

ASSEMBLY THIRD READING

AB 831 (Grayson)

As Amended May 16, 2019

Majority vote

SUMMARY:

Adds reporting requirements for the fee study the Department of Housing and Community Development (HCD) is required to complete by June 30, 2019

Major Provisions

- 1) Requires HCD to post the results of its current study to evaluate the reasonableness of local fees charged to new developments on its internet website on or before March 1, 2020.
- 2) Requires, by January 1, 2024, that HCD issue a report to the Legislature on the progress of cities and counties in adopting the recommendations made by HCD's study to evaluate the reasonableness of local fees, which is due by June 30, 2019.

COMMENTS:

California has a substantial and growing housing production and affordability gap. In its *Final Statewide Housing Assessment 2025* (2018), HCD estimates that 180,000 new homes annually by 2025 to meet projected population and household growth. However, over the past 10 years California has on average produced less than 80,000 new homes annually.

AB 879 (Grayson), Chapter 372, Statutes of 2017, directed HCD, by June 30, 2019, to complete a study to evaluate the reasonableness of local fees charged to new developments. This study is required to include findings and recommendations regarding potential amendments to the Mitigation Fee Act to substantially reduce fees for residential development. As of the date of this analysis, the study has not been published.

This bill requires HCD to post this study on its internet website on or before March 1, 2020. This bill also requires HCD to undertake a follow-up study by January 1, 2024, describing the progress of cities and counties in adopting the recommendations made by HCD's study.

According to the Author:

A March 2018 report by UC Berkeley's Turner Center for Housing Innovation found that development fees often lack transparency, impose high costs, and have arbitrary structures. All of these factors combine to make development riskier, more costly, and ultimately serve to reduce the amount of housing that gets built. Given the extent of our housing production and affordability crisis, we need to explore all options to reduce barriers to development.

Arguments in Support:

According to the California Association of Realtors, "AB 831 (Grayson) will help communities understand barriers to housing develop policies and programs aimed at reaching affordable housing goals."

Arguments in Opposition:

None on file.

FISCAL COMMENTS:

According to the Assembly Committee on Appropriations, estimated costs to HCD of \$113,000 (General Fund) in the first year to provide oversight and to review the study findings, and \$105,000 ongoing until January 1, 2024.

VOTES:**ASM HOUSING AND COMMUNITY DEVELOPMENT: 8-0-0**

YES: Chiu, Diep, Gabriel, Gloria, Kiley, Limón, Maienschein, Quirk-Silva

ASM APPROPRIATIONS: 13-0-5

YES: Gonzalez, Bloom, Bonta, Calderon, Carrillo, Chau, Eggman, Gabriel, Eduardo Garcia, Maienschein, Petrie-Norris, Quirk, Robert Rivas

ABS, ABST OR NV: Bigelow, Brough, Diep, Fong, Obernolte

UPDATED:

VERSION: May 16, 2019

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