

## CONCURRENCE IN SENATE AMENDMENTS

AB 1734 (Jones-Sawyer)

As Amended September 08, 2023

Majority vote

**SUMMARY**

Creates, until January 1, 2034, a specific process under the Surplus Lands Act (SLA) for the disposition of land in the City of Los Angeles for affordable housing and low barrier navigation centers.

**Senate Amendments**

- 1) Add a sunset date of January 1, 2034, after which the provisions of this bill are repealed.
- 2) Amend the criteria that a local agency must meet for this bill to apply, including:
  - a) Specifying that this bill only applies to a city with a population exceeding 2.5 million. The only city in California that meets this threshold is the City of Los Angeles; and
  - b) Removing the requirement that the local agency has declared a local emergency related to homelessness.
- 3) Add labor provisions to this bill. Specifically, for land disposed of by the city pursuant to this bill, all of the following must occur for construction and rehabilitation projects that are not public works:
  - a) All construction workers must get paid the prevailing wage;
  - b) All projects over 40 units must be subject to a project labor agreement; and
  - c) The provisions of this bill are enforceable by the Labor Commissioner, a joint labor-management committee, or an underpaid worker.
- 4) Amend the city's annual reporting requirements to the Department of Housing and Community Development (HCD) to include the total square footage of development and the depth of affordability of the units created.
- 5) Amend the penalty provisions of the bill, including that:
  - a) If the city responds to an HCD request for more information, and the city is not notified by HCD that the proposed disposal would be a violation within 30 days of receiving the requested information, then the city is not liable for a civil penalty;
  - b) The city has 60 days to cure or correct an alleged violation before an action may be brought to enforce this section; and
  - c) That a violation regarding leases will be measured based on the discounted net present value of the fair market value of the lease as of the date the lease was entered into.

- 6) Specify that the rent levels for the affordable units must be consistent with those established by the California Tax Credit Allocation Committee, instead of those established in the Health Code.
- 7) Specify the kind of project to which the provision of this bill apply, as follows:
  - a) That the only emergency shelters to which the bill applies are low barrier navigation centers; and
  - b) That the only transitional housing to which the bill applies is transitional housing for youth and young adults.

## COMMENTS

*Local Surplus Lands:* The SLA prioritizes the use of a local agency's surplus land for the development of affordable housing. It spells out the steps local agencies must follow when they dispose of land they no longer need. It gives first priority to housing projects that provide the greatest number of affordable units and the deepest levels of affordability. The exception to this is if the surplus land meets specified criteria that enables it to be considered "exempt surplus land."

To dispose of exempt surplus land, such as for production of affordable housing, the SLA, as interpreted by HCD, requires local agencies to make written findings. It may be difficult for local agencies to write such findings in cities where the utilization of public land for affordable housing is politically contentious. Additionally, there is no exemption in the SLA for the disposal of for the creation of Low Barrier Navigation Centers. As such, such projects need to go through the SLA's proscribed competitive bidding process.

This bill removes, for 10 years, the provisions of SLA for the City of Los Angeles for the disposal of land for the construction or rehabilitation of affordable housing (including supportive housing and transitional housing for youth and young adults) and Low Barrier Navigation Centers. To use the provisions of this bill, the city would need to maintain its status as having a compliant housing element and its being designated by HCD as a pro-housing jurisdiction. The bill also requires labor provisions on any affordable housing or low barrier navigation centers constructed or rehabilitated on sites disposed of by the city. These include payment of prevailing wages and, for projects over 40 units, utilization of a project labor agreement (PLA). Such a PLA already exists for many of Los Angeles' local funding sources for affordable housing.

### According to the Author

"California has the largest population of people experiencing homelessness in the nation, yet only builds a fraction of the affordable housing needed. Like most of the state, the City of Los Angeles is experiencing a housing crisis. Just last year, there were nearly 42,000 unhoused individuals in LA alone. Under Mayor Karen Bass' leadership, LA has taken critical steps to address homelessness and expedite affordable housing production. Unfortunately, though the Surplus Land Act was designed to promote an increase in the supply of affordable housing, existing exemptions for affordable housing projects often lead to a prolonged process and unfulfilled projects. AB 1734 will enable pro-housing jurisdictions that have declared a local emergency on homelessness and are compliant with state housing law more quickly dispose of publicly owned property to develop emergency shelters and transitional supportive or affordable housing."

**Arguments in Support**

Supporters of the bill argue that, while well intentioned, the SLA could actually slow down the development of affordable housing. According to City of Los Angeles Mayor Karen Bass, "My Administration is acting with urgency to meet the moment, in partnership with the State, to build more housing, faster. To save lives, restore our neighborhoods, and house Angelenos immediately, we must urgently prioritize underutilized existing publicly owned property. Unfortunately, the Surplus Land Act has proven to be an impediment to utilizing City-owned property."

**Arguments in Opposition**

None on file.

**FISCAL COMMENTS**

According to the Assembly Appropriations Committee:

- 1) Cost pressures (Trial Court Trust Fund) in the mid- to high-hundreds of thousands of dollars annually for trial courts to hear and adjudicate additional civil actions for alleged violations of the exemptions to the state SLA provided pursuant to this bill. This bill allows HCD, various local entities, housing organizations, as well as beneficially interested and potentially harmed individuals to sue local agencies for violations. If ten cases are filed in civil court annually requiring seven to ten days (56 to 80 hours) of court time, at an average cost per hour of \$1,000 in workload costs, the cost to the trial courts would be between \$560,000 and \$800,000 annually. Actual costs would vary depending on the number of cases filed and the amount of court time required in each case. Although courts are not funded on the basis of workload, increased pressure on the courts and staff may create a need for increased funding for courts to perform existing duties.
- 2) Minor and absorbable costs to HCD. However, HCD notes there are multiple bills moving through the legislature impacting the SLA. While many of these bills in isolation would have a minor and absorbable fiscal impact, were multiple of these bills to be chaptered, HCD anticipates an increased workload comprising additional monitoring and enforcement efforts, training for existing staff, updating guidelines and technical assistance materials, and providing technical assistance to local agencies directly impacted by these bills. Additional staffing would be required to absorb this cumulative workload.

**VOTES:****ASM HOUSING AND COMMUNITY DEVELOPMENT: 7-0-1**

**YES:** Wicks, Wendy Carrillo, Zbur, Kalra, Quirk-Silva, Sanchez, Ward

**ABS, ABST OR NV:** Joe Patterson

**ASM LOCAL GOVERNMENT: 8-0-0**

**YES:** Aguiar-Curry, Dixon, Boerner, Pacheco, Ramos, Robert Rivas, Waldron, Wilson

**ASM APPROPRIATIONS: 15-0-1**

**YES:** Holden, Megan Dahle, Bryan, Calderon, Wendy Carrillo, Dixon, Mike Fong, Hart, Lowenthal, Mathis, Papan, Pellerin, Sanchez, Weber, Ortega

**ABS, ABST OR NV:** Robert Rivas

**ASSEMBLY FLOOR: 79-0-1**

**YES:** Addis, Aguiar-Curry, Alanis, Alvarez, Arambula, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Juan Carrillo, Wendy Carrillo, Cervantes, Chen, Connolly, Megan Dahle, Davies, Dixon, Essayli, Flora, Mike Fong, Vince Fong, Friedman, Gabriel, Gallagher, Garcia, Gipson, Grayson, Haney, Hart, Holden, Hoover, Irwin, Jackson, Jones-Sawyer, Kalra, Lackey, Lee, Low, Lowenthal, Maienschein, Mathis, McCarty, McKinnor, Muratsuchi, Stephanie Nguyen, Ortega, Pacheco, Papan, Jim Patterson, Joe Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Sanchez, Santiago, Schiavo, Soria, Ta, Ting, Valencia, Villapudua, Waldron, Wallis, Ward, Weber, Wicks, Wood, Zbur, Rendon

**ABS, ABST OR NV:** Wilson

**UPDATED**

VERSION: September 8, 2023

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

FN: 0002412