Summary of 2019 California Housing Bills

Latest summary update: March 2019*

Below is a summary of some of the most significant proposed housing bills of the 2019 legislative session. To read the full text of each bill and track their progress through the senate and assembly, you can visit www.leginfo.legislature.ca.gov and type in the bill number(s) that you would like to read about.

**Senate Constitutional Amendment 1 (Allen, Wiener)**

SCA 1 would repeal Article 34 of the California Constitution. Article 34, passed by voters in 1950, prevents local governments from building or acquiring low-rent housing with public funds without a vote of the public. Over the years the Article has been weakened by the courts, and cities are able to circumvent the prohibition by providing funding to non-profit affordable housing developers rather than building public housing themselves. Despite these workarounds, the California Department of Housing and Community Development estimates that Article 34 adds between $10,000 and $80,000 per unit to the cost of building a low-income home.

**Senate Bill 5 (Beall, McGuire)**

SB 5 would establish a Local-State Sustainable Investment Incentive Program. The bill would be administered by a newly-created committee authorized to award up to $200 million per year through 2025, then $250 million per year through 2029. The program could be used to fund, “among other things, construction of workforce and affordable housing, certain transit-oriented development, and projects promoting strong neighborhoods.” Rather than awarding funds directly, the program would be funded indirectly through the Educational Revenue Augmentation Fund (ERAF), allowing counties to reduce their contribution to ERAF by the amount awarded.

**Senate Bill 18 (Skinner)**

SB 18 would create the Homelessness Prevention and Legal Aid Fund to provide legal aid to tenants facing eviction. Funds would be distributed as grants on a competitive basis beginning no later than 2021. Funds would come from the state general fund, but a dollar amount has not yet been determined. The bill would also direct the state to create an online guide to all state laws pertaining to landlords and the landlord-tenant relationship, as well as a template for cities and counties to add local information on these same topics.

**Senate Bill 25 (Caballero)**

SB 25 would streamline CEQA lawsuit timelines for projects in Opportunity Zones. Opportunity Zones were established in the 2017 federal tax bill and their locations are being finalized for California. The bill would require that CEQA lawsuits, including appeals, be resolved within 270 days of the filing of a lawsuit. Projects in Opportunity Zones would only be eligible for streamlining if funded, in whole or in part, by qualified opportunity funds or by monies from the Greenhouse Gas Reduction Fund.
Senate Bill 48 (Wiener)

SB 48 would establish a homeless “right to shelter” for California. The bill would create a right to shelter for unhoused residents throughout the state. It also states that the right to shelter is not intended to be in lieu of prioritizing permanent housing (i.e., a “housing-first” approach). New York also has a right to shelter for homeless residents, and this law was used in 1979 to sue New York City to provide adequate shelter for all the homeless residents in the city. This is believed to be a major factor in the disparity between Los Angeles and New York in the share of homeless that are unsheltered; approximately 95 percent of homeless are sheltered in New York while only 25 percent are sheltered in Los Angeles.

Senate Bill 50 (Wiener)

SB 50 would establish an “equitable communities incentive” similar to state density bonus law in transit- and job-rich areas. The bill is a successor of SB 827 and has been retooled to be responsive to the concerns of community organizations and others concerned with displacement and gentrification.

The bill would eliminate density restrictions and reduce or eliminate parking requirements for housing developments that:

- are within a “job-rich area” to be defined by the state based on metrics such as median income, high quality schools, and proximity to jobs, or
- are within ¼-mile of a major transit stop or ⅛-mile of a stop along a high-quality bus corridor (transit-rich housing projects)

In addition to waiving density restrictions, projects in job-rich areas and within ¼-mile of a high-quality bus corridor would be eligible for up to 3 density bonus incentives and could not be required to have more than 0.5 parking spaces per unit. Transit-rich housing projects within ¼-mile but outside of ¼-mile of a major transit stop would receive waivers from height limits of less than 45 feet and FAR maximums of less than 2.5. Projects within ¼-mile of a major transit stop would receive waivers from height limits of less than 55 feet and FAR maximums of less than 3.25. Projects within ½-mile of a major transit stop would not be permitted to require any parking.

Projects that utilize the equitable communities incentive would be required to set aside a share of the units (to be defined at a later date) for affordable housing, or meet the inclusionary requirements of the local jurisdiction, whichever is greater. The incentive could not be used for any property occupied by rental tenants within the past 7 years from the date of application, or within the past 15 years for those that have utilized the Ellis Act to remove the property from the rental market.

The bill would also allow cities and community organizations, in consultation with the state Department of Housing and Community Development, to identify “sensitive communities” vulnerable to displacement pressures where the implementation of the law would be delayed and communities would be permitted to create their own local plans that further the goals of SB 50.
Senate Bill 330 (Skinner)

SB 330 would, in cities and counties with average rental prices above a specified amount and vacancy rates below a specified percentage, prohibit: 1) downzoning of any parcel where housing is an allowable use, 2) moratoriums on housing development, 3) new design standards that are costlier than those currently in effect, and 4) any cap on housing units or permits for housing. The specified rent and vacancy rate thresholds are not yet defined.

In other cities and counties – presumably those with even higher rents and lower vacancy rates, though this is not yet defined – the above restrictions would apply in addition to: 1) prohibiting the enforcement of any minimum parking requirements, 2) limiting the imposition of fees and exactions beyond a specified amount (not yet defined), and 3) imposing any fees or exactions on low-income housing units (80% AMI or below).

The ability to utilize the relaxed development regulations described above would be severely limited on parcels where tenants currently reside or were evicted pursuant to the Ellis Act.

Assembly Constitutional Amendment 1 (Aguiar-Curry)

ACA 1 would allow local jurisdictions to levy a property tax greater than 1% of a property’s value and reduce the vote threshold for approving such a tax to 55%. The California Constitution currently prohibits local governments from imposing ad valorem (property) taxes above 1% of a property’s value, with certain exceptions, and prohibits them from assessing a sales or transaction tax on the sale of real property. Special taxes require a two-thirds vote to be approved. This bill would permit ad valorem taxes greater than 1% to fund public infrastructure (broadly defined) and/or affordable housing, and would reduce the vote threshold required to pass such a tax to 55%.

Assembly Bill 10 (Chiu, Bonta, Maienschein, Reyes, and Wicks)

AB 10 would increase annual allocations to the state Low Income Housing Tax Credit (LIHTC) and allow use of LIHTC for a broader range of acquisition and rehabilitation activities. The bill would increase the annual state LIHTC allocation by $500 million starting in 2020; the current allocation is $70 million per year. The bill would also make adjustments to LIHTC law with respect to new construction versus acquisition of existing housing, and other modernizations.

Assembly Bill 11 (Chiu, et al)

AB 11 would allow for the reestablishment of Community Redevelopment Agencies. The bill would allow a city, county, or two or more cities acting jointly to establish an “affordable housing and infrastructure agency” with the power to prepare a redevelopment project plan, collect tax increment revenues from participating taxing entities, and issue bonds to fund proposed projects. It would also require that at least 30% of revenues be used for increasing, improving, and preserving the community’s supply of low- and moderate-income housing. Senate Bill 15 (Portantino) also relates to redevelopment law but currently lacks additional details.
Assembly Bill 36 (Bloom)

AB 36 may be a placeholder for future rent control reforms. Assemblymember Bloom was the author of the 2018 bill AB 1506 which would have repealed the Costa-Hawkins Act. That bill failed in its first committee last year.

Assembly Bill 724 (Wicks)

AB 724 would create a rental registry for data collected by cities and counties about their stock of housing and other data on evictions, displacements, and other tenancy information. Los Angeles recently created a similar program for rental units covered under the City’s rent stabilization ordinance.

Assembly Bill 725 (Wicks)

AB 725 would require that no more than 20 percent of a jurisdiction’s share of regional housing need for above moderate-income (market-rate) housing be allocated to sites restricted to single-family development. This bill is intended to increase the share of parcels zoned for multifamily housing in cities and counties across the state.

Assembly Bill 1279 (Bloom)

AB 1279 would require the Housing and Community Development Department to designate areas across the state as “high-resource areas” where housing that meets minimum standards, including affordability requirements, must be approved by-right. For projects with sale or rent prices that exceed a level that is affordable to a household earning 100% of median income, the developer would be required to pay 10% of the difference between the “affordable” rate and the actual price to the city or county for the construction or preservation of affordable housing. The incentive could not be used on any site requiring demolition of rental housing where tenants lived within the past 10 years.

*Revisions since December 2018 summary: Added SB 330, AB 724, AB 725 and AB 1279.*