California Legislature's 2017 Housing Package and Related Housing Bills Update

Community & Economic Development Department

City Council
December 4, 2018

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BACKGROUND

1. California has a significant housing shortage
   a) Production below demand
   b) Costs continue to escalate
   c) Shortage contributes to homelessness

2. Housing regulations & funding do not meet demand

3. 2017 Housing Package
   a) Fifteen (15) bills adopted in 2017 – Effective January 1, 2018

4. Additional Housing Related Bills
   a) One (1) bill adopted in 2017 - Effective January 1, 2018
   b) Four (4) bills adopted in 2018 - Effective January 1, 2019

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LEGISLATION OVERVIEW

1. Three categories in 2017 Housing Package
   - a) Streamlining Housing Development
   - b) Accountability & Enforcement
   - c) Create & Preserve Affordable Housing

2. Additional housing bills adopted in 2017 & 2018

3. Implementation of Bills
   - a) Shifts "local control"
   - b) Short term implications minimal
   - c) Additional legislation likely

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Summary of 2017 Housing Package

	Bill Number	Anticipated Impact
	STREAMLINING HOUSING DEVELOPMENT	
1	SB 35 (Wiener) - Streamline Approval Process	Moderate
2	AB 73 (Chiu) - Streamline & Incentivize Housing Production	Low
3	SB 540 (Roth) - Workforce Housing Opportunity Zones	Low
	ACCOUNTABILITY & ENFORCEMENT	
4	AB 678 (Bocanegra) – Strengthen the Housing Accountability Act	Moderate
5	SB 167 (Skinner) – Strengthen the Housing Accountability Act	
6	AB 1515 (Daly) – Reasonable Person Standard	Moderate
7	AB 72 (Santiago) – Enforce Housing Element Law	Low
8	AB 1397 (Low) – Adequate Housing Element Sites	High
9	SB 166 (Skinner) – No Net Loss	High
10	AB 879 (Grayson) – Housing Element and Related Reporting	Low
	CREATE AND PRESERVE AFFORDABLE HOUSING	
11	SB 2 (Atkins) – Building Jobs and Homes Act	Moderate
12	SB 3 (Beal) – Veterans and Affordable Housing Act	Moderate
13	AB 1505 (Bloom) – Inclusionary Ordinances	Low
14	AB 1521 (Bloom) – Preserve the Existing Affordable Housing Stock	Low
15	AB 571 (E. Garcia) – Low Income Housing Credits for Farmworkers	Low

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Additional 2017 and 2018 Housing Related Bills

ADDITIONAL 2017 HOUSING RELATED BILL	
Bill Number	**Anticipated Impact**
16 AB 1598 (Mullin) – Affordable Housing Authority	High
NEW 2018 HOUSING RELATED BILLS	
17 SB 828 (Wiener) – Fixing RHNA	High
18 AB 1771 (Bloom) – Fair Housing Needs Assessment	Low
19 AB 686 (Santiago) – Affirmatively Furthering Fair Housing	Low
20 SB 1333 (Wieckowski) – Charter City General Plan Consistency	Moderate

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High Impact for the City of Riverside

4 Pieces of Legislation

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Accountability & Enforcement

8. AB 1397 (Low) – Adequate Housing Element Sites (Amends Housing Element Law)

- **When is it applicable?**
  - On-going now that adopted as an amendment to the Housing Element Law

- **What does it do?**
  - Requires zoning for share of Regional Housing Needs Assessment (RHNA)
  - Requires stronger justification when non-vacant sites are used to meet RHNA, particularly for lower income housing
  - Requires by-right development approvals on Housing Element sites when project includes 20% affordable units.

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What does this mean for Riverside?

8. AB 1397 (Low) – Adequate Housing Element Sites (Amends Housing Element Law)

- **Moving Forward:**
  - Continue to monitor City's Housing Element (certified by HCD on July 18, 2018)
  - Monitor and track Housing Element sites and housing production
  - Incorporate new HCD guidance when available (was expected Spring 2018)
  - Update Housing Element as part of General Plan update

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Accountability & Enforcement

9. SB 166 (Skinner) – No Net Loss (Amends Housing Element Law)

- **When is it applicable?**
    - On-going now that adopted as an amendment to the Housing Law
    - When development proposed on Housing Element site has lower density than density identified in Housing Element

- **What does it do?**
    - Requires rezoning of additional low-income housing sites when market-rate housing is developed on low-income Housing Element site
    - Requires local agency to ensure land is available to accommodate its RHNA
    - Requires finding that a reduction in density is consistent with General Plan & remaining sites meet RHNA
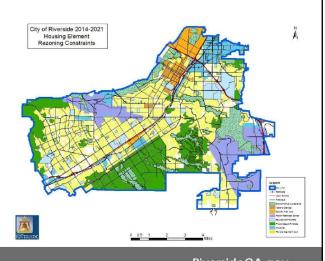
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What does this mean for Riverside?

9. SB 166 (Skinner) – No Net Loss (Amends Housing Element Law)

- **Moving Forward**
    - Continue to track Housing Element surplus
    - Project when surplus will be exhausted and identify new sites to address deficit
    - Initiate rezoning to address deficit
    - Require developer to comply with established density at time of initial submittal (potentially moving forward)
    - Ensure development not denied for not meeting housing element density
    - Incorporate HCD guidance when available (was expected in Summer 2018)

City of Riverside 2014-2021 Housing Element Rezoning Constraints

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Additional Housing Legislation

16. AB 1598 (Mullin) – Affordable Housing Authority

- **When is it applicable?**
  - o On-going now that it has been added to Title 6 of Government Code

- **What does it do?**
  - o Allows local jurisdictions to create Affordable Housing Authorities (AHA to provide lower- and moderate-income housing, and affordable workforce housing
  - o Allows local jurisdictions to allocate property tax increment and other tax revenues, and issue bonds
  - o Allows AHAs to establish loans, advances and issue debt, for 45-years

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What does this mean for Riverside?

16. AB 1598 (Mullin) – Affordable Housing Authority

- **Moving Forward:**
  - o Identify opportunities to fund housing projects using locally generated revenue
    - ▪ Limited to lower- and moderate-income housing, and workforce housing
  - o Determine how it contributes to City's RHNA production obligation

AFFORDABLE HOUSING

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Additional Housing Legislation

17. SB 828 (Wiener) – Fixing RHNA (Amends Housing Element Law)

- **When is it applicable?**
  - o Effective January 1, 2018 for all jurisdictions

- **What does it do?**
  - o Impacts next Regional Housing Needs Assessment (RHNA) (October, 2020)
  - o Requires zoning for RHNA
  - o Ensures fair share does not support underproduction of housing or stable population
  - o Requires methodology for creating RHNA to include new data
  - o Allows methodology to factor in agricultural and preservation areas set aside by local ballot measure

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What does this mean for Riverside?

17. SB 828 (Wiener) – Fixing RHNA (Amends Housing Element Law)

- **Moving Forward:**
  - o Identify impacts to Riversides RHNA and distribution based on SCAG's new methodology developed
  - o Add unbuilt housing and population growth from prior RHNA period
  - o Consider growth limitations attributed to Proposition R & Measure C

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Moderate Impact for the City of Riverside

7 Pieces of Legislation

Streamlining

1. SB 35 (Wiener) – Streamline Approval Process (Opt-in for Developers)

- **What does it do?**
  - Creates a streamlined approval process
  - Uses Infill sites that comply with residential and mixed-use zoning
  - Requires at least 10% of units for lower-income families
  - Modifies parking requirements
  - Requires prevailing wage for projects over 10 units
  - Requires skilled and trained labor for larger projects

- **What Does it Mean to Riverside?**
  - Because City has not met RHNA:
    - Continue to Streamline/Approve certain projects
    - Approve specific projects with 50% units of lower-income
    - Limit parking requirements for qualified projects

Accountability & Enforcement

4. & 5. AB 678 (Bocanegra) & SB167 (Skinner) - Strengthen the HAA (Amends Housing Accountability Act)

- **What does it do?**
  - o Strengthens Housing Accountability Act (HAA)
  - o Increases the documentation & standard of proof to defend denial
  - o Defines "housing development" to include projects with 2/3 residential FAR
  - o Requires courts to impose minimum fines

- **What Does it Mean to Riverside?**
  - o Analyze & provide clear basis for project denials
  - o Verify compliance with Zoning & General Plan, in writing, within 30 days of a complete application
  - o Identify General Plan and Zoning inconsistencies and identify ways to ensure consistency
  - o Prepare for possible additional legal challenges

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Accountability & Enforcement

6. AB 1515 (Daly) – Reasonable Person Standard (Amends Housing Accountability Act)

- **What does it do?**
  - o Strengthens the existing Housing Accountability Act (HAA)
  - o Requires findings by local agency if denying a low-to-moderate income housing project or emergency shelter
  - o Calls for substantial evidence that would allow a reasonable person to reach that conclusion

- **What Does it Mean to Riverside?**
- **Moving Forward:**
  - o Identify specific, adverse impacts with no feasible mitigation if denying any low- and moderate-income households or shelters
  - o Analyze and document any project denial or conditions that would reduce unit count
  - o Update development standards, policies and conditions

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Create & Preserve Affordable Housing

11. SB 2 (Atkins) – Building Jobs and Homes Act (Ongoing Funding Source)

- **What does it do?**
  - Imposes a fee on recorded documents
  - 2018 proceeds split between local planning grants and HCD's homeless programs

- **What Does It Mean to Riverside?**
- **Track Notice of Funding Availability**
  - HCD issued NOFA for Homeless Programs
    - CESH application submitted in October
    - HEAP application due in December
  - City reviewed draft Local Planning Grants guidelines in October 2018
  - Planning Grant NOFA anticipated in Fall
  - Monitor and track each Fall

- **Identify City grant projects**
  - Coordinate with Office of Homeless Solutions

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Create & Preserve Affordable Housing

12. SB 3 (Beal) – Veterans and Affordable Housing Act (Affordable Housing Bond)

- **What does it do?**
  - Allocates $3 billion in bond proceeds
  - $1 billion in proceeds to CalVet for home and farm purchase assistance

- **What Does it Mean to Riverside?**
  - Pursue competitive funds when available
  - Opportunities for production of lower-income housing

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Additional Housing Legislation

20. SB 1331 (Wieckowski) – Charter City General Plan Consistency (Amends Planning and Zoning Law)

- **What does it do?**
  - Applies to "general law" cities, unless specifically applicable to charter cities
  - Requires charter cities to comply with state laws

- **What Does It Mean to Riverside?**
- **Moving Forward:**
  - Ensure consistency between Zoning and General Plan
  - Meet the consistency objective in Riverside's Strategic Plan 2.0
  - Expedite City's effort to create consistency

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Low Impact for the City of Riverside

9 Pieces of Legislation

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Anticipated Low Impact Bills

2. AB 73 (Chiu) – Streamline & Incentivize Housing Production (Opt-in for jurisdictions and developers)

3. SB 540 (Roth) – Workforce Housing Opportunity Zones (Opt-in for Jurisdictions)

7. AB 72 (Santiago) – Enforce Housing Element Law (Amends Housing Element Law)

10. AB 879 (Grayson) – Housing Element and Related Reporting (Amends Existing Reporting Requirements)

13. AB 1505 (Bloom) – Inclusionary Ordinances (Planning and Zoning Law)

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Anticipated Low Impact Bills

14. AB 1521 (Bloom) – Preserve the Existing Affordable Housing Stock (Amends Preservation Noticing Law)

15. AB 571 (E. Garcia) – Low Income Housing Credits for Farmworkers (Amends Farmworker Housing & Office of Migrant Services Prog.)

18. AB 1771 (Bloom) – Fair Housing Needs Assessment (Amends Housing Element Law)

19. AB 686 (Santiago) – Affirmatively Furthering Fair Housing (Amends Housing Element Law)

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Ballot Propositions - November 6, 2018 General Election Ballot

Three (3) housing related propositions:

a) <u>Proposition 1</u> – ***Passed*** – $4 billion in general obligation bonds for affordable and veteran housing. Funds implement SB 3.

b) <u>Proposition 2</u> - ***Passed*** – $2 billion in bonds for homelessness prevention housing (No Place Like Home Program). Provides $140 million annually to homeless mental health.

c) <u>Proposition 10</u> - ***Did Not Pass*** – Would have allowed local jurisdictions to regulate rental rates that property owners charge new tenants, new construction and single-family homes.

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RECOMMENDATIONS

That the City Council:

1. Receive and file the Housing Legislation Update

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