

2019 New Mayors & Council Members Academy

Legislative Landscape: Housing and Homelessness

February 1, 2019

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Political Landscape

- Governor Newsom won election by 22 points.
- Governor has very ambitious housing production goals – 3.5 million by 2025.
- Assembly – 60 Dems and 20 Reps.
- Senate – 28 Dems, 10 Reps, and 2 vacancies.
- Super majority party is progressive on housing policy.
- Nearly all housing bills are simple majority vote.

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Governor Newsom's State Budget

Affordable Housing Funding:

- \$500 million in affordable housing tax credits (ongoing).
- \$500 million for multifamily moderate-income loan program (developers).
- Accelerate expenditures of Prop. 1 & 2 funding.

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Governor Newsom's State Budget

Homeless Funding and Assistance

- \$500 million for emergency homeless funding for cities and counties.
- \$25 million to assist homeless individuals in accessing federal disability funds.
- \$100 million for county “whole person care” programs.

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Governor Newsom's State Budget

Homeless Funding and Assistance

- \$50 million for expanded mental health training.
- CEQA streamlining for homeless shelters (similar to sports stadiums).
- Allow California Department of Transportation right of way and airspace to be used for building homeless shelters.

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Governor Newsom's State Budget

Effort to Increase State Oversight and Control of Local Governments

- Direct HCD to adopt increased short-term higher housing production goals, distribute goals to local agencies and allow oversight and enforcement action against local agencies as needed.
- Allow the state to take transportation funds if housing production is lower than RHNA goals.

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Governor Newsom's State Budget

Effort to Increase State Oversight and Control of Local Governments

- Offer \$500 million in incentive grants to local agencies that meet unspecified milestones associated with enhanced planning and increased housing production.
- Potential task force or ballot initiative to address local housing development impact fees.

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Key Housing Bills 2019 Legislative Session

- Just the beginning of bill introductions.
- Feb. 22nd is the introduction deadline.
- Will likely see 1,500 or more bills introduced this year.
- 1st year of the two-year session.

Upzoning Near Transit

SB 4 (McGuire) Housing

- Spot bill.
- May include new density requirements in single-family neighborhoods, by-right housing approvals, based on city population.

Upzoning Near Transit

SB 50 (Wiener) More HOMES Act (Housing, Opportunity, Mobility, and Stability)

- Would upzone near transit, limit single-family only zoning, increase density, limit or eliminate parking requirements, and award Density Bonus incentives.

RDA/Tax Increment

AB 11 (Chiu) Community Redevelopment Law of 2019

- Would bring back a new form of redevelopment, similar to RDA prior to elimination.
- Unspecified amount of annual state funding.
- Extensive upfront planning and analysis before agency is approved or denied by the state.

RDA/Tax Increment

SB 5 (Beall) Local-State Investment Incentive Program

- Builds off of existing TIF tools - CRIA, EIFD, affordable housing authority, and transit village development district.
- Up to \$2 billion annual state investment.
- 50% of funds must support affordable housing.

Voting Thresholds

ACA 1 (Aguiar-Curry) Affordable Housing – Voter Approval

- Would reduce the voter approval requirement to 55% for affordable housing and public infrastructure bonds.

Voting Thresholds

SB 128 (Beall) Enhanced Infrastructure Financing Districts (EIFD)

- Would reduce the voter approval requirement to 55% for EIFD's to issue bonds.

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Accessory Dwelling Units (ADU)

AB 68 (Ting) ADU

- Would make many changes to ADU law – would eliminate minimum lots size requirements, require at least 800sft ADU, require approve within 60 days.

AB 69 (Ting) ADU

- Would authorize HCD to submit findings to a local government as to whether or not their ordinance complies with the law.

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Accessory Dwelling Units (ADU)

SB 13 (Wieckowski) ADU

- Spot bill.
- Likely to be similar to a measure from last year.
- Would prohibit impacts fees, school fees, other mitigation fees.

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What can you do?

- Get involved in the League, sign up for the App, sign up for CCA.
- Keep a lookout for League Action Alerts.
- Take action – Support/Oppose bills.
- Spread the word to your fellow council members.
- Engage the community.



Questions?

League of California Cities' Summary and Analysis of Gov. Newsom's Housing-Related Budget Proposals

Funding for affordable housing has been in a significant decline over the past few decades, which have played a major role in the state's current affordable housing shortage. A reduction in federal affordable housing assistance, a lack of state bond funding and the eradication of redevelopment — the largest source of affordable housing funding — have contributed to this statewide issue, and our local city officials are experiencing firsthand the burden imposed on California's residents and communities due to this housing affordability crisis.

The League continues its commitment to advocate for additional housing funding on behalf of all of California cities. Last year, the League served on the steering committee of the winning campaigns to pass Propositions 1 and 2, which provide \$6 billion in much-needed funding to build housing for veterans, working families and those experiencing homelessness or at risk of becoming homeless. The League also lobbied in support of \$500 million in FY 2018-19 for homelessness programs, supported cap and trade allocations that provide funding for affordable housing, and helped secure funding for updated local planning, homeless assistance and affordable housing through the passage of SB 2 (Atkins 2017).

On Jan. 10, Gov. Newsom unveiled his FY 2019-20 budget proposal. In addition to increases in funding for housing and homelessness grants, the Governor proposes taking away transportation funding from cities that fail to meet state housing goals, which poses a significant concern to the League. This document can serve as a resource that outlines the Governor's proposals while also providing talking points for meetings with the state legislators.

Gov. Newsom's Housing-Related Budget Proposals

Affordable Housing Funding

- \$500 million in affordable housing tax credits (ongoing);
- \$500 million for multifamily moderate-income housing; and
- Accelerate expenditures of Prop. 1 & 2 funding.

Homeless Funding and Assistance

- \$500 million for emergency homeless funding for cities and counties;
- \$25 million to assist homeless individuals in accessing federal disability funds;
- \$100 million for county "whole person care" programs;
- \$50 million for expanded mental health training;
- CEQA streamlining for homeless shelters (similar to sports stadiums); and
- Allow California Department of Transportation right of way and airspace to be used for building homeless shelters.

Effort to Increase State Oversight and Control of Local Governments

- Direct HCD to adopt increased short-term higher housing production goals, distribute goals to local agencies and allow oversight and enforcement action against local agencies as needed;
- Allow the state to take transportation funds if housing production is lower than RHNA goals;
- Offer \$500 million in incentive grants to local agencies that meet unspecified milestones associated with enhanced planning and increased housing production; and
- Potential task force or ballot initiative to address local housing development impact fees.

Building Housing on State Property, EIFD's

- Allow housing to be built on excess state property with low-cost ground leases without local review and approval; and
- Remove 55% vote requirement when Enhanced Infrastructure Finance Districts (EIFD's) issue bonds and improve coordination with federal Opportunity Zone incentives.

2019 Housing Talking Points

California's Cities Need Additional Affordable Housing Resources

- City officials are acutely aware of the severity of California's housing supply and affordability crisis and how it impacts our communities.
- We support the Governor and Legislature's goals of building more housing, and recognize the vitally important role cities play in the planning and approval of new housing.
- Increased and ongoing funding for affordable housing is critical to stabilize the state's housing development and construction marketplace.
- The state needs to accelerate the allocation of funds shored up in the recently passed Prop. 1 housing bond, Prop. 2 homeless housing funds, and SB 2 planning funds.

The Governor's Budget Proposal has Opportunities for Collaboration but also Cause for Concerns for California's Cities

- We appreciate the Governor's proposal to increase funds for affordable housing tax credits, affordable and workforce housing and to address the growing homelessness and mental health crisis in our state.
- California's cities have significant concerns with proposals that tie transportation funding to state housing production goals, since developers make decisions based on market conditions, not state goals.

State Proposes Top-Down Planning for Housing

- Cities have an obligation to ensure we're planning for the housing our communities need.
- Throughout the state, cities have planned and approved hundreds of thousands of units and more than 90 percent of all cities have approved state housing elements that the private sector has not developed.
- Over the past two years, more than 30 housing and land use bills have been signed into law that impact local government and are just now beginning to be implemented.

Local Governments Cannot Control Macro-Economic Conditions

- There are many market factors affecting the construction of housing beyond the control of local government. While the economy rebounded strongly in the Bay Area — apartment construction is at its highest level in 27 years — the economic reality is different in other regions.
- The nonpartisan Legislative Analyst's Office's November report predicted housing production will flatten due to developers pulling back in the face of a cooling market.
- A 2018 Construction Industry Research Board report listed projects up and down the state that have approvals for over 450,000 units but they will not be built for years.
- Local governments should not be held accountable for housing production, as cities don't build homes and have little control over market conditions.
- Cities look forward to collaborating with the state on finding solutions to the state's housing issues, as we share the mutual goals of improving California communities and enhancing the quality of life of all residents.