

Senate Housing Production Legislative Package FACT SHEET

Housing production remains a top priority of the Senate and is key to California's economic recovery. The Senate is proposing a housing production legislative package that would streamline existing housing approval processes at the state and local levels, focus on proposals that would reduce the workload of local planning departments, increase the availability of affordable housing, and build on policies that would accelerate job growth and economic development. The package also includes the budget proposal previously announced by Senate Democrats for a renter/landlord stabilization program.

Housing Production Package

SB 1385 (Caballero): This bill would unlock existing land zoned for commercial office and retail for potential residential development by making housing an eligible use on those sites.

Impact on housing production: Even before COVID-19, many large-scale commercial developers were moving toward mixed-use projects that integrate live/work/play uses into one neighborhood. This trend has only been accelerated by the COVID-19 crisis, and this bill reflects the need to update the development landscape statewide to embrace that evolution and create much-needed housing alongside office and retail.

Requirements:

- The site's density meets or exceeds the level needed to accommodate multifamily affordable housing.
- Local zoning, parking, design, and other ordinances that apply to other areas zoned for multifamily housing in the jurisdiction also apply.
- Any housing development that utilizes this provision complies with any design review or public notice, comment, or hearing process.

The bill also would:

- Allow for streamlined ministerial approval of housing projects on land zoned for office or retail commercial use when the site has been vacant or severely underutilized (less than 50% of available square footage) for at least three (3) years and the project meets the existing requirements for by-right housing:
 - a. Consistent with objective zoning, subdivision, and design-review standards.
 - b. Does not require demolition of a historic structure.
 - c. Located outside of environmentally sensitive areas, as specified.
 - d. Provides at least 10% affordable housing (increased to 50% in jurisdictions that are building enough middle-income housing but not enough low-income housing).
 - e. Does not affect existing affordable housing, rent-controlled housing, or housing where tenants have resided in the last 10 years.
 - f. Provides prevailing wage to all workers (regardless of public works status) and uses a skilled and trained workforce for midsize projects (generally 50-75+ units).
 - g. Provides one (1) parking space/unit unless located near transit/in a historic district/near a car-share.

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SB 1120 (Atkins): Builds off state Accessory Dwelling Unit (ADU) law that allows for at least three units/parcel; further encourages small-scale neighborhood development spearheaded by homeowners by creating a ministerial approval process for duplexes and lot splits that meet local zoning, environmental and tenant displacement standards.

Impact on housing production: Promotes small-scale neighborhood development (i.e. adding capacity to an existing, typically single-family residential area) in a meaningful way to increase production. Housing stock is being increased thanks to the ADU law, and the small-scale nature of SB 1120 would make success that much more achievable, and could help bolster finances for individual homeowners.

Requirements:

- Ministerial duplexes:
 - a. Meets objective zoning and design standards (height, setbacks, etc.).
 - b. Does not require demolition of more than one wall of an existing structure (unless deemed vacant).
 - c. Located within an urbanized area or urban cluster.
 - d. Located outside of environmentally sensitive areas, as specified. However, coastal zones will be included.
 - e. Does not require demolition or alteration of affordable housing, rent-controlled housing, Ellis Act housing, or any housing that has had tenants in recent years.
 - f. Not allowed in a historic district.
 - g. Provides one (1) parking spot/unit unless located near transit/in a historic district/by a car-share program, or unless the local jurisdiction waives parking.

- Ministerial lot splits: Meet the same requirements as duplexes, as well as meet the additional requirements for the resulting parcels:
 - a. Must be of equal size.
 - b. Must be at least 1,200 sq. ft.
 - c. Must meet local requirements to provide easements and public right-of-way.
 - d. Have not previously been subject to a ministerial lot split.

Note: Local governments are not required to permit ADUs on sites that exercise these new authorities (although they may). The creation of local ordinances to implement these sections are not subject to CEQA.

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SB 995 (Atkins): Provides California Environmental Quality Act (CEQA) relief by expanding the existing AB-900 process for Environmental Leadership Development Projects for housing projects, particularly affordable housing.

Impact on housing production: This creates a new tool for housing developers who may have been interested in utilizing the AB 900 process, but did not meet the existing dollar threshold. In addition to creating housing units, it also could carry the benefit of creating numerous construction jobs. According figures compiled by the Governor's Office of Planning and Research and Senate Office of Research, since 2011, 10,573 housing units have been constructed or proposed under projects certified under AB 900, and the law helped create 46,949 high-wage, permanent construction jobs.

Requirements:

- Provide a minimum investment of \$15 million dollars (as opposed to the current \$100 million threshold).
- Located on an infill site and consistent with the region's sustainable communities strategy.
- Dedicates at least two-thirds of the project for residential use.
- Dedicates a minimum of 15% of residential units as affordable housing (in keeping with other state incentive programs).
- This allows projects to take advantage of an expedited 270-day CEQA litigation process.

The bill also would:

- Broaden application and utilization of the Master Environmental Impact Report (MEIR) process that allows cities to do upfront planning that streamlines housing approvals on an individual project level.
- Pursue additional opportunities to revise local community plans and policies to support more housing, reform funding and administrative processes at state housing entities, and protect and sustain equity in existing neighborhoods.

SB 902 (Wiener) – As Proposed to Be Amended on May 20, 2020: Allows local governments to pass a zoning ordinance that is not subject to CEQA for projects that allow up to 10 units, if they are located in one of the following priority areas:

- A transit-rich area
- A jobs-rich area
- An urban infill site

Impact on housing production: This bill further allows for additional small-scale infill development for local governments who want to spur more housing production. It provides cities with a new tool to rezone for density in a streamlined, expedited way. Currently, cities that want to rezone for more housing - or are required to rezone due to state mandates - face years of process and lawsuits, costing significant taxpayer funds. It is important to note this measure does not waive any of existing or proposed new standards that a local government applies to new housing in their jurisdiction.

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SB 1085 (Skinner): Enhance existing Density Bonus Law by increasing the number of incentives provided to developers in exchange for providing more affordable units.

Impact on housing production: Increasing the amount of affordable housing for low-income families remains a top priority for the Senate. Unfortunately, the current budget environment doesn't provide for additional public subsidy. Enhancing the Density Bonus Law would allow developers to expand projects, thereby enhancing their profitability, and adding more affordable housing units at no cost to taxpayers.

Declares:

- Modify Density Bonus Law to further incentivize the construction of very low-, low-, and moderate-income housing units.
- Ensure that any additional benefits conferred upon a developer are balanced with the receipt of a public benefit in the form of affordable housing.
- Ensure that density bonus law incentivizes the construction of more housing across all areas of the state.

Senate Budget Proposal (Previously Announced)

Renter/Landlord Stabilization Program: The program would enable agreements between renters, landlords, and the state to resolve unpaid rents over a limited period, as well as make available short-term tax-credits that provide immediate value to landlords at risk of foreclosure.

Impact on housing production: While the Senate embarked on the goal of increasing housing production at the beginning of 2020, given COVID-19 and its impacts on Californians, the need arose to also incorporate measures to ensure the state doesn't lose existing rental housing stock. This proposal provides immediate relief to tenants in need to ensure no one is evicted as a result of COVID-19 and/or its economic impacts, while also protecting landlords who operate in good faith and otherwise face foreclosure and, by result, tenant evictions.