

Date of Hearing: May 8, 2019

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 1279 (Bloom) – As Introduced February 21, 2019

Policy Committee:	Rules	Vote:	12 - 0
	Housing and Community Development		6 - 1
	Local Government		5 - 2

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill requires “by-right” approval of certain housing developments in high-resource areas. Specifically, this bill:

- 1) Defines “high resource area” to mean an area of high opportunity and low residential density neither, currently experiencing gentrification and displacement nor at high risk of experiencing them.
- 2) Requires the Department of Housing and Community Development (HCD), by January 1, 2021, and every five years thereafter, to designate high-resource areas in the state based on consultation with stakeholders.
- 3) Specifies an appeals process for jurisdictions that disagree with designations within their borders.
- 4) Specifies a qualifying project cannot require demolition of housing currently for rent or for rent in the past ten years or be located in an environmentally unsafe or sensitive area.

FISCAL EFFECT:

- 1) Estimated one-time costs to HCD of \$100,000 (GF) in the first year for a mapping consultant contract and \$225,000 (GF) for HCD staff to coordinate with stakeholders and the mapping consultant.
- 2) Estimated ongoing costs of \$207,000 (GF) annually to HCD for program staff to support the program.
- 3) Unknown ongoing administrative costs to support the program.

COMMENTS:

- 1) **Purpose.** According to the author:

This bill would facilitate mixed-income and affordable housing development in high-resource, lower-density communities through local zoning overrides and other land use incentives. The bill is aimed at addressing the housing shortage in a way that also addresses exclusionary zoning practices that exacerbate racial and economic segregation

and that provide few opportunities for lower-wage workers to live close to where they work in many areas of the state.

- 2) **Background.** The cost of housing in California is among the highest in the nation. Only 28% of households can buy the median priced home. Over half of renters and 80% of low-income renters are rent-burdened, meaning they pay over 30% of their income towards rent.

A study by UC Berkeley's Urban Displacement Project shows that rising housing prices in the Bay Area have led to "new concentrations of poverty and racial segregation in the region and the perpetuation of racial disparities in access to high-resource neighborhoods."

In response, the state has prioritized allocation of its tax credits into "high opportunity areas." The California Tax Credit Allocation Committee (TCAC) in the State Treasurer's Office and HCD have undertaken defining and mapping these areas in conjunction with the California Fair Housing Taskforce (Taskforce). The Taskforce released a detailed opportunity mapping methodology document identifying specific policy goals and purposes, as well as detailed indicators to identify areas that further the policy goals and purposes.

- 3) **Related Legislation:** SB 50 (Wiener), of this legislative session, requires a local government to grant increased development capacity in transit-rich and high-resource areas when a developer meets specified requirements. It is pending hearing in the Senate Appropriations Committee.
- 4) **Prior Legislation.** AB 686 (Santiago), Chapter 958, Statutes of 2018, requires a public agency to administer its programs and activities relating to housing and community development in a manner to affirmatively further fair housing.

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