



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 4, 2018

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: ALL
DEPARTMENT

SUBJECT: 2017/2018 CALIFORNIA HOUSING LEGISLATION UPDATE

ISSUE:

Receive an update summarizing the State of California’s 2017 and 2018 Housing Bills aimed at producing more housing opportunities throughout the state.

RECOMMENDATIONS:

That the City Council receive an update summarizing the State of California’s 2017 and 2018 Housing Bills.

LEGISLATIVE HISTORY:

In November 2017, Governor Brown signed 15 bills that address California’s severe housing crisis. The State’s “2017 Housing Package” substantially changes how housing development applications are processed, approved or denied, and documented. Additionally, in October 2017 the Governor signed AB 1598, which allows local jurisdictions the ability to create Affordable Housing Authorities. These 16 bills became effective January 1, 2018.

In October 2018 the Governor signed four additional housing related laws, which further amend housing element law, and further hold local jurisdictions accountable for housing production. These additional laws will also become effective January 1, 2019.

BACKGROUND:

The housing shortage in California is being addressed at the State and local jurisdiction levels. Housing production has not kept up with need because of high land costs, neighborhood opposition to density, stringent environmental regulations, population growth, growing income disparity, cost of construction, and local and state regulations.

In recent years, the State of California has identified the shortage of housing as a legislative priority. Housing shortage impacts the State’s economy, contributes to homelessness, and results in long commutes, which increases production of green-house gas emissions, air-pollution and contributes to poor health.

In November 2017, the Governor signed 15 housing bills aimed at providing more housing in the State. This 2017 Housing Package requires local governments to remove barriers and streamline approvals. Several bills created funding opportunities to assist jurisdictions in meeting the needs of moderate- and lower-income households. The bills generally fall into three categories:

1. Streamlining Housing Development
2. Housing Accountability and Enforcement
3. Creating and Preserving Affordable Housing

In addition to these 15 bills, five other housing related bills were adopted in 2017 and 2018. The additional bills also impact the City of Riverside and its obligation to provide affordable housing. Each of the 20 bills passed by the State Legislature are summarized in this Staff Report.

DISCUSSION:

The 15 bills within the 2017 Housing Package (Attachment 1), include the following:

STREAMLINING HOUSING DEVELOPMENT		
Bill Number		Anticipated Impact
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		
Bill Number		Anticipated Impact
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		
Bill Number		Anticipated Impact
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

The five (5) additional bills adopted in 2017 and 2018 (Attachment 2), include the following:

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

Summary of the November 2017 Housing Bills

The following is a summary of each of the bills passed in November 2017, and the potential impacts on Riverside.

1. Senate Bill (SB) 35 (Wiener) – Streamline Approval Process

SB 35 allows projects to be streamlined with a ministerial approval process if (1) the project satisfies zoning and design review standards effective at the time the development application is submitted; and (2) the local jurisdiction has failed to meet its Regional Housing Needs Assessment (RHNA) targets, or fails to submit an annual general plan progress report.

Streamlining under SB 35 is voluntary for developers, and can only apply to “qualified projects” that meet the following criteria:

1. Be located on an infill site in a residential or mixed-use zone;
2. Comply with the City’s zoning code & objective standards;
3. Must include units affordable to lower-income families;
4. Projects over 10 units must pay prevailing wage labor; and
5. Larger projects must provide skilled and trained labor.

The number of affordable units that a qualified project must include varies by jurisdiction, depending on the jurisdiction’s compliance with RHNA targets. Jurisdictions that have not met their above-moderate income housing requirements must streamline housing projects with 2 to 9 units, and projects over 10 units if 10% of the units are affordable to residents making under 80% of the area median income (AMI). Jurisdictions that have not met their moderate- or lower-income RHNA obligations must streamline projects that dedicate over 50% of their units to families making less than 80% of the AMI.

The following summarizes the benefits for projects that qualify for SB 35 streamlining:

1. If a jurisdiction determines a project conflicts with any objective planning standard, the jurisdiction must inform the applicant, in writing, as follows:
 - 150 units or less - Within 60 days from submittal; or
 - Over 150 units - Within 90 days from submittal.

If the jurisdiction fails to provide the notification within these timeframes, the project is automatically deemed to conform to local planning standards.

2. Design review can only be applied when in compliance with objective, published and adopted design standards that were in place prior to the development application submission. Design review must occur as follows:
 - 150 units or less - 90 days from submittal; or
 - Over 150 units - 180 days from submittal.
3. Local jurisdictions cannot require more than one parking space per dwelling unit. Parking cannot be required if any of the following apply:
 - Within ½ mile of public transit;
 - Within an historic district; or
 - Within one block of car-sharing.

4. There is no project expiration for qualified projects when 50% or more of their units are affordable. For projects with less than 50% affordability, expiration occurs at 3 years.

Impacts on Riverside

Although the City's Annual Progress Report has been submitted, Riverside is not currently constructing the number of housing units needed to comply with the moderate- and lower-income RHNA requirements. Riverside is obligated to streamline any qualified project that dedicates 50% or more of its units to households making under 80% of the AMI. SB 35 is expected to have limited impact on Riverside, as the City's Zoning Code currently permits multi-residential projects "by right".

2. Assembly Bill (AB) 73 (Chiu) – Streamline Approval Process

AB 73 provides State financial incentives to local jurisdictions that create a streamlining zoning overlay district for housing projects. AB 73 is an "opt-in" program for jurisdictions. Under AB 73, jurisdictions that create a "Housing Sustainability District" overlay zone (District), for a minimum of 10 years, would be entitled to payments based on the number of new residential units constructed. The incentive payments would be from funds appropriated by the Legislature.

Establishing a District requires the following:

1. California Department of Housing and Community Development (HCD) review and approval;
2. Available connections to infrastructure and utilities;
3. Densities for lower-income households equal to those established by Housing Element Law;
4. Single-family density ranges not less than 10 units/acre;
5. 20% of the units must be affordable to moderate- and lower-income households for a period of at least 55 years; and
6. An Environmental Impact Report (EIR).

To qualify under AB 73, a project must provide prevailing wage labor and use a skilled and trained workforce. Once the District is adopted, approval of a housing project that complies with these criteria would be ministerial. These projects would also be exempt from CEQA if they comply with the EIR mitigation measures.

Impacts on Riverside

Riverside has implemented streamlining through the One Stop Shop and 2017 Housing Element Rezoning Program. The City is currently not pursuing a Housing Sustainability District. Once the State better defines the program, there may be an opportunity to pursue the preparation of an overlay district and environmental impact report (EIR), which would both require a supplemental appropriation from the General Fund. A review of cost and benefits, including private partnerships, should be completed before moving forward with this program.

3. SB 540 (Roth) – Streamline Approval Process

SB 540 is an "opt-in" program for jurisdictions, and authorizes the State to provide funds to create a Specific Plan that minimizes project level environmental review. A Specific Plan that meets the criteria of this program would be classified as a "Workforce Housing Opportunity Zone". SB 540

identifies streamlining for housing projects close to employment centers and transit to support the State's housing and greenhouse gas reduction goals.

The establishment of a Workforce Housing Opportunity Zone requires the following:

1. At least 100 residential units, and no more than 1,500 residential units;
2. Infrastructure and public utilities, including K-12 schools;
3. Mitigation measures for traffic, utilities, and natural resources, in addition to an EIR mitigation measure;
4. Densities for lower-income households equal to those established in the Housing Element Law;
5. Single-family density ranges not less than 10 units/acre;
6. At least 30% of units sold or rented to households of moderate-income;
7. At least 15% of the units sold or rented to households of lower-income;
8. At least 5% of the units must be restricted for 55 years to very low-income households;
9. No more than 50% of the units sold or rented to households of above moderate-income;
10. Affordability restrictions for a duration of 45 years for owner-occupied units; and
11. Affordability restrictions for a duration of 55 years for renter-occupied units.

To qualify under SB 450, a project must provide prevailing wage labor and use a skilled and trained workforce. Once the Workforce Housing Opportunity Zone is adopted, ministerial approval for qualified projects would be required within 60 days after a development application is deemed complete. If a qualified project complies with mitigation measures, it would be exempt from CEQA.

Impacts on Riverside

Riverside has implemented streamlining through the One Stop Shop and 2017 Housing Element Rezoning Program. Riverside is not currently pursuing a Workforce Housing Opportunity Zone, but the program may be an opportunity to pursue after the State better defines the program. This would include the development of the Workforce Housing Opportunity Zone (specific plan), which would require direction and a supplemental appropriation from the General Fund. A review of cost and benefits, including private partnerships, should be completed before moving forward with this program.

4. and 5. AB 678 (Bocanegra) and SB 167 (Skinner) – Accountability and Enforcement

The Housing and Accountability Act (HAA) was enacted in 1982 to establish clear thresholds for the approval and denial of projects for moderate- and lower-income housing, and emergency shelters. HAA limits local jurisdictions' ability to deny, reduce density, or render infeasible housing developments. However, some local jurisdictions have not followed the requirements of the act, or interpreted the HAA provisions in ways different than intended. As a result, AB 678, SB 167 and AB 1515 clarify and tighten the HAA regulations.

AB 678 and SB 167 are identical bills. These bills make the following changes to the HAA:

1. Requires project denial by a local jurisdiction to be based on a "preponderance of evidence" in the record, which places the burden on local jurisdictions to document, prove and defend;
2. Establishes that changing Zoning or General Plan land use designations, after a housing development application is deemed complete, does not constitute a valid reason for denial or conditions on a project;

3. Defines “housing development project” to include mixed-use developments where at least 2/3 of the floor area is residential;
4. Requires local jurisdictions to provide written documentation, within 30 days for projects with 150 units or less, and 60 days if over 150 units, to an applicant if a project is not consistent with objective standards;
5. Clarifies the standard for determining actions that have the effect of lowering density;
6. Requires the court compel a local jurisdiction to take action on the project within 60 days, and to award attorney fees if appropriate findings were not made; and
7. Requires the court to fine the locality at least \$10,000 per housing unit and pay attorney fees if the jurisdiction fails to carry out the judgment. A local agency that has acted in “bad faith” and fails to carry out the court order shall be subject to a fee multiplier factor of five (5).

Impacts on Riverside

Riverside has always followed the provisions of the HAA. However, the amendments warrant a review of how the City documents project denial or conditions of approval that result in a reduction of housing units. The Planning Division is currently evaluating its project review process and modifications will be made to ensure decisions are substantiated by the appropriate evidence, and findings clearly identify any adverse impacts to health and safety.

While the City does not expect the amendments to HAA to have a significant impact, the amendments may result in more legal challenges and requires a preponderance of evidence to support the City’s decisions.

6. AB 1515 (Daly) – Accountability and Enforcement

As discussed above, the Housing Accountability Act (HAA) establishes clear thresholds for the approval and denial of projects for moderate- and lower-income housing, and emergency shelters. AB 1515 modifies the HAA to specify that a project is to be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision, only if a reasonable person can make this conclusion.

Impacts on Riverside

The Planning Division, in evaluating the project review process, will ensure that decisions are supported by evidence, and findings clearly outline any adverse impacts to health and safety. Given that the amendments to HAA now require that the determination of consistency, compliance and conformance must allow a reasonable person to make the conclusion, the City’s ongoing General Plan update and code clean-up effort will ensure all standards and policies include the appropriate language.

7. AB 72 (Santiago) – Accountability and Enforcement

The State Housing Element Law requires the California Department of Housing and Community Development (HCD) to review a local jurisdiction’s housing element every eight years. This timeline limits HCD’s ability to review and determine a local agency’s compliance. AB 72 authorizes HCD to review, at any time, any action by a local jurisdiction they believe is inconsistent with an adopted Housing Element, and to issue written findings on compliance with its Housing Element. The bill provides a jurisdiction 30 days to respond to the written findings, after which

HCD may finalize its determination. The bill authorizes HCD to notify the Attorney General that the local jurisdiction is not in compliance with State law.

Impacts on Riverside

The City's Housing Element was certified by HCD on July 18, 2018, and reflects the City's current housing conditions. Since certification, the City has not amended the Housing Element or pursued different objectives, policies or goals that would be contrary to those certified. This bill would only impact Riverside if HCD suspected Riverside's Housing Element was noncompliant at some point in the future.

8. AB 1397 (Low) – Accountability and Enforcement

Housing Element Law requires local jurisdictions to identify vacant or underutilized properties that are zoned appropriately to accommodate moderate- and lower-income developments. Local jurisdictions are required to maintain an inventory of properties to ensure that they comply with their Regional Housing Needs Assessment (RHNA) within the Housing Element's eight-year planning cycle.

AB 1397 requires that the properties within the inventory to be both suitable and available for residential development. It requires that the inventory include vacant and developed sites with a realistic and demonstrated potential for residential redevelopment during the eight-year planning cycle. Water, sewer, and dry utilities must also be available and accessible to support housing development, or identified in a plan or program that will secure the utilities. The local jurisdiction must demonstrate that the number of units identified for each parcel is realistic, based on site constraints, and can accommodate the household income levels specific in the housing element. AB 1397 also requires the local jurisdiction's methodology to evaluate the development potential for each site and consider the past experiences with converting uses to higher density residential, identify the current demand for the existing uses on the site, and complete an analysis of the existing leases or other contracts that would perpetuate the existing use or prevent redevelopment.

The prior Housing Element Law required housing element RHNA sites to permit multi-family projects "by right". AB 1397 now only allows by-right multi-family housing when 20% of a project's units are affordable to lower-income households.

Impacts on Riverside

HCD guidance for AB 1397 was expected in early 2018, but has not yet been released. Pending further information, the potential impacts to Riverside remain unclear. As currently interpreted, AB 1397 will not require local jurisdictions to amend certified housing elements; therefore the additional criteria for identifying sites for the RHNA inventory will not impact Riverside until the 6th Cycle Housing Element update in 2021, unless Riverside is obligated to rezone property to comply with SB 166, as discussed in this Report.

9. SB 166 (Skinner) – Accountability and Enforcement

SB 166 prohibits a local jurisdiction from allowing their inventory of Regional Housing Needs Assessment (RHNA) sites to not produce their fair share of moderate- and lower-income units within the eight-year housing element cycle. When a moderate- or lower-income site is developed at a density lower than that specified in the Housing Element, the jurisdiction must re-evaluate its inventory and make findings that there is an adequate inventory remaining for their moderate- and

lower-income RHNA categories. If the jurisdiction has a deficit, they have 180 days to identify and rezone additional inventory sites to accommodate the unmet need.

While a local jurisdiction is responsible for maintaining an adequate number of inventory sites to meet its RHNA obligation, the jurisdiction may require applicants of housing element sites to comply with the RHNA obligation if the density of their project, at time of submission, is lower than the minimum density in the Housing Element.

Impacts on Riverside

In 2016 City staff conducted an extensive evaluation of Riverside to identify potential inventory sites that were eligible for rezoning to high-density multi-family residential, or mixed-use residential. Staff identified nearly 300 properties that could be rezoned to meet the City's moderate- and lower-income RHNA obligation. These properties were subsequently listed as "candidate sites" for rezoning in the City's Housing Element; and in December 2017 the City Council rezoned most of the properties as part of the Housing Element Rezoning Program. The rezoning created the potential for 6,524 additional high-density units, which significantly contributed to the City's 5th Cycle RHNA. Because only 4,767 units were needed, the rezoning program resulted in a surplus of 1,757 units.

Since the initial Housing Element inventory and Rezoning Program was adopted, several properties have been developed, or are slated for development. Staff continues to track the moderate- and lower-income inventory sites that were rezoned, and, when necessary, will bring forward additional sites for rezoning to ensure the City maintains its RHNA obligation. As of October 2018, the City has a RHNA surplus of approximately 1,155 units. Based on current trends, the surplus should last through 2019.

When the surplus is exhausted, the Planning Division will initiate a rezoning of candidate sites previously identified in the Housing Element inventory, but not rezoned as part of the Rezoning Program. The City can also explore a requirement that future development applications on Housing Element inventory sites comply with the density requirements, or else require the applicant to rezone another site within the City to make up for the lost inventory.

SB 166 is being interpreted by cities in several ways, and Staff is closely monitoring the housing element sites to ensure compliance, regardless of the final interpretation. HCD indicated that a Technical Assistance Memo would be released in Summer 2018, but at this time, the Memo has not been released. Staff will continue to monitor and work with HCD moving forward.

10. AB 879 (Grayson) – Accountability and Enforcement

State law requires an Annual Progress Report (APR) on the General Plan implementation, including the Housing Element, be submitted to HCD and the State Office of Planning and Research (OPR). Prior to AB 879 Charter Cities were exempt from this requirement; but are now required to submit an APR.

AB 879 also made changes to the information reported in the APR. The additional reporting requirements principally include:

1. The number of development applications received;
2. The number of units in all development applications;
3. Units approved or disapproved; and

4. Listing of inventory sites to accommodate Regional Housing Needs Assessment, by income category.

The APR must also include an analysis of government constraints and locally adopted ordinances that directly impact the cost and supply of residential development. The APR must identify applications where the density is lower than what is identified in the housing element. A review of constraints must include an analysis of the time it takes to receive building permits once zoning approvals are received. The APR should demonstrate local efforts to remove nongovernmental constraints that create a gap between the jurisdiction's efforts to develop affordable housing, and the construction of that housing.

By June 30, 2019, HCD must also complete a study that evaluates the reasonableness of local fees charged for new development applications. The study should include findings and recommendations on potential amendments to the Mitigation Fee Act to substantially reduce fees for residential development.

Impacts on Riverside

The impacts of AB 879 on the City are principally related to staff resources, as is necessary to research and prepare an Annual Progress Report (APR). In October 2018 HCD released draft forms for preparing an APR, and staff is currently reviewing the revised requirements. The Planning Division will coordinate the preparation and submittal of an APR to HCD by April 1, 2019. Staff will present a draft APR for Council's consideration in March 2019.

11. SB 2 (Atkins) – Accountability and Enforcement

SB 2 requires a recording fee for certain real estate transactions, up to a maximum of \$225 per transaction. The accumulated fees are estimated to raise approximately \$250 million per year. For the first year, 50% of the funds collected will be distributed to local jurisdictions to streamline housing production through updated codes and regulations. The other 50% will be dedicated to HCD programs that address homelessness. Funding collected after the first year will be distributed as follows:

1. 70% to local jurisdictions;
2. 10% to HCD for farmworker housing;
3. 5% to HCD as incentives for affordable housing; and
4. 15% to CalHFA for mixed-income multifamily developments.

Impacts on Riverside

Riverside can benefit from SB 2 when funds become available. HCD has indicated that the 2018 funds collected are currently exceeding the revenue estimates by more than 15%.

In August 2018 HCD released a Notice of Funding Available (NOFA) under the California Emergency Solutions and Housing (CESH) program. These SB 2 funds are aimed at providing assistance to persons experiencing homelessness, or at risk of homelessness. The City of Riverside submitted an application for CESH funds prior to the October 15, 2018 due date. The State has also made available a \$500 million block grant, under the Homeless Emergency Aid Program (HEAP), which is partly funded from SB 2 revenue. The HEAP grants will provide direct assistance in addressing California's homelessness crisis, and will be distributed based on homeless population. HEAP applications are due December 31, 2018 and the City intends to apply subject to future City Council approval.

First year funding for local planning grants has not yet been made available. In October 2018 HCD distributed draft guidelines for the program, and the City of Riverside provided HCD comments. While the specific amount of the funds is unknown at this time, two NOFAs are expected for local planning grants: one in Fall 2018, and a second in Fall 2019. Staff has initiated internal conversations to identify potential projects.

12. SB 3 (Beal) – Create and Preserve Affordable Housing

Originally passed in 2017, the bill required that a \$4 billion housing bond be placed on the 2018 General Election ballot. The housing bond was approved by California voters on November 6, 2018 (Proposition 1). The distribution of the funds will be as follows:

1. \$3 billion in proceeds:
 - Assist affordable multifamily developments (\$1.5B)
 - Housing for farmworkers (\$300M)
 - Transit-oriented development (\$150M)
 - Infrastructure for infill development (\$300M)
 - Homeownership programs (\$450M)
 - Local Housing Trust Fund Matching Grants (\$300M)
2. \$1 billion in proceeds to CalVet for home and farm purchase assistance for veterans

Impacts on Riverside

SB 3 funds will be available to the City of Riverside through a competitive grant process. At this time the State has not prepared guidelines for grant applications, and no anticipated program dates have been identified.

13. AB 1505 (Bloom) – Create and Preserve Affordable Housing

In a 2009 Appellate Court ruling (Palmer), local jurisdictions were prohibited from requiring inclusionary requirements for rental housing. AB 1505 authorizes jurisdictions to require a certain amount of low-income housing as a condition of approval for certain development applications. The law ensures that property owners have an alternative means of compliance, such as:

1. In-lieu fees;
2. Land dedication;
3. Off-site construction; or
4. Acquisition & rehabilitation of existing units.

Impacts on Riverside

AB 1505 has no immediate impact on Riverside, as there are no plans to prepare and adopt an inclusionary housing ordinance. However, given the new mandates by the State to produce more affordable housing units, this is a tool the City can consider in the future.

14. AB 1521 (Bloom) – Create and Preserve Affordable Housing

AB 1521 requires owners to provide tenants with written notice that rental restrictions will expire. Owners are required to notify current and prospective tenants within the 3 years prior to expiration.

The law also requires a seller of a subsidized housing development to only accept an offer from a qualified purchaser, if a purchase offer is submitted within 180 days of a notice to accept purchase offers. Qualified purchasers are defined in the law, which limits them to public agencies, experienced housing organizations, and the development's tenant association. If the seller chooses to not accept the offer, then the seller must submit a declaration to HCD stating they will not sell the property for at least 5 years. These requirements minimize land speculation, and ensures subsidized projects remain in the hands of experienced operators. HCD is required to certify housing organizations and ensure compliance with the bill.

Impacts on Riverside

AB 1521 has no immediate impact on the City of Riverside, as most subsidized affordable housing in the City is not likely to be converted to market rate in the near future. Owners of subsidized housing will need to comply with the law, and City staff will work with owners to notify them of the new requirements as appropriate.

15. AB 571 (E. Garcia) – Create and Preserve Affordable Housing

The bill modifies the State's farmworker housing tax credit to increase their use. It also authorizes HCD to advance funds to operators of migrant housing centers, and extends the period of time that migrant housing centers may be occupied (up to 275 days). The HCD Director is authorized to provide advance payments, up to 20% of operating costs, to contractors for migrant farm labor centers. The advance payments allow the centers to become operational prior to the farming season.

Impacts on Riverside

Riverside will have limited impacts, if any, as there are no farmworker housing projects within the City.

Additional Housing Related Bills

In addition to the 15 bills passed in November 2017, other housing related bills have recently been adopted and could have impacts on the City of Riverside.

16. AB 1598 (Mullin) – Affordable Housing Authority

In 2015 California adopted laws that allow local jurisdictions to form Community Revitalization and Investment Authorities (CRIA) that, among other things, allow revitalization of disadvantaged communities through planning and infrastructure improvements and upgrades, economic revitalization, and the construction of affordable housing. CRIs are required to adopt a Community Revitalization and Investment Plan that allows the CRIA to finance activities by issuing bonds serviced by tax increment revenues. AB 1598 offers similar powers to an Affordable Housing Authority (AHA). The bill became effective January 1, 2018. The bill authorizes a local jurisdiction to adopt a resolution creating an AHA limited to providing low- and moderate-income housing and affordable workforce housing funded through a low- and moderate-income housing fund. The bill requires an established AHA to adopt an Affordable Housing Investment Plan, which must include an affordable housing program. AHAs are subject to a 45-year limit for establishing loans, advances and debt. The bill authorizes local jurisdictions to adopt a resolution allocating property tax increment to the AHA, allows the allocation of other tax revenues, and authorizes the AHA to finance activities by, among other things, the issuance

of bonds. AB 1598 specifies that the boundaries of the AHA can be identical to the boundaries of the jurisdiction creating the authority.

Impacts on Riverside

Since the dissolution of Redevelopment Agencies, limited funding has been available for local agencies to provide affordable housing. This bill provides an opportunity for Riverside to self-fund housing projects through tax increment financing. Unlike Redevelopment Agencies, which were authorized to invest in a range of development activity, an Affordable Housing Authority is limited to providing moderate- and lower-income housing, and affordable workforce housing. An Affordable Housing Authority could contribute significantly to providing affordable housing in the City of Riverside ensuring compliance with the City's Regional Housing Needs Assessment obligations.

17. SB 828 (Wiener) – Fixing RHNA

Under California housing element law, HCD and various Council of Governments are required to identify the existing and projected needs for housing within each region. These regional needs are then distributed to local jurisdictions every eight years, via the Regional Housing Needs Assessment (RHNA) process. Each local jurisdiction is obligated to accommodate its fair share of growth. A City that does not have enough land zoned at a density to accommodate its fair share of housing for the next eight years must rezone properties.

SB 828 prohibits local jurisdictions from considering the underproduction of housing from the previous cycle or considering stable population numbers from previous cycles in determining fair share. The bill amends the methodology to determine each region's housing needs by requiring additional data on vacancy rates, overcrowding, cost burdened households, housing costs, and household income growth. The methodology for determining a local jurisdiction's housing needs allows consideration of lands preserved or protected from urban development under federal or state programs. SB 828 expands the law to also consider lands zoned or designated for agricultural protection or preservation that are subject to a local ballot measure as approved by the jurisdiction's voters. SB 828 was adopted in 2018, and becomes effective on January 1, 2019.

Impacts on Riverside

The revisions included in SB 828 will likely increase the RHNA obligations for all jurisdictions in the State, including those with limited vacant land, property values that do not support vertical construction, or few opportunities to build on developed sites. Additionally, the relationship of the City's Greenbelt and Hillside Conservation areas, which were created by Proposition R and Measure C, would now be considered during the RHNA process, as required by SB 828.

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

Each local jurisdiction is obligated to accommodate its fair share of growth under current Housing Element Law. This fair share includes an equitable distribution and mix of housing types, tenure and affordability. AB 1771 amends the Housing Law and requires the Regional Housing Needs Assessment to identify ways to increase access for lower-income residents to high opportunity areas, while avoiding displacement and furthering fair housing. The bill creates responsibilities for the Council of Governments to define and report out the methodology for developing the RHNA, adds additional criteria for analyzing housing needs, and ensures transparency with the public. AB 1771 was adopted in 2018, and becomes effective on January 1, 2019.

Impacts on Riverside

AB 1771 has a number of new obligations related to determining the region's RHNA and the full evaluation of impacts is still not fully identified. While the revisions significantly impact Council of Governments with a new methodology, the equitable distribution of lower-income households in Riverside will be the responsibility of the City. The City will have to ensure that lower-income housing is developed in areas that do not have significant adverse environmental conditions, and that there is access to public transportation, jobs and services.

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

Existing state law prohibits housing discrimination as it relates to race, color, religion, sex, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability or genetic information. AB 686 requires a public agency to ensure housing and community development programs and activities affirm fair housing and do not stifle the jurisdiction's obligation. The bill requires a local jurisdiction to include, in its Housing Element, an affirmation of fair housing. Local jurisdictions must also include, in its Housing Element Implementation Program, ways to achieve fair housing, including specific actions to achieve the City's fair housing goals and objectives. The bill requires that the jurisdiction include these revisions if their Housing Element is revised on and after January 1, 2021. AB 686 was adopted in 2018, and becomes effective on January 1, 2019.

Impacts on Riverside

The City is currently planning to update the General Plan 2025, including the Housing Element. The update of the General Plan will be consistent with HCD's 6th Cycle review period and Regional Housing Needs Assessment. The updated General Plan will include fair housing goals and objectives, ways to achieve fair housing and specific actions to further fair housing practices in Riverside.

20. SB 1333 (Wieckowski) – Charter City General Plan Consistency

SB 1333 amends the law to require that Charter Cities will now have to follow certain provisions of the Planning and Zoning Law. In the past, Charter cities were not required to follow portions of the law regarding general plans, specific plans, and adoption and review of Housing Elements. With the passage of this bill, charter cities will have to comply with the Planning and Zoning Law. SB 1333 was adopted in 2018, and becomes effective on January 1, 2019.

Impacts on Riverside

The City of Riverside, as a Charter City, has not been required to ensure consistency between its General Plan and Zoning Code. There are areas of the City where the General Plan land use designation does not match the Zoning category. Ensuring consistency is an objective in the City's Strategic Plan 2.0. The City will have to expedite this goal with the adoption of SB 1333, prior to updating the General Plan. Staff is currently working on meeting this requirement.

Other Considerations – 2018 General Election Propositions

Three (3) propositions related to housing were on the November 6, 2018 California General Election ballot:

1. *Proposition 1:* This proposition authorizes the issuance of \$4 billion in general obligation bonds for existing affordable housing programs for low-income residents, veterans, farmworkers, manufactured and mobile homes, infill, and transit-oriented housing. This measure is directly related to SB 3, as discussed above. The proposition passed; therefore the programs listed in SB 3 will be funded.
2. *Proposition 2:* This proposition amends Mental Health Services Act to fund the “No Place Like Home Program”, which finances housing for individuals with mental illness. It also ratifies existing law establishing the “No Place Like Home Program”. The proposition allows the State to use up to \$140 million per year of county mental health funds to repay up to \$2 billion in bonds that fund housing for those with mental illness who are homeless. This proposition passed on November 6, 2018.
3. *Proposition 10:* This proposition repeals State law that currently restricts the scope of rent control policies that cities and other local jurisdictions may impose on residential property. This proposition allows local jurisdictions to regulate rent and allows them to limit the rental rates that owners can charge for new tenants, new construction and single-family homes. This measure did not pass on November 6, 2018; therefore there is no change in State law.

FISCAL IMPACT:

There is no fiscal impact associated with the summary of each of these bills in this staff report. As each piece of Legislation is implemented in Riverside, staff will identify the fiscal impact and seek direction from City Council before any implementation occurs.

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Attachments:

1. HCD Summary Matrix of 2017 Housing Package Bills
2. Summary of Five Additional Housing Bills Passed in 2017/2018
3. Presentation