

2020 Planning Commissioners Academy Legislative/State Budget Update

March 6, 2020

Focus of Discussion

- Political landscape.
- League's housing production proposal development process.
- League's housing production proposal.
- Pending state legislation
- State budget update.
- Next steps.



Political Landscape

Political Landscape

- Governor Newsom won by 22 points.
- Very ambitious housing production goals – 3.5 million by 2025.
- Nearly all housing bills are simple majority vote.
- Major housing bills sidelined – SB 50 (Wiener) failed, AB 1279 (Bloom) 2 year bill.
- Significant press coverage of the shortcomings of the Legislature on housing related legislation.
- Much larger housing numbers in the 6th Cycle of Regional Housing Needs Assessment.
- More than 50 housing/land use bills signed in the past 3 years.



Senate President Pro Tem Atkins Statement After SB 50 Failed

“So here's the thing: **We need a housing production bill that includes consensus solutions so we can help solve our housing affordability crisis.**”

Despite the work Senator Wiener and SB 50's advocates have made, the debate and the vote today showed this particular vehicle isn't it.

The opponents of SB 50 have real concerns, but have offered no substantive alternative with the same kind of scope of SB 50.

Things have to change. We need to reset the conversation. So I am making the commitment to you today that in the coming weeks **I will be meeting with stakeholders on all sides to find a way forward on a housing production bill that can pass both houses and get the Governor's signature.**”



How Does the 6th Cycle of RHNA Fit Into the Housing Discussion This Year?

- Cities are getting much larger housing allocations.
 - City of LA projected need 6th Cycle - **463,000** (85,000 in 5th Cycle).
 - City of Seal Beach projected need 6th Cycle – **1,200** (2 in 5th Cycle).
 - City of Long Beach projected need 6th Cycle – **26,000** (7,000 in 5th Cycle).
 - City of Riverside projected need 6th Cycle – **18,000** (8,000 in 5th Cycle).
- In order to comply with existing law, many cities will need to increase density and prioritize housing site identification near transit, downtown, commercial corridors, etc. (Much like the requirements of SB 50).



League's Housing Production Proposal Development Process

League's Housing Production Proposal Development Process

- Formed Housing Working Group in January 2019.
 - Comprised of one member from each of the League's 16 regional divisions.
- Housing Working Group made recommendations to the League's Housing, Community and Economic Development Policy Committee (HCED) in January 2020.
 - HCED is comprised of nearly 60 mayors, council members, professional departments, diversity caucuses, regional divisions, and partners.



League's Housing Production Proposal Development Process

- HCED made a recommendation to the League's board of directors.
 - Board of directors is comprised of more than 50 mayors, council members, professional departments, and regional divisions.
- Board of directors voted to support HCED's housing production proposal with additional provisions in February 2020.



League's Housing Production Proposal

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League's Housing Production Proposal

- **Near-term Actions** – New funding, immediate local actions to spur housing construction and address barriers to housing construction beyond the control of local governments.
- **Longer-term Actions** – Update Housing Element 6th Cycle and prioritize housing density and site identification near transit, downtown, commercial corridors, etc., in order to comply with existing law.



League's Housing Production Proposal

• **Near-term Actions:**

- New funding to support needed affordable housing and infrastructure.
 - SB 795 (Beall) Affordable Housing and Community Development Investment Program.
 - Up to \$2 billion annual state investment via tax increment in infrastructure, affordable housing and revitalizing neighborhoods.
 - 50 percent of funds must support affordable housing.
 - Builds off of existing TIF tools - CRIA, EIFD, affordable housing authority, and transit village development district.



League's Housing Production Proposal

- **Near-term Actions (continued):**

- ACA 1 (Aguiar-Curry) Affordable Housing and Public Infrastructure. Voter Approval.
 - Proposes to amend the California Constitution, subject to approval by voters at a statewide election, to allow a city, county, or special district, with 55% voter approval, to incur bonded indebtedness or impose specified special taxes to fund projects for affordable housing, permanent supportive housing, or public infrastructure.



League's Housing Production Proposal

- **Near-term Actions (continued):**

- Require cities to take (some) immediate actions (already adopted actions would qualify):
 - Adopt an ADU ordinance.
 - Streamline housing approval processes.
 - Reduce development fees.
 - Develop objective design review standards.
 - Adopt an inclusionary housing ordinance.
 - Establish a local housing trust.
 - Restrict demolition of existing housing stock.
 - Allow up to fourplexes in single-family zones.



League's Housing Production Proposal

- **Near-term Actions (continued):**

- Require cities to take (some) immediate actions (already adopted actions would qualify):
 - Establish an Enhanced Infrastructure Financing District (EIFD) or a similar financing tool.
 - Increase allowable heights and densities.
 - Adopt TOD plans.
 - Reduce parking requirements.
 - Adopt tenant protections.
 - Establish a Workforce Housing Opportunity Zone (WHOZ) or a Housing Sustainability District.



League's Housing Production Proposal

- **Near-term Actions (continued):**

- Remove barriers to housing construction that local governments do not control:
 - Construction costs.
 - New building codes.
 - CEQA costs and delays.
 - Financing.



League's Housing Production Proposal

- **Longer-term Actions:**

- To accommodate much higher RHNA allocations and align local planning documents with state priority development areas, require cities to prioritize housing density and housing site identification near key transit infrastructure, downtown areas, and commercial corridors.
- Accommodate as much of the housing unit allocation in these areas before other locations are considered.



League's Housing Production Proposal

League's Housing Production Proposal

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What is the League Doing Next?

- Continue to engage all cities and share the housing production proposal.
- Seek support from cities, city officials, and other stakeholders.
- Continue to brief the Governor's staff, legislators and their staff.
- There will likely be a bill or bills introduced in the Legislature to implement the housing production proposal.



What City Leaders Can Do to Help?

- Provide feedback on the housing production proposal.
- Support and promote the housing production proposal.
- Share the housing production proposal with other community leaders and your state legislators.
- Come to the League's Legislative Action Day on April 22 and promote the housing production proposal.
- Send support letters once a bill has been introduced.



Pending State Legislation

Pending State Legislation

- 2,400 bills introduced since Jan 2020.
- The League is tracking 1,600 bills.
- Around 300 bills pertain to housing, land use, and economic development.
- Committee hearings have begun and will continue for the next few months.



Pending State Legislation

What is the Legislature focused on in 2020?

- Bills to stimulate housing production.
- Impact/development fees – seven pending bills.
- SB 35 (Wiener) Cleanup.
- Accessory Dwelling Unit (ADUs).
- Affordable housing tax credits/welfare exemption.
- Supportive housing.
- Homelessness.



Pending State Legislation

What is the Governor focused on in 2020?

Housing

The Governor's 2020/2021 State Budget contains little new funding to spur housing production in California. However, it does outline numerous policy changes and reforms the Governor would like to pursue in the coming year. These include:

- Revamping the next RHNA cycle to promote and streamline housing development. This new process will provide more ambitious housing goals for cities.



Pending State Legislation

What is the Governor focused on in 2020?

Housing (con't)

- \$10 million annually for the next three years to pursue policy changes that support housing production as well as hold local jurisdictions accountable to remove barriers to more housing production.
- Work with the Legislature on additional actions to expedite housing production, including changes to local zoning and permitting processes, as well as adding predictability and reducing the costs of development fees.



Pending State Legislation

What is the Governor focused on in 2020?

Homelessness

- Allocates \$650 million to transform Medi-Cal to boost preventive health care that drive down the cost of delivering care. This effort is largely targeted at those who are chronically unsheltered.
- Executive Order aimed at addressing the homelessness crisis. The Executive Order compliments some of the new funding allocations in the budget by freeing up access to excess state property, decommissioned state hospitals, and CalTrans property.



Questions and Comments?

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