

CONCURRENCE IN SENATE AMENDMENTS
CSA1 Bill Id:AB 1021 Author:(Wicks and Muratsuchi)
As Amended Ver:July 17, 2025
Majority vote

SUMMARY

Makes changes to AB 2295 (Bloom), Chapter 652, Statutes of 2022, which authorized a housing development project as an allowable use on any real property owned by a local educational agency (LEA), as specified, and adds housing on LEA property to an existing exemption in the California Environmental Quality Act (CEQA).

Senate Amendments

- 1) Replace the requirement that a majority of the units in development project are affordable to moderate and lower income rents, include 30% of the units of a development to lower income units with the following:
 - a) At least 30% of the total units of the housing development must be set at a rent affordable to lower income households, and at least 20% of the housing development must be set at a rent affordable to moderate-income household; and
 - b) At least 12% of the total units of the housing development must be set at a rent affordable to very low income households, at least 15% of the housing development must be set at a rent affordable to lower income households, and at least 20% of the housing development must be set at a rent affordable to moderate-income households.
- 2) Adds a definition of "very low income households" to Density Bonus Law.
- 3) Clarify that a city's or county's review of a housing development to determine whether it complies with objective development standards, must comply with HAA requirements, rather than with HAA "procedural" requirements.

COMMENTS

Teacher Housing Act of 2016: In 2016, SB 1413 (Leno), Chapter 732, established the Teacher Housing Act of 2016 (the Act) to facilitate the acquisition, construction, rehabilitation, and preservation of affordable housing for teachers and school district employees. That Act authorized school districts to establish and implement programs that address the housing needs of teachers and school district employees by leveraging funding sources, including state, federal, and local public, private and nonprofit resources available to housing developers, promoting public and private partnerships, and fostering innovative financing opportunities. The Act also created a state policy supporting the use of federal and state LIHTC to fund housing for teachers and school district employees on land owned by the school district and permitted school districts to restrict occupancy to teachers and school district employees.

Generally, under federal IRS rules, if a residential unit is provided for only a member of a social organization or provided by an employer for its employees, the unit is not for use by the general public and is not eligible for federal LIHTC. However, federal IRS law also states that a qualified LIHTC project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants (1) with special needs, (2) who are

members of a specified group under a federal program or a state program or policy that supports housing for such a specified group, or (3) who are involved in artistic or literary activities.

The Act provided express state statutory authority to permit school districts to construct housing on their property and limit the occupancy to teachers and school districts employees. As mentioned above, federal law creates an exemption to the "general use" requirement that allows the use of federal and state tax credits if a state establishes a policy or program that supports housing for such a specified group. The Act established this policy by allowing school districts to restrict occupancy of affordable housing on school district land constructed with federal or state low income housing tax credits to the district's teachers and school employees.

Housing on School District Land: There are over 1,000 LEAs in California. Collectively, they own more than 150,000 acres of land. According to recent research, of land owned by LEAs, there are 7,068 properties with potentially developable land of one acre or more, totaling 75,000 acres statewide. At a modest density of 30 dwelling units per acre, such properties could contain 2.3 million units of housing – more than enough to house the state's 300,000 teachers and 350,000 other LEA employees.

LEAs who want to build housing for their employees face barriers, including that the land is not zoned for housing. To build housing, a LEA would need to get the site rezoned by a local government which would take time and could face community opposition. AB 2295 (Bloom), Chapter 652, Statutes of 2022 made housing a permissible use on LEA properties with an allowable height of 35 feet, if the housing project provided some affordable housing and prioritized housing units for school employees. To qualify, a development would need to make a majority of the units affordable to moderate-income households (those making less than 120% of the area median income), including that at least 30% would need to be affordable to lower income households (those making less than 80% of the area median income). Priority for housing would go to district employees. However, should there not be enough LEA employees to fill the units, projects would be subject to a sequence where they could fill the units with employees of adjacent LEAs, and if there is still space then other public employees in that jurisdiction, and if there is still space after that, to members of the general public.

While housing would become a permissible use, the project still needs to go through the local government's entitlement process. The local government can apply its own zoning and design review standards, as long as they do not preclude the project from being three stories or 35 feet in height and allow a density that accommodates at least 30 units per acre in urban areas, 20 units per acre in suburban areas, and 10 units per acre in rural areas.

This bill makes changes to AB 2295 (Bloom) to improve its workability. Housing developments would no longer be required to be on infill sites; the allowable density would be doubled from at least 30 units to 60 units per acre in urban areas, 20 units to 40 units per acre in suburban areas, and 10 units to 20 units per acre in rural areas; and the bill would add housing developments that meet the requirements of this bill to an existing CEQA exemption for affordable housing.

CEQA Exemption: Housing developments are generally required to go through CEQA review. The Legislature has created exemptions to CEQA for housing on infill sites with a percentage of affordable housing. Housing developments can also bypass CEQA using various streamlined, by right processes created by the Legislature if a development has a percentage of affordable housing, is not on an environmentally sensitive site, and meets specified labor standards. AB 1449 (Alvarez), Chapter 761, Statutes of 2023 created a new CEQA exemption for 100%

affordable housing projects funded by LIHTC, if 75% of the perimeter of the project site adjoins parcels that are developed with urban uses, and the project meets the labor standards required by AB 2011 (Wicks), Chapter 647, Statutes of 2022 – pay prevailing wage, provide health care to workers, and follow enforcement requirements.

This bill would add housing developments on LEA sites using the re-zoning option in this bill to this CEQA exemption. To qualify, a development would need to meet all of the standards of the exemption, except that the affordability level would still be required but would be a lower percentage of units.

According to the Author

"Our state's affordable housing crisis has a negative effect on so many aspects of our society – including the ability for our local education agencies (LEAs) to attract and retain qualified employees. AB 1021 addresses this issue head-on, by making it easier for LEAs to facilitate housing for their workforce on their property. The fact that 30% of this housing must be affordable to lower income households means that this bill serves the needs of those LEA employees that need the housing the most."

Arguments in Support

According to the California School Boards Association, "AB 1021 makes targeted policy reforms to ensure that the LEAs struggling to provide infill housing for educators and students can succeed—and the completed projects to date prove they will indeed make a difference. Addressing the issue of housing affordability takes on particular importance when viewed through an equity lens. More than one-third of all public school employees who rent are housing-cost burdened, which disproportionately impacts students of color. Thus, these disparities have negative implications for addressing equity gaps among student outcomes, given evidence that students of color, and especially Black and Latino students, are impacted disproportionately by the lack of access to credentialed and highly qualified teachers."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

- 1) The Department of Housing and Community Development anticipates minor and absorbable costs.
- 2) Local costs resulting from this bill are not reimbursable by the state because local agencies, including school districts, have general authority to charge and adjust planning and permitting fees to cover their administrative expenses associated with new planning mandates.

VOTES:

ASM HOUSING AND COMMUNITY DEVELOPMENT: 8-1-3

YES: Haney, Ávila Farías, Garcia, Kalra, Lee, Quirk-Silva, Wicks, Wilson

NO: Gallagher

ABS, ABST OR NV: Patterson, Caloza, Ta

ASM LOCAL GOVERNMENT: 9-0-1

YES: Carrillo, Hoover, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ABS, ABST OR NV: Ta

ASM APPROPRIATIONS: 11-2-2

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

NO: Dixon, Tangipa

ABS, ABST OR NV: Sanchez, Ta

ASSEMBLY FLOOR: 62-3-14

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hoover, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO: DeMaio, Gallagher, Tangipa

ABS, ABST OR NV: Boerner, Castillo, Chen, Dixon, Ellis, Jeff Gonzalez, Hadwick, Hart, Irwin, Lackey, Macedo, Nguyen, Sanchez, Ta

SENATE FLOOR: 32-6-2

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Choi, Grove, Niello, Ochoa Bogh, Strickland, Valladares

ABS, ABST OR NV: Alvarado-Gil, Jones

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