

2021 Legislative and Budget - Efforts to Addressing Housing Production and Homelessness

February 3, 2021

Agenda Overview

- Governor Newsom's Proposed 2021/2022 State Budget
- Proposed Legislation
- Project HomeKey

Governor Newsom's Proposed 2021/2022 State Budget

Proposed 2021/2022 State Budget

Key Provisions Related to Housing

- \$500 million to the Infill Infrastructure Grant Program, which provides grants to local governments and developers to spur housing construction.
- \$500 million to the Low-Income Tax Credit Program, which helps fund affordable housing projects.

Proposed 2021/2022 State Budget

Key Provisions Related to Housing

- Creates a new Housing Accountability Unit within the Department of Housing and Community Development (HCD) to provide technical assistance, monitor cities land use practices, and enforce existing housing laws.
- \$2.7 million to HCD to implement AB 434 (Daly, Statutes of 2020), which streamlines multiple housing programs into one application.

Proposed 2021/2022 State Budget

Evictions Moratorium and State Rental Assistance Program

- US Treasury allocated \$2.6 billion to California
 - \$1.5 billion to the State
 - \$1.1 billion to cities and counties over 200k population
- SB 91 (Comm. On Budget and Fiscal Review)
 - Passed by the Legislature on January 28th
 - Signed by Governor Newsom on January 29th
 - The bills took effect immediately.

Proposed 2021/2022 State Budget

Evictions Moratorium and State Rental Assistance Program

- Extends key tenant and property owner protection provisions provided by AB 3088 (Chapter 37, Statutes of 2020) until June 30, 2021.
- Provides additional protections for tenants, including debt treatment and civil procedures.
- Allocates \$1.5 billion (federal COVID-19 funds) to a new State Rental Assistance Program

Proposed 2021/2022 State Budget

Evictions Moratorium and State Rental Assistance Program

- State's \$1.5 billion
 - \$150 million is earmarked for counties under 200k population (and cities within).
 - \$1.32 billion is earmarked for cities and counties over 200k population.

Proposed 2021/2022 State Budget

Evictions Moratorium and State Rental Assistance Program

- Funds will be administered in three rounds.
 - Round 1 – households with less than 50% AMI.
 - Round 2 – communities disproportionately impacted by COVID (as determined by HCD).
 - Round 3 – households with less than 80% AMI.

Proposed 2021/2022 State Budget

Evictions Moratorium and State Rental Assistance Program

- Funds can be used for:
 - Back rent
 - Prospective rent payments
 - Utilities

Proposed 2021/2022 State Budget

Key Provisions Related to Homelessness

- \$750 million to expand Homekey, which provides grants to local governments to acquire and rehabilitate housing, including hotels and motels, to convert them into interim or long-term housing.
- \$750 million, over three years, to the Department of Health Care Services to provide grants to counties for behavioral health treatment resources.
- \$250 million to the Department of Social Services for acquisition and rehabilitation of Adult Residential Facilities and Residential Care Facilities to expand housing for low-income seniors.

Questions?

Proposed Legislation

Proposed Legislation

Key Bills of Interest

- Legislature has until February 19th to introduce bills.
- Only a few hundred bills have been introduced thus far.
- The Senate has released a housing production package of bills.

Key Bills of Interest

- **SB 5 (Atkins) Housing Bond.**

This measure expresses the intent of the Legislature to authorize the issuance of a bond, of an unspecified amount, to fund housing-related programs.

- **SB 6 (Caballero) Local Planning. Housing in Commercial Zones.**

This measure would create the Neighborhood Homes Act, which would require cities to allow housing development projects on lots zoned for office or retail commercial that is not adjacent to an industrial use.

Key Bills of Interest

- **SB 9 (Atkins) Housing Development Approvals.**

This measure would require a local government to ministerially approve a housing development containing two residential units in single-family zones. Additionally, this measure would require local governments to ministerially approve urban lot split.

- **SB 10 (Wiener) Planning and Zoning. Density.**

This measure would, notwithstanding any local restrictions on adopting zoning ordinances, authorize a local government to pass an ordinance to zone any parcel for up to 10 units of residential density per parcel, at a height specified in the ordinance, if the parcel is located in a transit-rich area, a jobs-rich area, or an urban infill site.

Key Bills of Interest

- **SB 55 (Stern) Very High Fire Hazard Severity Zone. State Responsibility Area. Development Prohibition.**

This measure would prohibit the creation or approval of a new commercial or residential development in a very high fire hazard severity zone (VHFHSZ) or a state responsibility area (SRA).

- **AB 71 (Rivas, Luz) Homelessness Funding Bring California Home Act.**

This measure would generate \$2.4 billion of state funding for long-term solutions to homelessness. These funds will go to local governments so they can invest in housing solutions that take into account a community's unique needs, whether urban or rural. The measure does so by conforming to federal tax law to close corporate tax loopholes and restoring historic corporate tax rates on corporations with \$5 million or more in profits.

Key Bills of Interest

- **ACA 1 (Aguiar-Curry) Local Government Financing. Affordable Housing and Public Infrastructure. Voter Approval.**

This measure would reduce the voting threshold to 55% for ad valorem taxes to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes.

Questions?

Project HomeKey

Project HomeKey

- The 2021/2022 State Budget proposes to allocate \$750 million to expand Project Homekey, which provides grants to local governments to acquire and rehabilitate housing, including hotels and motels, to convert them into interim or long-term housing.
- The 2021/2022 allocation builds off the \$600 million allocated last year.

Project HomeKey

- Cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California, may apply independently as a Development Sponsor or jointly with a non-profit or a for-profit corporation.
- Geographic Distribution: Because COVID-19 impacts people experiencing or at risk of homelessness throughout California, HCD is working to ensure jurisdictions throughout the state have an equitable opportunity to apply for Homekey funds. To this end, HCD has divided the state into eight regions, with each region having funding reserved on a time-limited basis during the “priority application” period.

Questions?