

## ASSEMBLY THIRD READING

AB 500 (Ward)

As Amended April 19, 2021

Majority vote

**SUMMARY**

Requires housing opportunities for persons of low and moderate income to be protected, encouraged, and, where feasible, provided by the California Coastal Act of 1976 (Coastal Act). Requires, no later than January 1, 2024, specified local governments within the coastal zone to adopt specified local coastal program (LCP) amendments related to accessory dwelling units (ADU) and supportive housing projects.

**Major Provisions**

- 1) Requires housing opportunities for persons of low and moderate income to be protected, encouraged, and, where feasible, provided.
- 2) Requires new development in nonhazardous areas to preserve and enhance the supply of higher density residential, multifamily residential, and mixed-use development in areas with adequate public transit.
- 3) Deletes the prohibition on requiring local coastal programs to include housing policies and programs.
- 4) Requires, no later than January 1, 2024, a local government lying, in whole or in part, within the coastal zone that has a certified land use plan or a fully certified LCP to adopt and submit to the Commission the amendment that specifies streamlining of permitting procedures for the approval of ADUs and supportive housing projects.

**COMMENTS**

The Commission's implementation of the Coastal Act included guidelines for the protection of affordable housing, which were adopted in 1977. The Commission prohibited the demolition of low- and moderate-income housing for reasons other than health and safety. The Commission also included density bonuses and reduced parking requirements in their guidelines to prioritize new affordable housing opportunities. The guidelines were revised in 1979 and 1981 to require in-lieu fees, land dedication, and housing credits in certain circumstances. The Commission also required specified percentages of proposed housing units set aside for low- and moderate-income households. According to the Commission, its inclusionary housing program resulted in the approval of approximately 5,000 affordable units between 1977 and 1981. The Commission also states that it denied the demolition of more than 1,100 existing affordable units. The Commission also required approximately \$2,000,000 in "in lieu" fees for affordable housing between 1977 and 1981. In 1981, SB 626 (Mello), Chapter 1007, Statutes of 1981, repealed the Commission's authority to protect and provide affordable housing, but persevered its authority to protect and provide lower cost visitor and recreational facilities.

According to the California Housing Partnership Corporation, California needs 1,299,120 more affordable rental homes to meet the needs of its lowest income renters. At the same time, market pressures have driven prices up farther inland from the coastline, widening the gap that low- and moderate-income communities must cross to access the coast. The Coastal Act states:

The Legislature finds and declares that it is important for the Commission to encourage the protection of existing and the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone.

However, the Commission is prohibited from requiring LCPs from having affordable housing policies. The Commission believes it is largely powerless to address the issue of affordable housing because of this prohibition. AB 500 would repeal that prohibition and require the Commission to protect and provide affordable housing. The Commission voted unanimously to support AB 500.

If the Commission is given the authority to protect and provide affordable housing, it may develop regulations that include similar requirements to those that existed prior to 1981 or what is currently required to protect lower cost accommodations. This could include "in lieu" fees. There are currently concerns with the "in lieu" fees generated from CDP that do not provide adequate lower cost accommodations because they are small relative to the total cost of a lower cost accommodation project. In addition, "in lieu" fees are a condition of an individual CDP and often have geographic and nexus requirements that makes it more complicated to fund appropriate projects. These same concerns may apply to any "in lieu" fees that could be required by the Commission to protect affordable housing.

This bill also requires a local government with a certified LCP or land use plan to adopt an LCP amendment no later than January 1, 2024 to streamline permitting procedures for the approval of ADUs and supportive housing projects. Legislation that streamlined the approval process for ADUs such as AB 2299 (Bloom), Chapter 735, Statutes of 2016, and SB 1069 (Wieckowski) Chapter 720, Statutes of 2016, has preserved the applicability of the Coastal Act. However, the Commission has recommended that local governments adopt amendments to their LCP to streamline approval of ADUs in ways consistent with the Coastal Act and to the extent feasible meet the intent of the legislation. The Commission has offered to process ADU-specific LCP amendments as minor or de minimis amendments whenever possible. Approximately 19 local governments already have certified LCP amendments for ADU streamlining.

### **According to the Author**

ADUs and supportive housing are proven solutions to address the current housing crisis for middle- and low-income Californians, yet they are underutilized in the coastal zone, in part due to the time-intensive regulatory process. AB 500 will streamline the regulatory process for ADUs and supportive housing, and will give coastal communities the opportunity to partner with the California Coastal Commission to provide new affordable housing solutions for all Californians.

### **Arguments in Support**

The Commission, in support of this bill, writes by allowing the Commission to preserve and enhance the supply of higher density residential, multifamily, and mixed-use development in nonhazardous areas with adequate public transit, it will also allow for the provision of more compact, urban, market rate development in a manner that is also consistent with Coastal Act policies, and that doesn't exacerbate impacts of sea level rise.

According to Azul, in support of this bill, AB 500 would reinstate the authority over affordable housing to the Commission, in addition to equipping the Commission with added authority to protect existing affordable housing, ensure planned affordable housing is consistent with the Coastal Act, and push for increased housing density where it would not be harmful to the coast

or at risk from sea level rise impacts. In doing this, the bill would ensure that the Commission can protect and increase affordable housing options in coastal areas.

### **Arguments in Opposition**

According to the League of California Cities and the Rural County Representatives of California, in opposition to the bill, AB 500 disregards the housing element process and instead adds an additional bureaucratic agency to an already complex process involving HCD and local governments.

Additionally, AB 500 removes language which specifically exempts "housing policies and programs" from being required content within a LCP. The removal of this provision is problematic as it is perceived to grant additional authority to the Commission over the content of LCPs, which it does not currently allow.

California desperately needs more housing at all income levels. Unfortunately, AB 500 will not help spur much needed construction. Rather, this measure will further complicate the planning and zoning process, which will lead to additional uncertainty and delay.

### **FISCAL COMMENTS**

According to the Assembly Appropriations Committee:

- 1) Increased annual Coastal Commission costs of \$450,000 for three staff positions to review and approved updated LCP's (General Fund).
- 2) Potential significant revenue to fund lower-and middle-income housing. The expanded authority provided by this bill will allow the Coastal Commission to require developers to either create a certain portion of housing units for lower-income individuals or pay some in-lieu fee to fund it (special fund).

### **VOTES**

#### **ASM NATURAL RESOURCES: 7-3-1**

**YES:** Luz Rivas, Chau, Friedman, Cristina Garcia, McCarty, Stone, Wood

**NO:** Flora, Mathis, Seyarto

**ABS, ABST OR NV:** Muratsuchi

#### **ASM HOUSING AND COMMUNITY DEVELOPMENT: 6-2-0**

**YES:** Chiu, Gabriel, Kalra, Ward, Quirk-Silva, Wicks

**NO:** Seyarto, Kiley

#### **ASM APPROPRIATIONS: 11-5-0**

**YES:** Lorena Gonzalez, Calderon, Carrillo, Chau, Gabriel, Eduardo Garcia, Quirk, Robert Rivas, Akilah Weber, Holden, Luz Rivas

**NO:** Bigelow, Megan Dahle, Davies, Fong, Levine

### **UPDATED**

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