

California 2021 Housing Legislation

Community & Economic Development

City Council
February 8, 2022

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BACKGROUND

1. The twin crises of housing affordability and homelessness persist.
 - a) Production below demand
 - b) High land and development costs
 - c) Rapid sales and rental price increases
 - d) Neighborhood opposition
 - e) Regulatory constraints
 - f) Environmental regulations

2. This remains a priority for both the Governor and the Legislature.
 - a) Senate Bill (SB) 8, 9, 10 and Assembly Bill (AB) 1174 – signed into law September 16, 2021
 - b) 27 additional housing-related bills – signed into law September 28, 2021



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BACKGROUND

HOUSING LEGISLATION PASSED INTO LAW IN 2021

| CATEGORY – IMPACT TO CITY | NUMBER OF BILLS |
|-------------------------------|-----------------|
| Low (non-City responsibility) | 9 |
| Low (City responsibility) | 10 |
| Medium | 9 |
| High | 3 |
| TOTAL | 31 |


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BACKGROUND

HOUSING AND HOMELESSNES COMMITTEE – DECEMBER 20, 2021

The Committee requested additional information or clarification on 5 Bills:

1. **AB 1029** - The Committee inquired about the City's Pro-Housing policies and approach.
2. **SB 10** - The Committee inquired on what the process would be for the City to "opt-in" to the residential density increases authorized under SB 10.
3. **AB 1584** - The Committee inquired about the changes to noticing requirements on terminating affordability covenants.
4. **AB 602** - The Committee inquired about potential effects to City Departments related to the requirement for the nexus study for impact fees.
5. **SB 9** - The Committee inquired if staff have prepared a map indicating the areas of the City where SB 9 would apply.


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LOW IMPACT (NON-CITY RESPONSIBILITY)

| No. | Bill | Description | Responsible Agency | Impact to City |
|-----|---------|--|--------------------------|----------------|
| 1 | AB 948 | Changes to licensing and continuing education requirements for real estate appraisers. | Bureau of Real Estate | Low |
| 2 | AB 1466 | Requires parties to real estate transactions to modify deeds and other property documents to remove illegal, discriminatory restrictions during the recordation process. | Bureau of Real Estate | Low |
| 3 | SB 263 | Changes licensing education requirements for real estate brokers and agents. | Bureau of Real Estate | Low |
| 4 | AB 447 | Changes restrictions, eligibility and allocation methods for tax credit financing for affordable housing. | CTCAC | Low |
| 5 | AB 1297 | Allows state Infrastructure and Economic Development Bank to finance housing in limited circumstances. | I-Bank | Low |
| 6 | AB 68 | Changes requirements for content, publication and reporting related to the California Statewide Housing Plan. | HCD | Low |
| 7 | SB 791 | Establishes Surplus Land Unit within state Department of Housing and Community Development (HCD). | HCD | Low |
| 8 | AB 1095 | Requires funds administered by the Strategic Growth Council for affordable housing to be made available for affordable home ownership in addition to rentals. | Strategic Growth Council | Low |
| 9 | SB 381 | Applies only to the City of South Pasadena. | N/A | Low |

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LOW IMPACT (CITY RESPONSIBILITY)

| No. | Bill | Topic | Anticipated Impact |
|-----|---------|--------------------|--------------------|
| 1 | AB 215 | Housing Element | Low |
| 2 | AB 571 | Density Bonus | Low |
| 3 | AB 634 | Density Bonus | Low |
| 4 | AB 721 | Affordable Housing | Low |
| 5 | AB 787 | Housing Element | Low |
| 6 | AB 1029 | Housing Element | Low |
| 7 | AB 1174 | Process | Low |
| 8 | AB 1340 | Housing Element | Low |
| 9 | AB 1398 | Housing Element | Low |
| 10 | SB 10 | Zoning | Low |


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LOW IMPACT (CITY RESPONSIBILITY)

AB 215 – Planning and Zoning Law: Housing Element: Violations

WHEN IT APPLIES

- Next revision of the Housing Element

WHAT IT DOES

- Requires draft Housing Element (HE) revisions to be made public for 30 days before submittal to State for review
- Increases State review time to 90 days
- Allows State to sue jurisdictions for violations of Housing Accountability Act (HAA)



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LOW IMPACT (CITY RESPONSIBILITY)

AB 634 – Density Bonus Law: Affordability Restrictions

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Clarifies that existing Density Bonus Law does not prohibit jurisdictions from imposing affordability periods of longer than 55 years



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LOW IMPACT (CITY RESPONSIBILITY)

AB 787 – Planning and Zoning: Housing Element: Converted Affordable Housing Units

WHEN IT APPLIES

- January 1, 2023

WHAT IT DOES

- Allows jurisdictions to count market-rate units that are converted to affordable housing toward up to 25% of their Moderate-Income Regional Housing Needs Assessment (RHNA) obligation

AB 1029 – Housing Elements: Prohousing Local Policies

WHEN IT APPLIES

- July 1, 2021

WHAT IT DOES

- Adds preservation of affordable units through extension of affordability covenants to the list of prohousing local policies for which a jurisdiction can be recognized when applying for grants



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LOW IMPACT (CITY RESPONSIBILITY)

AB 1174 – Planning and Zoning: Housing: Development Application Modifications, Approvals and Subsequent Permits

WHEN IT APPLIES

- Effective immediately

WHAT IT DOES

- For projects approved pursuant to a SB 35 Streamlined Ministerial process, extends the time limit to secure building permits from three years to indefinite if certain criteria are met

AB 1304 – Affirmatively Further Fair Housing: Housing Element: Inventory of Land

WHEN IT APPLIES

- January 1, 2022/Next Housing Element Revision

WHAT IT DOES

- Clarifies that jurisdictions are required by law to Affirmatively Further Fair Housing in administering their housing programs
- Requires future HE revisions to assess the RHNA Sites Inventory as it relates to Affirmatively Furthering Fair Housing (AFFH)



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LOW IMPACT (CITY RESPONSIBILITY)

**AB 1398 – Planning and Zoning:
Housing Element: Rezoning of Sites:
Prohousing Local Policies**

**SB 10 – Planning and Zoning:
Housing Development: Density**

WHEN IT APPLIES

- Next revision of the Housing Element

WHAT IT DOES

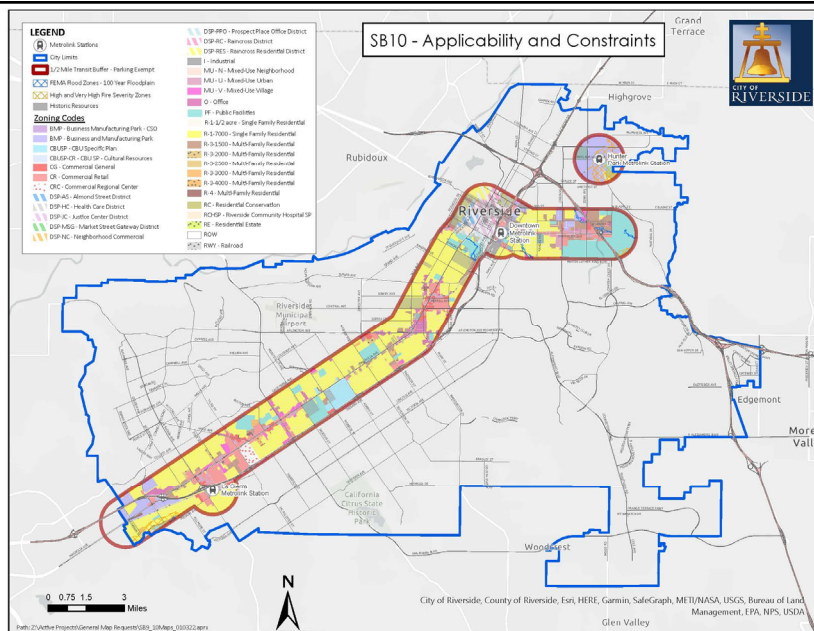
- Reduces timeline for adopting an HE Rezoning Program from 3 years to 1 year for jurisdictions that do not adopt an HE update by the deadline
- Excuses jurisdictions that timely adopt the 6th Cycle HE Update from a required 4-year, mid-cycle (2025) update, if applicable

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Allows jurisdictions to opt to upzone parcels in transit priority areas to allow up to 10 dwelling units per acre without requiring California Environmental Quality Act (CEQA) studies



MODERATE IMPACT

| No. | Bill | Topic | Anticipated Impact |
|-----|---------|---------------------------|--------------------|
| 1 | AB 345 | ADUs | Moderate |
| 2 | AB 491 | Affordable Housing | Moderate |
| 3 | AB 1043 | Affordable Housing | Moderate |
| 4 | AB 1584 | Omnibus (multiple topics) | Moderate |
| 5 | SB 8 | Process | Moderate |
| 6 | SB 290 | Density Bonus | Moderate |
| 7 | SB 478 | Zoning | Moderate |
| 8 | SB 591 | Senior Housing | Moderate |
| 9 | SB 728 | Density Bonus | Moderate |



MODERATE IMPACT

AB 345 – Accessory Dwelling Units: Separate Conveyance

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Requires jurisdictions to allow Accessory Dwelling Units (ADUs) to be sold separately from the primary dwelling as part of a tenancy-in-common arrangement if the ADU was built by a qualified nonprofit

HOW IT AFFECTS RIVERSIDE

- Will be incorporated into upcoming revisions to City's ADU regulations



AB 491 – Housing: Affordable and Market-Rate Units

WHEN IT APPLIES

- Effective Immediately

WHAT IT DOES

- Clarifies that mixed-income residential development may not segregate affordable units from market-rate units and must provide same entrances, common areas, amenities, etc.

HOW IT AFFECTS RIVERSIDE

- Will be enforced as part of the regular Development Review process for new residential projects

MODERATE IMPACT: AB 1584

2021 HOUSING OMNIBUS

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Clarifies unenforceability of ADU restrictions in Covenants, Conditions & Restrictions (CC&Rs) for common interest developments
- Extends mobile home park tenancy termination notice periods
- Makes clarifying changes to the Homeowner Bill of Rights
- Changes process, timeline for making public court decisions on real estate issues
 - Clarifies that Density Bonus waivers/ concessions not inconsistent with adopted plans for HAA purposes



WHAT IT DOES (cont.)

- Clarifies that properties with manufactured ADUs are not mobile home parks
- Requires housing on Successor Agency properties to be offered first to people displaced by redevelopment or descendants

HOW IT AFFECTS RIVERSIDE

- **No/Low Impacts** – mobile home parks, Homeowner Bill of Rights, court decisions
- **Moderate Impacts** – ADUs, Density Bonus, affordable rental restrictions, Successor Agency property

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MODERATE IMPACT

AB 1043 – Housing Programs: Rental Housing Developments: Affordable Rent

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Creates a new household income category for affordable housing, “acutely low-income,” limited to under 15% of area median income

HOW IT AFFECTS RIVERSIDE

- Housing Authority will ensure compliance with household income limits should future units be restricted to this income category



SB 8 – Housing Crisis Act of 2019

WHEN IT APPLIES

- Effective Immediately

WHAT IT DOES

- Extends the expiration of the Housing Accountability Act from 2025 to 2030

HOW IT AFFECTS RIVERSIDE

- Restricts ability to downzone or decrease residential zoning capacity for additional 5 years
- Allows projects eligible for the SB 330 Preliminary Application process to lock in fees by submitting preliminary applications for additional 5 years

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MODERATE IMPACT

SB 290 – Density Bonus Law

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Inclusionary zoning units must be included in base density calculation
- Creates incentive/concession for student housing with 20% affordability
- Extends maximum 0.5 parking space/unit to 40% moderate-income projects
- Further limits jurisdictions' ability to deny incentives/concessions for affordable housing

HOW IT AFFECTS RIVERSIDE

- Will require future updates to Title 19 to conform; creates additional annual reporting requirements



SB 478 – Planning and Zoning Law: Housing Development Projects

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Prohibits jurisdictions from imposing maximum Floor Area Ratio (FAR) or lot coverage standards that preclude a minimum number of units, if allowed by zoning
- Makes deed restrictions that have same effect void and unenforceable

HOW IT AFFECTS RIVERSIDE

- May necessitate minor, clarifying changes to existing provisions of the Zoning Code – no substantive changes needed ¹⁷

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MODERATE IMPACT

SB 591 – Senior Citizens: Intergenerational Housing Developments

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Allows affordable senior housing developments to have 20% of units occupied by caregivers or transition-aged youth

HOW IT AFFECTS RIVERSIDE

- May require revisions to existing Zoning Code definition of Senior Housing to conform



SB 728 – Density Bonus Law: Purchase of Density Bonus Units by Nonprofits

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- New requirements for equity sharing agreements for for-sale affordable housing developments receiving a Density Bonus

HOW IT AFFECTS RIVERSIDE

- Housing Authority will review future affordable housing agreements/deed restrictions for compliance, when applicable

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HIGH IMPACT



- **AB 602:** Development Impact Fees: Impact Fee Nexus Study
- **AB 838:** State Housing Law: Enforcement Response to Complaints
- **SB 9:** California Housing Opportunity and More Efficiency (HOME) Act



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HIGH IMPACT: AB 602

DEVELOPMENT FEES: IMPACT FEE NEXUS STUDY

WHEN IT APPLIES

- **July 1, 2022**

WHAT IT DOES

- Creates new requirements for preparing impact fee nexus studies
- Requires nexus studies be updated every 8 years
- Limits fees on housing to proportional with unit size
- Requires impact fees to be posted online

WHAT IT MEANS FOR RIVERSIDE

- **Will significantly alter the way that future Public Works, Utility, Traffic & other impact fees are assessed to residential development**
- **Mandates nexus study updates on an 8-year cycle**
- **May require some updates to City web pages**
- **Does not affect ongoing Fee Study, if adopted before effective date**

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HIGH IMPACT: AB 838

STATE HOUSING LAW: ENFORCEMENT RESPONSE TO COMPLAINTS

WHEN IT APPLIES

- July 1, 2022

WHAT IT DOES

- Requires investigation of occupant complaints of substandard housing and provide reports free of charge
- Requires cities to report observed violations to property owners and plan for compliance
- Prohibits conditions on inspections, such as property owner refusal or current payment of rent

WHAT IT MEANS FOR RIVERSIDE

- Established Code Enforcement procedures largely comply
- Commits City to maintaining existing practice
- Will preclude future changes in procedures that do not meet requirements
- Will require waiver of nominal fees for hard copies of reports & mailings



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HIGH IMPACT: SB 9

CALIFORNIA HOUSING OPPORTUNITY AND MORE EFFICIENCY (HOME) ACT

WHEN IT APPLIES

- January 1, 2022

WHAT IT DOES

- Allows up to 4 units in any single-family zone:
 - Ministerial lot split – minimum 1,200 square feet for new lots, 60/40 ratio
 - Ministerial approval of duplex on each lot
 - Applies to conversions and new build
 - Limited parking requirements, no dedications or off-site improvements for lot splits
 - No short-term rentals allowed
 - Can prohibit ADUs, JADUs
 - Numerous exceptions/qualifications for hazards, environmental/historic resources, displacement avoidance

WHAT IT MEANS FOR RIVERSIDE

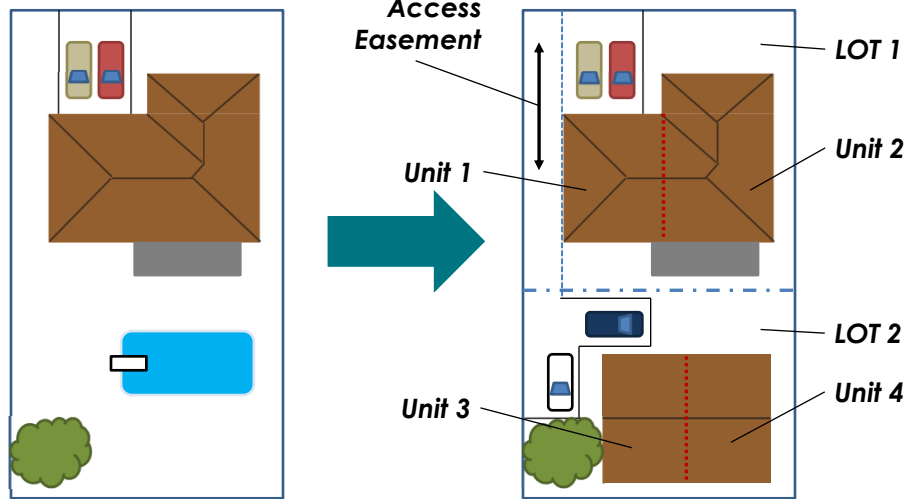
- Slightly increases potential residential development in single-family zones (from current 3 units to 4 units)
- Will require updates to Zoning Code
- Will require new applications, processing procedures, permit tracking and reporting (Planning, Building & Safety, Public Works)
- Prohibits ROW dedication, off-site improvements normally required for single-family subdivisions



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HIGH IMPACT: SB 9

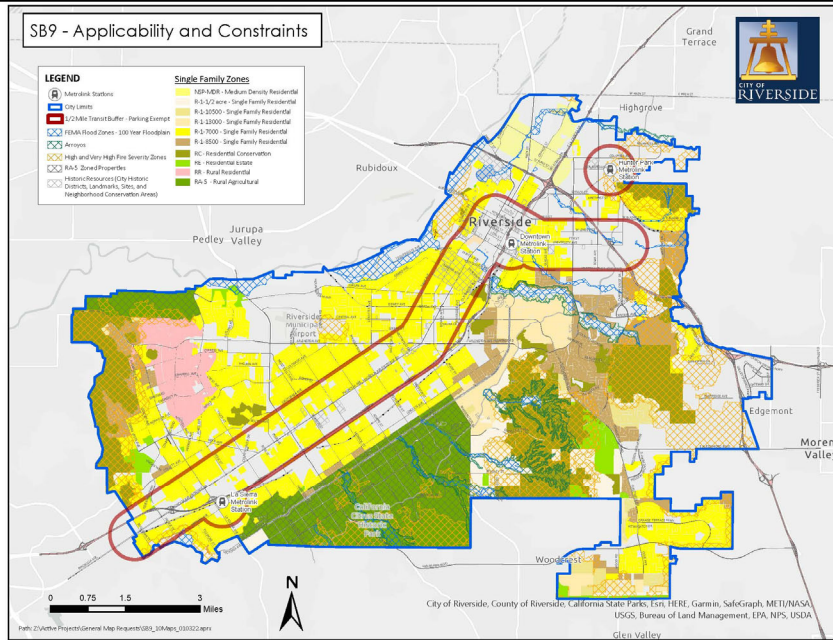


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STRATEGIC PLAN ALIGNMENT

Envision Riverside 2025 Strategic Plan Priorities

#2 COMMUNITY WELL-BEING



- 2.1 – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels
- 2.2 – Collaborate with partner agencies to improve household resiliency and reduce the incidence and duration of homelessness
- 2.4 – Support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATION

That the City Council receive and file the staff report on the California Legislature's 2021 Housing Bills.



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