

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC Legislation Committee and ABAG Legislation Committee**

July 12, 2019

Agenda Item 4c

State Housing Legislative Update

Subject: Overview of the 2019 state housing landscape, including an update on MTC and ABAG priority housing protection, preservation, and production bills.

Overview: California lawmakers kicked off the 2019 legislative session with an ambitious housing agenda intended to combat the region and the state's ongoing housing crisis. MTC and ABAG identified a package of more than a dozen housing protection, preservation and production bills that together could make progress on addressing the Bay Area's housing affordability challenges. Although two of the most high-profile measures – SB 50 (Wiener), which would have mandated upzoning areas close to jobs and transit, and AB 11 (Chiu), which would have revived a reformed version of redevelopment – are on hold until next January having been designated “two year bills,” MTC and ABAG's other priorities may still reach Governor Newsom's desk this year, as summarized below and detailed in Attachment A.

Protection

In late June, the Legislature revived hopes for passage of comprehensive, albeit limited term, tenant protections by pairing a revised rent cap measure (AB 1482 (Chiu) with just cause eviction protections. The stand-alone just-cause bill, AB 1481 (Grayson) missed the deadline to pass out of the house of origin at the end of May. The latest version of AB 1482 has a three-year sunset date of January 1, 2023 instead of 2030, a major concession. It would limit rent increases to no more than seven percent plus inflation – up from five percent from earlier versions of the bill. The just cause eviction protections would also be limited to tenants who have lived in a unit for at least 12 months. Additionally, owners who rent 10 or fewer single family homes would be exempted from both the rent cap provision and the eviction restrictions. MTC and ABAG had adopted “support” positions on both AB 1482 and AB 1481; AB 1482 will be heard in the Senate Judiciary Committee on July 9th.

ABAG also supported SB 18 (Skinner), which would have provided funding for rental assistance and legal aid funding. By the time the MTC Commission considered the bill, staff had been informed that those priorities instead would proceed through the FY 2019-20 Budget, which MTC supported. As detailed in agenda item 4b, the Budget includes \$650 million for cities, counties and continuums of care for homelessness services and prevention, including rental assistance. Additionally, the Budget includes \$20 million to provide legal aid for renters and assist with landlord-tenant disputes, including legal assistance for counseling, renter education programs, and preventing evictions.

Preservation and Production

As of the drafting of this memo, 11 housing preservation and production priority bills that MTC and ABAG took positions on are still being considered by the Legislature. These bills include measures to remove barriers to creating accessory

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dwelling units, streamline housing approvals, support affordable housing production on public lands, and create new tools to fund affordable housing.

Additionally, the FY 2019-20 State Budget included significant new resources to support housing planning and production, also detailed in Agenda Item 4b.

Attachments: MTC and ABAG Housing Bill Matrix

A handwritten signature in black ink, appearing to read 'Therese W. McMillan', written over a horizontal line.

Therese W. McMillan

2019 California Housing Bill Matrix

Last Updated: July 2, 2019 3:00 PM

Topic	Bill	Summary	Status as of 7/2	ABAG/MTC Position
PROTECTION				
Just Cause Eviction	AB 1481 (Grayson/ Bonta)	Until 2030, prohibits eviction of a tenant without just cause stated in writing, if the tenant has occupied the property for six months or more. Requires tenant be provided a notice of a violation of lease and opportunity to cure violation prior to issuance of notice of termination. Exempts landlords who lease four or fewer single family homes. Sets specified caps on the amount of relocation assistance that may be required for no-fault evictions.	Two-year bill (Key provisions incorporated into AB 1482 on 6/28)	Support
Rent Cap	AB 1482 (Chiu)	Until 2023 2030, caps annual rent increases by seven five percent above the percent change in the cost of living or 10 percent, whichever is lower, and prohibits eviction of a tenant without just cause stated in writing, if the tenant has occupied the property for 12 months or more. Sets specified caps on relocation assistance that may be required for no-fault evictions. Exempts from the rent cap and just cause eviction protections certain residential properties, including units that have received a certificate of occupancy within the last 10 years and single family homes meeting specified conditions. Provides that any local rent control policy or just cause ordinance that is more restrictive than the bill applies.	Senate Judiciary Committee (Hearing set for 7/9; Substantially amended on 6/28)	Support

Topic	Bill	Summary	Status as of 7/2	ABAG/MTC Position
PRODUCTION & PRESERVATION				
Accessory Dwelling Units (ADUs)	AB 68 (Ting)	<ul style="list-style-type: none"> Prohibits local ADU standards from including certain requirements related to minimum lot size, floor area ratio or lot coverage, and replacement parking. Modifies provisions related to minimum ADU that must be allowed (800 square feet and 16 feet in height). Reduces the allowable time to issue a permit from 120 days to 60 days from the date an agency receives a completed application. 	Senate Environmental Quality Committee (Hearing set for 7/10)	Support
	AB 69 (Ting)	<ul style="list-style-type: none"> Requires HCD to propose to the California Building Standards Commission small home building standards governing accessory dwelling units and homes smaller than 800 square feet. 	Senate Appropriations Committee Suspense File	Support
	SB 13 (Wieckowski)	<ul style="list-style-type: none"> Prohibits owner-occupancy requirements. Waives impact fees for ADUs less than 750 square feet; Caps impact fees for larger ADUs at 25 percent of the impact fees that would be charged for a single family home being built on the same lot. Continues to allow connection fees and capacity charges. Modifies provisions related to minimum ADU that must be allowed (850 sq. ft. for a one-bedroom; 1,000 sq. ft. more than one-bedroom). Prohibits local agency from requiring the replacement of parking if a space is demolished to construct an accessory dwelling unit. Allows a local agency to count an ADU for purposes of identifying adequate sites for housing. Creates a 10-year amnesty program. 	Assembly Local Government Committee	Support if Amended

Topic	Bill	Summary	Status as of 7/2	ABAG/MTC Position
PRODUCTION & PRESERVATION (cont'd)				
Zoning/ Housing Approvals (cont'd)	SB 50 (Wiener)	<ul style="list-style-type: none"> Excluded counties with fewer than 600,000 in population from height-related requirements in close proximity to transit stations. Authorizes four-plexes in areas where housing is permitted, subject to existing setback and lot requirements on vacant parcels with limited conversions allowed (at least 75% of exterior walls must remain). For cities > 50,000 in counties with fewer than 600,000 authorizes a waiver from density limits and permits an additional story to be built above current zoning within ½ mile of major transit stop. For cities > 100,000 prohibits minimum parking requirements within 1/4-mile of major transit stop. Allows upzoning within ½-mile of transit and in high-opportunity areas. Provides for a five-year deferral of bill's provisions in "sensitive communities" that would be defined by HCD in conjunction with community groups. Defers applicability of bill in "sensitive communities" –to be defined by HCD in conjunction with local community-based organizations—until January 1, 2025. Excludes sites that contain housing occupied by tenants or that was previously occupied by tenants within the preceding seven years or the owner has withdrawn the property from rent or lease within 15 years prior to the date of application. 	Two-year bill 6/4/19	No position (boards directed staff to work with author)

Topic	Bill	Summary	Status	ABAG/MTC Position
	SB 330 (Skinner)	<ul style="list-style-type: none"> Prohibits a local agency, or its voters, high-rent, low-vacancy areas, as defined, from: <ol style="list-style-type: none"> (1) Adopting any policy that would result in a “less intensive” residential use than what was in effect on January 1, 2018; allows for a reduction in residential density if the local agency adjusts zoning elsewhere to ensure no net loss in residential capacity; (2) Imposing or enforcing design standards that are not objective that were adopted on or after January 1, 2018; (3) Imposing or enforcing a moratoria on housing development, unless certain conditions are met; or (4) Imposing or enforcing a population cap (exempts pre-2005 voter-approved limits in agricultural areas). Establishes new criteria to determine when a housing development project proponent has submitted a “preliminary application” “complete initial application” and requires local agencies to develop a checklist/form for this purpose, and HCD to also adopt a standardized form for this purpose for use in a jurisdiction that didn’t adopt one. Provides that a project may not be subject to new ordinances, rules or fees after a complete initial preliminary application is submitted except under certain circumstances. Prohibits a city or county from conducting more than five hearings on an application for a housing development project. Allows for a developer to build at densities in effect prior to January 1, 2018 Freezes impact fees at January 1, 2018 levels. Prohibits minimum parking requirements within ¼ mile of transit; Limits parking requirements elsewhere in affected cities to 0.5 spaces per unit. Removes voter’s ability to require voter approval or set supermajority requirements for certain land use changes. Five-year 10-year emergency statute 	<p>Assembly Local Government Committee</p> <p>(Hearing set for 7/10; Substantially amended on 5/21, 6/25 and 7/1)</p>	<p>Seek Amendments</p> <p>(On the 7/12 Joint Legislation Committee agenda for further consideration)</p>

Topic	Bill	Summary	Status	ABAG/MTC Position
PRODUCTION & PRESERVATION (cont'd)				
	AB 1483 (Grayson)	<ul style="list-style-type: none"> Requires a city or county to maintain a current schedule of fees applicable to a housing development project. Requires each local agency to post the fee schedule and all zoning ordinances and development standards on its website, provide any updated the information to the HCD and any applicable metropolitan planning organization (MPO) and council of government within one month of a change, and update & archive it annually. Starting 2021, requires counties to annually submit parcel data & for HCD to collect & publish it all in a statewide parcel geographic database. Requires HCD to convene a working group that includes representatives of local government, MPOs, and relevant academic institutions to inform development of a statewide housing data strategy. Lists components of strategy. 	Senate Governance and Finance Committee (Hearing set for 7/10; Substantially amended on)	Support and Seek Amendments
Streamlining	AB 1485 (Wicks)	Modifies affordability requirements applicable to the by-right provisions in SB 35 (Wiener, 2017) such that a project can dedicate 10 percent of the total number of units to housing affordable to households making below 80 percent of the area median income (AMI) or 20 percent to households earning below 120 percent AMI with an average income of units at or below 100 percent.	Senate Governance and Finance Committee (Hearing set for 7/10)	Support
Public Lands	SB 6 (Beall)	<ul style="list-style-type: none"> Requires HCD to provide the Department of General Services (DGS) with a list of local lands suitable and available for residential development as identified by a local government as part of the housing element of its general plan. Authorizes HCD to provide local governments standardized forms to develop site inventories and requires that local governments adopting housing elements after January 1, 2021 electronically submit site inventories to HCD. <i>(cont'd)</i> 	Assembly Accountability and Administrative Review Committee (Hearing set for 7/3)	Support

Topic	Bill	Summary	Status	ABAG/MTC Position
PRODUCTION & PRESERVATION (cont'd)				
	SB 6 (Beall) <i>continued</i>	<ul style="list-style-type: none"> Requires DGS to create a database of that information and information regarding state lands determined or declared excess and to make this database available and searchable by the public by means of a link on its internet website. 		
Public Lands	AB 1486 (Ting)	<ul style="list-style-type: none"> Revises the definitions of “local agency” and “surplus land” applicable to the current Surplus Lands Act (SLA) requirement that local agencies provide right of first refusal to affordable housing developers when disposing of surplus land. Revises and clarifies state and local process requirements related to surplus land disposal. Limits negotiations to sales price and lease terms. Provides only that a local agency may not, in negotiations with an affordable housing developer, disallow residential use on the site as a condition of sale or lease or impose other requirements, other than those required by a locality’s general plan and zoning standards, that would make the project financially infeasible. Requires that HCD create and maintain a statewide inventory of local surplus lands and an up-to-date list of notices of availability throughout the state. The inventory would be developed from information submitted by local agencies. Expands HCD’s enforcement mandate to include the SLA. Permits 100 percent affordable development on surplus land regardless of local zoning; Provision does not apply to exempt surplus land or land ineligible for state affordable housing financing programs. 	<p>Senate Governmental Organization Committee</p> <p>(Hearing not yet set; Substantially amended on 6/27)</p> <p><i>Additional amendments anticipated.</i></p>	<p>Support if Amended</p> <p>(On the 7/12 Joint Legislation Committee agenda for further consideration)</p>

Topic	Bill	Summary	Status	ABAG/MTC Position
PRODUCTION & PRESERVATION (cont'd)				
	AB 11 (Chiu)	<ul style="list-style-type: none"> • Authorizes a city or county or two or more cities acting jointly to form an affordable housing and infrastructure agency that could use tax increment financing to fund affordable housing and infrastructure projects. • Requires the Strategic Growth Council approve new agencies and that expenditure plans for such agencies be aligned with the state's greenhouse gas reduction goals. • A minimum of 30 percent of funds would be required to be invested in affordable housing. 	Two-year bill 4/11/19	Support and Seek Amendments
	AB 1487 (Chiu)	<ul style="list-style-type: none"> • Establishes the Housing Alliance for the Bay Area (HABA), a new regional entity serving the nine Bay Area counties to fund affordable housing production, preservation and tenant protection programs. • Authorizes HABA to place revenue measures on the ballot, issue bonds, allocate funds to the various cities, counties, and other public agencies and affordable housing projects within its jurisdiction to finance affordable housing development, preserve and enhance existing affordable housing, and fund tenant protection programs, • Provides that HABA will governed by a board composed of an unspecified number of voting members from MTC and ABAG, to be determined by MTC and ABAG, and staffed by ABAG and MTC. • Authorizes MTC to place a revenue measure on the ballot in November 2020 and HABA to place a measure on the ballot in subsequent election cycles. • Specifies funding mechanisms including a 0.5-cent sales tax, a head tax, a parcel tax, a gross receipts tax, a bond and a commercial linkage fee. 	Senate Governance and Finance Committee (Hearing set for 7/10; Substantially amended on 5/16/19) <i>Additional amendments anticipated 7/5/19 will only partially reflect MTC and ABAG Ad Hoc Committee recommendations</i>	Seek Amendments (On the 7/12 Joint Legislation Committee agenda for further consideration)

Topic	Bill	Summary	Status	ABAG/MTC Position
PRODUCTION & PRESERVATION (cont'd)				
	SB 5 (Beall)	<ul style="list-style-type: none"> • Authorizes local agencies to apply to the state to reinvest their share of ERAF (Educational Revenue Augmentation Fund) funds in affordable housing or other community improvement purposes. Sets an initial limit of \$200 million per year for the first five years, growing to \$250 million in 2029. • Establishes the Affordable Housing and Community Development Investment Committee • Requires at least 50 percent of funds to be allocated for affordable housing and workforce housing and for 50 percent of the units to be affordable. • Authorize certain local agencies to establish an affordable housing and community development investment agency and authorize an agency to apply for funding under the program and issue bonds, as provided, to carry out a project under the program. 	Assembly Housing and Community Development Committee (Hearing set for 7/3)	Support
Funding (cont'd)	ACA 1 (Aguiar-Curry)	Reduces vote threshold for local bonds or special taxes for affordable housing production, preservation or public infrastructure.	Assembly Floor	Support and Seek Amendments
	SB 128 (Beall)	Eliminates the voter approval requirement for Enhanced Infrastructure Financing Districts (EIFDs), which can be used to finance affordable housing production and preservation, among other purposes. Gutted and amended to “Public contracts: Best Value Construction Contracting for Counties Pilot Program”	Two-year bill (Substantially amended on 6/24/19)	Support