

Date of Hearing: April 24, 2019

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 1485 (Wicks) – As Amended April 11, 2019

SUBJECT: Housing development: streamlining.

SUMMARY: Requires ministerial approval of housing developments that limit 20% of the units to up to 120% of area median income (AMI) or less, in specified circumstances. Specifically, **this bill:**

- 1) Allows a development proponent that meets all of the following criteria to submit an application for streamlined, ministerial approval under SB 35 (Wiener), Chapter 366, Statutes of 2017:
 - a) The development is located in a city or county where the last annual production report submitted to the Department of Housing and Community Development (HCD) shows that there were fewer units of above moderate income housing issued building permits than were required for the regional housing needs assessment (RHNA) cycle for that reporting period;
 - b) The development dedicates 20% of the total units in a housing development to households making below 120% AMI with the average income of the units at or below 100% of AMI; and,
 - c) Requires, for units dedicated to households between 80% and 120% of AMI, the rents charged to be 20% below the fair market rent for the county, as determined by the federal Department of Housing and Urban Development.

FISCAL EFFECT: None

COMMENTS:

- 1) **Background.** SB 35 (Wiener), Chapter 366, Statutes of 2017, created a streamlined, ministerial approval process for infill projects with two or more residential units in cities or counties that have failed to produce sufficient housing to meet their RHNA numbers. The ministerial process requires some level of affordable housing to be included in the housing development, and requires the developer to demonstrate that the development meets a number of requirements, including that the development is not in an environmentally sensitive site like a wetland, coastal zone, or very high fire hazard severity zone, among other prohibitions. Pursuant to SB 35, a city or county must provide written documentation within certain time constraints to the developer if the proposed development does not meet the qualifications, and if the city or county does not meet those deadlines, the development is deemed to satisfy the requirements and must be approved “by right.”

SB 35 also requires HCD to determine when a city or county is subject to the streamlined, ministerial approval process, based on the number of units issued building permits as reported in the annual production report submitted by local governments each year as part of the housing element. Streamlining starts at the beginning of the housing element, and can

stop half way through if a city or county is permitting enough units to meet a proportional share of the RHNA at all income levels. If a city or county is not permitting enough units to meet its above moderate and its lower income RHNA, then a development must dedicate 10% of the units to lower income to be eligible for the streamlined process. If the city or county is permitting its above moderate income and not the lower income RHNA then developments must dedicate 50% of the units for lower income to be eligible for streamlining. SB 35 applications have been submitted in Cupertino, Berkeley, and San Francisco, and all of these applications were submitted in jurisdictions meeting their above moderate income and not their lower income RHNA requiring that 50% of the units be restricted to lower income households to qualify.

- 2) **Bill Summary.** This below would allow developments that restrict 20% of the units in a development to 120% of AMI or less to be eligible for streamlined approval in jurisdictions that have not met their above-moderate income RHNA for the prior reporting period, in certain circumstances. The bill requires that if 20% are rented to households between 80% of AMI or 120% of AMI, the rents would be required to be 20% below market rate. This bill ties the streamlining of units that serve moderate income households to whether a city or county is meeting their above-moderate income RHNA.

This bill is sponsored by the Bay Area Council.

- 3) **Author's Statement.** According to the author, "For decades, California has failed to create enough housing, at all income levels, for our growing population. According to the Legislative Analyst's Office, California needs to produce approximately 180,000 units of housing per year to keep up with population growth. Right now, our state produces less than half that amount. The extreme cost of housing is more than just a price; its cost is affecting our economy, environment, and quality of life for our residents.

"The need for CEQA reform is well documented in California. In the Bay Area, where construction costs are so high as to prohibit new housing altogether, we must allow housing that meets our social and environmental goals to be approved in no more than one year."

- 4) **Arguments in Support.** Supporters argue that this bill will help address the Bay Area housing crisis by ensuring timely approval of unsubsidized, zoning compliant rental and ownership housing projects and that such a tool is critical to accelerate mixed income housing production.
- 5) **Arguments in Opposition.** None on file.
- 6) **Double-Referral.** This bill was heard in the Housing and Community Development Committee on April 10, 2019, and passed with a 7-0 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

Bay Area Council [SPONSOR]
American Planning Association (if amended)
Building Industry Association of The Bay Area
California Community Builders
Chan Zuckerberg Initiative
Enterprise Community Partners, Inc.
Habitat For Humanity East Bay/Silicon Valley
Hamilton Families
Oakland Metropolitan Chamber of Commerce
Related California
San Francisco Foundation (if amended)
Silicon Valley at Home (Sv@Home)
TMG Partners

Opposition

None on file

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