
Housing Bill Update

Subject: Update on housing bills in Sacramento.

Discussion: While the compressed legislative calendar and budget constraints have substantially reduced the total number of 2020 housing bills that will be heard in committees and ultimately reach the Governor's desk, housing and homelessness are still expected to be among the handful of urgent issues Sacramento leaders prioritize this legislative session. Overviews of the 2020 housing production, protection and preservation landscapes are included below.

Housing Production Legislative Packages

On May 19, Senate President Pro Tempore Atkins announced a housing bill package intended to bolster production of mid-density and affordable housing by creating new affordable housing production incentives and opening commercial corridors to residential development. The package additionally includes bills aimed at streamlining the development process, including through establishing new optional tools for local governments to expedite production and through expanding by-right housing approvals for mid-sized projects up to 10 units. Attachment A includes an excerpt from Senator Atkins' press release with a description of the bills.

The Assembly is expected to similarly package a suite of Assembly-led housing bills. The production-focused bills will likely include proposals related to zoning for missing middle housing (AB 725 (Wicks), AB 3040 (Chiu)); opening commercial corridors to residential development (AB 3107 (Bloom)); and streamlining housing approvals (AB 1279 (Bloom), AB 2580 (Eggman), and AB 3155 (R. Rivas)).

Of note, committee staff and others have shared that California building trades leaders intend to support the inclusion of skilled and trained workforce requirements in 2020 affordable housing production bills, similar to the workforce requirements developers are required to meet in order to qualify for SB 35 (Wiener, 2017) streamlining of large market-rate projects.

Preservation, Protection and Homelessness Legislation

The paramount importance of the shelter-at-home order to the state's COVID-19 response has underscored the significance of access to housing to California's overall wellbeing. For California's 3.4 million low-income renters—many of whom are bearing the brunt of the pandemic's impacts—the COVID-19 public health crisis has also exacerbated housing instability.

Based on conversations with committee staff and others, we anticipate that homelessness and tenant protections will continue to be legislative priorities this year, though state funding for such programs will likely be limited given a more constrained budget environment. The Senate's proposal for the state budget and post-COVID economic recovery includes a renter/landlord stabilization program that would enable agreements between renters, landlords, and the state to resolve


unpaid rents over 10 years (see Attachment B for additional details). Assembly Budget & Fiscal Review Committee Chair Ting has indicated that housing stability and homelessness will be priorities in his committee. In addition, the Assembly Housing and Community Development Committee recently advanced a number of bills aimed at combatting homelessness, including AB 3300 (Santiago) which would establish a new California Access to Housing Fund to be funded with \$2 billion annually in continuous General Fund appropriations, AB 2253 (Ting) which would expand to all cities and counties the authority to declare a shelter crisis and construct emergency housing on city- or county-owned or -leased land, and AB 2329 (Chiu), which mandates that the Homelessness Coordinating and Financing Council conduct a homelessness statewide gap and needs assessment by July 31, 2021.

Staff will share any additional updates on the state's housing legislative landscape at your meeting.

Bill Positions: N/A

Recommendation: Information

Attachments: **Attachment A:** Senate Pro Tem Atkins Housing Production Package Press Release
Attachment B: Senate Budget Approach and Economic Recovery



Therese W. McMillan

Excerpts from Press Release of California State Senate President pro Tempore Toni Atkins

May 20, 2020

SACRAMENTO – In an effort to spur affordable housing production and aid California’s economic recovery due to the COVID-19 crisis, Senate Democrats unveiled a package of legislation today intended to bolster production of new housing and remove existing barriers by further streamlining the development process.

The package of bills will lead to more construction jobs and apprenticeships opportunities that will strengthen the economic viability of working families and the state. These bills are the product of four months of work by a group of lead Democratic Senators designated by Senate President pro Tempore Toni G. Atkins (D-San Diego) including Senators Mike McGuire (D-Healdsburg), Anna M. Caballero (D-Salinas), María Elena Durazo (D-Los Angeles), Lena A. Gonzalez (D-Long Beach), Jerry Hill (D-San Mateo), Richard D. Roth (D-Riverside), and Susan Rubio (D-Baldwin Park).

This package of bills builds on a foundation of work by the Senate Housing Committee Chair, Senator Scott Wiener (D-San Francisco), who set the stage with his passionate approach to housing policy and focus on spurring production.

“At the start of the year, my colleagues and I committed to developing a comprehensive, successful approach to housing production. We remain dedicated to that goal, but due to COVID-19 and the economic fallout that has accompanied it, we must pivot our approach,” Atkins said. “This package of legislation would make more housing production possible generating high wage jobs for skilled construction workers, even while we continue to work through the new realities and uncertain times caused by the pandemic and economic downturn. And it positions California to leap forward exponentially on affordable housing as times get better.”

“California had a housing crisis before this pandemic and the need is even greater now with the virus ravaging the earnings of working families and the most vulnerable. The Senate’s housing package focuses on desperately needed relief for renters, ushers in innovative solutions to spur smart development by expediting the transition of dead and dying malls and it advances small-scale infill development. Senate President pro Tempore Atkins has worked day and night on this package, ushering in bold solutions that will have a positive impact in every corner of the Golden State,” said McGuire.

The Senate Housing Production Package includes five bills, which are scheduled to be heard in committees next week, as well as the Senate proposal that would create a renter/landlord stabilization program that would enable agreements between renters, landlords, and the state to resolve unpaid rents over a limited time period.

The housing production package includes the following bills:

- **SB 902 (Wiener)** – This bill allows local governments to pass a zoning ordinance that is not subject to CEQA for projects that allow up to 10 units, if they are located in a transit-rich area, jobs-rich area, or an urban infill site. **As proposed to be amended on May 20, 2020.*
- **SB 995 (Atkins)** – This bill would expand the application of streamlining the CEQA process to smaller housing projects that include at least 15 percent affordable housing. It also would broaden application and utilization of the Master Environmental Impact Report (MEIR) process, which allows cities to do upfront planning that streamlines housing approvals on an individual project level. The bill would extend and expand a program that has generated 10,573 housing units and created nearly 47,000 jobs since 2011.
- **SB 1085 (Skinner)** – This bill would enhance existing Density Bonus Law by increasing the number of incentives provided to developers in exchange for providing more affordable housing units.
- **SB 1120 (Atkins)** – This bill would encourage small-scale neighborhood development by streamlining the process for a homeowner to create a duplex or subdivide an existing lot in all residential areas. Such applications would be required to meet a list of qualifications that ensure protection of local zoning and design standards, historic districts, environmental quality, and existing tenants vulnerable to displacement.
- **SB 1385 (Caballero)** – This bill would unlock existing land zoned for office and retail use and allow housing to become an eligible use on those sites. It also would extend the state’s streamlined ministerial housing approval process to office and retail sites that have been vacant or underutilized for at least three years.

Source URL: <https://sd39.senate.ca.gov/news/20200520-senate-leaders-detail-housing-production-legislation-intended-increase-supply-aid>

Links

[1] <https://www.addthis.com/bookmark.php?v=300>

[2] <http://www.senate.ca.gov/Atkins>



Budget Approach & Economic Recovery

Senator Toni G. Atkins
President pro Tempore

Senator Holly J. Mitchell
*Chair, Committee on
Budget and Fiscal Review*

Senator Steven Bradford
&
Senator Robert M. Hertzberg
*Co-Chairs, Caucus Working Group
on Economic Recovery*





Budget Approach



California is strong and will meet this challenge.

Top Guiding Principles:

- *Be Responsible*: Look beyond just the budget year, and pass a budget package that is balanced in 2020-21 *and* also projected to be balanced in 2021-22.
- *Don't Become Part of the Problem*: Aim to avoid major ongoing program cuts and middle-class tax increases to cause additional economic harm.



Budget Approach



Keeping Budget Balanced:

- Decade of responsible budgeting has California better prepared for an economic downturn.
- A mix of reserves, other traditional tools, and federal support approach nearly \$100 billion of solutions to manage our budget challenge.



Budget Approach



Keeping Budget Balanced:

Potential Available Solutions for 2020-21 and 2021-22

(in billions)

Traditional Solutions

Reserves	\$16.2
Spending Reductions*/Fund Shifts/ Internal Loans/Deferrals	\$25.0
<i>subtotal</i>	<i>\$41.2</i>

Federal Support Solutions

Increased Federal share of Medi-Cal costs	\$5.8
CARES Act (to cover expenditure increases due to COVID-19)	\$9.5
Federal Cost Recovery	\$5.3
<i>Pending Federal Support 4.0 (\$33-\$66 billion**)</i>	<i>\$33.0</i>
<i>subtotal</i>	<i>\$53.6</i>

Total Solutions **\$94.8**

*excludes major ongoing programmatic reductions

**Range based on state/local 55%/45% split of California's share Governors Association and CA Leader proposals



Working Group on Economic Recovery



Two Proposals:

- Renter/Landlord Stabilization
- \$25 Billion Economic Recovery Fund



Renter/Landlord Stabilization:

- Create Program that enables three-party agreement to resolve unpaid rents over a limited time period.
- Agreements will be among Renters, Landlords, and the State of California.
- Program will complement any rental assistance provided by federal government.



Renter/Landlord Stabilization:

- **Renter:**

- Receives immediate rent relief for unpaid rent.
- Receives protection from eviction.
- Provides commitment to repay past rents, without interest, to the state over 10-year period, beginning in 2024.
 - Repayment based solely on ability to pay.
 - Hardship cases can lead to full forgiveness.



Renter/Landlord Stabilization:

- **Landlord:**
 - Provides rent relief and commitment not to evict.
 - Receives tax credits from the state equal to the value of the lost rents, spread equally over tax years 2024-2033.
 - Tax credits fully transferable, so landlords could sell for immediate cash value.



Renter/Landlord Stabilization:

- **State:**
 - Provides Tax Credits to Landlords equal to the amount of unpaid rents.
 - Receives reimbursement from renters, minus hardship exemptions, over 10-year period from 2024-2033.



\$25 Billion Economic Recovery Fund

- **Fill fund up to \$25 billion over two years.**
- **Purpose of the new fund includes, but not limited to, these topics:**
 - ✓ Small business, nonprofit, and worker assistance.
 - ✓ Worker retraining.
 - ✓ Infrastructure project acceleration.
 - ✓ Residential and small business rental assistance.
 - ✓ Health and safety net gap patches.
 - ✓ Green Economy investments.
 - ✓ Multi-year commitment to homelessness crisis.
 - ✓ Wildfire prevention response.
 - ✓ School funding students most harmed by school closures.
 - ✓ Higher Education protections.
 - ✓ Local Government relief.



\$25 Billion Economic Recovery Fund

- **How \$25 billion is generated:**
 - The state establishes voluntary program to incentivize pre-payment of approximately \$3 billion of income taxes per year for tax years 2024 to 2033.
 - Participating taxpayers acquire the California Recovery Tax Vouchers for those years at a modestly reduced amount to reflect inflation and to incentivize participation.
 - California Recovery Tax Vouchers will be fully transferable so taxpayers can sell to third parties to get cash benefit at any time.



\$25 Billion Economic Recovery Fund

- **Tradeoffs:**

- California gets up to \$25 billion over two years.
- But loses around \$3 billion per year over 2024-2033.
- However, by stabilizing economy, baseline revenues will be higher, to offset costs in 2024-2033.
- Ultimately, this has effect of:
 - Enabling taxpayers to invest in California to help Californians struggling during this crisis.
 - Accelerating resources from better times ahead to today's downturn, when revenues are more critically needed.

