

CONCURRENCE IN SENATE AMENDMENTS

AB 345 (Quirk-Silva)

As Amended June 16, 2021

Majority vote

SUMMARY

Facilitates the sale of an accessory dwelling unit (ADU) to a qualified buyer.

Senate Amendments

Correct grammatical errors and add a co-author.

COMMENTS

ADUs and the Housing Crisis: ADUs have proven to be an important to solving California's housing crisis. Over the past few years, the legislature has enacted a number of bills to ease zoning restrictions and expedite approval processes of ADUs at the local level. According to the Department of Housing and Community Development, there has been a 30% year-to-year increase in ADU production, topping 12,000 in 2020. However, the market potential for ADUs is greater: a 2020 report from the UCLA Lewis Center for Regional Studies (Monkkonen et al) determined that there is economic feasibility for at least 1.5 million new ADUs in California.

The Habitat for Humanity Model: There are several non-profit organizations in the state that leverage public funding and philanthropy to facilitate the purchase of homes by lower income households. The most well-known of these is Habitat for Humanity, which is a global organization with over 40 local affiliates in California, and which requires that their home purchasers contribute "sweat equity" to the construction of their own home. The average Habitat for Humanity homeowner has an income that is less than half of the area's median income. Additionally, over 80% of Habitat's homebuyers are people of color. Habitat for Humanity and similar organizations build or rehabilitate about 1,000 units a year in California.

Separate Ownership of ADUs: Until 2019, state law prohibited local ADU ordinances from allowing ADUs to be sold or otherwise conveyed separately from the primary residence. AB 587 (Friedman), Chapter 657, Statutes of 2019, created an exemption to this prohibition. AB 587 allows for tenancy in common sales to occur, but only in a very limited and narrow manner where the house and ADU are built by a non-profit whose mission is to sell those units to low-income families. Both the primary house and the ADU are sold to low-income families, and that any subsequent sale must be to a low-income family. As such, AB 587 enabled affordable housing organizations to create additional ownership units for low-income families.

Habitat for Humanity has expressed concern that the existing law requires a local government to pass an ordinance to allow for the separate conveyance of an ADU. This has proved to be an additional barrier to providing very low- and low-income Californians with opportunities to achieve wealth and equity through ownership. In addition, the existing law does not clearly define the tenant in common agreement elements, creating ambiguity for nonprofit developers looking to utilize this ownership structure.

This bill makes it easier for qualified non-profits, such as Habitat for Humanity, to sell ADUs to low- and moderate-income households. It would do so in two ways:

- 1) By requiring cities and counties to allow such sales.
- 2) By adding language that would increase the clarity and efficacy of the legal agreements between the homeowners.

According to the Author

"AB 345 would make a modest change to current law, removing existing barriers for nonprofit affordable ownership developers building homes for very low-and low-income Californians. This measure allows the separate sale of ADUs (in limited circumstances) as the default in California, rather than requiring local jurisdictions to first pass ordinances, which can be drawn out processes. By removing this requirement, and adding language clarifying the tenant in common agreement, this measure will allow nonprofits, like Habitat for Humanity to expand their reach, offering additional ownership opportunities."

Arguments in Support

Supporters argue that this bill will help reduce the time and cost necessary to make ADUs available to low-income households. According to Habitat for Humanity, the bill's sponsor, this bill "eases barriers to development, allowing us the opportunity to increase land use, and double the number of low income families we serve through homeownership."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) State-mandated local costs to cities and counties, unknown but likely greater than \$150,000 (General Fund) statewide. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates, should a city or county choose to submit a claim.
- 2) Minor and absorbable costs to the Department of Housing and Community Development.

VOTES:

ASM HOUSING AND COMMUNITY DEVELOPMENT: 8-0-0

YES: Chiu, Seyarto, Gabriel, Kalra, Kiley, Maienschein, Quirk-Silva, Wicks

ASM LOCAL GOVERNMENT: 7-1-0

YES: Aguiar-Curry, Lackey, Bloom, Ramos, Luz Rivas, Robert Rivas, Voepel

NO: Boerner Horvath

ASM APPROPRIATIONS: 16-0-0

YES: Lorena Gonzalez, Bigelow, Calderon, Carrillo, Chau, Megan Dahle, Davies, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, Holden, Luz Rivas

ASSEMBLY FLOOR: 76-1-1

YES: Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bigelow, Bloom, Burke, Calderon, Carrillo, Cervantes, Chau, Chen, Chiu, Choi, Cooley, Cooper, Cunningham, Megan Dahle, Daly, Davies, Flora, Fong, Frazier, Friedman, Gabriel, Gallagher, Cristina Garcia, Eduardo Garcia, Gipson, Lorena Gonzalez, Gray, Grayson, Holden, Irwin, Jones-Sawyer, Kalra, Kiley, Lackey, Lee, Levine, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Muratsuchi, Nazarian, Nguyen, Patterson, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Seyarto, Smith, Stone, Ting, Valladares, Villapudua, Voepel, Waldron, Ward, Akilah Weber, Wicks, Wood, Rendon

NO: Boerner Horvath

ABS, ABST OR NV: O'Donnell

SENATE FLOOR: 39-0-1

YES: Allen, Archuleta, Atkins, Bates, Becker, Borgeas, Bradford, Caballero, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove, Hertzberg, Hueso, Hurtado, Jones, Kamlager, Laird, Leyva, Limón, McGuire, Melendez, Min, Newman, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Skinner, Umberg, Wieckowski, Wiener, Wilk

ABS, ABST OR NV: Stern

UPDATED

VERSION: June 16, 2021

CONSULTANT: Steve Wertheim / H. & C.D. / (916) 319-2085

FN: 0001458