poverty, have been disempowered from the community planning process. In order to provide more flexibility to disenfranchised communities, the bill contains a delay for sensitive communities, as defined, until July 1, 2020, as well as a process for these communities to identify their own plans to encourage multifamily housing development at a range of income levels to meet unmet needs, protect vulnerable residents from displacement, and address other locally identified priorities. Moving forward, the author may wish to provide more clarity as to what factors will guide HCD in determining what qualifies as a sensitive community.

6) *SB 827 (Wiener, 2018).* This bill is similar to SB 827, which created an incentive for housing developers to build denser housing near transit by exempting developments from certain low-density requirements, including maximum controls on residential density, maximum controls on FAR, as specified, minimum parking requirements, and maximum building height limits, as specified. A developer could choose to use the benefits provided in that bill if it met certain requirements.

This bill is different from SB 827 in several ways. First, unlike SB 827, this bill is not limited in application to proximity near transit; this bill provides reduced zoning requirements for specified projects in "jobs-rich areas" that are traditionally "high-opportunity" and will result in more housing across the state. With regards to the inclusion of units affordable to lower income households, SB 827 contained an inclusionary housing scheme that only applied to additional units granted by that bill, not the number of units in the base zoning. This bill provides that projects with 11-19 units may pay an in-lieu fee for affordable housing, if feasible, and requires projects with 21 or more units to contain units affordable to lower-income households or pay an in lieu fee. This bill also increases demolition protections for sites that have previously housed tenants and removes complex "Right to Return" provisions that could have proved difficult to enforce. Specifically, this bill prohibits an eligible site from containing housing occupied by tenants within the seven years preceding the date of the application and parcels on which an owner of has taken their rentals properties off the market for rent or lease within 15 years prior to the date the development proponent submits an application. This bill also creates a delayed implementation for sensitive communities, as defined, and permits them to come up with a community plan that may include zoning and other policies to encourage multifamily development at varying income levels and protect vulnerable residents from displacement.

7) *SB 4 (McGuire) vs. SB 50 (Wiener).* This bill is similar in nature to SB 4 (McGuire), which will also be heard today. Both bills encourage denser housing near transit by relaxing density, height, parking, and FAR requirements, but also differ in several ways. SB 4 only applies in jurisdictions that have built fewer homes in the last 10 years than jobs and have unmet housing needs, whereas this bill does not have threshold requirements. Also, the zoning benefits in this bill also extend to projects in proximity to high quality bus corridors. While both bills only apply to parcels in residential zones, SB 4 only applies to infill sites and is not permitted in specified areas. Both bills also relate to areas not tied to transit; SB 4 allows for duplexes on vacant parcels that allow a residential use in cities less than 50,000 and fourplexes in cities greater than 50,000. This bill does not limit density, however it is limited to areas designated as "jobs-rich" by HCD and OPR. Lastly, SB 4 also provides a streamlined approval process.

Here is a comparison of the SB 4 and SB 50 benefits for projects near transit:

	SB 4 TOD	SB 50 Transit-Rich
Density	- Metro areas: min. 30 units/acre - Suburban: min. 20 units per acre	No limit
Parking	- Cities <100,000 and 1/4-1/2 mile from transit: DBL (spaces/BR or .5 spaces/unit if 100% affordable) - Cities >100,000 and 0-1/4 mile from transit: no parking	No parking
Concessions and Incentives	No	- 1 C/I: Projects with 10% LI or 5% VLI - 2 C/I: Projects with 20% LI or 10% VLI - 3 C/I: Projects with 30% LI or 15% VLI
Waivers or Reductions of Dev't Standards	Existing design review applies	Must comply with all relevant standards, including architectural design
Height	One story over allowable height	No less than 45' or 55' (depending on proximity to transportation)
FAR	.6 times the number of stories	No less than 2.5 or 3.25 (depending on proximity to transit)
Streamlining	Ministerial Review	No new streamlined approvals, but may qualify under existing law (SB 35)
Reduced Fees	No	No

Here is a comparison of the SB 4 and SB 50 benefits for a "jobs-rich" and "neighborhood multifamily project" incentive:

	SB 4 Duplexes & Fourplexes	**SB 50 Jobs-Rich**
Density	- Urban Cities (<50,000): 2 units - Non-Urban (>50,000): 4 units	No limit
Parking	.5 spaces per unit	.5 spaces per unit
Concessions and Incentives	No	- 1 C/I: Projects with 10% LI or 5% VLI - 2 C/I: Projects with 20% LI or 10% VLI - 3 C/I: Projects with 30% LI or 15% VLI
Waivers or Reductions of Dev't Standards	Existing design review applies	Must comply with all relevant standards, including architectural design
Height	Meet existing zoning requirements	None *(can use one of the C/I or W/R of design standards)*
FAR	Meet existing zoning requirements	None *(can use one of the C/I or W/R of design standards)*
Streamlining	Ministerial Review	No new streamlined approvals, but may qualify under existing law (SB 35)
Reduced Fees	- Not a new residential use, except connection for service fees - No more than $3,000 in school fees	No

9) *Support.* Those supporting this bill state that it will help build hundreds of thousands of new homes and ensure that a significant percentage will be affordable to lower-income households. The sponsors state that this bill will

correct for decades of under-producing housing and perpetuating exclusionary housing policies, and will ensure housing is built in high-opportunity areas. Sponsors also state that this bill preserves the voices of long-time residents by allowing sensitive communities to engage in their own planning process and includes strong anti-displacement protections.

10) *Letters Expressing Concern But Not Opposition.* Some organizations have expressed concern, but not opposition, relating to affordable housing, protections for sensitive communities, and the preservation of local affordable housing policies and plans. These concerns are raised by the following: Alliance for Community Trust – Los Angeles, California Environmental Justice Alliance, California Rural Legal Assistance Foundation, Chinatown Community Development, Central Coast Alliance United for a Sustainable Economy, East Bay Housing Organizations, East LA Community Corporation, Housing California, Koreatown Immigrant Workers Alliance, Leadership Counsel for Justice and Accountability, Legal Services for Prisoners with Children, Little Tokyo Service Center, Los Angeles Black Worker Center, LA Forward, Move LA, Orange County Communities Organized for Responsible Development, Organize Sacramento, People for Mobility Justice, Physicians for Social Responsibility – Los Angeles, Policy Link, Public Advocates, Public Counsel, Public Interest Law Project, Rural Community Assistance Corporation, Strategic Actions for a Just Economy, Social Justice Learning Institute, Southern California Association of Non-Profit Housing, Southeast Asian Community Alliance, St. John's Well Child & Family Center, Thai Community Development Center, T.R.U.S.T. South LA, Venice Community Housing, and Western Center on Law and Poverty. These organizations are engaging in ongoing conversations with the author's office to address their concerns as the bill moves through the legislative process.

11) *Opposition.* Cities, neighborhood associations, and homeowners groups are opposed to this bill for overriding local planning and decision-making and enacting a "one-size-fits-all" approach to solving the housing crisis. Some state that increased state involvement in local decisions could lead to increased opposition to housing. Others raise questions about how areas subject to the equitable communities incentives will be identified and are concerned about the negative impacts of denser housing to surrounding areas. The AIDS Healthcare Foundation asserts that this bill will give a free pass to developers in specified areas and does not require enough affordable housing in return. Instead, the state and developers should be focused on collaborating with local governments.

12) *Double-referral.* This bill is double-referred to the Governance and Finance Committee.

RELATED LEGISLATION:

SB 4 (McGuire, 2019) — creates a streamlined approval process for eligible projects within ½ mile of fixed rail or ferry terminals in cities of 50,000 residents or more in smaller counties and in all urban areas in counties with over a million residents. It also allows creates a streamlined approval process for duplexes and fourplexes, as specified, in residential areas on vacant, infill parcels. *This bill will also be heard today by this committee.*

SB 827 (Wiener, 2018) — would have created an incentive for housing developers to build near transit by exempting developments from certain low-density requirements, including maximum controls on residential density, maximum controls on FAR, as specified, minimum parking requirements, , and maximum building height limits, as specified. A developer could choose to use the benefits provided in that bill if it meets certain requirements. *This bill failed passage in the Senate Transportation and Housing Committee.*

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT

California Association Of Realtors (Co-Sponsor)
California YIMBY (Co-Sponsor)
Non-Profit Housing Association Of Northern California (Co-Sponsor)
6Beds, Inc.
American Association Of Retired Persons
Associated Students Of The University Of California
Associated Students Of University Of California, Irvine
Bay Area Council
Black American Political Association of California
Bridge Housing Corporation
Building Industry Association Of The Bay Area
Burbank Housing Development Corporation
CalAsian Chamber Of Commerce
California Apartment Association
California Building Industry Association
California Chamber Of Commerce

California Community Builders
California Downtown Association
California Foundation For Independent Living Centers
California Housing Alliance
California Labor Federation, AFL-CIO
California League Of Conservation Voters
California Renters Legal Advocacy And Education Fund
California Public Interest Research Group
Circulate San Diego
Council Of Infill Builders
Eah Housing
East Bay For Every One
Environment California
Facebook, Inc.
Fair Housing Advocates Of Northern California
Fieldstead And Company, Inc.
First Community Housing
Fossil Free California
Habitat For Humanity California
Homeless Services Center
House Sacramento
Housing Leadership Council Of San Mateo County
Indivisible Sacramento
Los Angeles Business Council
Monterey Peninsula YIMBY
Natural Resources Defense Council
New Way Homes
Nextgen Marin
North Bay Leadership Council
Orange County Business Council
People For Housing - Orange County
Related California
San Francisco Bay Area Rapid Transit District
San Jose Associated Students
Santa Cruz County Business Council
Santa Cruz YIMBY
Silicon Valley At Home
Silicon Valley Community Foundation
Silicon Valley Leadership Group
Silicon Valley Young Democrats
Spur
State Building & Construction Trades Council Of California

State Council On Developmental Disabilities
Technology Network
TMG Partners
University Of California Student Association
Up For Growth National Coalition
Valley Industry And Commerce Association
YIMBY Democrats Of San Diego County
1198 Individuals

OPPOSITION

AIDS Healthcare Foundation
American Planning Association, California Chapter
Beverly Hills; City Of
Chino Hills; City Of
Coalition For San Francisco Neighborhoods
Coalition To Preserve La
Cow Hollow Association
Dolores Heights Improvement Club
Glendora; City Of
Homeowners Of Encino
Lakewood; City Of
League Of California Cities
Livable California
Miraloma Park Improvement Club
Mission Economic Development Agency
Pasadena; City Of
Rancho Palos Verdes; City Of
Redondo Beach; City Of
Santa Clarita; City Of
Sherman Oaks Homeowners Association
South Bay Cities Council Of Governments
Sunnyvale; City Of
Sutro Avenue Block Club/Leimert Park
Telegraph Hill Dwellers
Toluca Lake Homeowners Association
West Mar Vista Residents Association
5 Individuals

-- END --

SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 5	**Hearing Date:**	4/2/2019
Author:	Beall		
Version:	3/21/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Affordable Housing and Community Development Investment Program

DIGEST: This bill creates the Affordable Housing and Community Development Investment Program, which funds affordable housing and housing-related infrastructure.

ANALYSIS:

Existing law:

1) Authorizes local agencies to create Enhanced Infrastructure Financing Districts (EIFDs) to finance specified infrastructure projects and facilities.

2) Authorizes a local government to create Community Revitalization and Investment Authorities to use tax increment revenue to improve infrastructure, assist businesses, and support affordable housing in disadvantaged communities.

3) Authorizes a local government to establish an Affordable Housing Authority to fund affordable housing.

4) Establishes the Neighborhood Infill and Transit Improvements Act, or NIFTI, in EIFD law and allows the infrastructure financing plan to contain a provision for the addition of any increase of the total receipts of local sales and use taxes (SUTs) and attribute those taxes to the NIFTI.

5) Authorizes a local government to establish a transit village development district which addresses, among other things housing within ½ a mile from the main entrance of a transit station.

This bill creates the Affordable Housing and Community Development Investment Program (Program). It establishes an application process, eligible uses for the funds made available by the bill, a process for distributing funds, project requirements, and accountability measures. Specifically, this bill:

1) Allows various local agencies to apply for the Program, either individually or jointly. Eligible applicants include:

   a) A city, county, or city and county.
   b) A joint powers authority.
   c) An EIFD.
   d) An affordable housing authority.
   e) A community revitalization and investment authority.
   f) A transit village development district.

2) Requires an applicant to submit a plan to the Affordable Housing and Community Development Committee (Committee). This nine-member committee is comprised of the following members:

   a) The Chair of the Strategic Growth Council, or designee.
   b) The Chair of the California Infrastructure and Economic Development Bank, or designee.
   c) The Chair of the California Workforce Investment Board, or designee.
   d) Director of the Housing and Community Development Department (HCD), or designee.
   e) Two people appointed by the Speaker of the Assembly.
   f) Two people appointed by the Senate Rules Committee.
   g) A member of the public with expertise in education finance appointed by the Joint Legislative Budget Committee.

3) Requires the plan submitted by the applicant to the Committee to include various types of information including:

   a) A description of the proposed projects the applicant plans to complete and the funding amount necessary for each year every project is to receive funding.
   b) Information necessary to demonstrate that the plan complies with all of the statutory requirements of the Program.
   c) Certification that any low- and moderate-income housing or other projects or portions of other projects that receive funding from the program will use streamlined review processes.
   d) A plan for outreach to, and retention of, women, minority, disadvantaged youth, formerly incarcerated, and other underrepresented subgroups in

coordination with the California Workforce Investment Board and local boards.

e) An economic and fiscal analysis paid for and prepared by the applicant.

4) Permits the Committee to submit questions, approve, deny, or modify an application.

5) Requires the Committee to ensure that funds are distributed with geographic equity in mind and directs the Committee to create a scoring methodology that prioritizes projects based on: a) the number of housing units created; b) the share of those units dedicated to each low- and moderate- income category; c) the level of local, state, and federal funds leveraged for the plan; and d) whether the applicant adopts plans to streamline development. This bill directs HCD to provide technical and administrative assistance for the preparation and review of plans.

6) Provides that eligible uses of funds from the Program are:

a) Construction of affordable housing, defined as units affordable to households making 120% of area median income.
b) Transit-oriented development in priority locations that maximize density and transit use and contribute to the reduction of vehicle miles traveled and greenhouse gas emissions.
c) Infill development, including: i) infrastructure needed to support infill development; and ii) appropriate reuse and redevelopment of previously developed land that is presently served by municipal services.
d) Promoting strong neighborhoods through supporting local community planning and engagement efforts to revitalize and restore neighborhoods, including repairing infrastructure and parks, rehabilitating and building housing, promoting public-private partnerships, and supporting small businesses and job growth for affected residents.
e) Protecting communities from the effects of sea-level rise, including the construction, repair, replacement, and maintenance of infrastructure that protects communities from sea-level rise.

7) Requires at least 50% of funding to be used on the construction of affordable housing. This bill prohibits funds from subsidizing market rate units, but allows funding for infrastructure of developments that include market rate units. Each project in the plan must dedicate at least 50% of housing units to affordable housing and keep those units affordable for at least 55 years.

8) Reserves at least 12% of the funds for counties with 200,000 residents or less, of which at least two percent shall be for technical assistance. If these counties

do not spend all of these funds in any year, the funding shall be reserved for these counties in subsequent years.

9) Allows the Committee to approve $200 million in plans in the first year, increasing in $200 million increments each year for five years until reaching $1 billion after five years. The next four years, the annual increase in funding the Committee can approve increases by $250 million each year until it reaches $2 billion after nine years. This bill allows the Legislature to suspend the program if the state taps into its Rainy Day account or suspends the Proposition 98 guarantee.

10) Directs the county auditor to reduce the amount of property tax revenue the applicant would otherwise have contributed to the county's Education Revenue Augmentation Fund (ERAF), when the Committee approves a plan. The applicant would retain the funds they would have otherwise transferred to ERAF to use for the projects included in their plan. The bill specifies that these reductions can only come from ERAF amounts that were going to be used for K-12 schools, which ensures that the General Fund backfills the lower property tax revenue to schools. To the extent that this bill inadvertently reduces school funding, the bill gives the Department of Finance the ability to recalculate the Proposition 98 guarantee so that schools receive the same amount of funding they would have absent this Program.

11) Requires projects approved in a plan to do the following:

a) Not request funding for more than 30 years.
b) Include prevailing wage requirements and a skilled-and-trained workforce to complete projects. The bill also includes unspecified exceptions to what projects are required to use a skilled-and-trained workforce.
c) Exclude project sites where an eviction has taken place within the last 10 years.
d) Not demolish housing subject to affordable housing requirements, rent control, or which has been occupied by tenants within the last ten years.
e) Not demolish historic structures that were placed on a national, state, or local historic register.
f) Exclude tenant occupied housing units that are, will be, or were subsequently offered for sale to the general public.

12) Requires the recipient of diverted ERAF funds to submit an annual report to the Committee documenting the plan's progress, how the applicant used the funding, and whether projects continue to meet the requirements described above. The Committee must compile these reports into an annual report that it

submits to the Legislature.

13) Permits the Committee to direct the applicant to develop a corrective action plan (CAP), if an applicant does not spend the funds as laid out in their plan. In deciding whether to require an applicant to develop a CAP, the committee must consider whether the applicant:

a) Remains on track to produce the number of housing units included in the plan.
b) Remains on track to spend at least 50% of plan funds on affordable housing.
c) Is on track to exceed the five percent administrative cost limit.
d) Has used funding for ineligible purposes.
e) Has used funds to subsidize market rate units.
f) Violated the bill's anti-displacement provisions.
g) Is not on track to complete the projects according to the agreed upon timelines.

14) Gives the applicant one year to develop the CAP and take steps to implement the plan. To the extent that an applicant does not comply with the plan, it cannot apply for additional funding from this program for five years or apply for other state grant programs.

COMMENTS

1) *Purpose of the bill.* According to the author, "Nearly 130,000 men, women, and children lived on California's streets in 2018. A major driver for the increase in homelessness is high housing costs and underproduction of housing units, especially for those with the lowest income. Since the 1980s, California has failed to produce the estimated 180,000 necessary new housing units per year. According to HCD, California has a 1.5 million unit shortage of housing available to our lowest income households, who are most at risk of becoming homeless. The state must act with urgency to address the shortage of affordable housing units. [This bill] makes the state a long-term partner and provides much needed money to build affordable housing construction across the state. It provides a significant ongoing investment, ramping up to $2 billion annually over time, and offers an effective finance tool lost when the state dissolved redevelopment agencies. The intent of this bill is to respond to the needs of the cities and counties and get funds out the door to construct affordable housing units quickly. It creates desperately needed housing opportunities for hard-working Californians and will also help alleviate poverty, create jobs, and meet our statewide environmental goals without affecting school funding. According to economic analysis prepared by the Northern California Carpenters Regional Council and California Housing Partnership, this bill would create up to 86,000

new and rehabilitated housing units, 329,000 jobs and spur more than $60 billion in economic activity over a 10 year period."

2) *Loss of Redevelopment Funds.* Article XVI, Section 16 of the California Constitution authorizes the Legislature to provide for the formation of redevelopment agencies (RDAs) to eliminate blight in an area by means of a self-financing schedule that pays for the redevelopment project with tax increment derived from any increase in the assessed value of property within the redevelopment project area (or tax increment). Prior to Proposition 13, very few RDAs existed; however after its passage, RDAs became a source of funding for a variety of local infrastructure activities. Eventually, RDAs were required to set-aside 20% of funding generated in a project area to increase the supply of low and moderate-income housing in the project areas. At the time RDAs were dissolved, the Controller estimated that statewide, RDAs were obligated to spend $1 billion on affordable housing.

   Since the dissolution of RDAs in 2012, legislators have enacted several measures creating new tax increment financing tools to pay for local economic development. In 2014, the Legislature authorized the creation of EIFDs (SB 628, Beall), followed by Community Revitalization and Investment Authorities (CRIAs) in 2015 (AB 2, Alejo). Similar to EIFDs, CRIAs use tax increment financing to fund infrastructure projects, with two big differences: CRIAs may only be formed in economically depressed areas, but don't require voter approval. Two years ago, the Legislature authorized the formation of Affordable Housing Authorities (AHAs), which may use tax increment financing exclusively for rehabilitating and constructing affordable housing and do not require voter approval to issue bonds (AB 1598, Mullin). Last year, SB 961 (Allen) removed the vote requirement for a subset of EIFDs to issue bonds and required these EIFDs to instead solicit public input. While these entities share fundamental similarities with RDAs in terms of using various forms of tax increment financing, they differ in one important aspect: not having access to the school's share of property tax revenue.

3) *Education Revenue Augmentation Fund (ERAF) Background.* Each year, the state estimates how much each K-12 school and community college district will receive in local property tax revenue (and student fee revenue in the case of community colleges); the annual budget act appropriates state General Fund to "make up the difference" and fund the district's revenue limit or apportionment at the intended level. Frequently, however, the actual property tax revenues allocated to school districts may be less than anticipated. The state's education finance system addresses these shortfalls differently for different types of educational entities. For K-12 districts, all funding shortfalls are backfilled

automatically with additional state aid. In contrast, explicit state action is required to backfill community college funding shortfalls.

In 1992-93 and 1993-94, in response to serious budgetary shortfalls, the state permanently redirected almost one-fifth of total statewide property tax revenue from cities, counties, and special districts to K-12 and community college districts. Under the changes in property tax allocation laws, the redirected property tax revenue is deposited into a countywide fund for schools, ERAF. The property tax revenue from ERAF is distributed to non-basic aid schools and community colleges, reducing the state's funding obligations for K-14 education. In 2017-18, cities, counties, and special districts deposited around $9.6 billion into county ERAFs. Funds deposited into county ERAFs are distributed back to back to schools and local agencies, as specified.

4) *Money for Locals to Build Housing.* California is in the midst of a serious housing crisis, largely due to a shortage of housing stock, primarily for lower-income households. This bill creates an ongoing revenue source for locals to create affordable housing and housing-related infrastructure by indirectly requiring the General Fund to backfill any reductions to the ERAF. It also states that the backfills shall ensure that schools receive the same level of revenue as they would have in absence of the bill.

5) *Use of the funds.* While the bill requires at least 50% of the overall funding to be allocated to affordable housing, the remaining 50% is allocated towards the program's other five eligible uses. These categories are relatively broad, from dealing with sea level rise to encouraging local economic development. One of the critiques of redevelopment was that funding was used for projects that were not the highest priority. Given the breadth of funding uses, it is possible that this new program could face similar criticisms when implemented. ***The author has agreed to clarify these uses as the following: a) Predevelopment, development, acquisition, rehabilitation and preservation of affordable housing, defined as units affordable to households making 120% of area median income; b) Transit-oriented development for the purpose of developing or facilitating the development of higher density uses within close proximity to transit stations that will increase public transit ridership and contribute to the reduction of vehicle miles traveled and greenhouse gas emissions; and c) Infill development to assist in the new construction and rehabilitation of infrastructure that supports high-density, affordable, and mixed-income housing in locations designated as infill, including, but not limited to, any of the following: park creation, development, or rehabilitation to encourage infill development; water, sewer, or other public infrastructure***

costs associated with infill development; transportation improvements related to infill development projects; and traffic mitigation.

6) *Sharing the burden.* The Legislature has enacted numerous measures to facilitate affordable housing production and address the housing shortage. The housing package of 2017 made an effort to promote higher density housing, streamline housing approval processes, and increase zoning for housing while providing more state enforcement power. This package included SB 2 (Atkins), which required recorders to collect a $75 fee on every real estate instrument, paper, or notice. Once collected, these fees will fund various housing programs. The package also included SB 3 (Beall), which placed a $3 billion bond before voters on the November 2018 ballot, which voters approved, to fund affordable housing programs. Additionally, in 2018, the voters approved Proposition 2, which provides $2 billion for housing construction for chronically homeless persons experiencing a mental illness.

In 2016 and 2018, several jurisdictions across the state took action and adopted local measures to fund affordable housing construction, either through general obligation bonds or the creation of a permanent funding stream. On the other hand, some jurisdictions have taken actions to stymie housing development either through local initiative processes or through actions by the local city council. Given the severity of the crisis, identifying funding solutions must be a shared responsibility and locals have control over how quickly they approve housing and can take steps to reduce housing costs. Further, with finite resources available, the state should not reward jurisdictions that have otherwise sought to stymie housing production. ***The author has agreed to the following amendments: a) require that, in order to receive funding, non-rural jurisdictions provide a match, including financial, in kind land dedication, and public-private funds; b) the Program will also prioritize projects in jurisdictions that have enacted local measures to reduce development costs, including but not limited to accelerating housing approvals, the average permitting time is less than a year, reduced fees for ADUs, and dense zoning near transit; and c) jurisdictions that have passed measures that cap population or place limits on growth, enacted housing moratoria, required housing-related zoning decisions be approved by the electorate, engaged in downzoning, failed to comply with housing element law, or violated state housing programs may only use the funds from the Program for housing and infrastructure that supports housing. The committee may also wish to consider requiring jurisdictions that have violated state housing laws in the last five years to be ineligible for funding.***

7) *Double-referral.* This bill is double-referred to the Governance and Finance. This bill passed out of that committee on 3/20/2019 with a 6-0 vote.

RELATED LEGISLATION:

AB 1568 (Bloom, Chapter 562, Statutes of 2017) — allowed an EIFD to allocate sales taxes for affordable housing on infill sites.

AB 2 (Alejo, Chapter 319, Statutes of 2015) — authorized local governments to create Community Revitalization and Investment Authorities (CRIA) to use tax increment revenue to improve the infrastructure, assist businesses, and support affordable housing in disadvantaged communities. It requires that at least 25% of all tax increment revenues that are allocated to the CRIA from any participating entity must be deposited into a separate Low- and Moderate-Income Housing Fund and used by the CRIA for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost.

SB 628 (Beall, Chapter 785, Statutes of 2014) — allowed local agencies to create enhanced infrastructure financing districts (EIFDs) to finance specified infrastructure projects and facilities.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

American Planning Association, California Chapter
Bay Area Council
Brentwood; City Of
Burbank; City Of
California Association For Local Economic Development
Concord; City Of
Cotati; City of
Covina; City Of
Crescent City; City Of
Fort Bragg; City Of
Fountain Valley; City Of
International Union Of Operating Engineers, Cal-Nevada Conference
Kosmont Companies

Laguna Beach; City Of
Laguna Niguel; City Of
Lakeport; City Of
Lakewood; City Of
League Of California Cities
Mayor of San Jose Sam Liccardo
Moorpark; City Of
Napa; City Of
Novato; City Of
Pasadena; City Of
Pinole; City Of
Placentia; City Of
Rohnert Park; City Of
Rosemead; City Of
Salinas; City Of
San Rafael; City Of
Sand City; City Of
South Pasadena; City Of
Town Of Danville
Vallejo; City Of
Working Partnerships USA

OPPOSITION:

None received.

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SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 6	**Hearing Date:**	4/2/2019
Author:	Beall		
Version:	2/27/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Residential development: available land

DIGEST: This bill requires the Department of General Services (DGS), in coordination with the Department of Housing and Community Development (HCD), to create a database of state and local surplus lands available for residential development.

ANALYSIS:

Existing law:

1) Requires DGS, when disposing of surplus state real property, to first offer it to local agencies, than to non-profit affordable housing sponsors, prior to offering it for sale to private entities or individuals.

2) Requires DGS to maintain a list of surplus state real property on its website. DGS shall provide local agencies and, upon request, members of the public with electronic notification of updates to this list.

3) Requires any local agency, when disposing of surplus land, to first offer it for sale or lease for the purpose of developing low- and moderate-income housing. First priority must be given to affordable housing for lower income seniors or disabled persons or households, and other lower income households.

4) Authorizes the board of supervisors of any county to establish a central inventory of all surplus governmental property located in its jurisdiction.

This bill:

1) Requires HCD, on or before December 31st each year, to provide to DGS a list of lands suitable and available for residential development as identified by local governments in their housing elements.

2) Requires DGS to create a database of this information, as well as information on excess or surplus state lands, and to make this database available to and searchable by the public through its website.

COMMENTS

1) *Purpose.* The author states that hard-working individuals are struggling to find affordable housing and we must consider all options to eliminate obstacles to construction and increase our housing supply. Stakeholders identify land costs as a barrier to building affordable housing. Further, developers often do not know when sites are available to develop and which entities manage the land. By utilizing already reported information, this bill is a common sense solution that helps developers identify properties ready for acquisition and zoned for development.

2) *Affordable housing gets right of first refusal on surplus lands.* Existing law requires any local agency disposing of surplus land to first offer it for the purpose of developing low- and moderate-income housing; similar provisions apply to state surplus lands. Existing law also requires DGS to maintain a list of state surplus lands on its website, which it does under the Statewide Property Inventory. There is no similar inventory for local surplus lands, however.

3) *Governor's Executive Order.* The Governor's Proposed Budget notes that the state has identified many excess state properties that are suitable for housing development. The Governor issued an executive order in January (#N-06-19) that, among other things:

   a) Directs DGS to create a digitized inventory of all state-owned surplus land parcels by April 30, 2019.
   b) Directs DGS, HCD, and the California Housing Finance Agency (CalHFA) to develop screening tools for prioritizing affordable housing development on these parcels by March 29, 2019.
   c) Directs DGS to create a comprehensive map of excess state parcels where development of affordable housing is feasible and will help address regional underproduction.
   d) Directs state agencies, where appropriate, to consider exchanging excess state land with local governments for purposes of affordable housing development and preservation.
   e) Directs DGS, in consultation with HCD, to begin issuing requests for affordable housing proposals on individual parcels by September 30, 2019.

4) *Committee comments.* This bill is intended to align with the Governor's directive for DGS to create a more user-friendly inventory of state surplus lands. This bill further requires DGS to work with HCD to incorporate local surplus land data into the inventory. Moving forward, the author may wish to consider amendments to require localities to report their local surplus land data to HCD in a standard format, and to explicitly require DGS to regularly update the database with both the data it receives each year from HCD and the state surplus lands information.

5) *Double referral.* This bill has also been referred to the Governmental Organization Committee.

RELATED LEGISLATION:

AB 891 (Burke, 2019) — requires DGS and Caltrans to identify surplus state properties that are suitable for a safe parking program to provide safe parking locations and options for individuals and families living in their vehicles. *This bill will be heard in Assembly Local Government Committee on April 3rd.*

AB 1255 (R. Rivas, 2019) — requires DGS to create a public and searchable database of all surplus land, infill sites, and high-density sites as reported to DGS by cities and counties. *This bill is in Assembly Housing Committee.*

AB 1486 (Ting, 2019) — expands requirements on disposition of surplus lands and expands the entities to which these requirements apply. *This bill is in Assembly Local Government Committee.*

AB 2065 (Ting, 2018) — would have expanded the requirements on disposition of surplus lands and expanded the entities to which these requirements apply. *This bill was held on suspense in the Assembly Appropriations Committee.*

AB 2135 (Ting, Chapter 677, Statutes of 2014) — required surplus local government land sold under preference for affordable housing to provide at least 25% of the units for low-income households, and requires such land sold outside the preference system for residential use to provide at least 15% of the units for low-income households.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

California Building Industry Association
California YIMBY
Eden Housing

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 13	**Hearing Date:**	4/2/2019
Author:	Wieckowski		
Version:	3/11/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Accessory dwelling units

DIGEST: This bill makes a number of changes to law governing accessory dwelling units (ADUs).

ANALYSIS:

Existing law:

1) Provides that if a locality adopts an ADU ordinance in areas zoned for single-family or multifamily, it must do all of the following:

   a) Designate areas where ADUs may be permitted.
   b) Impose certain standards on ADUs such as parking and size requirements.
   c) Prohibit an ADU from exceeding the allowable density for the lot.
   d) Require ADUs to comply with certain requirements such as setbacks.

2) Requires ministerial approval of an ADU permit within 120 days.

3) Allows a locality to establish minimum and maximum unit sizes for both attached and detached ADUs.

4) Restricts the parking standards a locality may impose on an ADU.

5) Allows a local agency to require that an applicant be an owner-occupant or that the property be used for rentals of terms longer than 30 days.

6) Provides that an ADU shall not be considered by a local agency, special district, or water corporation to be a new residential use for purposes of calculating connection fees or capacity charges for utilities, including water and sewer service.

7) Requires a local agency to submit a copy of its ADU ordinance to HCD within 60 days of adopting it and authorizes HCD to review and comment on the ordinance.

This bill:

1) Removes the requirement for an ADU ordinance to apply only in single-family or multifamily zones.

2) Provides that when a garage, carport, or covered parking structure is demolished in conjunction with an ADU or converted into an ADU, a local agency shall not require that those off-street parking spaces be replaced.

3) Reduces the application approval timeframe to 60 days and provides that if a local agency has not acted upon the submitted application within 60 days, the application shall be deemed approved.

4) Removes the authority for a local ordinance to require an applicant for an ADU to be an owner occupant and prohibits a local agency from requiring owner occupancy as a condition for issuing a building permit for an ADU.

5) Provides that if a local agency has not adopted an ADU ordinance, an ADU application must be approved within 60 days. If it is not acted upon within that timeframe, the application shall be deemed approved.

6) Provides that a local ADU ordinance that establishes minimum or maximum ADU size must allow at least an 800-square-foot ADU.

7) Provides for a tiered schedule of impact fees based on the size of the ADU as follows:

   a) Zero fees for an ADU of less than 750 square feet
   b) 25% of impact fees for an ADU between 750-1,000 square feet
   c) 50% of impact fees for an ADU larger than 1,000 square feet

8) Revises the definition for when a local agency, special district, or water corporation may require a separate utility connection.

9) Requires HCD, after a local ADU ordinance is adopted, to submit findings to the local agency as to whether it complies with ADU law. If HCD finds it does not, HCD shall notify the local agency and may notify the Attorney General. The local agency shall consider HCD's findings and may either change the

ordinance to comply or make findings as to why the ordinance complies despite HCD's findings.

10) Authorizes HCD to review, adopt, amend, or repeal guidelines to implement uniform standards and criteria that supplement or clarify the terms, references, and standards in ADU law.

11) Explicitly authorizes a local agency to count an ADU for purposes of identifying adequate sites for its housing element.

12) Requires a local agency notice of a violation of any building standard to an ADU owner to include a statement of the owner's right to request a delay in enforcement. Requires a local agency, upon request of the owner, to delay enforcement for 10 years if correction is not necessary to protect health and safety.

COMMENTS

1) *Purpose.* The author states that California is in a severe housing crisis. The largest driver of this crisis is a lack of supply. One significant step toward increasing the supply of affordable housing is to build more ADUs. ADUs are inherently affordable; they cost less to build than a regular unit, are financed and managed by the homeowner, and require no public subsidy. However, a significant number of homeowners interested in building ADUs on their property are prevented from doing so due to prohibitively high impact fees and other barriers. This bill creates a tiered fee structure which charges ADUs based on their size, to take into consideration that the impact of an ADU on a neighborhood's infrastructure and services is different from the impact created by single-family homes or multifamily buildings. This bill also addresses other barriers such as lowering the application approval timeframe, creating an avenue to get unpermitted ADUs up to code, and enhancing an enforcement mechanism allowing HCD to ensure that localities are following ADU statute. This bill is an important step in resolving the housing crisis by reducing excessive impact fees and other barriers to ADUs and allowing Californians to build affordable housing in their back yards.

2) *What is an ADU?* ADUs, also known as accessory apartments, accessory dwellings, mother-in-law units, or granny flats, are additional living spaces on single-family lots that have a separate kitchen, bathroom, and exterior access independent of the primary residence. These spaces can either be attached to, or detached from, the primary residence.

3) *Relaxing ADU requirements.* According to a UC Berkeley study, *Yes in My Backyard: Mobilizing the Market for Secondary Units,* second units are a means to accommodate future growth and encourage infill development in developed neighborhoods. Despite existing state law, which requires each city in the state to have a ministerial process for approving second units, the study found that local regulations often impede development. The study, which evaluated five adjacent cities in the East Bay, concluded that there is a substantial market of interested homeowners; cities could reduce parking requirements without contributing to parking issues; second units could accommodate future growth and affordable housing; and that scaling up second unit strategy could mean economic and fiscal benefits for cities. This bill relaxes several requirements to the construction and permitting of ADUs.

4) *Trying again.* This bill is similar to SB 831 (Wieckowski) of 2018, which died in the Assembly last year. Unlike SB 831, however, this bill does *not*: allow local agencies to designate areas where ADUs may be excluded for fire and life safety purposes; prohibit consideration of the square footage of a proposed ADU when calculating an allowable floor-to-area ratio for the lot; prohibit a setback requirement for an ADU conversion; or limit setback requirements to three feet for ADUs not converted from an existing structure. In addition, unlike SB 831, this bill provides for a tiered system of impact fees that may be imposed on ADUs.

5) *Other ADU bills.* Multiple ADU bills have been introduced again this year. The two bills that overlap most with this bill are AB 68 (Ting) and AB 881 (Bloom). A comparison of major provisions among the three bills is below.

	This bill (SB 13)	AB 68 (Ting)	AB 881 (Bloom)
Setback requirements		Prohibits or reduces setback requirements allowed under existing law	
Application approvals	Reduces to 60 days and deemed approved if not acted upon within that period	Reduces to 60 days	
Size requirements	Requires an ADU ordinance that establishes minimum or maximum size to allow at least an 800 sq. ft. ADU	Requires an ADU ordinance that establishes minimum or maximum size to allow at least an 800 sq. ft. ADU and at least a 16-foot high ADU	
Zoning	Removes restriction to single-family zones	Removes restriction to single-family zones and instead applies to residential and mixed-use zones	Removes restriction to single-family zones
Sprinkler requirement		Explicitly prohibits requiring sprinklers for ADU if not required for primary residence	Removes existing prohibition on requiring sprinklers for ADU if not required for primary residence
Owner occupancy requirement	Prohibits owner occupancy requirement	Allows owner occupancy requirement for either primary residence or ADU on a single-family lot	Removes existing authority to require owner occupancy for either primary residence or ADU
Impact fees	Provides for a tiered structure of fees based on size of ADU		
Building standard amnesty	Requires a local agency to delay enforcement of a building standard upon request by an ADU owner and provides for a 10-year amnesty		

6) *Impact fees.* Local governments can charge a variety of fees to a development. These fees, commonly known as impact or mitigation fees, go toward infrastructure development (such as adding lanes to roads or supporting additional traffic) or other public benefits (such as new parks, schools, or affordable housing). In the wake of the passage of Proposition 13 in 1978 and the loss of significant property tax revenue, local governments have also turned

to development fees as a means to generate revenue. Given that California cities have tightly restricted funding sources, fees are one of the few ways cities can pay for the indirect costs of growth.

In 2016, the Legislature revised ADU law to reduce duplicative fees and reduce other barriers to the construction and approval of ADUs. As a result, ADU permit applications throughout the state have dramatically increased. A report by UC Berkeley's Terner Center of Housing Innovation recently discovered, however, that development and school fees, as well as lot size requirements and code standards, continue to suppress the construction of ADUs. ADUs are often charged with the same impact fees that a new home would be subject to. These fees can range anywhere between $5,000 and $60,000 and would not be charged to a homeowner for simply building an additional bathroom or bedroom.

Existing law prohibits an ADU from being considered a residential use for purposes of calculating fees charged for new development. Fees were the subject of significant discussion in relation to last year's ADU bills. This bill provides for a tiered structure of impact fees ranging from zero for an ADU of under 750 square feet, to 25% of impact fees for an ADU between 750-1,000 square feet, to 50% of impact fees for an ADU larger than 1,000 square feet. The author states that this tiered structure is based on that adopted by the City of Santa Rosa in its ADU ordinance, and notes that in addition, the City of Reedley has cut impact fees for ADUs by 50%, regardless of size.

To address committee concerns about ensuring that fees are not a barrier, the author will accept amendments to provide for zero fees for an ADU of under 750 square feet and 25% of impact fees for an ADU of 750 square feet or larger.

7) *Size of ADUs.* Existing law requires an ADU ordinance that provides for minimum and maximum ADU size, to allow for at least an efficiency unit. This bill increases that minimum to an 800 square foot unit. **To address committee concerns about providing as much housing as possible, including for families, the author will accept amendments to instead provide for a minimum 850 square foot unit, or 1,000 square feet if the ADU includes more than one bedroom.**

8) *Zoning modification.* This bill would require ministerial approval of ADUs on any lot that includes a proposed or existing single-family dwelling. Moving forward, the author may wish to consider amendments to clarify that ADUs must be located in zones that allow residential use, including mixed use.

9) *Elimination of owner occupancy requirement.* Existing law allows a local ordinance to require owner occupancy for either the primary dwelling or the ADU. Some jurisdictions have required the owner of the property to reside in the main home or in the ADU. The author has provided examples of lenders who have stated in writing that these covenants can preclude the lender from occupying the property if lenders must foreclose on the property. One letter states that if a property owner agrees to such a covenant, the owner could already be in violation of their deed of trust on the property and it "effectively transfers some of the rights from the property to the City, which could trigger a due on sale clause." Thus, this bill would prohibit owner occupancy requirements.

   The American Planning Association, California Chapter (APA), writing in opposition to this bill, raises a concern that eliminating the owner occupancy requirement altogether could potentially encourage institutional investors or speculators to purchase a home with an existing ADU, or purchase single-family homes without ADUs, at a premium with the intention of adding an ADU which would then be rented at any price the market will bear. APA notes that the city of Santa Rosa waives its owner occupancy requirement if the owner puts an affordability requirement on the ADU.

10) *Amnesty.* According to a 2016 report by McKinsey and Company entitled *A Tool Kit to Close California's Housing Gap: 3.5 Million Homes by 2025,* one way to encourage homeowners to add ADUs is to create an amnesty path for ADUs that are not properly permitted. According to the report, as many as 8% of ADUs in San Francisco are illegal. The report concludes that legitimizing these units would boost building compliance and raise property tax revenue.

   This bill creates a 10-year amnesty program for substandard ADUs. This bill grants an ADU owner with a non-compliant ADU a 10-year delay to make the necessary changes to bring the ADU up to code. The delay applies to changes that, in the judgement of the local building official, and in consultation with fire and code enforcement officials, is not necessary to protect the health and safety of the building residents.

11) *HCD oversight.* Existing law requires a local agency to submit its ADU ordinance to HCD for review and allows HCD to review and provide comments. This bill would strengthen oversight over local ADU ordinances by allowing HCD, after adoption of an ADU ordinance, to submit findings to the local agency as to whether the ordinance complies with ADU law. If HCD

finds that the ordinance does not substantially comply, HCD shall notify the local agency and may notify the Attorney General.

12) *Opposition concerns.* APA, writing in opposition to this bill, notes a number of concerns, including; its elimination of replacement parking when there is a conversion of an existing structure such as a garage or carport; the authorization for guidelines to supplement standards in the law; and the lack of a definition of "substantially" in the provision requiring ADUs to be "substantially contained" within the existing dwelling or structure. APA also expresses an overall concern with implementing further changes to ADU statute even as many cities and counties are still implementing all the 2016 and 2017 changes.

13) *Additional amendments.* The author is also amending the bill to add a coauthor and to revise the definition of "accessory structure" to make it consistent with state building code.

14) *Double-referral.* This bill is double-referred to the Governance and Finance Committee.

RELATED LEGISLATION:

AB 68 (Ting, 2019) — makes a number of changes to ADU law. *This bill will be heard in the Assembly Housing Committee on April 3rd.*

AB 69 (Ting, 2019) — revises ADU law in relation to HCD determination of compliance of local ADU ordinances and requires HCD to propose building standards for ADUs and small homes. *This bill will be heard in the Assembly Housing Committee on April 3rd.*

AB 587 (Friedman, 2019) — authorizes an ADU to be sold separately from the primary residence under certain conditions. *This bill will be heard in the Assembly Housing Committee on March 27th.*

AB 881 (Bloom, 2019) — makes several changes to ADU law. *This bill will be heard in the Assembly Housing Committee on April 3rd.*

AB 1074 (Diep, 2019) — authorizes, upon voter approval, the issuance of $500 million in general obligation bonds to finance an Accessory Dwelling Unit Construction Program under HCD.

SB 831 (Wieckowski, 2018) — would have made a number of changes to ADU law. *This bill died in the Assembly Local Government Committee.*

AB 2890 (Ting, 2018) — would have made a number of changes to ADU law. *This bill died on the suspense file of the Senate Appropriations Committee.*

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

California Chamber of Commerce
Eden Housing
PrefabADU
Silicon Valley at Home

OPPOSITION:

American Planning Association, California Chapter

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SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 18	**Hearing Date:**	4/2/2019
Author:	Skinner		
Version:	3/25/2018		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Keep Californians Housed Act

DIGEST: This bill requires the Department of Consumer Affairs (DCA) to develop and publish a landlord-tenant guide, as specified; deletes the sunset on the requirement of 90 days' written notice to a renter in the case of a foreclosure; and provides an unspecified amount to the California Emergency Solutions and Housing Program for rental assistance and legal aid to tenants, as specified.

ANALYSIS:

Existing law:

1) Establishes the California Emergency Solutions and Housing Program (CESH) under the Department of Housing and Community Development (HCD), which funds a variety of activities to help individuals experiencing or at risk of homelessness. Specifically, CESH funds may be used for:

   a) Housing relocation and stabilization services, including rental assistance.
   b) Operating subsidies for permanent housing.
   c) Flexible housing subsidy funds.
   d) Operating support for emergency housing interventions.
   e) Systems support for homelessness services and housing delivery systems.

2) Establishes the Department of Consumer Affairs (DCA), whose mission is to "protect California consumers by providing a safe and fair marketplace through oversight, enforcement, and licensure of professions." DCA oversees nearly 40 licensing and regulatory entities in various professions and occupations.

This bill:

1) Requires DCA, by January 1, 2021 and biannually thereafter, to develop and publish on its website an updated guide to all state laws pertaining to landlords

and the landlord-tenant relationship. Requires this guide to include a template for cities and counties to add information on local landlord-tenant ordinances.

2) Requires DCA to survey all cities to determine which, if any, provide resources or programs to inform landlords of their legal rights and obligations. Requires DCA to post on its website a list of cities that, in DCA's judgment, have the most robust resources and programs

3) Deletes the December 31, 2019 sunset on the existing law provision requiring 90 days written notice to an affected renter in the case of a foreclosure.

4) Provides an unspecified amount, upon appropriation by the Legislature, to HCD for competitive grants to administrative entities under CESH. These funds shall supplement, and not supplant, other CESH funds. Authorizes the following activities for these funds:

   a) Rental assistance, including back rent, prospective rent, or move-out or move-in costs. Rental assistance shall not exceed 48 months per household, and rent payments shall not exceed two times the current US Department of Housing and Urban Development's fair market rent for the local area.
   b) Legal aid, including representation in eviction proceedings, mediation between landlords and tenants, pre-eviction legal services, and legal education and awareness for communities.

5) Requires an administrative entity receiving these funds to spend no more than 10% of the allocation for administrative costs. Allows an administrative entity to share any funds available for administrative costs with a sub-recipient.

COMMENTS

1) *Purpose of the bill.* The author states that skyrocketing rents and stagnant wages have severely squeezed many households, leaving over a quarter of California renters to spend more than half their income on rent alone. The unaffordability of modest rental homes has resulted in a wave of homelessness among the working poor of California, with thousands of individuals and families facing first-time homelessness. Once evicted, the cycle of homelessness can be difficult to break. Losing one's home can set off a chain reaction leading to job loss, negative health impacts and more, which make it even harder to secure new housing. State and local governments can save a significant amount of money currently spent on homelessness, and save thousands of families from the trauma of homelessness, by simply intervening

early – through emergency rental assistance and legal aid – to help people stay in their homes.

2) *Building on local programs.* The author notes that the city of Oakland has successfully implemented "Keep Oakland Housed," a program that provides residents with legal representation, financial assistance, and supportive services to help them remain in their homes. Three non-profit entities – Bay Area Community Services, Catholic Charities of the East Bay, and East Bay Community Law Center to negotiate with landlords to prevent evictions, provide emergency financial assistance, and offer wrap-around services. The program is funded by private donors and receives fundraising and staff support from the city. It is available to Oakland residents with a household income at or below 50% of the area median income, with priority given to extremely low-income households. The program provides legal representation to tenants with an active eviction lawsuit.

   In addition, the author notes that with the passage of Proposition F last June, San Francisco became the first city in California to provide a legal "right to counsel" for tenants facing eviction. Proposition F set aside $5.8 million over two years to help ensure that tenants have access to legal representation if they are facing an eviction lawsuit. The state has no fund for legal aid programs.

3) *CESH.* CESH was created last year (SB 850, Committee on Budget and Fiscal Review, Chapter 48, Statutes of 2018); the 2018-19 budget directed a portion of first-year revenues from the Building Homes and Jobs Act Trust Fund (SB 2, Atkins, Chapter 364, Statutes of 2017) to CESH. CESH provides funds to eligible administrative entities (designated by a Continuum of Care) in the form of five-year grants for various activities to assist individuals who are experiencing or who are at risk of homelessness. Administrative entities that receive funds must submit annual reports to HCD on their activities.

4) *Landlord-tenant guide.* Although the original version of this bill required HCD to develop a landlord-tenant guide, the author has since amended it to instead require DCA to develop the guide and publish it on the DCA website. DCA has previously developed a landlord-tenant guide (most recently revised in 2012), which is available on the HCD website. Moving forward, the author may wish to consider requiring the guide to also be published on the HCD website.

5) *Administrative set-aside.* Although CESH limits administrative costs to 5% of an administrative entity's allocation, this bill includes a 10% administrative set-aside. Moving forward, the author may wish to consider reducing this to 5%, in line with most other HCD programs.

6) *Opposition concerns.* The Valley Industry and Commerce Association (VICA) states that while Keep Oakland Housed is funded by private funds, this bill inappropriately provides General Fund monies and goes beyond that program. VICA states that this bill will add barriers to evicting difficult tenants, harming neighboring tenants who have the right to peacefully enjoy their home.

7) *Double referral.* This bill has also been referred to the Judiciary Committee.

RELATED LEGISLATION:

SB 860 (Committee on Budget and Fiscal Review, Chapter 48, Statutes of 2018) — established CESH and appropriated a portion of first-revenues to it from the Building Homes and Jobs Trust Fund.

SB 2 (Atkins, Chapter 364, Statutes of 2017) — established the Building Homes and Jobs Act and imposes a $75 fee on real estate transaction documents, excluding commercial and residential real estate sales, to provide funding for affordable housing.

AB 590 (Feuer, Chapter 457, Statutes of 2009) — enacted the Sargent Shriver Civil Counsel Act, which, among other things, requires legal aid to be provided for low-income parties in civil matters, including eviction proceedings.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

American Federation Of State, County And Municipal Employees, AFL-CIO
Anti-Eviction Mapping Project-Los Angeles
Basta, Inc.
Bay Area Legal Aid
Ben Tzedek Legal Services
Building Industry Association Of The Bay Area
California Alliance For Retired Americans
California Community Builders
California Rural Legal Assistance Foundation
California Rural Legal Assistance Inc.

California YIMBY
Community Legal Services In East Palo Alto
Disability Rights Education And Defense Fund
East Bay Community Law Center
Eden Housing
Facebook, Inc.
Habitat For Humanity East Bay/Silicon Valley
Justice And Diversity Center Of The Bar Association Of San Francisco
Legal Aid Of Marin
National Housing Law Project
Neighborhood Legal Services Of Los Angeles County
Non-Profit Housing Association Of Northern California
Pico California
Santa Monica; City Of
Silicon Valley At Home
TMG Partners
West Hollywood; City Of
Western Center On Law & Poverty, Inc.

OPPOSITION:

California Apartment Association
Valley Industry and Commerce Association

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SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 48	**Hearing Date:**	4/2/2019
Author:	Wiener		
Version:	3/25/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Interim shelter intervention developments

DIGEST: This bill creates a streamlined approval process for low-barrier interim shelter interventions that connect people experiencing homelessness to services and permanent housing solutions. This bill also makes changes to housing element law with regards to zoning where emergency shelters are allowed as a permitted use without a conditional use or discretionary permit, as specified.

ANALYSIS:

Existing law:

1) Requires a local jurisdiction to give public notice of a hearing whenever a person applies for a zoning variance, special use permit, conditional use permit, zoning ordinance amendment, or general or specific plan amendment.

2) Requires the board of zoning adjustment or zoning administrator to hear and decide applications for conditional uses or other permits when the zoning ordinance provides therefor and establishes criteria for determining those matters, and applications for variances from the terms of the zoning ordinance.

3) Provides that supportive housing, in which 100% of units are dedicated to low-income households (up to 80% AMI) and are receiving public funding to ensure affordability, shall be a use by right in all zones where multifamily and mixed uses are allowed, as specified.

4) Requires cities and counties to prepare and adopt a general plan, including a housing element, to guide the future growth of a community. The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policy objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing.

5) Requires the housing element to identify adequate sites for housing and to make adequate provision for the existing and projected needs of all economic segments of the community.

6) Requires the housing element to contain the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or discretionary permit. Shelters may be subject to development and management standards that apply to residential and commercial development within the same zone except that a local government may apply written, objective standards that include all of the following:

   a) The maximum number of beds or persons permitted to be served nightly by the facility.
   b) Off-street parking based upon demonstrated need, provided that the standards do not require more parking for emergency shelters than for other residential or commercial uses within the same zone.
   c) The size and location of exterior and interior onsite waiting and client intake areas.
   d) The provision of onsite management.
   e) The proximity to other emergency shelters, provided that emergency shelters are not required to be more than 300 feet apart.
   f) The length of stay.
   g) Lighting.
   h) Security during hours that the emergency shelter is in operation.

This bill:

1) Defines "interim shelter interventions" as housing or shelter where a resident may live temporarily while waiting to move into permanent housing. It shall be flexible to address a resident's needs and may include but is not limited to, recuperative or respite care, motel vouchers, navigation centers, transitional housing used as an interim intervention, and emergency shelters. It shall be "low-barrier" – *i.e.* does not deny entry based on use of drugs or alcohol, a history of justice-involvement or poor credit, or refusal to participate in services or a program – and focused on moving people out of crisis and into permanent housing as quickly as possible.

2) Permits an interim shelter intervention development to be a use by right in zones where residential use is a permitted use, including mixed use zones, if it meets the following requirements:

a) It meets all applicable state and local health and safety requirements and state and local building codes.
b) It allows for the presence of partners, pets, and the storage of possessions.
c) It provides privacy.
d) It has accommodations for people with disabilities.
e) It offers services to connect people to permanent housing through a services plan that identifies services staffing.
f) It is linked to a coordinated entry system, so that staff in the interim facility or staff who co-locate in the facility may conduct assessments and provide services to connect people to permanent housing.
g) It is low-barrier and does not deny entry based on use of drugs or alcohol, a history of justice-involvement or poor credit, or refusal to participate in services or a program.
h) It complies otherwise with the core components of Housing First.

3) Prohibits a local jurisdiction from imposing parking requirements on an interim shelter intervention development.

4) Provides emergency shelter zones, which are required under existing housing element law to be permitted without a conditional use or other discretionary permit to be located within zones that allow residential use, including mixed use areas. A local government may designate zones for emergency shelters in an industrial zone if the local government can demonstrate how the zone is connected to amenities and services that serve people experiencing homelessness.

5) Requires that shelters only be subject to those development and management standards that apply to residential or commercial development within the same zone except that minimum parking requirements shall not be imposed. A local government may apply the following written, objective standards:

a) The maximum number of beds or persons permitted to be served nightly by the facility.
b) The size and location of exterior and interior onsite waiting and client intake areas.
c) The provision of onsite management.
d) The proximity to other emergency shelters, provided that emergency shelters are not required to be more than 300 feet apart.
e) The length of stay.
f) Lighting.
g) Security during hours that the emergency shelter is in operation.

6) Specifies that a zone or zones where emergency shelters are permitted without a conditional use or other discretionary permit shall include sites that meet at least one of the following standards:

   a) Vacant sites zoned for residential use.
   b) Vacant sites zoned for nonresidential use that allows residential development. Shelters may be permitted in a vacant industrial zone if the local government can demonstrate how the zone is connected to amenities and services that serve people experiencing homelessness.
   c) A nonvacant sites, provided that a description is provided of the use of each property at the time it is identified with an analysis of how the local jurisdiction will ensure the site is adequate for use as a shelter, while meeting all of the state and local health, safety, habitability, and building requirements necessary for any other residential development.

COMMENTS

1) *Purpose of the bill.* According to the author, "California has a growing homelessness crisis. Homelessness is a diverse problem, but one glaring aspect is the number of unsheltered homeless in our state. California accounts for about half of all unsheltered homeless in the nation, despite having about 15% of our nation's population. Further, of the 130,000 homeless people living in California, 69% are unsheltered. While some California localities do provide a sufficient number of shelter beds, in others, there are either no shelter beds at all, only a small number, only seasonally available shelter, or no shelters specific to youth. SB 48 seeks to expand shelter access in California and to do so in a geographically equitable way by creating a streamlined approval process and requiring that shelters and other interim housing intervention developments be approved without a conditional use permit. To receive this streamlined approval process, a project must meet all applicable health and safety codes; provide privacy; allow for pets, possessions, and partners; and be low-barrier. Furthermore, the project must provide services to connect people to permanent housing. The goal of this bill is to expand shelter access and to ensure it dovetails with and complements California's ultimate priority: to transition people experiencing homelessness into permanent housing."

2) *Inadequate housing and shelter for California's homeless.* Homelessness in California is no longer confined to urban corridors; it pervades both urban and rural communities across the state and puts stress on local resources, from emergency rooms to mental health and social services programs to jails. The homelessness crisis is driven in part by the lack of affordable rental housing for lower income people. In the current market, 2.2 million extremely low-income

and very low-income renter households are competing for 664,000 affordable rental units. Of the 6 million renter households in the state, 1.7 million are paying more than 50% of their income towards rent. The National Low Income Housing Coalition estimates that the state needs an additional 1.5 million housing units affordable to very-low income Californians.

3) *State investments to house people experiencing homelessness.* Over the last several years, the state has approved the investment of several billion dollars to permanently house people experiencing homelessness, as well as address immediate shelter needs. In 2018, the voters approved Propositions 1 and 2, which, together, provide significant investments for the construction of permanent housing for low-income families at risk of homelessness and persons experiencing chronic homelessness with a mental illness. Additionally, last year, the State established the Homeless Emergency Assistance Program and approved the expenditure of $500 million in one-time funding to provide localities with flexible block grant funds to address their immediate homelessness challenges. The Governor in his proposed 2019-2020 budget has identified an additional $600 million to address the homelessness crisis.

4) *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. General plans are comprised of several elements that address various land use topics. Seven elements are mandated by state law: land use, circulation, housing, conservation, open-space, noise, and safety. 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. 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.

5) *By-right for shelters in the Housing Element.* SB 2 (Cedillo, 2007) required local governments, in their housing element, to accommodate their need for emergency shelters on sites where the use is allowed without a conditional use permit, and requires cities and counties to treat transitional and supportive housing projects as a residential use of property. Local governments must treat supportive housing the same as other multifamily residential housing for zoning purposes, and may only apply the same restrictions as multifamily housing in the same zone to supportive housing. Current law is silent as to where these shelters may be located, and as a result, local governments often identify shelters in industrial areas far from services designed to move people experiencing homelessness from the streets and into permanent housing. Additionally, current law does not require a local government to identify zones with sufficient capacity to accommodate emergency shelters. As a result, some emergency shelter zones are not actually capable of accommodating a shelter on any of its sites.

   This bill clarifies housing element law with regards to where by-right zones for emergency shelters may be identified. Current law is not clear as to the types of standards that a jurisdiction may apply to a shelter project in an identified by right zone. This bill makes it clear that a local government shall only apply be subject to those development and management standards that apply to residential or commercial development within the same zone, except that a local government may apply the specified objective standards. Additionally, this bill requires local governments to identify by-right shelters in zones that allow residential uses, including mixed-use. A local government may identify zones in industrial areas but the local jurisdiction shall demonstrate how the zone is appropriate and connected to necessary amenities and services. Lastly, this bill states that the zone with sufficient capacity to accommodate an emergency shelter must have sites that include vacant sites or those that are adequate for a shelter.

6) *Existing Streamlining Programs.* In addition to SB 2 (Cedillo), SB 35 (Wiener, 2017) requires local jurisdictions that have not met their above moderate income or lower income regional housing needs assessment (RHNA) to streamline certain developments. Jurisdictions that are not meeting their lower income RHNA requirement must streamline developments that restrict at least 50% of the units in a development to households earning up to 80% AMI. However, SB 35 is limited to urban infill sites and has limited application where rental housing existed within the last 10 years. AB 2162 (Chiu, 2018) provided that supportive housing, in which 100% of units are dedicated to low-income households (up to 80% AMI) and are receiving public funding to ensure affordability, shall be a use by-right in all zones where multifamily and mixed uses are allowed, as specified. AB 2162 applies to all areas of the state, urban and rural, and would apply regardless of whether a local government has met its RHNA.

   This bill creates a new streamlining program for interim shelter developments, the goal of which is to expedite the approval of high-quality, low-barrier shelters that connect people experiencing homelessness to services and permanent housing. Specifically, this bill allows an interim shelter intervention to be approved without a conditional use permit (*i.e.* by-right) if the shelter is in a zone that permits residential use. To receive streamlining, the shelter must meet all applicable health, safety, and building codes; allow for the presence of partners, pets, and the storage of possessions; provide privacy; be low-barrier, and offer services to connect people to permanent housing.

7) *Putting it all together.* The changes to existing housing element law provide clarity about where local governments shall zone for and approve emergency shelters. While the ultimate goal is to provide permanent housing for people experiencing homelessness, local governments will likely always need temporary shelter for people who fall into homelessness. The new streamlining program requires locals to streamline approval of higher-quality, low-barrier interim shelter interventions that are connected to needed services. The goal of the new streamlining program is to create new short-term shelter interventions that can serve as a gateway into permanent housing and shelter to those who are unable to access existing shelter beds. These types of interventions are necessary to temporarily house those living on the streets while the recent state investments are realized into permanent housing developments.

8) *Triple-referral.* This bill is also referred to the Governance and Finance Committee and the Environmental Quality Committee.

RELATED LEGISLATION:

SB 4 (McGuire, 2019) — creates a streamlined approval process for duplexes, fourplexes, and infill projects near transit and as specified. *This bill will be heard today in this committee.*

SB 744 (Caballero, 2019) — specifies that an existing streamlined approval process for permanent supportive housing projects also applies to services projects tied to a housing development. *This bill will be heard today in this committee.*

AB 1197 (Santiago, 2019) — excludes emergency shelters funded by state programs from the term "project" and would thereby exempt those projects from CEQA. *This bill is pending in the Assembly Natural Resources Committee.*

AB 2162 (Chiu, Chapter 753, 2018) — streamlined affordable housing developments that include a percentage of supportive housing units and onsite services

SB 35 (Wiener, Chapter 366, Statutes of 2017) — created a streamlined, ministerial approval process for infill developments in localities that have failed to meet their regional housing needs assessment (RHNA) numbers.

SB 2 (Cedillo, Chapter 633, Statues of 2007) — required cities and counties to accommodate their need for emergency shelters on sites where the use is allowed without a conditional use permit, and requires cities and counties to treat transitional and supportive housing projects as a residential use of property.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

California Council Of Community Behavioral Health Agencies
California Alternative Payment Program Association
California Apartment Association
San Francisco Housing Action Coalition

OPPOSITION:

None received.

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SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 235	**Hearing Date:**	4/2/2019
Author:	Dodd		
Version:	3/25/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Planning and zoning: housing production report: regional housing need allocation

DIGEST: This bill allows the City of Napa (city) and County of Napa (county) to reach an agreement under which the county would be allowed to count certain housing units built within the city toward the county's regional housing needs assessment (RHNA) requirement.

ANALYSIS:

Existing law:

1) Requires every city and county to prepare and adopt a general plan, including a housing element, to guide the future growth of a community. The housing element must identify and analyze existing and projected housing needs, identify adequate sites with appropriate zoning to meet the housing needs of all income segments of the community, and ensure that regulatory systems provide opportunities for, and do not unduly constrain, housing development.

2) Requires local governments located within the territory of a metropolitan planning organization (MPO) to revise their housing elements every eight years, following the adoption of every other regional transportation plan. Local governments in rural non-MPO regions must revise their housing elements every five years.

3) Provides that each community's fair share of housing be determined through the regional housing needs allocation (RHNA) process, which is composed of three main stages: (a) the Department of Finance and HCD develop regional housing needs estimates; (b) COGs allocate housing within each region based on these estimates (where a COG does not exist, HCD makes the determinations); and (c) cities and counties incorporate their allocations into their housing elements.

4) Requires COGs to provide specified data assumptions to HCD from each COG's projections.

5) Requires the housing element to contain an assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.

6) Requires a locality's inventory of land suitable for residential development to be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the locality's share of the regional housing need for all income levels.

7) Requires, where the inventory of sites does not identify adequate sites to accommodate the need for groups of all household income levels, rezoning of those sites to be completed in a specified time period. Requires this rezoning to accommodate 100% of the need for housing for very low and low-income households for which site capacity has not been identified in the inventory of sites on sites that shall be zoned to permit rental multifamily residential housing by right during the planning period.

8) Prohibits a local jurisdiction from reducing or permitting the reduction of the residential density, or from allowing development at a lower residential density for any parcel, unless the jurisdiction makes specified written findings.

9) Requires each jurisdiction to submit an annual progress report (APR) to HCD regarding its progress in meeting its RHNA allocation.

10) Authorizes HCD to notify the Attorney General if it at any time finds a jurisdiction out of compliance with its housing element.

This bill:

1) Authorizes the county and city to reach a mutually acceptable agreement to allow one of the two jurisdictions to report in its APR, housing units developed in the other jurisdiction, if all of the following conditions are met:

   a) HCD has deemed the housing elements of both jurisdictions to be compliant.
   b) Both jurisdictions have submitted their APRs to HCD within the prior 12 months.
   c) The housing units will only be reported in one jurisdiction's APR.
   d) One of the following conditions applies to a housing development reported by one of the jurisdictions under this agreement:

i. The housing development reported by the jurisdiction pursuant to this agreement was in the county at the time of RHNA allocation but was annexed by the city after the final RHNA allocation, provided that all of the following conditions are met:

1. The city annexed the territory after the final RHNA allocation.
2. The COG provides written confirmation that the methodology for the RHNA allocation did not account for the annexation.
3. None of the county's RHNA allocation has already been transferred to the city.

ii. The development is on land owned by one of the jurisdictions but located within the boundaries of the other jurisdiction.

e) The board of supervisors and city council have each held a public hearing to solicit comment on the agreement prior to the agreement being executed, with specified information on the agreement provided publicly prior to each public hearing.
f) The agreement has been approved by both the board of supervisors and the city council, after making specified written findings.

2) States legislative intent regarding the unique circumstances relating to the RHNA allocation needs in the county.

3) Requires the county to comply with its full RHNA requirement if the Napa Pipe project does not move forward and requires HCD to report to the Attorney General's office if the county fails to do so.

COMMENTS

1) *Purpose of the bill.* The author states that this bill will allow the city and county to expedite production of critically needed housing units, including for very low, low, and moderate income households. This bill, specific to the city and county, will allow them to collaborate to address the housing crisis and develop units accessible to public services, transit, and schools and away from high and very high fire hazard zones in more rural areas. The city and county entered into various agreements for the Napa Pipe development outlining future entitlements, annexation, tax revenue sharing, provision of municipal services, affordable housing, and provision of potable water by the city in lieu of using groundwater. Napa Pipe is the most realistic site in the county's approved housing element to meet its RHNA allocation of 180 units, including 81 units of very low and low-income housing. While the county has other sites, many are

located in high or very high fire hazard zones and not as ready for development as the Napa Pipe site. Absent this legislation, the county has no legal mechanism to obtain credit toward its RHNA for issuing building permits despite Napa Pipe being a centerpiece of the county's current housing element. This bill is critical to allowing the city and county expedite development of housing at a time when the state is in a housing crisis.

2) *Background: Napa Pipe project.* The genesis of this bill is a project called "Napa Pipe." Napa Pipe is the site of an old World War II naval shipyard and subsequent industrial uses (one of which was a steel pipe manufacturer named Napa Pipe) and is located in an urbanized area of the county, immediately adjacent to the city. In 2013, after nearly a decade of discussion, the county board of supervisors adopted a general plan amendment re-designating 135 acres of the 154-acre site for housing and mixed-use development. This action also rezoned a portion of the site and split it into two parcels, separated by a railroad right-of-way. Napa Pipe is now zoned to allow a total of 700 units (or 945 units with a density bonus) of housing, of which at least 140 must be designated low- or very-low-income. The zoning also allows for construction of a 150-unit senior housing facility. Napa Pipe was projected to accommodate the county's RHNA allocation for the 2015-2023 housing element cycle.

   The county and the developers entered into a development agreement, complemented by an interagency agreement between the county and city. Because Napa Pipe is immediately adjacent to city property, the city and county entered into various agreements outlining future entitlements, annexation, revenue sharing, affordable housing, and the provision of water and other municipal services by the city. The development agreement, as well as the various agreements between the city and county, anticipated that the project would be annexed to the county in four phases, subject to approval by the local agency formation commission (LAFCO) and the voters. If the development within Phases 2, 3, and 4 (the phases that include housing) are not complete by 2022, all lands will annex to the city.

3) *Developer throwing a wrench in RHNA plans.* According to the county, the Napa Pipe developer recently determined, "after evaluating current market conditions and infrastructure scenarios," that the project can only move forward if some of the housing is relocated to Phase 1 (which originally was not slated for any housing), in an area that has already been annexed to the city. Because the area is city land, the county would not be able to count the housing units towards the county RHNA share. In the original plan, Phase 1 included retail, hotel, and light industrial, with no housing. The housing was to be built in Phases 2, 3, and 4 on county land, which would subsequently be annexed to the

city after the county got its RHNA credit. The new change would prevent the county from claiming the units, which removes most or all of the incentive for the county to help fund the project. The county states that if it pulls its funding, which it will likely do if it can't claim RHNA credit, the project will cease.

4) *Why can't Napa County count the units?* Recent legislation (AB 1771, Bloom, 2018) included a number of RNHA reforms including a provision deleting existing law authority for two or more local governments to agree to an alternative distribution of allocations among themselves. (This was intended to address the practice of certain jurisdictions offloading most or all of their RHNA allocations onto politically weaker jurisdictions.) Thus, the county cannot make an agreement with the city allowing the county to take credit for housing units built in the city.

   Existing law does provide for a reduction of a county's RHNA allocation under certain conditions, but it requires the RHNA share of a city or cities within the county to be increased accordingly so the total regional number is still attained. In the case of Napa Pipe, the county wants the housing built on city land to be counted toward the county without affecting the overall RHNA numbers.

5) *Why must the land be annexed?* One potential solution to the county's RHNA problem would be for the county to keep the rest of the Napa Pipe site rather than having the city annex it. However, the portion of the site now proposed for housing in Phase 1 has already been annexed. Further, the county states that most infrastructure and services are provided by the city. According to the county, housing belongs in incorporated areas that provide services and infrastructure, not in remote or rural locations. In addition, the county provides very limited water and wastewater services and generally relies on the cities for potable water in unincorporated areas to avoid overreliance on groundwater. In return, the county provides significant funding assistance for housing development in the cities.

6) *Why can't the county meet its RHNA obligation elsewhere?* Alternatively, the county could meet its RHNA obligation by building housing on unincorporated land outside of Napa Pipe. The county states, however, that in addition to the very long planning period for this project, which was intended to meet the county's RHNA share for the fifth housing element cycle (2015-2023), many other possible sites are isolated or located in high-fire hazard zones. According to the county, the Napa Pipe site is "the most realistic" in its approved housing element. The county further states that since the Napa Pipe project is so far along, it will result in housing units much more quickly than if the county has to start over and identify a new site or sites. In addition, the county states that the

Napa Pipe project will remain in limbo if the county pulls its funding, which it will likely do if it can't count the units toward its RHNA obligation.

7) *Status of the county's and city's current RHNA obligations.* The county's current obligation for the fifth housing element cycle (2015-2023) is 180 units, for which 103 permits have been issued. However, all but one of these permits was for moderate or above. Similarly, the city has issued the lion's share of permits for above moderate.

	County RHNA Obligation	County Permits Issued	City RHNA obligation	City Permits Issued
Very low income	51	0	185	0
Low income	30	1	106	7
Moderate income	32	46	141	4
Above moderate	67	56	403	172
Total	**180**	**103**	**835**	**183**

8) *A history of avoiding RHNA obligations.* This bill is not the first attempt by the county to escape its RHNA obligation. For example:

   a) AB 3452 (V. Brown, Chapter 1018, Statutes of 1996) allowed the county to transfer up to 15% of its lower income RHNA obligation to the city, until June 30, 2004.
   b) AB 2430 (Wiggins, Chapter 358, Statutes of 2000) extended the county's transfer authority until June 30, 2007.
   c) AB 82 (Evans, 2007) would have required the COG, when allocating housing within Napa County, to allot one unit to the county's unincorporated area for every 9 units allocated to cities within the county. It would also have allowed Napa County to transfer all or part of its housing allocation to a city within the county provided the city agreed. (This bill died in the Assembly Housing Committee.)
   d) AB 679 (Allen, 2011) would have extended the county's transfer authority until October 31, 2022. (This bill died in the Senate Transportation and Housing Committee.)

9) *Committee concerns.* As the author states, California is currently experiencing a serious housing crisis and it is essential to expedite construction of critically needed housing units. In order to make this happen, it is important for every jurisdiction to strive to meet its full RHNA obligation and help provide housing to Californians of all income levels. The committee recognizes, however, that

Napa County faces a unique situation that severely constrains its ability to zone for housing in its unincorporated areas. To address the committee's concerns, the author has accepted a number of amendments, which are now included in this bill, to limit this bill's scope, including:

a) A statement of legislative intent indicating that Napa County's situation is unique enough to warrant a RHNA exemption.
b) A legislative finding that this bill shall in no way be interpreted to set a precedent or encourage or justify similar legislation by other jurisdictions.
c) A provision requiring Napa County to comply with its full RHNA requirement if the Napa Pipe project does not move forward.
d) A provision requiring HCD to report the county to the Attorney General's office if the county fails to meet its RHNA obligation in another manner, should the Napa Pipe project fail to move forward.

RELATED LEGISLATION:

SB 695 (Portantino, 2019) — allows jurisdictions to count foster youth placements toward their RHNA requirements and allows jurisdictions to deem certain senior or disabled households towards their very low income RHNA requirement. *This bill will also be heard in this committee today.*

AB 735 (Wicks, 2019) — prohibits jurisdictions from counting single-family zoned sites toward more than 20% of their RHNA. *This bill was heard in the Assembly Housing Committee on March 27th.*

AB 738 (Mullin, 2019) — allows San Mateo County or a city within its jurisdiction to count housing units it has funded in another city within San Mateo County, toward its own RHNA requirement. *This bill is in the Assembly Housing Committee.*

AB 1239 (Cunningham, 2019) — reduces a jurisdiction's RHNA obligation by 25% if it has enacted an ADU ordinance. *This bill is in the Assembly Housing Committee.*

SB 828 (Wiener, Chapter 974, Statutes of 2018) — made a number of changes to the RHNA process.

AB 1771 (Bloom, Chapter 989, Statutes of 2018) — made changes to the RHNA process.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

Napa; County Of (sponsor)
Napa Housing Coalition
Napa Valley Vintners Association

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 282	**Hearing Date:**	4/2/2019
Author:	Beall		
Version:	2/13/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Lizeth Perez		

SUBJECT: Supportive housing for parolees

DIGEST: This bill requires the California Department of Corrections and Rehabilitation (CDCR) to transfer all funds from the Integrated Services for Mentally Ill Parolees (ISMIP) program to the California Department of Housing and Development (HCD) for the newly created Supportive Housing Program for Persons on Parole, to provide permanent supportive housing and wraparound services to mentally ill parolees who are homeless or at risk of homelessness.

ANALYSIS:

Existing law:

1) Establishes ISMIP, which provides evidence-based, comprehensive mental health and supportive services, including housing subsidies, to parolees who suffer from mental illness and are at risk of homelessness.

2) Establishes the responsibility of HCD over the development and implementation of housing policy through various programs, including among others, financial and other assistance to local public entities and nonprofit organizations for housing-related services.

3) Defines "Housing First" to mean the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis and that do not make housing contingent on participation in services.

This bill:

1) Creates the Supportive Housing Program for Persons on Parole (Program) under HCD.

2) Requires CDCR, by January 1, 2021, to transfer all ISMIP funds to HCD to fund the Program and work with HCD to establish a process for referral of eligible participants into the program, including current ISMIP program participants, and collaborate to provide recidivism data, including outcomes and cost, to evaluate the program.

3) Requires HCD, by January 1, 2021, to:

   a) Create the Program to provide grants to counties using funding from the ISMIP fund. These fund shall finance permanent supportive housing and wraparound services for people on parole who are experiencing mental illness and homelessness, or who are at risk of homelessness upon release from prison.
   b) Issue guidelines for the Program and a notice of funding availability or request for proposals for five-year renewable grants to counties. Applicants shall demonstrate all of the following:

      i. A viable plan to provide permanent supportive housing with services based on evidence-based practices.
      ii. A viable plan to provide evidence-based mental health treatment and services to participants through the operating county Medi-Cal mental health program. Participants ineligible for Medi-Cal will be treated using another source of funding.
      iii. A viable plan to meet reporting requirements.

4) Requires HCD to establish competitive criteria to score counties applying for grant funds. Scoring criteria shall include, but not be limited to:

   a) Need, including consideration of the number of individuals on parole who are experiencing homelessness, to the extent data is available.
   b) The extent of coordination and collaboration between the applicant, the corresponding continuum of care, and homeless service providers with a history of serving people exiting incarceration, using Housing First core components.
   c) The ability of the applicant or proposed sub-recipient to administer or partner to administer funding.
   d) The applicant's documented partnerships with affordable and supportive housing providers in the jurisdiction.
   e) Demonstrated commitment to address the needs of people experiencing homelessness and recent incarceration through existing programs or programs to be implemented within 12 months.

f) Proposed use of funds, the extent to which those uses are evidence-based, and the extent to which the proposed use will lead to overall reductions in homelessness and recidivism.
g) In counties overseeing housing authorities, the extent to which an applicant demonstrates housing authorities have eliminated, or plan to eliminate, restrictions against people with arrests or criminal convictions to access publicly funded housing subsidies, notwithstanding restrictions mandated by HUD.

5) Establishes eligibility for the program to include persons on parole who meet all of the following:

a) The person has a serious mental disorder.
b) The individual voluntarily chooses to participate.
c) Either (1) the individual has been assigned a date of release within 60 to 180 days and is likely to become homeless upon release, or (2) the person is currently experiencing homelessness as a person on parole.
d) Provides that a participant shall remain eligible for the program after discharge from parole, as long as the participant needs the assistance.

6) Limits an applicant's use of the program funds to:

a) Rental assistance, operating subsidies in new and existing affordable or supportive housing units, or both.
b) Incentives to landlords, including, but not limited to, security deposits and holding fees.
c) Services to assist participants in accessing permanent supportive housing and to promote housing stability in supportive housing.
d) If necessary, support for interim interventions.

7) Requires homeless service providers funded by this program to offer voluntary services after participants are discharged from parole, as long as the participants need the services or the grant period ends.

8) Provides that services shall be offered to participants in their home, or be made as easily accessible to participants, including but not limited to:

a) Case management services.
b) Parole discharge planning.
c) Links to other services, such as vocational, educational, and employment services, as needed.
d) Benefit entitlement application and appeal assistance, as needed.

e) Transportation assistance to obtain services and health care needed.
f) Assistance obtaining appropriate identification, as needed.
g) Links to Medi-Cal-funded mental health treatment, substance use disorder treatment, and medical treatment, as necessary.

9) Requires the intake coordinator or case manager to take the following steps once participants are identified, prior to release from prison:

a) Receive all pre-release assessments and discharge plans.
b) Draft a plan for the participant's transition into supportive housing.
c) Engage the participant to actively participate in services upon release on a voluntary basis.
d) Assist in obtaining identification for the participant, if necessary.
e) Assist in applying for any benefits for which the participant is eligible.

10) Upon referral to the provider (organizations that contract with a participating county for the purpose of providing services to participants for this program), requires the provider to work towards promoting housing stability using the core components of Housing First.

11) Requires providers to identify and locate supportive housing opportunities for participants prior to release from state prison, or as quickly as possible upon release, or when participants are identified during parole.

12) Requires housing provided by the program to satisfy all of the following:

a) Participants have rights and responsibilities of tenancy and are required to sign a lease with a landlord or property manager that complies with the core components of Housing First.
b) The housing is located in an apartment building, townhouse, or single-family home, including rent-subsidized apartments leased in the open market or set aside within privately owned buildings, or affordable or supportive housing receiving a publicly funded subsidy.
c) The housing is not subject to or is exempt from community care licensing requirements.

13) Requires recipients to submit an annual report to HCD and to the Legislature by February 1, 2024, pertaining to the recipient's program or project selection process, contract expenditures, activities, and progress toward meeting state and local goals until all funds have been expended. Applicants shall report the following data:

a) The number of participants served.
b) The types of services provided to program participants.
c) The outcomes for participants, including the number who remain permanently housed, the number who ceased to participate in the program and the reason why, the number who returned to state prison or were incarcerated in county jails, the number of arrests among participants, and the number of days in jail or prison among participants, to the extent data is available.
d) The number of participants who successfully completed parole.

14) Requires HCD to assess the outcomes of the program, including but not limited to:
a) The total number of parolees served and the type of interventions provided.
b) The housing status of participants at 12, 24, and 36 months after entering the program, including the number of participants that remain in permanent housing.
c) Recidivism among participants, including the number of arrests, days incarcerated, and incarceration in jail or prison.

15) Requires HCD to reimburse CDCR for administrative costs, as specified.

16) Provides that this bill is subject to legislative or budget appropriation.

17) Repeals the ISMIP program once the Program comes into effect.

COMMENTS

1) *Purpose.* According to the author, there is a pressing need for housing and wrap-around services for mentally ill individuals on parole who are experiencing homelessness. There is a strong link between incarceration and homelessness; people on parole, who are also experiencing homelessness, are seven times more likely to recidivate than parolees who are housed. Individuals released from prison face significant obstacles in obtaining housing stability, while people experiencing homelessness suffer higher rates of chronic health conditions. Mentally ill parolees who experience homelessness tend to cycle between homelessness, shelters, hospitals and jail. Providing stable housing for this vulnerable population reduces recidivism, strengthens communities and promotes equity. The Legislature established the ISMIP program in California's 2007-08 budget to address this crisis. The ISMIP program receives annual funding to provide supportive housing and intensive case management for homeless individuals on parole who are also experiencing mental health needs. Since its inception, the ISMIP program has not met its legislative intent. To ensure this funding meets the Legislature's intent of providing housing, this bill

redirects ISMIP funding toward the Supportive Housing Program for Persons on Parole. This bill will allocate the funding to HCD, whose expertise is in housing to provide grants to counties to fund evidence-based supportive housing for people on parole who are experiencing homelessness and serious mental health issues. This program also requires grantee counties to offer participants mental health treatment through Medi-Cal. Study after study shows that supportive housing reduces recidivism among people on parole, while also improving health outcomes. Through existing resources, SB 282 will improve our state's response to homelessness among people on parole.

2) *Mental Illness and Recidivism.* According to CDCR, over 30% of prisoners in California receive treatment for a serious mental disorder; this is an increase of 150% since 2000. Even though California has made an effort to provide health care for mentally ill prisoners, in 2018 there were over 800 inmates in county jails who needed these services and were waiting for space in state hospitals or other treatment facilities. The prevalence and severity of mental disorders among prisoners is expected to continue rising in the coming years. Prisoners experiencing mental illness experience a higher rate of recidivism than those without mental disorders. Homeless parolees are seven times more likely to return to prison; parolees experiencing mental illness are even more vulnerable to recidivism due to homelessness. In the United States, more than 10% of those going in and out of jails and prisons experience homelessness in the months preceding and following their incarceration. The lack of affordable housing leaves ex-offenders competing for limited resources with others who have no criminal record, exacerbating homelessness among parolees. Furthermore, mental illness can impede an individual's ability to function efficiently enough to obtain work and maintain housing. The author's intent is to target this vulnerable population by providing permanent supportive housing and wraparound services in order to reduce their chances of returning to prison.

3) *Effective practices to reduce recidivism.* According to the Legislative Analyst's Office (LAO), an incarcerated prisoner costs California about $81,000 a year, while the rate of recidivism in California has remained around 50% in the past decade. The importance of transitional services in achieving the re-entry of prisoners to society is well documented; these transitional services include services and activities designed to help an inmate who is pending release to live independently, work, secure and maintain a residence, and maintain health among other things. These services are particularly important for mentally ill parolees, who may be receiving medical treatment for their condition while in prison and will need continuing treatment once released. The integrated services model concentrates on the period of time immediately after a prisoner is released and coordinates multiple services so the individual can take advantage of them

as soon as possible; recidivism can reduce if re-entry is planned efficiently. In addition, there is outstanding evidence linking permanent housing to overall health. Studies have also shown the efficiency of supportive housing in providing stable shelter for individuals over time. Rates of housing retention have been high in various populations utilizing supportive housing, including those suffering with mental illness. This bill aims to connect parolees suffering from mental illnesses with these integrated services, with an emphasis on permanent supportive housing, in order to keep this population out of prison.

4) *ISMIP.* ISMIP was established under CDCR to provide evidence-based mental health and supportive services, including housing, for mentally ill parolees. The intended purpose of ISMIP is to reintegrate parolees suffering from mental illness into the community while reducing recidivism costs. However, according to a UCLA evaluation of the ISMIP program, the rate of recidivism has not decreased significantly among ISMIP participants. According to the author, CDCR has connected individuals on parole who are suffering from mental illness with services, but has failed to provide permanent supportive housing and instead placed them in temporary housing such as group homes or drug treatment centers. ISMIP funds have also been utilized to cover the cost of mental health services, even when participants may have been eligible for Medi-Cal. According to the California Housing Partnership Corporation, if participants used Medi-Cal for mental health services, the federal government would reimburse 50-90% of the cost. This bill requires eligible participants to receive mental health treatment through the county Medi-Cal system as opposed to utilizing ISMIP funds to cover these expenses.

5) *Supportive Housing Program for Persons on Parole.* This bill strongly emphasizes Housing First practices to promote housing stability for participating mentally ill individuals on parole. Although HCD typically funds programs for the construction and development of housing, this program would require HCD to fund services such as rental assistance for supportive housing and wraparound services that promote long-term housing stability, recovery from addiction, education, and employment. Even though HCD does not typically provide or fund for services, HCD has experience funding programs such as California Emergency Solutions and Housing (CESH), which, among various functions, provides services such as rental assistance and housing relocation and stabilization services.

6) *Eligibility of parolees.* This program is aimed at mentally ill individuals on parole but does not put a time limit on their eligibility after discharge from parole. Moving forward, the author may wish to consider either adding a time line for eligibility after a participant leaves parole, or amending the bill to provide

services to relocate participants to other supportive housing programs, such as No Place Like Home, in order to effectively serve those currently on parole. Alternatively, the author may wish to consider prioritizing individuals who are currently on parole, in order to prevent parolees from being excluded from this program due to lack of resources.

7) *Double-referral.* This bill is double-referred to the Public Safety Committee.

RELATED LEGISLATION:

AB 1405 (Gloria, 2019) — requires CDCR to enter into contracts to provide permanent housing for individuals exiting prison who are at risk of homelessness or are experiencing homelessness. *This bill is in the Assembly Public Safety Committee.*

SB 1010 (Beall, 2017) — would have created the Supportive Housing Pilot Program for mentally ill parolees who are homeless or at risk of homelessness. *SB 1010 died in the Assembly Appropriations Committee.*

SB 1013 (Beall, 2015) — would have required service providers in the ISMIP program to provide parolee participants with adequate housing and related assistance, including a path to permanent housing and independent living. *SB 1013 was held in the Senate Appropriations Committee Suspense file.*

SB 1021 (Budget Committee, Chapter 41, Statues of 2012) — established the ISMIP program.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

Corporation For Supportive Housing (Co-Sponsor)
Housing California (Co-Sponsor)
PolicyLink (Co-Sponsor)
Anti-Recidivism Coalition
California Council Of Community Behavioral Health Agencies
California Housing Partnership
California Public Defenders Association
California YIMBY

Disability Rights California
Kings/Tulare Homeless Alliance
Legal Services For Prisoners With Children
Los Angeles Homeless Services Authority
National Association Of Social Workers, California Chapter
Steinberg Institute

OPPOSITION:

None received.

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SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 333	**Hearing Date:**	4/2/2019
Author:	Wilk		
Version:	3/26/2019 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Lizeth Perez		

SUBJECT: Homeless Coordinating and Financing Council

DIGEST: This bill requires the Homeless Coordinating and Financing Council (Council), under the Business, Consumer Services and Housing Agency (BCSH), to develop and implement a statewide strategic plan for addressing homelessness and to better implement recommended activities and meet requirements by the US Department of Housing and Urban Development (HUD).

ANALYSIS:

Existing law:

1) Establishes the Council, with the purpose of coordinating the state's response to homelessness by utilizing Housing First practices.

2) Requires agencies and departments administering state programs created on or after July 1, 2017 to incorporate the core components of Housing First.

3) Defines "Housing First" to mean the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis and that do not make housing contingent on participation in services.

This bill:

1) Requires the Council to develop and implement a statewide strategic plan for addressing homelessness in the state by July 1, 2021. The plan shall include the following:

a) Goals and objectives, including the identification of additional funding sources that state and local agencies can use to better address homelessness issued in the state.
b) Timelines for achieving the plan's goals and objectives, and metrics for measuring the achievements.

2) Requires the Council to implement strategic plans to assist HUD Continuum of Care (CoC) lead agencies to do either or both of the following by January 1, 2021:

a) Better implement federal HUD recommended activities, including conducting annual point-in-time counts, raising nonfederal funding and coordinating with other agencies.
b) Efficiently meet federal HUD requirements including the implementation of the Homeless Management Information System (HMIS) and entry systems.

3) Requires the Council to consider establishing balance-of-state CoC areas to help alleviate the administrative burdens imposed on CoC lead agencies, especially in rural areas.

COMMENTS

1) *Purpose.* The author states that "California's homelessness crisis is only getting worse. As people all over the state are reduced to living in the most inhumane conditions, it is well past time for us to take effective action. This bill the state's Homeless Coordinating and Financing Council to create a long-term, strategic plan to address and eventually defeat homelessness across the state. This bill will allow for a better flow of funding for local and federal housing agencies across the state, as well as help establish an efficient outline and strategy for using that money to address homelessness in each community. This measure will ensure that taxpayer dollars are used as effectively as possible – that they actually go toward getting homeless individuals back on their feet."

2) *Homelessness in California.* According to the HUD 2018 Annual Homeless Assessment Report to Congress, in January 2018 California had 24% of the nation's homeless population (about 129,972 individuals). California also contains 47% of the nation's unsheltered homeless population (89,543), including people living in vehicles, abandoned buildings, parks, or on the street. Los Angeles contains the highest number of homeless people in the state, at 49,955, where 75% of those are unsheltered. People experiencing homelessness face a variety of challenges including food and income insecurity, as well as

health problems; the homeless population faces a higher risk of exposure to communicable diseases such as influenza, strep throat, sexually transmitted diseases, Hepatitis C, HIV/AIDS and tuberculosis among others. According to the Public Policy Institute of California (PPIC), reducing homelessness requires collaboration across sectors such as housing, health and social services, as well as coordinated investments, policies, and programs at the federal, state, and local levels.

3) *Housing First.* Housing First approaches homelessness by providing permanent, affordable housing for families and individuals as quickly as possible, then providing supportive services to prevent their return to homelessness. This strategy is an evidence-based model that focuses on the idea that homeless individuals should be provided shelter and stability before underlying issues can be successfully addressed. Housing First utilizes a tenant screening process that promotes accepting applicants regardless of their sobriety, use of substances, or participation in services. This approach contrasts to the "housing readiness" model where people are required to address predetermined goals before obtaining housing. The federal government has shifted its focus to Housing First over the last decade, and housing programs under HUD utilize core components of this strategy. Since the implementation of the Housing First model, chronic homelessness in the U.S. experienced a 27% decrease between 2010 and 2016. Housing First was embraced by California in 2015 through SB 1380 (Mitchell), which required housing programs in the state to adopt this model.

4) *The Homeless Coordinating and Financing Council.* The Council was created through SB 1380 (Mitchell, 2017). Among its many responsibilities, the Council is tasked with identifying resources, benefits, and services that can be utilized to combat homelessness, as well as creating partnerships among state agencies and departments, local government agencies and federal agencies and departments, for the purpose of strategizing to end homelessness. Last year's budget added approximately $500 million to local Continuum of Care (CoC) programs through the Homeless Emergency Aid Program, which the Council is responsible for distributing, and moved the Council from the Department of Housing and Community Development (HCD) to BCSH while adding several staff members and an Executive Director.

5) *Auditor's Report.* In April 2018, the State Auditor released, *Homelessness in California: State Government and the Los Angeles Homeless Services Authority Need to Strengthen Their Efforts to Address Homelessness.* According to the report, lead agencies reported that they lacked funding, staff, and other resources to implement HUD-recommended activities such as conducting

annual counts of unsheltered homeless, raising funds from nonfederal sources, and coordinating with other homeless service agencies. Rural CoC lead agencies also reported difficulties in implementing HUD requirements related to developing a coordinated entry system and administering their Homeless Management Information Systems (HMIS). The Auditor recommended providing statewide leadership to agencies at all levels to improve coordination of efforts to address homelessness and providing funding for CoCs and the Council. The Auditor also recommended requiring the Council to implement a statewide strategic plan and implement steps to assist CoC lead agencies in meeting federal requirements and recommended activities.

6) *Next steps*. This bill aims to implement the recommendations made by the State Auditor's report by creating balance-of-state CoC areas. The Auditor's report notes that more than 30 states have such areas, which can consist of multiple rural counties and thus can maximize the funding potential and take advantage of economies of scale for large geographic areas. For instance, Nevada has a balance-of-state CoC area for those parts of the state outside of the Las Vegas/Clark County and Reno/Sparks/Washoe County CoC areas. For 2016 HUD awarded the Nevada balance-of-state CoC area about $575,000, or $2,861 per homeless person in its area. In contrast, 13 of California's 17 rural CoC areas received HUD awards amounting to less than $1,000 per homeless person, and two of these received no HUD CoC awards. For the other 11 California rural CoC areas, the average HUD award per homeless person was about $533. Helping rural CoC areas improve these factors could increase their competitiveness in HUD's CoC grant program competition for funding.

RELATED LEGISLATION:

SB 792 (Wilk, 2018) — would have required the Council to develop and implement a statewide strategic plan for addressing homelessness in California and to better implement recommended activities and meet HUD requirements, by July 1, 2020. *This bill was held on suspense in the Assembly Appropriations Committee.*

SB 850 (Budget Committee, Chapter 48, Statutes of 2018) — provided $500 million and additional staff for the Council, including an Executive Director.

SB 1380 (Mitchel, Chapter 847, Statutes of 2016) — established the Council and requires housing programs in the state to adopt the Housing First model.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

California Apartment Association
California YIMBY
Corporation For Supportive Housing
Housing California

OPPOSITION:

None received.

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SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 573	**Hearing Date:**	4/2/2019
Author:	Chang		
Version:	2/22/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Lizeth Perez		

SUBJECT: Homeless Emergency Aid program: funding

DIGEST: This bill makes an annual appropriation of $250 million from the General Fund to the Homeless Emergency Aid Program (HEAP) administered by the Homeless Coordinating and Financing Council (Council).

ANALYSIS:

Existing law:

1) Establishes HEAP to provide one-time grant funds to address the immediate homelessness challenges of local cities and counties.

2) Establishes the Council under the Business, Consumer Services, and Housing Agency (BCSH) with the purpose of coordinating the state's response to homelessness by utilizing Housing First practices and administering HEAP.

This bill provides for a continuous appropriation of $250 million from the General Fund to BCSH for HEAP.

COMMENTS

1) *Purpose of the bill.* The author states that "California has been struggling to address its homelessness crisis for quite some time. As of last year, about 130,000 Californians are homeless, nearly a quarter of the nation's total homeless population. In 2018, Governor Brown and the Legislature agreed to a one-time General Fund expenditure to create the Homeless Emergency Aid Program (HEAP) block grant. These funds were quickly distributed to local governments, demonstrating the strong demand for the program. SB 573 will fund the HEAP block grant annually with $250 million provided from the General Fund. HEAP will provide direct assistance to cities, counties and Continuums of Care (CoCs)

to begin to address California's homelessness crisis through street outreach and criminal justice diversion programs, housing vouchers, and the rapid re-housing program, to name only a few eligible and vital programs across the state."

2) *Homelessness in California.* According to HUD's 2018 Annual Homeless Assessment Report to Congress, in January 2018 California had 24% of the nation's homeless population (about 129,972 individuals). California also contains 47% of the nation's unsheltered homeless population (89,543), which includes people living in vehicles, abandoned buildings, parks, or on the street. Los Angeles contains the highest number of homeless people in the state, at 49,955, with 75% of those unsheltered. People experiencing homelessness face a variety of challenges including food and income insecurity, as well as health problems; the homeless population faces a higher risk of exposure to communicable diseases such as influenza, strep throat, sexually transmitted diseases, Hepatitis C, HIV/AIDS, and tuberculosis among others. According to the Public Policy Institute of California (PPIC), reducing homelessness requires collaboration across sectors such as housing, health and social services, as well as coordinated investments, policies, and programs at the federal, state, and local levels.

3) *The Homeless Coordinating and Financing Council.* The Council was created through SB 1380 (Mitchell, 2017). Among its many responsibilities, the Council is tasked with identifying resources, benefits, and services that can be utilized to combat homelessness, as well as creating partnerships among state agencies and departments, local government agencies and federal agencies and departments, among others, for the purpose of strategizing to end homelessness. Last year's budget added approximately $500 million to local Continuum of Care (CoC) programs through the Homeless Emergency Aid Program (HEAP), which the Council is responsible for distributing, and moved the Council from the Department of Housing and Community Development (HCD) to BCSH while adding several staff members and an Executive Director. A CoC is a local entity that carries out the planning and local funding responsibilities in fighting homelessness. CoCs are typically composed of local stakeholders committed to ending homelessness such as local non-profits, law enforcement, local leaders, among others.

4) *Housing First.* Housing First approaches homelessness by providing permanent, affordable housing for families and individuals as quickly as possible, then providing supportive services to prevent their return to homelessness. This strategy is an evidence-based model that focuses on the idea that homeless individuals should be provided shelter and stability before underlying issues can be successfully addressed. Housing First utilizes a tenant screening process that

promotes accepting applicants regardless of their sobriety, use of substances or participation in services. This approach contrasts to the "housing readiness" model where people are required to address predetermined goals before obtaining housing. The federal government has shifted its focus to Housing First over the last decade, and housing programs under HUD utilize core components of this strategy. Since the implementation of the Housing First model, chronic homelessness in the U.S. experienced a 27% decrease between 2010 and 2016. Housing First was embraced by California in 2015 through SB 1380 (Mitchell), which requires all housing programs in the state to adopt this model.

5) *HEAP.* HEAP was established to provide localities with immediate, one-time flexible funding to address immediate homelessness challenges until other sources of funding became available to fund longer-term homelessness solutions such as SB 2 (Atkins, 2017), SB 3 (Beall, 2017) or programs such as No Place Like Home. Of the $500 million appropriated to HEAP in the 2018 budget, $250 million was made eligible to eleven of California's largest cities (with populations over 330,000) and $100 million to CoCs based on their percentage of the statewide 2017 homeless population; the other $250 million was available to CoCs based on the 2017 point-in-time (PIT) count. This bill makes the $250 million HEAP funding an ongoing, annual appropriation.

6) *Committee concerns.* This bill does not take into account the dynamics of California's growing population in establishing an annual appropriation based on the 2017 PIT count. Moving forward, the author may wish to amend this bill to provide for regular updates of the population thresholds as well as the PIT data used for allocating HEAP. More importantly, the required reports from the current HEAP recipients have not been submitted to BCSH and are not due until January 1 2020. In order to determine whether it is appropriate to make the HEAP program permanent by providing an ongoing annual allocation, the author may wish to consider waiting for the reports to be collected and analyzed.

RELATED LEGISLATION:

SB 333 (Wilk, 2019) — requires the Council to develop and implement a statewide strategic plan for addressing homelessness in California. *This bill will also be heard by this committee today.*

SB 850 (Committee on Budget and Fiscal Review, Chapter 48, Statutes of 2018) — made statutory changes to implement various housing-related provision to the Budget Act of 2018, including the establishment of HEAP.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

California Apartment Association
California Catholic Conference
El Dorado Opportunity Knocks
San Bernardino; County Of
Santa Maria/Santa Barbara County Continuum Of Care

OPPOSITION:

None received.

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SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 695	**Hearing Date:**	4/2/2019
Author:	Portantino		
Version:	2/22/2019		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Erin Riches		

SUBJECT: Land use planning: housing element: foster youth placement

DIGEST: This bill allows a city to meet 10% of its regional housing needs allocation (RHNA) requirement by adopting a foster youth placement program, as specified and allows a city to count certain home-sharing arrangements towards its very low-income RHNA requirement.

ANALYSIS:

Existing law:

1) Requires every city and county to prepare and adopt a general plan, including a housing element, to guide the future growth of a community. The housing element must identify and analyze existing and projected housing needs, identify adequate sites with appropriate zoning to meet the housing needs of all income segments of the community, and ensure that regulatory systems provide opportunities for, and do not unduly constrain, housing development.

2) Requires local governments located within the territory of a metropolitan planning organization (MPO) to revise their housing elements every eight years, following the adoption of every other regional transportation plan. Local governments in rural non-MPO regions must revise their housing elements every five years.

3) Provides that each community's fair share of housing be determined through the regional housing needs allocation (RHNA) process, which is composed of three main stages: (a) the Department of Finance and the Department of Housing and Community Development (HCD) develop regional housing needs estimates; (b) COGs allocate housing within each region based on these estimates (where a COG does not exist, HCD makes the determinations); and (c) cities and counties incorporate their allocations into their housing elements.

4) Requires COGs to provide specified data assumptions to HCD from each COG's projections.

5) Requires the housing element to contain an assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs.

6) Requires a locality's inventory of land suitable for residential development to be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the locality's share of the regional housing need for all income levels.

7) Requires, where the inventory of sites does not identify adequate sites to accommodate the need for groups of all household income levels, rezoning of those sites to be completed in a specified time period. Requires this rezoning to accommodate 100% of the need for housing for very low and low-income households for which site capacity has not been identified in the inventory of sites on sites that shall be zoned to permit rental multifamily residential housing by right during the planning period.

8) Prohibits a local jurisdiction from reducing or permitting the reduction of the residential density, or from allowing development at a lower residential density for any parcel, unless the jurisdiction makes specified written findings.

9) Requires each jurisdiction to submit an annual progress report (APR) to HCD regarding its progress in meeting its RHNA allocation.

10) Authorizes HCD to notify the Attorney General if it at any time finds a jurisdiction out of compliance with its housing element.

This bill:

1) Allows a city to meet 10% of its RHNA allocation by adopting a program that meets all of the following requirements:

   a) Actively promotes placement of foster youth in existing family-based households through advertisement and city-based incentives.
   b) Provides a process for coordinating city and county assistance to help interested individuals by providing information and documents necessary to meet the responsibility of caring for foster youth.
   c) Serves as a resource to assist interested individuals in accessing existing services that support the placement of foster youth in existing family-based homes.

d) Provides a plan to measure the success of the program, in coordination with the county's current system of data outcomes.
e) Is approved by the COG that assigns the city's RHNA allocation.

2) Prohibits HCD and the relevant COG, for the second and any subsequent planning period after a city's program is adopted, from approving the program if it fails to meet at least 2.5% of the city's RHNA allocation for the previous planning period.

3) Requires HCD or the COG, as applicable, to limit approvals to the first five programs per region that apply and qualify for approval.

4) Requires each city that has adopted this program to submit to HCD or its COG, as applicable, two progress reports per planning period, on dates established by HCD or the COG. The reports shall include, at minimum, the number of foster youth placements within the last year, as verified by the county program that manages foster youth placements.

COMMENTS

1) *Purpose of the bill.* The author states that under the current system, the outcomes for youth who turn 18 in foster care are often grim. Many leave the system without family support, at high risk of becoming victims of crime, becoming involved with the judicial system, homelessness, and unemployment; many fail to complete high school and do not pursue higher education or vocational training. Foster youth who exit the system with permanent links to caring adults or families have a better chance for successful outcomes. When youth grow up in a family, that family is the major vehicle preparing them for the adult world.

2) *HCD and COGs are not foster youth experts.* This bill requires the COG or HCD, whichever is relevant (HCD makes RHNA allocations for some rural areas) to approve plans for recruiting additional foster parents, an area in which these agencies have no experience or expertise. The housing element process is focused on planning to accommodate the increased housing production necessary to address deficiencies in the housing supply and accommodate future population growth. Foster youth do not easily fit into this process because they are seeking placement in existing homes, rather than creating a demand for additional housing units.

3) *How would foster youth placements meet RHNA requirements?* This bill also specifies that cities cannot continue to receive the 10% RHNA reduction in

subsequent planning periods if the program cannot be shown to have "met" 2.5% of more of the city's RHNA share in the previous planning period. Under existing law, a city meets its RHNA share by zoning sufficient land. Given that a city is not required, or able, to zone to accommodate foster youth in existing households, it is unclear how a program to increase foster youth placements could result in a city "meeting" any part of its RHNA.

4) *Home-sharing.* The author is amending this bill to include a provision allowing a city to count certain "home-sharing arrangements" that include a low or moderate income senior or disabled person, toward its very low-income RHNA requirement. (This provision will be included in the committee amendments discussed in #7 below). The committee was unable to find this term in statute. Moving forward, the author may wish to consider defining "home-sharing arrangement."

5) *Limit on number of programs.* This bill requires HCD or the COG to limit approvals to the first five programs per region that apply and qualify for approval. Moving forward, the author may wish to consider adding language to clarify how HCD and the COGs will coordinate to make this happen.

6) *Trying again.* The author introduced a similar bill, without the senior housing provisions, a number of years ago (AB 2322, 2008). AB 2322 failed in the Assembly Housing Committee. The committee analysis pointed out that the bill attempted to merge two important but unrelated issues. Allowing cities to reduce their RHNA obligations through foster placement programs does nothing to address the financial issues contributing to the foster parent shortage.

7) *Opposition concerns*. The California Rural Legal Assistance Foundation and the Western Center on Law and Poverty, writing in opposition to this bill, state that RHNA and housing element law help overcome exclusionary zoning policies by compelling local governments to plan for and provide adequately zoned land to accommodate their communities' need for housing at all income levels. They state that by allowing cities to credit this foster care program against their need for homes, this bill would undercut this important policy objective.

8) *Amendments.* California is currently experiencing a severe housing crisis, due in part to decades of low housing construction rates. It is essential to expedite construction of critically needed housing units in order to address this crisis. In order to make this happen, it is important for every jurisdiction to strive to meet its full RHNA obligation and help provide housing to Californians of all income levels. This bill even states, in the legislative intent section, that "it is not intent

of the Legislature that cities avoid zoning for future populations." However, this bill does in fact reduce a participating city's RHNA obligation. To address the committee's concerns, the author will accept the following amendments to limit the bill's scope:

a) Deleting a provision in the legislative intent section, which states that cities are not required to zone for affordable housing.
b) Reducing the share of RHNA obligation that may be met through a foster placement program from 10% to 5%.
c) Requiring a participating city to have a compliant housing element.
d) Limit the bill to the current and subsequent planning period.

9) *Double referral.* This bill has also been referred to the Human Services Committee.

RELATED LEGISLATION:

SB 235 (Dodd, 2019) — allows the City of Napa and County of Napa to reach an agreement under which the county would be allowed to count certain housing units built within the city toward the county's RHNA requirement. *This bill will also be heard in this committee today.*

AB 735 (Wicks, 2019) — prohibits jurisdictions from counting single-family zoned sites toward more than 20% of their RHNA. *This bill will be heard in the Assembly Housing Committee on March 27th.*

AB 738 (Mullin, 2019) — allows San Mateo County or a city within its jurisdiction to count housing units it has funded in another city within San Mateo County, toward its own RHNA requirement. *This bill is in the Assembly Housing Committee.*

AB 1239 (Cunningham, 2019) — reduces a jurisdiction's RHNA obligation by 25% if it has enacted an ADU ordinance. *This bill is in the Assembly Housing Committee.*

SB 828 (Wiener, Chapter 974, Statutes of 2018) — made a number of changes to the RHNA process.

AB 1771 (Bloom, Chapter 989, Statutes of 2018) — made changes to the RHNA process.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

National Association of Social Workers, California Chapter

OPPOSITION:

California Rural Legal Assistance Foundation
Western Center on Law and Poverty

-- END --

SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2019 - 2020 Regular

Bill No:	SB 744	**Hearing Date:**	4/2/2019
Author:	Caballero		
Version:	3/27/2019 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes		

SUBJECT: Planning and zoning: California Environmental Quality Act: permanent supportive housing: No Place Like Home Program

DIGEST: This bill clarifies that supportive housing, as defined, may be a use by right in zones where multifamily and mixed uses are permitted, as specified. This bill also provides that No Place Like Home (NPLH) projects, as specified, shall not constitute a "project" under the California Environmental Quality Act (CEQA).

ANALYSIS:

Existing law:

1) Requires supportive housing to be a use by right in zones where multifamily and mixed uses are permitted, including in non-residential zones permitting multifamily uses, if the proposed housing development satisfies all of the following requirements:

    a) Units within the development are subject to a recorded affordability restriction for 55 years;
    b) One hundred percent of the units, excluding manager's units, within the development are dedicated to lower-income households and are receiving public funding to ensure affordability of the housing to lower-income Californians;
    c) At least 25% of the units in the development or 12 units, whichever is greater, are restricted to residents in supportive housing. Requires, if the development consists of fewer than 15 units, then 100% of the units, excluding managers' units, in the development shall be restricted to residents in supportive housing;
    d) Nonresidential floor area shall be used for onsite supportive services in the following amounts:

   i) For a development with 20 or fewer total units, at least 90 square feet shall be provided for onsite supportive services;
   ii) For a development with more than 20 units, at least 3% of the total nonresidential floor area shall be provided for onsite supportive services that are limited to tenant use, including, but not limited to, community rooms, case management offices, computer rooms, and community kitchens;
  e) The developer replaces any pre-existing dwelling units on the site of the supportive housing development, as provided.

2) Provides that in a city or the unincorporated area of the county where the population is 200,000 or less and the homeless population based on the annual point-in-time count (PIT) is 1,500 or less, use by right applies to developments of 50 units or less. A city or county meeting this description may adopt a policy to approve developments by right above 50 units.

3) Allows a local government to require a supportive housing development to comply with objective, written development standards and policies; provided, however, that the development shall only be subject to the objective standards and policies that apply to other multifamily development within the same zone.

4) Requires the local government to, at the request of the project owner, reduce the number of residents required to live in supportive housing if the project-based rental assistance or operating subsidy for a supportive housing project is terminated through no fault of the project owner, but only if all of the following conditions have been met:

   a) The owner demonstrates that it has made good faith efforts to find other sources of financial support;
   b) Any change in the number of supportive units is restricted to the minimum necessary to maintain project's financial feasibility; and,
   c) Any change to the occupancy of the supportive housing units is made in a manner that minimizes tenant disruption and only upon the vacancy of any supportive housing units.

5) Requires a developer of supportive housing to provide the planning agency with a plan for providing supportive services, with documentation demonstrating that supportive services will be provided onsite to residents in the project, and describing those services, as specified.

6) Requires the local government to approve a supportive housing development that complies with the requirements of this bill.

7) Prohibits the local government from imposing any minimum parking requirements for the units occupied by supportive housing residents, if the supportive housing development is located within 0.5 miles of a public transit stop.

8) Defines the following terms:

   a) "Supportive housing" to mean housing with no limit on length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.
   b) "Supportive services" to include, but are not limited to, a combination of subsidized, permanent housing, intensive case management, medical and mental health care, substance abuse treatment, employment services, and benefits advocacy.
   c) "Use by right" to mean the local government's review of the owner-occupied or multifamily residential use that may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of CEQA, as specified.

This bill:

1) Defines "objective zoning standards and policies" and "objective design review standards" as standards that involve no personal or subjective judgement by a public official and are uniformly verifiable by reference to an external or uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal, as specified.

2) Redefines "supportive housing" as housing with no limit on length of stay, that is occupied by a target population, and that is linked to onsite or offsite services that assist residents in retaining the housing improving their health and status, and maximizing their ability to live and, when possible, work in the community. Supportive housing includes associated facilities if those facilities are used to provide services to housing residents.

3) Redefines "supportive services" as facilities that provide residents of supportive housing with supportive services including, but not limited to, intensive case management, medical and mental health care, substance abuse treatment, employment services, and benefits advocacy.

4) Prohibits a local government from adopting an ordinance that requires a project that qualifies as a use by right be subject to design review unless both of the following criteria are met: a) the design review is objective and strictly focused on assessing compliance with criteria required for supportive housing developments, as well as any reasonable objective design standards published and adopted by the local government before submission of a development application; and b) the local government applies those objective design review standards broadly to development within the local government's jurisdiction.

5) Provides that supportive housing may be a use by right in zones where multifamily and mixed uses are permitted, including non-residential zones permitting multifamily uses, if the proposed housing development satisfies the following requirements: a) the supportive housing is specified in a county's application for an award of NPLH funds, and b) the supportive housing is subject to a regulatory agreement entered into between a developer and the Department of Housing and Community Development (HCD).

6) Requires the local government, when conducting a review of a supportive housing development to determine whether the development complies with objective development standards, to do both of the following: a) be consistent with the Housing Accountability Act, and b) consider whether the development, excluding any additional density bonus or other concessions, incentives, or development standard waivers under density bonus law, is consistent with the objective zoning standards and objective design review standards in effect at the time that the development is submitted to the local government.

7) States that the approval of a project subject to streamlined review shall not constitute a "project" for the purposes of CEQA.

8) States that this bill does not preclude a local government from imposing fees and exactions otherwise authorized by law. Prohibits a local government from adopting any requirement, including but not limited to increased fees that apply to a project solely or partially on the basis that the project constitutes a supportive housing development or based on the developments eligibility to receive streamlined review.

9) States that a decision by a local government to seek funding from HCD from the NPLH program shall not constitute a "project" for the purposes of CEQA.

10) States that where a NPLH project does not qualify as a use by right, the lead agency shall prepare and certify the record of proceeding for the environmental review project, as specified.

11) Requires that if a NPLH project qualifies as a use by right, the local agency shall file and post the notice, as specified.

12) Provides that Rules 3.2220 to 3.2237 of the California Rules of Court shall apply to any action or proceeding brought to attack, review, set aside, void, or annul the certification or adoption of an environmental review document for a NPLH project or the granting of any approval for that project, to require the action or proceeding, including any potential appeals therefrom, to be resolved, to the extent feasible, within 270 days of the filing of the certified record of proceedings with the court. On or before September 1, 2020, the Judicial Council shall amend the California Rules of Court, as necessary, to implement this section.

COMMENTS

1) *Purpose of the bill.* According to the author, "California is in a state of emergency with a growing population of homeless individuals who are living with a serious mental illness. In 2018, voters across the state recognized this crisis and widely supported Proposition 2, which allows for $2 billion to fund supportive housing for those suffering with mental illness. Given this charge, the state must do all that we can to ensure counties are able to build permanent supportive housing units as quickly as possible. [This bill] responds to [the] California voters' sense of urgency about the need to build and provide services using the housing first model."

2) *Streamlining for Affordable Housing Projects.* Last year, the Legislature passed and the Governor signed AB 2172 (Chiu, Chapter 753), which created a streamlined approval process for supportive housing projects. That bill prohibited local governments from applying a conditional use permit or other discretionary review to the approval of 100% affordable developments that include a percentage of supportive housing units, either 25% or 12 units whichever is greater, on sites that are zoned for residential use. Developers are required to include facilities and onsite services for residents of the supportive housing units. In addition, developers must provide the local government the name of the service provider, staffing levels, and funding sources for the services. Local governments can apply objective and quantifiable design standards to a development.

3) *Streamlining for Supportive Services.* According to the author, existing law regarding streamlined approvals for permanent housing projects is not clear that the service projects connected with supportive housing projects are also eligible

for streamlining. This bill expands the definition of "supportive housing" to include projects that contain both housing and services components, and states that supportive housing may be a use by right in zones where multifamily and mixed uses are permitted, including non-residential zones permitting multifamily uses. This bill also states that any objective, quantifiable, written development standards and policies shall comply with the Housing Accountability Act and that locals shall consider whether the supportive housing is consistent with objective zoning standards and design review at the time the application is submitted. According to the sponsor, these provisions are necessary to provide consistency throughout this streamlining program as to which objective standards apply. This bill incorporates and refers to existing definitions to provide clarity about which standards and approvals apply to NPLH and other supportive housing projects.

4) *Opposition.* The Judicial Council is opposed to provisions in the bill that pertain to the amendments to specified rules of court that establish procedures applicable to actions or proceedings brought under CEQA. Judicial Counsel notes that its concerns are limited to the court impacts of the legislation and is not expressing any views on CEQA generally or the underlying merits of the projects covered by the legislation.

5) *Triple-referral.* This bill is also referred to the Governance and Finance Committee to review provisions related to local government and the Environmental Quality Committee to review provisions related to CEQA.

RELATED LEGISLATION:

AB 2162 (Chiu, Chapter 753, Statutes of 2017) — streamlined affordable housing developments that include a percentage of supportive housing units and onsite services.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 27, 2019.)

SUPPORT:

Disability Rights California

OPPOSITION:

Judicial Council of California

-- END --