



AGENDA

LEGISLATION AND GOVERNMENTAL ORGANIZATION COMMITTEE

Thursday, May 19 2016

3:30 p.m. – 5:00 p.m.

Association of Bay Area Governments, 101 8th Street, Conference Room B, Oakland, CA

Committee Members

Chair: Supervisor Scott Haggerty, Alameda County

Vice Chair: Councilmember Desley Brooks, City of Oakland

Supervisor Dave Cortese, County of Santa Clara

Mayor Bill Harrison, City of Fremont

Supervisor Mark Luce, County of Napa, ABAG Immediate Past President

Supervisor Karen Mitchoff, County of Contra Costa

Councilmember Julie Pierce, ABAG President, City of Clayton

Mayor Harry Price, City of Fairfield

Supervisor David Rabbitt, ABAG Vice President, County of Sonoma

Supervisor Linda Seifert, County of Solano

Staff: *Brad Paul, Deputy Executive Director*

Halimah Anderson, Communications Officer

1. CALL TO ORDER
2. OPEN AGENDA-PUBLIC COMMENT
3. APPROVAL OF MINUTES FROM MARCH 17, 2016 MEETING Action
4. EZRA RAPPORT, ABAG EXECUTIVE DIRECTOR
Update on ABAG Water Efficiency Legislation SB 1233 Information
5. HALIMAH ANDERSON – NEW LEGISLATION PROPOSED FOR 2016 LEGISLATIVE SESSION

For review and analysis, the following legislation will be discussed and positions recommended:

- [AB 2200](#) (Tony Thurmond D) School Employee Housing Assistance Grant.
- [AB 2208](#) (Miguel Santiago D) Local planning: housing element: inventory of land for residential development.
- [AB 2356](#) (Jimmy Gomez D) Planning and Zoning: housing element: extremely low income housing.
- [AB 2406](#) (Tony Thurmond D) Housing: Junior Accessory Dwelling Units.
- [AB 2441](#) (Tony Thurmond D) Housing: Workforce Housing in High-Cost Areas Pilot.
- [AB 2734](#) (Toni Atkins D) Local Control Affordable Housing Act.
- [AB 2817](#) (David Chiu D) Income Taxes: Credits: Low-Income Housing: Allocation Increase.
- [AB 2842](#) (Tony Thurmond D) Workforce Housing Tax Credit Pilot: Property Taxes: Income Taxes: Insurance Taxes: Credits: Low-income: Sale of Credit.
- [SB 873](#) (Jim Beall D) Income Taxes: Insurance Taxes: Credits: Low-income Housing: Sale of Credit.
- [SB 1030](#) (McGuire D) Sonoma County Regional Climate Protection Authority.
- [SB X1 1](#) (Jim Beall D) Transportation Financing for Road Maintenance

6. ADJOURNMENT

The next L&GO Committee Meeting will be held on **July 21, 2016**.

*The ABAG L&GO Committee may act on any item on this agenda.
Agenda and attachments available at ABAG/Front Desk, 101 8th Street, Oakland, CA
or at www.abag.ca.gov/meetings.*

For information, contact Halimah Anderson, at (510) 464-7986

**ASSOCIATION OF BAY AREA GOVERNMENTS
LEGISLATION AND GOVERNMENTAL ORGANIZATION
COMMITTEE**

**Thursday, March 17, 2016
Summary Minutes**

Committee Members Present:

Chair, Supervisor Scott Haggerty, Alameda County
Vice Chair, Councilmember Desley Brooks, City of Oakland
Supervisor Mark Luce, ABAG Immediate Past President, Napa County
Councilmember Julie Pierce, ABAG President, City of Clayton
Supervisor David Rabbitt, ABAG Vice President, Sonoma County
Supervisor Linda Seifert, Solano County
Supervisor Karen Mitchoff, Contra Costa County

ABAG Staff:

Ezra Rapport, Executive Director
Brad Paul, Deputy Executive Director
Halimah Anderson – Communications Officer
Jerry Lahr, Energy Programs Manager

Public:

Ken Bukowski/Filming

1. Call To Order

2. Approval of Minutes

The January 21, 2016 minutes were approved as written. (6-0)

3. Jerry Lahr, ABAG Energy Programs Manager

Jerry Lahr presented an update on **SB 1233** (McGuire) **Water Bill Savings Act**. The bill is co-authored by Wolk, Levine and Woods. SB 1233 would provide local governments with necessary tools to fund water savings projects for customers who voluntarily participate. It would help the state achieve the goal of reducing water use. Jerry noted that the bill is supported by ABAG, the Bay Area Energy Network, the Town of Windsor, the Sonoma County Regional Climate Protection Authority, and others. Support is being sought from the City of Hayward (a pilot project), the East Bay Municipal Utility District, and others. There is no opposition to the bill.

4. 2016 Legislation

Halimah Anderson, ABAG Communications Officer, presented an overview on new legislation. Staff will closely monitor 2016 legislation and update the Committee in May. Brad Paul noted that **AB 2406** (Thurmond) **Housing: Junior Accessory Dwelling Units** should be reviewed further by the Committee and a support position may be considered.

Other bills warranting further review include [AB 2734](#) (Toni Atkins) **Local Control Affordable Housing Act** and [AB 2817](#) (David Chiu) **Income Taxes Credits: Low-income Housing Allocation**.

5. 2016 Legislative Reception Recap

Eighteen local elected officials and 10 state legislators attended the Legislative Workshop on February 10, 2016. Ezra noted that top leadership attended the workshop and good questions were asked.

Councilmember Pierce noted that it would be a good idea to have the workshop only and eliminate the reception. The refreshments could be moved to the workshop. This would save money and allow attendees to get home sooner.

It was also noted that the Bay Area delegation would like to meet in the Bay Area. Ezra said that it would be good to present the new Housing Report to the Bay Area delegation.

6. ADJOURNMENT

The next L&GO Committee Meeting will be held on **May 19, 2016**.



AB 2200 – School Employee Housing Assistance Grant

IN BRIEF

AB 2200 seeks to close the achievement gap by allowing school employees, including teachers, to remain in the cities where they work. Specifically, the bill creates a \$100 million program which will provide financial assistance to school districts that cannot independently fund housing for school employees. The program also allocates 5% of its funds towards predevelopment costs.

BACKGROUND

Housing costs in many parts of California are rising. This year alone, the average rental price in Oakland has risen 13.7 percent to \$2,806 per month. This dynamic has begun to displace individuals who despite their contribution to the community, cannot live within it. One such essential member are school teachers.

Districts throughout California still struggle recruiting and retaining teachers. After sharp declines in open teacher positions, and increases in student enrollment, recent funding increases have still left many districts scrambling to find and retain qualified teachers. According to Learning Policy Institute, non-retirement attrition accounts for two-thirds of teachers who leave.

This dynamic of teacher retention has been exacerbated by high housing costs. Teachers and school employees, like other civil servants, are paid based on available state funding and not on market pressures. In high housing cost areas, the issue of teacher retention rests largely on the insufficiency of salaries' capacity to cover housing costs. In the City of Richmond, exit interviews have pointed to housing as the number one reason for teachers leaving their post.

In effect, high housing costs have come to affect the classroom as the turnover of teachers feeds into the increasing achievement gap. According to the Center for Education Policy Analysis at Stanford University, teacher turnover has a significant and negative impact on the achievement of students in schools with large populations of low-performing and minority students. These schools, like most schools in California, have seen a rise in the number of temporary permits, waivers, and intern credentials issued by the California

Commission on Teacher Credentialing. This means that more students are being taught by individuals who have not completed, or in some instances begun, teacher credentialing.

School districts in California have begun to increase teacher retention by providing housing to teachers. School districts in Los Angeles and Santa Clara, with San Francisco considering such a plan, have teachers in district-sponsored housing. However, for financially-strapped districts in high-cost areas, such a proven solution is not an option.

SOLUTION

Provide financial assistance to school districts seeking to develop housing for school employees who (1) have acquired land for development (2) can show high recruitment costs and low retention rates (3) have 60% of students participating in the Free and Reduced Lunch Program. Predevelopment assistance, excluding costs for land acquisition, are provided to school districts which meet the qualifications for development assistance and can show an inability to fund start-up costs.

SUPPORT

- City of Oakland (Sponsor)
- AFL-CIO Housing Investment Trust
- California Catholic Conference
- California Teachers Association
- City of Walnut Creek
- Oakland Unified School District
- State Building and Construction Trades Council of California, AFL-CIO
- West Contra Costa Unified School District

FOR MORE INFORMATION

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AB 2208 (Santiago)

Affordable Housing: Underutilized Spaces

Bill Summary

AB 2208 requires local governments to include underutilized land, and available air rights when surveying property that may be applicable for use in affordable housing as a part of their Housing Element.

Existing Law

Government Code Section 65580 establishes California's Housing Element Law to ensure that counties and cities recognize their responsibilities in contributing to the attainment of the California's housing goals and to ensure that local governments will prepare and implement housing programs that will specifically move toward the attainment of those goals.

Per Government Code Section 65583.2(a), local governments must conduct a survey of various types of properties for inclusion in their Housing Element, including:

- Vacant sites;
- Residential sites that are capable of being developed at a higher density; and
- Sites zoned for nonresidential use that can be rezoned for, residential use.

Background

California's housing costs have far outpaced those of other states in the last half century. As of 2015:

- The typical California home costs \$440,000 – two and half times the national average; and
- The average monthly rent in California is \$1,240 – about 50% higher than in other states.

A March 2015 report by the non-partisan Legislative Analyst's Office noted that "one analysis of land sales between 2005 and 2010 found that land prices in California's metros ranged from twice as expensive as the average U.S. metro (Oakland and San Diego) to more than four times as expensive (San Francisco)."

It is possible to offset the effects of high land costs through more dense development.

In a sense, an area that acquires potential for air rights development and/or converts existing space that is not utilized or is underutilized increases the supply of buildable land.

Maximizing all spaces, including underutilized land and air rights is a win-win for the entities involved for a number of reasons:

- a) Land and/or air rights used for public purposes are not permanently lost to the tax rolls; and
- b) Use of these spaces offers developers the opportunity to obtain a prime site, often in or near central business districts, where reasonably priced conventional sites may no longer be available.
- c) Air space is often sufficiently less expensive than similarly located vacant land to more than offset the additional construction costs.

Need for AB 2208

AB 2208 requires that these components be considered by local governments when updating their Housing Element as viable space for affordable housing projects.

History

02/18/16 – Introduced in the Assembly

Support

California Apartment Association
League of California Cities

For More Information

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Assemblymember Miguel Santiago
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Assemblymember Tony Thurmond, 15th Assembly District

AB 2406 – Junior Accessory Dwelling Units (JADU)

IN BRIEF

A multitude of solutions are needed to address California's critical need for more housing. Assembly Bill (AB) 2406 will create a simple and inexpensive permitting process for a flexible type of second unit created by repurposing spare bedrooms in existing homes. Junior Accessory Dwelling Units (JADUs), or Junior Second Units, will create new, less costly rental housing, while at the same time making owning a home in the state more affordable.

BACKGROUND

We have a critical shortage of housing in California. New housing options are needed to meet the diverse economic needs of people throughout the state. Single-family homes make up the vast majority of our housing inventory. Yet over half of those homes are occupied by only one couple or less, leaving the majority of bedrooms in an average three bedroom home empty or underutilized.

Over the last fifty years home sizes have increased by over 30%, while at the same time the average household size has decreased to 2.3. Today the traditional family (mother, father and one or more children under 18 years of age) makes up only 33% of the population. The majority of the population in California is made up of smaller households including: single-parent families, couples without children, empty nesters, retirees, young professionals and individuals of all ages.

Seniors and young working individuals are the two fastest growing populations in California. These two constituency groups have the lowest incomes. Each one faces increasing challenges finding and retaining housing that can and meets their needs. The senior population is expected to more than double over the next 20 years. 89% of seniors, according to AARP, wish to remain in their homes and age in place.

With rising prices, the workforce that comprises our communities relies heavily on rental housing to live

near where they work. Yet this workforce finds it increasingly difficult to find housing. The high demand of housing, driven by a strong economy and exacerbated by a limited supply of housing, has given to rise to the need for housing supply.

The median home price in California is \$457K. In areas around economic centers, such as the Bay Area, the median home price has soared to \$791K, making homeownership out of reach for the vast majority of families. Because of this, and given the silver tsunami we are facing as masses of baby boomers move into retirement, many are turning to their home as a resource to create additional income to meet their rising costs.

Workers commuting to their jobs are a major contributing factor playing into this equation. Climate change is attributed to high levels of carbon dioxide in the atmosphere. To mitigate the effects of climate change California has instituted challenging goals to reduce our CO2 emissions. However, pushing individuals out of their homes due to rising costs premised on lack of housing supply has subverted the environmental goals of California. It is critically important to house vital workers in the communities where they serve.

SOLUTION

AB 2406 will create an abundant source of rental housing, while at the same time making owning a home in California more affordable. It better utilizes the built environment by more efficiently using underutilized space in existing homes. These units will help homeowners remain in their homes and age in place by housing loved ones, caregivers and people who work in the community. This will help reduce carbon emissions from the thousands of workers who must commute long distances to get to their jobs. They will also help more people qualify to purchase homes given the additional income these units generate.

SUPPORT

Lilypad Homes (sponsor)

FOR MORE INFORMATION

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AB 2441 – Workforce Housing in High-Cost Areas Pilot Program

IN BRIEF

AB 2441 will create a new state investment in cities for the development of housing in high-cost areas. The bill will create a pilot program that will provide funds to cities in high-cost areas, to be used for either downpayment assistance of a home or the development, substantial rehabilitation and preservation of multifamily housing.

BACKGROUND

Housing costs are rising throughout the United States, but it is specially so in California where, according to a the Public Policy Institute of California, five of the ten most expensive large metropolitan housing markets in the nation are located. Housing costs in these high-cost metropolitan regions have reached pitched levels of unaffordability.

A divergence between median rents and median income has led to greater housing unaffordability in such high-cost areas. To illustrate, this year alone the average rental price in Oakland has risen 13.7 percent to \$2,806 per month. Such a high rent has come to put pressure on individuals who historically fall outside of state-subsidy. All state funds that subsidize the development of multi-family housing is capped at 60% AMI. In high-cost metropolitan areas, the free market does not naturally provide housing for many above that income designation—highlighting a need.

For many seeking homeownership, the inadequate qualifications of these programs in high-cost areas has contributed to the lack of homeownership opportunities. Many state programs for homeownership are capped at 80% AMI, while those which extend to 120% AMI have limitations that make them inadequate in high-cost areas. Limitations such on home sale prices, second-time homebuyers, qualifying homes—land trust/coops homes do not qualify.

The Greenlining Institute and the Urban Strategies Council illucidates on this dynamic in their 2016 report, “Locked Out of the Market: Poor Access to Home Loans for Californians of Color.” They find that in Oakland, individuals at 100-120% AMI submitted a lower number of home loan applications than borrowers making 30-50% and 50-80% AMI.

Similarly in Long Beach, individuals making between 80-100% AMI had a lower origination rate than residents in the 30-50% and 50%-80% AMI range.

In sum, existing programs are not flexible to provide housing that meets the needs of a diverse and complex housing crisis. The result of programs with such gaps in coverage has been the displacement of workers from their communities. The displacement of workers is not only a detriment to communities themselves, but also to California as a whole as economically diverse communities are undermined. As residents are displaced away from their jobs, commutes will increase as well as traffic in California’s highways effectively undermining California’s goals to reduce carbon emissions. Notwithstanding the strain of long commutes on family life, the importance of neighborhood and environment in preparing children from working families for success and social mobility cannot be understated. And for those who brave such steep rental housing costs, have their capacity to save income and move towards homeownership undercut.

SOLUTION

Provide direct-assistance to cities in high cost areas for the creation of affordable housing. Eligible activities include downpayment assistance and the predevelopment costs, acquisition, construction, rehabilitation of rental housing projects or units within rental housing projects. The affordability of all rental units assisted is restricted for a period of 55 years.

SUPPORT

FOR MORE INFORMATION

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Assembly Speaker Emeritus Toni G. Atkins, 78th Assembly District

AB 2734 – Local Control Affordable Housing Act

IN BRIEF

This bill establishes the Local Control Affordable Housing Act which begins to restore the affordable housing funding lost after the elimination of redevelopment agencies in order to accelerate the production of affordable housing in communities throughout our state. Specifically, the bill identifies the state savings accumulated from the elimination of redevelopment and redirects a portion of those savings back to local governments to increase the supply of affordable housing.

THE ISSUE

California has a housing affordability crisis.

- According to the Public Policy Institute of California (PPIC), as of January 2016, 31.5% of mortgaged homeowners and 47.4% of renters spend more than 35 percent of their total household income on housing.
- California has the second lowest homeownership rate in the nation, losing nearly 250,000 owner households in the past decade. In California, there has also been an increase of 850,000 new renter households in the last decade.
- California has six of the nation's eleven most expensive large metropolitan rental markets: San Francisco, San Jose, Orange County, Oakland, Los Angeles, and San Diego.
- California has 12% of the United States population but 20% of its homeless population. The state also has the largest number of unaccompanied homeless children and youth (30% of the national total).
- For the first time in 2015, Standard and Poors Ratings Services cited California's "Persistently high cost of housing" as contributing to a relatively weaker business climate and a credit weakness in the rating of California General Obligation bonds.
- California's affordable housing funding has declined 66.5% since 2008, a loss of over \$1.7 billion per year. More than \$1 billion of this total comes from the loss of redevelopment funds that were directed to affordable housing purposes.

BACKGROUND

Increasing the construction and availability of affordable housing is good for our economy, the state budget, job creation, and families:

- Affordable housing saves money -- on average, a single homeless Californian incurs \$2,897 per month in county costs for emergency room visits and in-patient hospital stays as well as the costs of arrests and incarceration. Roughly 79% of these costs are cut when that person has an affordable home.
- Development creates jobs -- an estimated 29,000 jobs are created for every \$500 million spent on affordable housing.
- Affordable housing alleviates poverty -- California households with the lowest 25% of incomes spend 67% of their income on housing, leaving little left over for other essential needs.

THE SOLUTION

The Local Control Affordable Housing Act directs the Department of Finance to calculate the state savings resulting from the elimination of redevelopment agencies and requires that 50% of those savings be redirected to address affordable housing needs. This approach begins to restore affordable housing funding lost when redevelopment agencies were eliminated. Half of these funds would be provided directly to local governments, and half would fund successful state affordable housing production programs.

With the growth in our economy, the state has begun to restore other cuts in the budget but has not restored an ongoing source of funding for local housing needs. AB 2734 is an effort to help local governments accelerate the production of affordable housing.

FOR MORE INFORMATION

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ASSEMBLY BILL 2817

LOW INCOME HOUSING TAX CREDIT

ASSEMBLYMEMBER DAVID CHIU

SUMMARY

Assembly Bill 2817 (Chiu) would increase California's Low Income Housing Tax Credit by \$300 million for the construction and rehabilitation of affordable housing units across the state. It will achieve this not only by increasing the amount of California credit, but also by increasing the state credit percentage so that it can more effectively maximize federal tax-exempt bond financing and 4% credits. This state investment and policy change would leverage an estimated \$200 million in federal 4% tax credits and \$400 million federal tax-exempt bond authority.

THE ISSUE

California is undergoing a major housing affordability crisis with a shortfall of over 1 million affordable homes. According to a 2014 report by the California Housing Partnership Corporation, median rents in California have increased by over 20%, while the median income has dropped by 8%.

State and Federal divestment in affordable housing has exacerbated this problem. With the elimination of California's redevelopment agencies and the exhaustion of state housing bonds, California has reduced its funding for the development and preservation of affordable homes by 79% - from approximately \$1.7 billion a year to nearly nothing. There is currently no permanent source of funding to compensate for this loss.

The housing crisis has contributed to a growing homeless population, increased pressure on local social safety nets, an unstable development and construction marketplace and the departure of tens of thousands of long-time California residents.

BACKGROUND

The Low Income Housing Tax Credit Program was enacted by Congress in 1986 to provide the private market with an incentive to invest in more affordable housing through federal tax credits. The California Tax Credit Allocation Committee was directed to award these credits to developers of qualified projects in the state. Developers sell these credits to investors to raise capital for their projects, reducing the debt that the developer would

otherwise have to borrow. As a result, property owners are able to offer lower, more affordable pricing. In response to the high cost of developing housing in California, the state legislature in 1987 authorized a state low-income housing tax credit program to leverage the federal credit program. Existing law limits the total amount of low-income housing tax credits the state may allocate to \$70 million per year, indexed for inflation. But due to increased demand for housing development, much of the tax credit program has been oversubscribed – leaving many high quality developments without a secure source of funding.

However, there is an untapped federal low-income housing tax credit that the state can still access—the 4% Federal Tax Credit. These 4% federal credits are unlimited and remain unused by the state. This is largely due to the fact that the 4% credits require additional state resources to make the development viable – resources that have been lacking under existing law.

AB 2817 would double the existing low-income housing tax credit program, making the state better able to leverage millions of dollars more in 4% Federal Tax Credits and federal tax exempt bond authority.

AB 2817

AB 2817 will:

1. Increase the aggregate housing state credit dollar amount that may be allocated among low-income housing developments by \$300 million, indexed for inflation;
2. Will increase the state credit percentage a developer may use to fund their project from 13% to 50% to help leverage an additional \$200 million in federal dollars; and
3. Increase the acquisition credits available for housing developments with low appraised values that serve very low-income, special needs or rural residents for the rehabilitation and preservation of such projects.
4. Increase the set-aside for farmworker housing projects from \$500,000 to \$25 million

SUPPORT

California Housing Consortium (co-sponsor)

California Housing Partnership (co-sponsor)
Housing California (co-sponsor)
Non-profit Housing Association of Northern
California (NHP), (co-sponsor)
California Building Industry Association (CBIA)
California Chamber of Commerce
California Credit Union League
California State Association of Counties (CSAC)
California Rural Legal Assistance Foundation
Disability Rights California
League of California Cities
Santa Clara County Board of Supervisors
The Arc California
United Cerebral Palsy California Collaboration
Western Center on Law and Poverty

OPPOSITION

None on File



AB 2842 – Workforce Housing Tax Credit Pilot

IN BRIEF

AB 2842 will create a new state investment in high-cost areas for the workforce which does not qualify for subsidized housing. This bill would create a new tax credit to incentivize the development of rent-restricted units above 60% of the Area Median Income in the 12 counties with the highest Fair Market Rents—as published by the Housing and Urban Development Agency. This will foster mixed-income communities as well as prevent the displacement of vital workforce-members and allow them to continue contributing to the communities where they work.

BACKGROUND

A divergence between median rents and median income has led to greater housing unaffordability in high-cost areas. Housing costs are rising throughout the United States, but it is specially so in California where, according to a the Public Policy Institute of California, five of the ten most expensive large metropolitan rental markets in the nation are located. To illustrate, this year alone the average rental price in Oakland has risen 13.7 percent to \$2,806 per month. Such a high rent has come to create put pressure on individuals who historically fall outside of state-subsidy.

However, all state funds that subsidize the development of multi-family housing is effectively capped at 60% of the Area Median Income (AMI). The only existing multifamily program capped at 80% AMI, the Multifamily Housing Program, is an overly-subscribed competitive program where advantage is given for lower-income developments—the implication of which is that no development above 60% AMI is funded. The consequence of this lack of gap-financing is that there are no rent-restricted units developed above 60% AMI which for the most part is justifiably below what the market provides. However, in high-cost metropolitan areas, the free market does not naturally provide housing for many above that income designation.

The consequence of this lack of investment has been the displacement of vital workers. Many workers whom, despite their contribution to the community, cannot live within it—such as healthcare workers, education professionals, firefighters, and others.

The displacement of workers is not only a detriment to communities themselves, but also to California as a whole. Their displacement, as with low-income individuals, has the effect of undermining economically diverse communities. As residents are displaced away from their jobs, commutes will increase as well as traffic in California’s highways effectively undermining California’s goals to reduce carbon emissions. Notwithstanding the strain of long commutes on family life, the importance of neighborhood and environment in preparing children from working families for success and social mobility cannot be understated. And for those who brave such steep rental housing costs, have their capacity to save income and move towards homeownership undercut.

Extending a housing tax credit above 60% AMI is currently implemented in the State of New York. Their Low-Income Housing Tax Credit extends to 90% AMI, based on the idea that mixed-income developments are most favorable. This credit would further the goal of solving the need for gap-financing for high AMIs in areas where the market does not naturally provide such housing. Without such an incentive, these high-cost areas will see the displacement of workers and long-time members of the community.

SOLUTION

AB 2842 will create a new state investment in high-cost areas for the workforce which does not qualify for subsidized housing. This bill would create a pilot program that will provide a tax credit to incentivize the development of rent-restricted units above 60% of the Area Median Income in the 12 counties with the highest Fair Market Rents. Developments must:

- Show that, upon time of allocation of the credit, rents for the units that have been provided a credit for are at least 20% below market rate.
- Require at least 20% of the units for households at 60-80% AMI.
- Must not receive a federal tax credit for units above 60% AMI.
- Agree that units funded by this credit must remain affordable for 55 years.

In order to maximize the state investment, the credit is certified. Further, in order to incentivize

developments up to 80% AMI, the credit amends the welfare exemption to allow, for units that receive this credit, it to be applied on a per-unit basis rather than on the basis of an occupant's income, provided those units receive this credit and that the tenant was below 80% AMI when they entered the unit.

SUPPORT

California Council on Affordable Housing

FOR MORE INFORMATION

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SB 873 (Beall)
Allowing the Sale of State Low Income Housing Tax Credits
Fact Sheet

ISSUE

This bill seeks to increase the impact of the state's existing low-income housing tax credit with no fiscal impact to the state by structuring the credits in a way that is not subject to federal taxation.

BACKGROUND

Congress enacted the federal Low Income Housing Tax Credit (LIHTC) program in 1986 to provide the private market with an incentive to invest in affordable housing. The Legislature directed the California Tax Credit Allocation Committee (CTCAC) to award LIHTCs to developers of qualified projects in the state. The developers, who do not have sufficient tax liability to use the credits themselves, in turn seek equity investment for the project from corporations and others with tax liabilities in exchange for the tax credits. Under current law, the investors must become owners of the property to claim the credits. The equity the investors provide typically reduces the debt that the developer would otherwise have to borrow, allowing owners to offer lower, more affordable rents.

In response to the high cost of developing housing in California, the Legislature in 1987 authorized a state low-income housing tax credit program to leverage the federal credit program. Unfortunately, state taxes are deductible from federal taxable income, meaning that investors reducing their state tax liability with the state LIHTC must then pay taxes on their higher federal income as a result of losing their state tax deduction. With the federal corporate tax rate at 35%, this means that investors claiming state LIHTC's generally pay no more than 65 cents for each dollar of state credit. In other words, for every dollar the state invests in this critical program, the federal government currently takes 35 cents.

THIS BILL

SB 873 substantially increases the value of the state's investment in the LIHTC program by restructuring the credit to avoid the federal taxation impact to investors. The bill allows a developer who receives an award of state LIHTCs to sell the credits to an investor without requiring the investor to be part of the project ownership. Under federal and state tax laws, tax credits that are bought by an investor are considered a payment of the investor's tax rather than a reduction in his or her tax liability. As a result, bought credits do not reduce the taxpayer's federal deductions.

SB 873 will significantly increase the value of state LIHTCs and therefore the public benefit because it will eliminate the federal tax impacts associated with investors claiming state credits. The bill greatly increases the efficiency of the program and allows many more affordable housing units to be built for the same level of state tax expenditure. In other words, this bill gives the state a bigger bang for its buck.

STATUS/VOTES

Introduced January 14, 2016

SUPPORT

California State Treasurer John Chiang (Co-Sponsor)
California Housing Partnership Corporation (Co-Sponsor)
Association of Regional Center Agencies
California Apartment Association
California Council for Affordable Housing
California Housing Consortium
City of Dublin
Palm Communities
Santa Clara County Board of Supervisors
The Arc and United Cerebral Palsy California
Collaboration

OPPOSITION

None received.

FOR MORE INFORMATION

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ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

LEGISLATION SUMMARY 2016 State Legislative Session Legislation & Governmental Organization Committee May 19, 2016

New Bills: Bills to be reviewed are listed in numeric order with Assembly bills listed first, followed by Senate bills

AB 2200 (Tony Thurmond D) School Employee Housing Assistance Grant Program.

(Amended 4/14/2016.) **Status:** 4/21/2016-From committee: Do pass and re-refer to Com. on APPR

Summary: Requires California Housing Finance Agency (CalHFA) to administer a grant program to provide development financing assistance to qualified school districts for the creation of affordable rental housing for school districts employees, including teachers. Existing law requires the California Housing Finance Agency to administer various housing programs. This bill would require the California Housing Finance Agency to administer a program to provide financing assistance, as specified, to a qualified school district, as defined, and to a qualified developer, as defined, for the creation of affordable rental housing for school employees, including teachers. The bill would require the State Department of Education to certify that a school district seeking a grant meets the definition of qualified school district. The bill would transfer \$100,000,000 from the General Fund to the School Employee Housing Assistance Fund, which would be created by this bill, and would continuously appropriate those moneys to the agency for the purposes described above and to reimburse the agency and the State Department of Education for costs incurred in the administration of the program. The bill would require qualified school districts and qualified developers to apply for the financing assistance, as provided.

Staff Recommendation: Support

League: Watch

CSAC: No Position

L&GO Position:

AB 2356 (Jimmy Gomez D) Planning and Zoning: Housing Element: Extremely Low Income Housing.

(Amended: 5/2/2016) **Status:** 5/3/2016-Re-referred to Com. on RLS.

Summary: The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. That law requires the housing element to include an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. That law requires this assessment and inventory to include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, as provided. This bill would authorize a city or county to additionally include in its assessment and inventory the identification of housing for extremely low income households, as defined. If a local government elects to include this identification in its assessment and inventory. The bill would impose certain requirements, including that the identified zone or zones include sufficient capacity to accommodate the need for housing for extremely low income households, that the local government demonstrate that existing or proposed permit processing, development, and management standards are objective and encourage and facilitate the development of housing for extremely low income households, and that housing for extremely low income households generally be subject only to the development and management standards that apply to residential or commercial development within the same zone. The bill would also provide that the development of zones and objective management standards under these provisions would not be discretionary acts within the meaning of the California Environmental Quality Act.

Staff Recommendation: Watch

League: Watch

CSAC: Watch

L&GO Position:

AB 2441(Tony Thurmond) Housing: Workforce Housing in High-Cost Areas Pilot Program. (Amended: 4/26/2016)

Status: 4/26/2016-Read second time and amended.

Location: 4/26/2016-A. APPR.

Summary: Existing law, among several affordable housing programs, establishes the Local Housing Trust Fund Matching Grant Program, administered by the Department of Housing and Community Development, for the purpose of supporting local housing trust funds dedicated to the creation or preservation of affordable housing. Existing law authorizes the department to make matching grants available to cities and counties, or a city and county, and existing charitable nonprofit organizations that have created, funded, and operated housing trust funds. This bill would create the Workforce Housing Pilot Program, pursuant to which the department would award grant funding to eligible cities or cities and counties located in high-cost counties, as specified, for the predevelopment costs, acquisition, construction, or rehabilitation of rental housing projects or units within rental housing projects that serve, and for providing downpayment assistance to, persons and families of low or moderate income. The bill would require all grant funds to be matched on a dollar-for-dollar basis, unless the eligible city or city and county is suffering a hardship and is unable to generate the matching funds. The bill would require the department, on or before December 31 of each year in which grant funds are awarded, to provide a report to the Legislature regarding the number of grants awarded, a description of the projects funded, the number of units funded, and the amount of matching funds received. The bill would require the pilot program to operate until all appropriated funds have been awarded. The bill, upon the depletion of appropriated funds, would require the department to submit a report to the Assembly and Senate committees on appropriations evaluating the need for housing of persons and families of low or moderate income in cities or cities and counties that received grant funds and a recommendation on whether the pilot program should continue.

Staff Recommendation: Support

League: Support

CSAC: Pending

L&GO Position:

AB 2842 (Tony Thurmond) Workforce Housing Tax Credit Pilot: Property Taxes: Income Taxes: Insurance

Taxes: Credits: Low-income Housing: Sale of Credit. (Amended: 4/12/2016)

Status: 4/27/2016-In committee H. & C.D. Hearing canceled at the request of author.

Summary: Authorizes \$100 million in state workforce housing tax credits for qualified buildings that serve households between 60% and 80% of the area median income (AMI) in twelve counties with the highest fair market rents in the state as determined by the U.S. Department of Housing and Urban Development (HUD). Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, income, and corporation tax credit amounts among low-income housing projects in modified conformity to federal law that have been allocated, or qualify for, a federal low-income housing tax credit and for farmworker housing. This bill, beginning on or after January 1, 2017, would additionally allow a credit to a taxpayer with a qualified low-income building that is eligible for a federal low-income housing tax credit, in an amount equal to 20% of the projects unadjusted unallocated basis, not to exceed \$ 50,000 per unit, for housing projects that meet specified criteria. The bill would limit the aggregate amount of credits allocated by the California Tax Credit Allocation Committee, on a first-come-first-served basis, to \$100,000,000, and would provide for the one-time resale of that credit, as provided. This bill contains other related provisions and other existing laws.

Staff Recommendation: Support

League: Watch

CSAC: Watch

L&GO Position:

SB 873 (Jim Beall) Income taxes: Insurance Taxes: Credits: Low-income Housing: Sale of

Credit. (Amended: 4/5/2016)

Status: 4/18/2016-April 18 hearing: Placed on APPR. Suspense File.

Summary: Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, income, and corporation tax credit amounts among low-income housing projects based on federal law. This bill, beginning on or after January 1, 2016, would allow a taxpayer that is allowed a low-income housing tax credit to elect to sell all or a portion of that credit to one or more unrelated parties, as described, for each taxable year in which the credit is allowed for not less than 80% of the amount of the credit to be sold, and would provide for the one-time resale of that credit, as provided. The

bill would require the California Tax Credit Allocation Committee to enter into an agreement with the Franchise Tax Board to pay any costs incurred by the Franchise Tax Board in administering these provisions. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Support*

League: *Support*

CSAC: *Watch*

L&GO Position:

SB 1030 (Mike McGuire D) Sonoma County Regional Climate Protection Authority.(Introduced: 2/12/2016)

Status: 5/3/2016-Action From SECOND READING: Read second time. To THIRD READING.

Summary: Existing law, until December 1, 2019, creates the Sonoma County Regional Climate Protection Authority. Existing law provides for the authority to be governed by the same board as that governing the Sonoma County Transportation Authority and imposes certain duties on the authority. Existing law authorizes the authority to perform coordination and implementation activities within the boundaries of the County of Sonoma, in cooperation with local agencies, as defined, that elect to participate, to assist those agencies in meeting their greenhouse gas emissions reduction goals. Existing law authorizes the authority to develop, coordinate, and implement programs and policies to comply with the California Global Warming Solutions Act of 2006 and other federal or state mandates and programs designed to respond to greenhouse gas emissions and climate change. This bill would extend these provisions indefinitely. By extending the duties of the Sonoma County Regional Climate Protection Authority, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

Bills Previously Reviewed

AB 18 (Bill Dodd D, Napa & Solano County) Disaster Relief: South Napa Earthquake

Introduced: 12/1/2014

Status: 8/27/2015-In committee: Held under submission.

Summary: The California Disaster Assistance Act generally provides that the state share for disaster project allocations to local agencies is no more than 75% of total state eligible costs, except for specified events for which the state share is up to 100% of state eligible costs. This bill would add the August 24, 2014, South Napa Earthquake, to the list of events for which the state share of state eligible cost is up to 100% and exempt the county from a specified planning requirement as a condition of receiving this level of assistance.

Staff Recommendation: *Support*

League: *Watch*

CSAC: *Support*

L&GO Position: *Support*

AB 45 (Kevin Mullin D, San Mateo County) Household Hazardous Waste Amended: 1/21/2016

Status: 2/4/2016-Referred to Com. on E.Q.

Summary: The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, requires, among other things, each city and each county to prepare a household hazardous waste element containing specified components, and to submit that element to the department for approval. Existing law requires the department to approve the element if the local agency demonstrates that it will comply with specified requirements. A city or county is required to submit an annual report to the department summarizing its progress in reducing solid waste, including an update of the jurisdiction's household hazardous waste element. This bill would require the department to adopt one or more model ordinances for a comprehensive program for the collection of household hazardous waste and would authorize a local jurisdiction that provides for the residential collection and disposal of solid waste that proposes to enact an ordinance governing the collection and diversion of household hazardous

waste to adopt one of the model ordinances adopted by the department. The bill would require the department to determine whether a nonprofit organization has been created and funded to make grants to local jurisdictions for specified purposes relating to household hazardous waste disposal and would specify that if the department does not determine that such a nonprofit organization exists by December 31, 2018, then the bill's provisions would be repealed on January 1, 2019.

Staff Recommendation: *Watch*

League: *Oppose*

CSAC: *Oppose*

L&GO Position: *Watch*

AB 1500 (Brian Maienschein R) Planning and zoning: **Housing Element: Supportive Housing and Transitional Housing**

Status: 2/4/2016-Referred to Committee on Transportation and Housing

Location: 2/4/2016 to Committee on Transportation and Housing

Summary: The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. That law requires the housing element to include an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs. That law requires this assessment and inventory to include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit, as provided. This bill would authorize a city or county to additionally include in its assessment and inventory the identification of supportive housing and transitional housing, as those terms are defined in specified statutes. If a local government elects to include this identification in its assessment and inventory, the bill would impose certain requirements, including that the identified zone or zones include sufficient capacity to accommodate the need for supportive housing or transitional housing, that the local government demonstrate that existing or proposed permit processing, development, and management standards are objective and encourage and facilitate the development of supportive housing or transitional housing, and that supportive housing or transitional housing generally be subject only to the development and management standards that apply to residential or commercial development within the same zone. The bill would also provide that the permit processing, development, and management standards applied under these provisions would not be discretionary acts within the meaning of the California Environmental Quality Act.

Staff Recommendation: *Watch*

League: *No Position*

CSAC: *Pending*

L&GO Position:

AB 1591 (Jim Frazier D) **Transportation Funding**

Status: 2/1/2016-Referred to Coms. on Trans. and Rev. & Tax.

Summary:

Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street system. The bill would require the California Transportation Commission to adopt performance criteria to ensure efficient use of the funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.225 per gallon increase in the motor vehicle fuel tax imposed by the bill, including an inflation adjustment as provided, an increase of \$38 in the annual vehicle registration fee, and a new \$165 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined.

Staff Recommendation: *Watch*

League: *Support in Concept*

CSAC: *Support*

L&GO Position:

AB 1915 (Miguel Santiago D) Homelessness: Affordable Housing. (Introduced: 2/11/2016)

Status: Gut and Amended 3/18 now **Alcohol and drug programs: facility expansion.**

AB 1934 (Miguel Santiago D) Planning and Zoning: Density Bonuses. (Amended 4/14/2016)

Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.

Summary: The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. This bill would, when an applicant for approval for commercial development agrees to partner with an affordable housing developer to construct a mixed-used project for which the housing will be located onsite at the proposed commercial development, require a city, county, or city and county to grant to the commercial developer a density bonus, as specified. By increasing the duties of local officials relating to the administration of density bonuses, this bill would create a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Oppose*

CSAC: *Concerns*

L&GO Position:

AB 2031 (Susan Bonta D) Local Government: Affordable Housing: Financing. (Introduced: 3/17/2016)

Status: 4/21/2016-Assembly Rule 56 suspended. (pending re-refer to Com. on L. GOV.)

Summary: Existing law requires, from February 1, 2012, to July 1, 2012, inclusive, and for each fiscal year thereafter, the county auditor-controller in each county to allocate property tax revenues in the county's Redevelopment Property Tax Trust Fund, established to receive revenues equivalent to those that would have been allocated to former redevelopment agencies had those agencies not been dissolved, towards the payment of enforceable obligations and among entities that include, among others, a city and the county or the city and county. This bill would authorize a city or county that formed a redevelopment agency and became the successor agency that received a finding of completion from the Department of Finance to reject its allocations of property tax revenues from the trust fund. The bill would direct those rejected property tax revenues to an affordable housing special beneficiary district, established as a temporary and distinct local governmental entity for the purposes of receiving a rejected distribution of property tax proceeds and promoting affordable housing by providing financing assistance within its boundaries. The bill would require a beneficiary district to be governed by a 5-member board and comply with specified open meeting and public record laws. The bill would require a beneficiary district to cease to exist on the 90th calendar day after the date the county auditor-controller makes the final transfer of the distribution of property tax revenues to the beneficiary district, and prohibit a beneficiary district from undertaking any obligation that requires its action past that date. The bill would transfer any funds and public records of a beneficiary district remaining after the date the beneficiary district ceases to exist to the city or county that rejected the of property tax revenues thereafter directed to that district, as specified.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 2050 (Marc Steinorth R) Redevelopment.

Status: Gut and Amended 3/18 now **Healthcare Coverage Prescription Drugs**

AB 2208 (Miguel Santiago D) Local Planning: Housing Element: Inventory of Land for Residential Development.

(Amended: 4/4/2016)

Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.

Summary: Existing law, the Planning and Zoning Law, requires a city or county to adopt a comprehensive, long-term general plan for the physical development of the city or the county and of any land outside its boundaries that bears relation to its planning. That law requires the general plan to contain specified mandatory elements, including a housing

element. Existing law requires the housing element to contain an inventory of land suitable for residential development, and requires that inventory to be used to identify sites that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels. This bill would expand that inventory of land suitable for residential development to include buildings owned or under the control of a city or a county, zoned for residential or nonresidential use and capable of having residential developments constructed above the existing building, and to include underutilized sites, as defined. By imposing new duties upon local agencies with respect to the housing element of the general plan, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Support*

CSAC: *Concerns*

L&GO Position:

AB 2299 (Richard Bloom D) Land Use: Housing: 2nd Units. (Amended: 4/5/2016)

Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.

Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. This bill would, instead, require a local agency to provide by ordinance for the creation of 2nd units in these zones. The bill would also specify that a local agency may reduce or eliminate parking requirements for any 2nd unit located within its jurisdiction. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Oppose*

CSAC: *Oppose*

L&GO Position:

AB 2406 (Tony Thurmond D) Housing: Junior Accessory Dwelling Units.

(Amended: 4/28/2016)

Status: 4/28/2016-Read second time and amended. A. L. GOV.

Summary: The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential areas, as prescribed. This bill would, in addition, authorize a local agency to provide by ordinance for the creation of junior accessory dwelling units, as defined, in single-family residential zones. The bill would require the ordinance to include, among other things, standards for the creation of a junior accessory dwelling unit, required deed restrictions, and occupancy requirements. The bill would prohibit an ordinance from requiring, as a condition of granting a permit, water and sewer connection fees or additional parking requirements.

Staff Recommendation: *Support*

League: *Watch*

CSAC: *Support*

L&GO Position: *Support*

AB 2413 (Tony Thurmond D) Sea Level Rise Preparation. (Introduced: 2/19/2016)

Status: 4/22/2016-Failed Deadline pursuant to Joint Rule 61(b)(5).

Location: 4/22/2016-A. DEAD

Summary: Existing law declares the intent of the Legislature to prioritize the state's response to the impacts resulting from climate change by ensuring all state departments and agencies prepare for and are ready to respond to the impacts of climate change, such as sea level rise. Existing law, by July 1, 2017, and every 3 years thereafter, requires the Natural Resources Agency to update the state's climate adaptation strategy, which includes vulnerabilities to climate change and priority actions needed to reduce the risk to climate change. Existing law, until January 1, 2018, also requires the agency to create, biannually update, and post on an Internet Web site a Planning for Sea Level Rise Database, as specified, and requires specified entities to provide to the agency certain sea level rise planning information for inclusion in the database.

This bill would require the agency, on or before January 1, 2019, to complete a study outlining the potential impact of sea level rise on low-income and at-risk communities and public projects and infrastructure. The bill would require the agency, based on the study, to make recommendations on preparing for sea level rise, as specified.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 2442 (Chris Holden D) Density Bonuses. (Amended: 4/14/2016)

Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.

Summary: The Planning and Zoning Law requires, when an applicant proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with a density bonus and other incentives or concessions for the production of lower income housing units or for the donation of land within the development if the developer, among other things, agrees to construct a specified percentage of units for very low, low-, or moderate-income households or qualifying residents. This bill would additionally require a density bonus to be provided to a developer that agrees to construct a housing development that includes at least 10% of the total units for transitional foster youth, disabled veterans, or homeless persons, as defined. The bill would require that these units be subject to a recorded affordability restriction of 55 years and be provided at the same affordability level as very low income units. The bill would set the density bonus at 20% of the number of these units. By increasing the duties of local agencies, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Concerns*

CSAC: *Watch*

L&GO Position:

AB 2500 (Tom Daly D) Land use. (Introduced: 2/19/2016)

4/22/2016-Failed Deadline pursuant to Joint Rule 61(b)(5). (Last location was A. L. GOV. on 3/17/2016)

Location: 4/22/2016-A. DEAD

Summary: Existing law, the Planning and Zoning Law, requires a city or county to prepare and adopt a comprehensive, long-term general plan, and requires the general plan to include certain mandatory elements, including a housing element. That law requires the housing element, in turn, to include, among other things, an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of those needs. That law further requires the Department of Housing and Community Development to determine the existing and projected need for housing for each region, as specified, at least two years prior to the scheduled revision of a housing element required by law. This bill would require the department to determine the regional housing need at least two years and three months prior to the scheduled revision of a housing element required by law. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Support*

L&GO Position:

AB 2584 (Tom Daly D) Land Use: Housing Development. (Amended: 4/25/2016)

Status: 4/26/2016-Re-referred to Com. on JUD.

Summary: The Housing Accountability Act, among other things, prohibits a local agency from disapproving a housing development project for very low, low-, or moderate-income households or an emergency shelter unless the local agency makes specified written findings. The act authorizes an applicant or person who would be eligible to apply for residency in the development or emergency shelter to bring an action to enforce the act. This bill would, in addition, authorize a housing organization, as defined, to bring an action to enforce the act.

Staff Recommendation: *Watch*

League: *Oppose*

CSAC: *Watch*

L&GO Position:

AB 2734 (Toni Atkins D) Local Control Affordable Housing Act. (Amended: 4/5/2016)

Status: 4/14/2016-From committee: Do pass and re-refer to Com. on APPR.

Summary: Existing law, effective February 1, 2012, dissolved all redevelopment agencies and community development agencies and provides for the designation of successor agencies, as specified. Existing law requires successor agencies to service the enforceable obligations of the dissolved agencies and otherwise wind down the affairs of the dissolved agencies. This bill would establish the Local Control Affordable Housing Act to require the Department of Finance, on or before ____ and on or before the same date each year thereafter, to determine the state General Fund savings for the fiscal year as a result of the dissolution of redevelopment agencies. The bill would provide that, upon appropriation, 50% of that amount or \$1,000,000,000, whichever is less, be allocated to the Department of Housing and Community Development. The bill would require the department to retain 1/2 of these funds for state level programs and to provide the other 1/2 to local agencies for housing purposes, except as specified. The bill would require the Department of Housing and Community Development to create an equitable funding formula for funding distributed to local agencies, which the bill would require to be geographically balanced and take into account factors of need including, but not limited to, poverty rates and lack of supply of affordable housing for persons of low and moderate incomes in local jurisdictions.

Staff Recommendation: *Support*

League: *Support*

CSAC: *Watch*

L&GO Position:

AB 2783 (Eduardo Garcia D) Affordable Housing and Sustainable Communities Program.

(Amended: 4/25/2016) **Status:** 4/26/2016-Re-referred to Com. on APPR.

Summary: Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. Existing law requires the council to develop guidelines and selection criteria for the program. This bill would require the Strategic Growth Council to consider revisions to the guidelines and selection criteria with respect to affordable housing projects that qualify under the program's rural innovation project area.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

AB 2817 (David Chiu D) Income Taxes: Credits: Low-Income Housing: Allocation Increase.

(Amended: 3/17/2016) **Status:** 3/30/2016-From committee: Do pass and re-refer to Com. on REV. & TAX.

Summary: Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, personal income, and corporation income tax credit amounts among low-income housing projects based on federal law. Existing law, in modified conformity to federal income tax law, allows the credit based upon the applicable percentage, as defined, of the qualified basis of each qualified low-income building. Existing law limits the total annual amount of the credit that the committee may allocate to \$70 million per year and allows \$500,000 per year of that amount to be allocated for projects to provide farmworker housing, as specified. This bill, for calendar years beginning 2017, would increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects by \$300,000,000, as specified. The bill would also increase the amount the committee may allocate to farmworker housing projects from \$500,000 to \$25,000,000 per year. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria. This bill contains other related provisions.

Staff Recommendation: *Support*

League: *Support*

CSAC: *Support*

L&GO Position:

ABX1 6 (Roger Hernández D) Affordable Housing and Sustainable Communities Program. (Introduced: 7/16/2015)

Status: 7/17/2015-From printer.

Summary: Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Affordable Housing and Sustainable Communities Program, administered by the Strategic Growth Council, to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives. This bill would require 20% of moneys available for allocation under the program to be allocated to eligible projects in rural areas, as defined. The bill would further require at least 50% of those moneys to be allocated to eligible affordable housing projects. The bill would require the council to amend its guidelines and selection criteria consistent with these requirements and to consult with interested stakeholders in this regard.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

ABX1 24 (Marc Levine and Philip Ting) Bay Area Transportation Commissioners

Status: 9/12/2015-From printer.

Summary: Existing law designates the Metropolitan Transportation Commission as the regional transportation planning agency for the San Francisco Bay area, with various powers and duties with respect to transportation planning and programming, as specified, in the 9-county San Francisco Bay area region. Existing law creates the Bay Area Toll Authority, governed by the same board as the commission, but created as a separate entity, with specified powers and duties relative to the administration of certain toll revenues from state-owned toll bridges within the geographic jurisdiction of the commission. Under existing law, the commission is comprised of 21 appointed members, as specified. This bill, effective January 1, 2017, would redesignate the Metropolitan Transportation Commission as the Bay Area Transportation Commission. The bill would require commissioners to be elected by districts comprised of approximately 750,000 residents. The bill would require each district to elect one commissioner, except that a district with a toll bridge, as defined, within the boundaries of the district would elect 2 commissioners. The bill would require commissioner elections to occur in 2016, with new commissioners to take office on January 1, 2017. The bill would state the intent of the Legislature for district boundaries to be drawn by a citizens' redistricting commission and campaigns for commissioners to be publicly financed. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *No Position*

CSAC: *No Position*

L&GO Position: *Oppose*

SB 7 (Lois Wolk D, Contra Costa County) Housing: Water Meters: Multiunit Structures

Status: 1/1/2016-Set for Hearing.

Location: 1/1/2016-A. Unfinished Business

Summary: Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters. This bill would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position: *Watch*

SB 438 (Jerry Hill D) Earthquake Safety: Statewide Earthquake Early Warning System: Funding.

(Amended: 3/2/2016) **Status:** 3/2/2016- Re-referred to Com. on G.O.

Summary: Existing law requires the Office of Emergency Services, in collaboration with specified entities, to develop a comprehensive statewide earthquake early warning system in California through a public-private partnership, as specified. Under existing law, the requirement that the office develop the system is not operative until funding is identified, and is repealed if funding is not identified by July 1, 2016. This bill would discontinue the requirement that the funding sources for the system exclude the General Fund and be limited to federal funds, funds from revenue bonds, local funds, and funds from private sources. The bill would delete the provisions providing for the repeal and the contingent operation of the requirement that the office develop the system. The bill would appropriate \$23,100,000 from the General Fund to the office for the purpose of implementing the system.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

SB 441 (Mark Leno D) San Francisco Redevelopment: Housing. (Amended: 4/6/2015)

Status: 9/12/2015-In Assembly. Held at Desk. Action rescinded whereby the bill was read a third time, passed, and ordered to the Senate. Ordered to inactive file on request of Assembly Member Holden.

Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies that are required to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations. Existing law prohibits dissolved redevelopment agencies from issuing bonds or incurring other indebtedness on or after June 29, 2011. Existing law authorizes successor agencies to, among other things, issue bonds or incur indebtedness after that date to refund the bonds or indebtedness of a former redevelopment agency or to finance debt service spikes, as specified. The issuance of bonds or incurrence of other indebtedness by a successor agency is subject to the approval of the oversight board of the successor agency. This bill would authorize the successor agency to the Redevelopment Agency of the City and County of San Francisco to issue bonds or incur other indebtedness to finance the construction of affordable housing and infrastructure required by specified enforceable obligations, subject to the approval of the oversight board. The bill would provide that bonds or other indebtedness authorized by its provisions would be considered indebtedness incurred by the dissolved redevelopment agency, would be listed on the Recognized Obligation Payment Schedule, and would be secured by a pledge of moneys deposited into the Redevelopment Property Tax Trust Fund.

Staff Recommendation: *Watch*

League: *Watch*

CSAC: *Watch*

L&GO Position:

SB 879 (Jim Beall D) Housing: Bond Act (Amended: 4/28/2016)

Status: 4/28/2016-Set for hearing May 3.

Location: 4/4/2016-S. T. & H.

Summary: (1) Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. This bill would enact the Affordable Housing Bond Act of 2016, which, if adopted, would authorize the issuance of bonds in the amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as provided. This bill contains other related provisions.

Staff Recommendation: *Watch*

League: *Support if Amended*

CSAC: *Pending*

L&GO Position:

SB 1000 (Connie Leyva D) Land Use: General Plans: Environmental Justice. (Amended: 4/12/2016)

Status: 4/21/2016-From committee: Do pass and re-refer to Com. on APPR.

Summary: The Planning and Zoning Law requires the legislative body of each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city and of any land outside its boundaries that bears relation to its planning. That law requires this general plan to include several elements, including, among others, land use, open-space, safety, and conservation elements, which are required to meet specified requirements. This bill would add to the required elements of the general plan an environmental justice element that identifies disadvantaged communities, as defined, within the area covered by the general plan of the city, county, or city and county. The bill would also require the environmental justice element to identify objectives and policies to reduce the health risks in disadvantaged communities, as specified, and to identify objectives and policies to promote civil engagement in the public decision making process. The bill would require the environmental justice element to be adopted or reviewed upon the adoption or next revision of the housing element on or after January 1, 2018. By adding to the duties of county and city officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Staff Recommendation: Watch

League: Oppose

CSAC: Support if Amended

L&GO Position:

SB 1069 (Bob Wieckowski D) Land Use: Zoning. (Amended: 4/26/2016)

Status: 4/26/2016-Read second time and amended. Re-referred to Com. on APPR.

Location: 4/26/2016-S. APPR.

Summary: The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. That law makes findings and declarations with respect to the value of 2nd units to California's housing supply. This bill would replace the term "second unit" with "accessory dwelling unit" throughout the law. The bill would add to those findings and declarations that, among other things, allowing accessory dwelling units in single-family or multifamily residential zones provides additional rental housing stock and these units are an essential component of housing supply in California. This bill contains other related provisions and other existing laws.

Staff Recommendation: Watch

League: Oppose

CSAC: Oppose

L&GO Position:

SB 1233 (Mike McGuire D) Joint Powers Authorities: Water Bill Savings Act. (Amended: 4/14/2016)

Status: 5/3/2016-From committee: Do pass as amended. (Ayes 5. Noes 1.) (April 27).

Location: 4/27/2016-S. SECOND READING

Summary: Existing law, the Marks-Roos Local Bond Pooling Act of 1985, authorizes joint powers authorities, among other powers, to issue bonds and loan the proceeds to local agencies to finance specified types of projects and programs. This bill would enact the Water Bill Savings Act, which would authorize a joint powers authority to provide funding for a customer of a local agency or its publicly owned utility to acquire, install, or repair a water efficiency improvement on the customer's property served by the local agency or its publicly owned utility. The bill would require the customer to repay the authority through an efficiency charge on the customer's water bill to be established and collected by the local agency or its publicly owned utility on behalf of the authority pursuant to a servicing agreement. The bill would authorize the authority to issue bonds to fund the program. The bill would also make technical changes.

Staff Recommendation: Support

League: Watch

CSAC: Pending

L&GO Position: Support

SB X1 1 (Jim Beall D, San Jose) Transportation Financing for Road Maintenance (Amended: 4/21/2016)

Status: 4/21/2016-From committee with author's amendments. Re-referred to Com. on APPR.

Summary: Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account. This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system and for other specified purposes. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of a \$0.22 per gallon increase in the diesel fuel excise tax imposed by the bill, an increase of \$35 in the annual vehicle registration fee, a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, a new annual road access charge on each vehicle, as defined, of \$35, and repayment, by June 30, 2016, of outstanding loans made in previous years from certain transportation funds to the General Fund. The bill would provide that revenues from future adjustments in the applicable portion of the fuel tax rates, the annual vehicle registration fee increase, and the road access charge would also be deposited in the account. This bill contains other related provisions and other existing laws.

Staff Recommendation: *Watch*

League: *Support*

CSAC: *Support*

L&GO Position: *Watch*