

# California's Housing Budget & 2022 Legislative Landscape: What You Need to Know

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November 15, 2022



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# Overview

## Agenda

### Welcome

### Session Overview

### Rundown of State Budget and Funding Trends

- Presentation
- Panel Reaction, Q&A

### 2022 Legislative Overview: What You Need to Know

- Presentations
- Guest Speaker Reactions

### Closing Remarks



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# RUNDOWN OF STATE BUDGET AND HOUSING FUNDING TRENDS

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*Presentation*

# CA State Budget

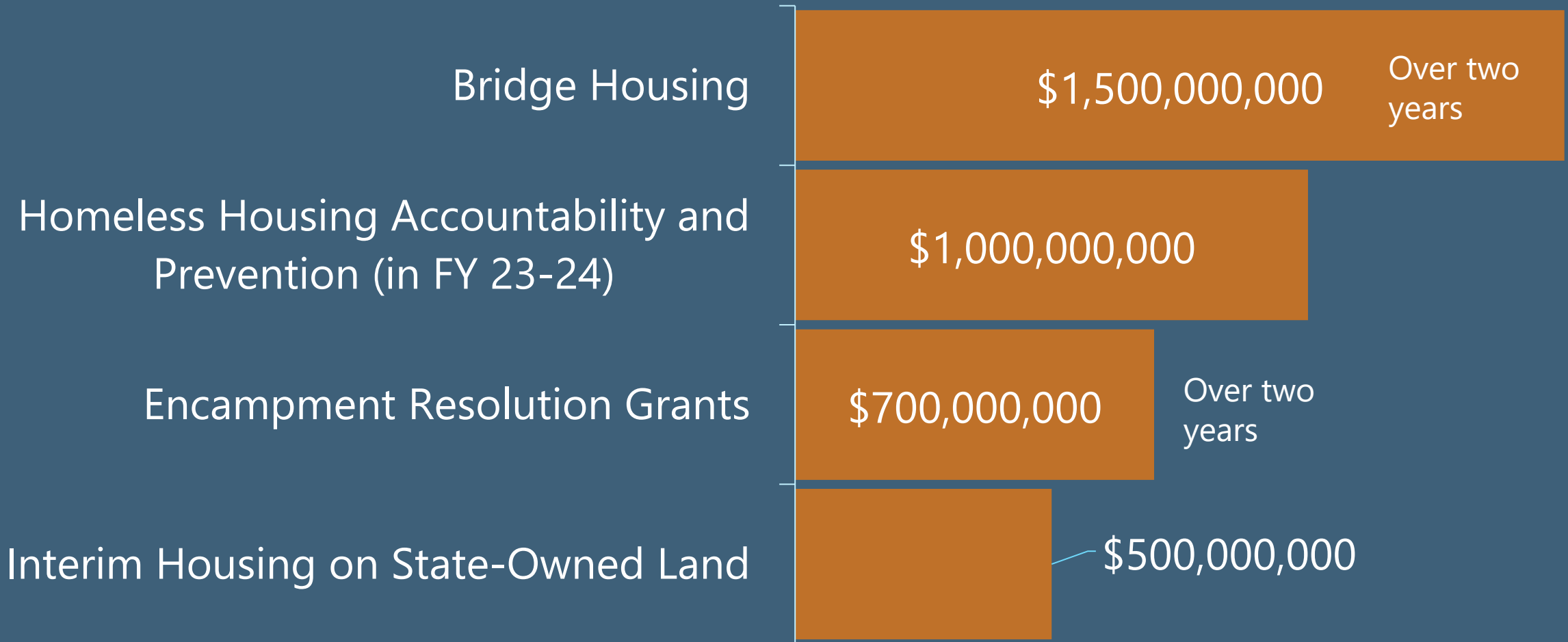
- Signed on June 30
- \$300 Billion, includes a \$97.5 Billion Budget Surplus

## Housing & Homelessness

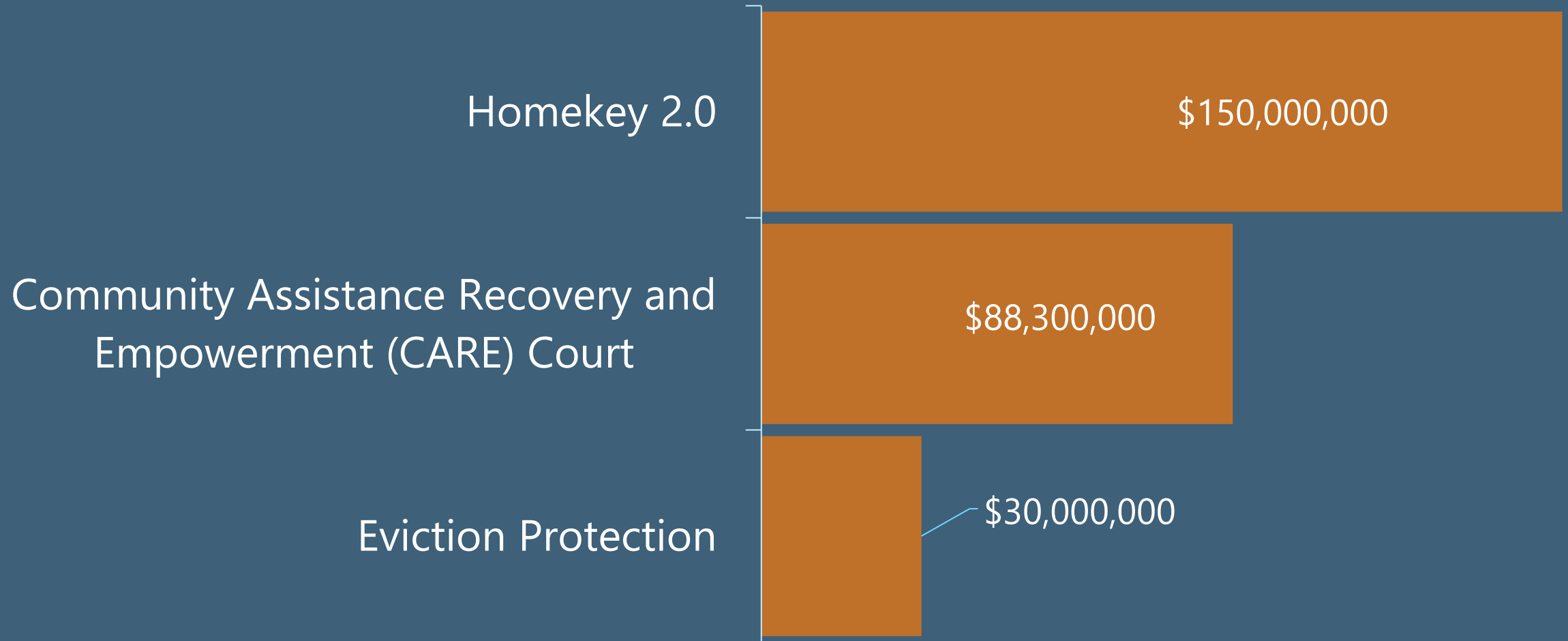
- Unhoused Residents: \$3.5 Billion
- Existing Programs: \$2 Billion
- New Housing Programs: \$1 Billion

Affordable Housing Funding at 2022 Budget Act (Dollars in Millions)		
Department	Program	Total Funding
Department of Housing and Community Development <sup>1/</sup>	Veterans and Affordable Housing Bond Act Programs (Prop 1)	\$431.9
	No Place Like Home Program	\$400.0
	Building Homes and Jobs Fund Programs (SB 2)	\$233.8
	Federal Funded Programs for Housing	\$260.2 <sup>2/</sup>
	CalHome	\$250.0 <sup>3/</sup>
	Accelerator	\$250.0
	Adaptive Reuse	\$200.0 <sup>3/</sup>
	Infill Infrastructure Grant Program	\$200.0 <sup>3/</sup>
	Multifamily Housing Program	\$100.0 <sup>3/</sup>
	Veterans Housing and Homelessness Prevention	\$125.0 <sup>3/1/</sup>
	Joe Serna Farmworker Housing Grants	\$50.0 <sup>3/</sup>
	Portfolio Reinvestment Program (Preservation)	\$50.0 <sup>3/</sup>
	State Excess Sites	\$25.0 <sup>3/</sup>
	Manufactured Housing Opportunity and Revitalization Program	\$25.0 <sup>3/</sup>
Various	\$13.0	
Office of Migrant Services	\$5.6	
California Housing Finance Agency <sup>4/</sup>	Low-Moderate Income Housing	\$50.0
	Single Family First Mortgage Lending	\$2,500.0
	Homeowner Assistance Fund	\$1,055.0
	Multifamily Conduit Lending	\$1,300.0
	California Dream For All	\$500.0
	Multifamily Permanent Lending	\$350.0
	Single Family Down Payment Assistance/Homebuyer Assistance	\$140.0 <sup>5/</sup>
	Mixed-Income Loan Program	\$43
	Accessory Dwelling Unit Financing	\$50.0
	Low Income Housing Tax Credits (State)	\$645.5 <sup>6/</sup>
Tax Credit Allocation Committee	Low Income Housing Tax Credits (Federal)	465.7 <sup>7/</sup>
	Farmworker Housing Assistance Tax Credits	\$4.6
Strategic Growth Council	Affordable Housing and Sustainable Communities	\$477.0 <sup>8/</sup>
Department of Veterans Affairs	CalVet Fam and Home Loan Program (Prop 1)	\$150.0
Judicial Council	Legal Assistance for Renters and Homeowners	\$50.0
Office of Emergency Services	Domestic Violence Housing First Program	\$23.0
	Transitional Housing Program	\$17.0
	Specialized Emergency Housing	\$10.0
	Domestic Violence Assistance, Equality in Prevention and Services, Human Trafficking Victim Assistance, North American Domestic Violence and Sexual Assault	- <sup>9/</sup>

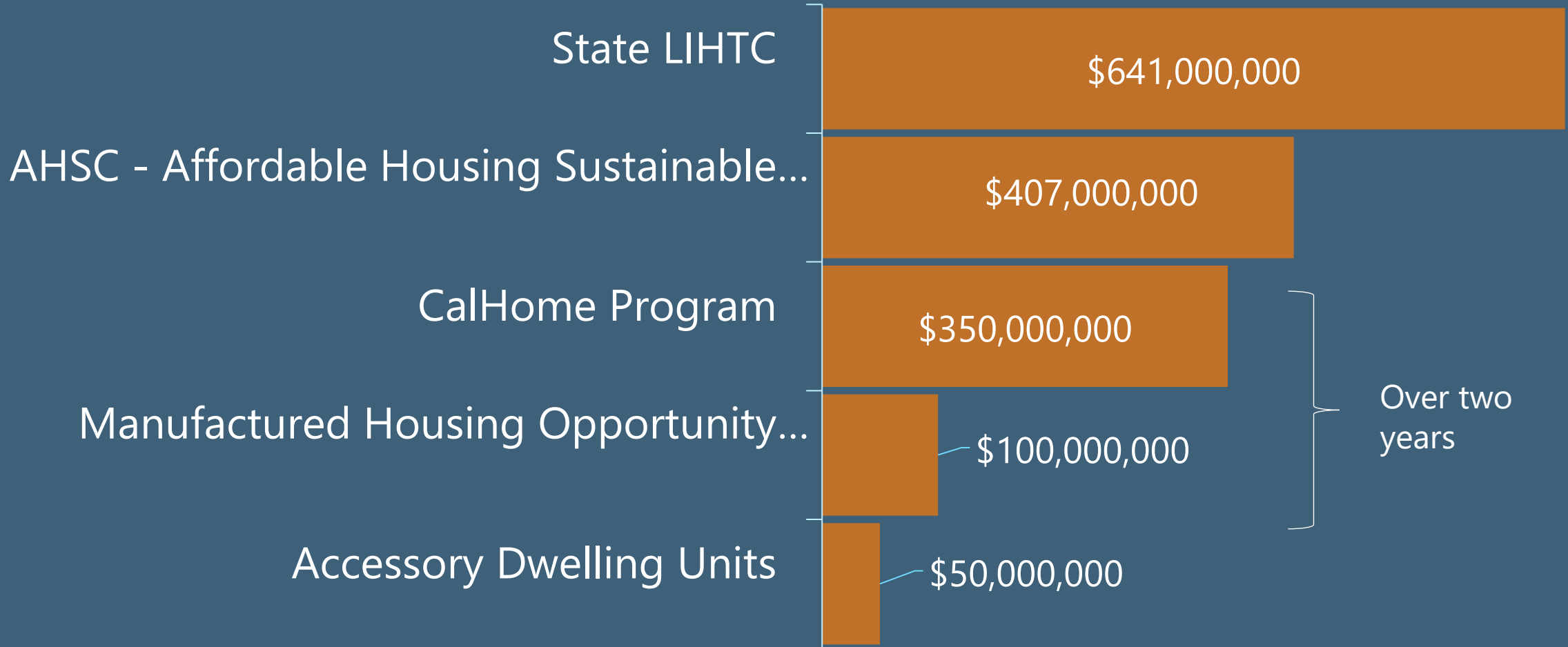
# PROGRAMS FOR UNHOUSED RESIDENTS | \$3.5 Billion



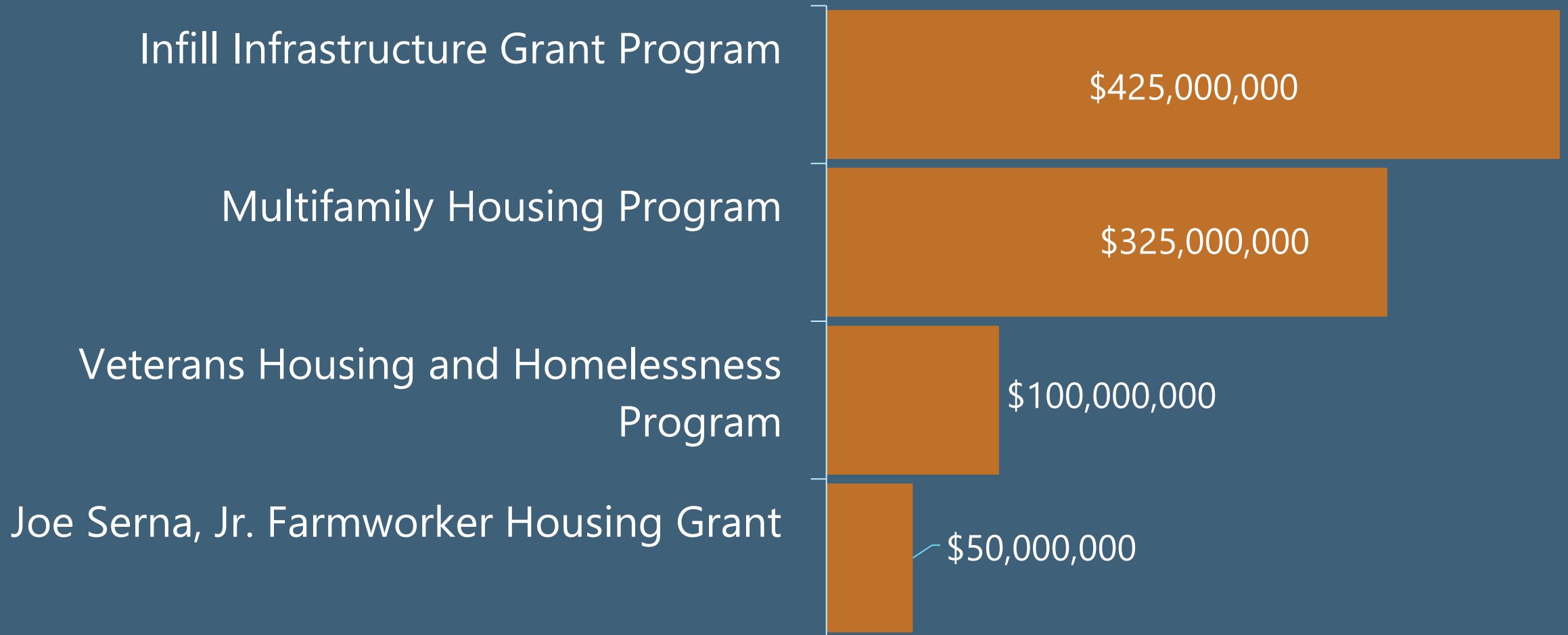
# PROGRAMS FOR UNHOUSED RESIDENTS



# EXISTING HOUSING PROGRAMS | \$2 Billion

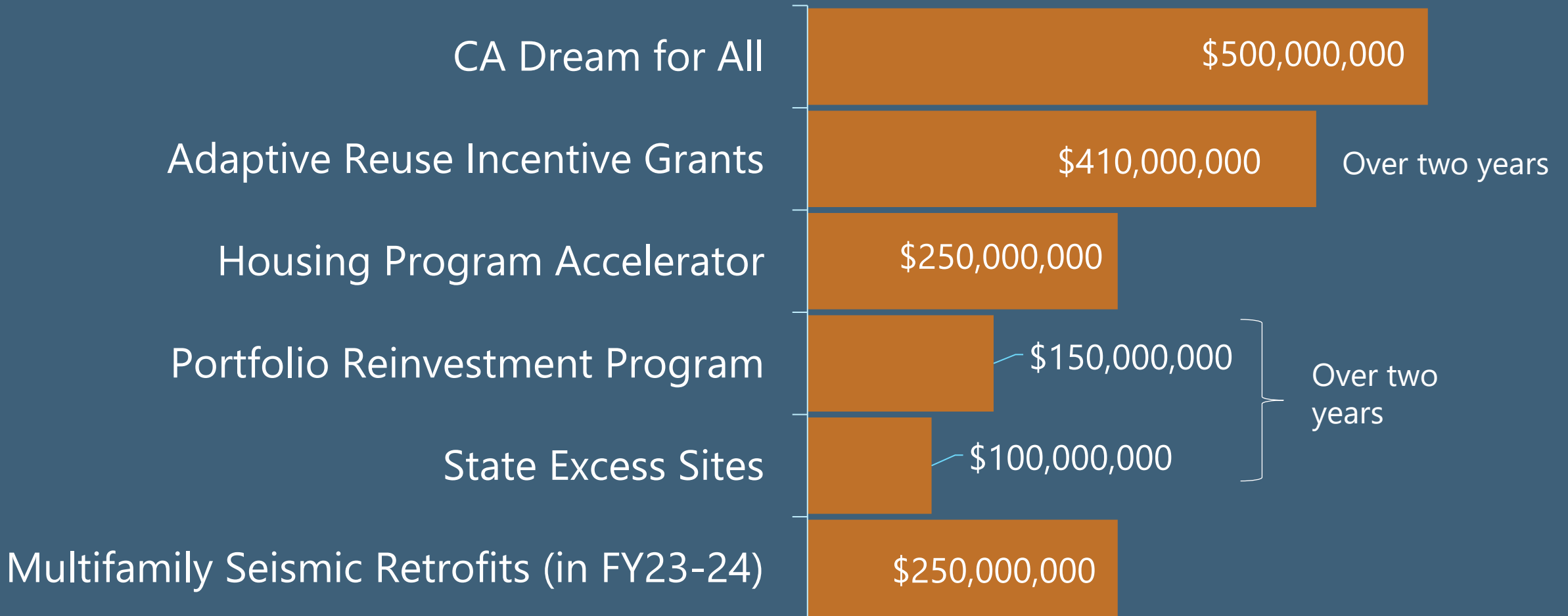


# EXISTING HOUSING PROGRAMS – SUPERNOFA \$900 MM





## NEWER HOUSING PROGRAMS | \$1 Billion



## Housing Finance

### SB 948 (Becker), Chaptered:

- Prohibits HCD from requiring a project-specific transition reserve for any unit subject to a qualified project rental or operating subsidy.
- Creates a new Pooled Transition Reserve Fund with continuous appropriations to mitigate the impacts on tenant rents from the loss or exhaustion of rental or operating subsidies.

## Regional Housing Finance Agencies

- **SB 679 (Kamlager), Chaptered:** Forms the LA County Affordable Housing Solution Agency (LACAHSAs) to produce, preserve, and protect affordable housing opportunities in LA County and its 88 cities. Has taxing authority.
- **SB 1444 (Allen), Chaptered:** forms a JPA in the South Bay region of LA County to fund affordable housing programs.
- **SB 1177 (Portantino), Chaptered:** Authorizes a JPA in the cities of Burbank, Glendale, and Pasadena to fund affordable housing programs.
- **SB 1105 (Hueso), 2-year:** Would create the SD Regional Equitable and Environmentally Friendly Affordable Housing Agency to produce, preserve, and protect housing projects and programs in the County of San Diego.

# HOUSING FUNDING TRENDS





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# RUNDOWN OF STATE BUDGET AND HOUSING FUNDING TRENDS

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*Panel Reaction*

# PANEL

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**Jenna Hornstock**  
**DEPUTY DIRECTOR OF  
PLANNING & LAND USE**  
SCAG



**Jennifer McElyea**  
**MANAGING PARTNER**  
Ethos



**Tommy Newman**  
**VICE PRESIDENT**  
United Way

# 6th Cycle RHNA Allocation Plan | SCAG and SANDAG

	Moderate Income, Low Income, and Very Low-Income Units Needed (% of total)	Above Moderate-Income Units Needed	TOTAL Housing units needed by 2029
<b>SANDAG Region</b>	<b>98,693 (57%)</b>	<b>72,992</b>	<b>171,685</b>
<b>SCAG Region</b>	<b>782,560 (58%)</b>	<b>559,267</b>	<b>1.34 MM</b>
Imperial County	9,226 (57%)	6,767	15,993
Los Angeles County	471,676 (58%)	340,384	812,060
Orange county	108,204 (59%)	75,657	183,861
Riverside county	97,635 (58%)	69,716	167,351
San Bernardino county	81,710 (59%)	56,400	138,110
Ventura county	14,109 (57%)	10,343	24,452

**NEARLY  
3 OUT OF 5  
HOMES MUST  
BE AFFORDABLE  
TO VLI, LI, AND  
MI HOUSEHOLDS**



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# 2022 LEGISLATIVE OVERVIEW: WHAT YOU NEED TO KNOW

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# 2021 and 2022 LEGISLATIVE SESSION RECAP: HOUSING

## 2021 Housing Legislative Themes



Streamlining Housing Approvals



Increasing Density & Infill Development



Preservation of Affordable Housing



Accountability & Enforcement



Increasing Certainty for Developers

## 2022 Housing Legislative Themes



Streamlining Housing Approvals and CEQA Reform



Adaptive Reuse & Housing in Commercial Zones



Housing, Transportation, Infrastructure



Surplus & Excess Land



Land Use and Planning

## STREAMLINING HOUSING APPROVALS

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- **SB 886, (Wiener), Chaptered:** Exempts student housing and faculty/staff housing from CEQA when a public university is proposing to use its land.
- **AB 2006 (Berman), Chaptered:** Requires that state housing agencies (HCD, CalHFA, TCAC) streamline project monitoring for properties that receive funding from more than one agency.
- **AB 2234 (Rivas), Chaptered:** Requires public agencies to post information related to post-entitlement phase permits and establish a digital permitting system in jurisdictions above specified population thresholds.

# STREAMLINING HOUSING APPROVALS

- **AB 2668 (Grayson), Chaptered:** Clarifies how SB 35 (Weiner, 2017) applies to existing rules around conditional use permits, calculation of inclusionary housing percentages as related to density bonus units.
- **AB 2186 (Grayson):** Encourages cities and counties to waive or reduce impact fees for affordable rental housing developments by reimbursing 50 percent of the value of fee waivers or reductions granted to qualified housing developers.
- **AB 2218 (Quirk-Silva):** Limits legal standing for CEQA challenges to projects involving the development of housing at an infill site to persons who reside within 20 miles of the proposed project.

## ADAPTIVE REUSE & HOUSING IN COMMERCIAL ZONES

- **AB 1695 (Santiago), Chaptered:** Allows adaptive reuse to be an eligible activity for any HCD administered affordable housing loan or grant program.
- **AB 2011 (Wicks), Chaptered:** Enacts the Affordable Housing and High Road Jobs Act of 2022 to enable the by-right development of 100% affordable and mixed-income developments homes on underutilized commercially-zoned property (office, retail, and parking).
- **SB 6 (Caballero), Chaptered:** Known as the Neighborhood Homes Act, would allow for the development of homes on land zoned for retail, commercial, or parking if a development is at least 50% residential among other requirements.

# HOUSING IN COMMERCIAL ZONES | AB 2011 (Wicks)

**Summary:** Enacts the Affordable Housing and High Road Jobs Act of 2022 to enable the by-right development of 100% affordable and mixed-income developments homes on underutilized commercially-zoned property (office, retail, and parking).

## PROCESS

By right (ministerial). Developers have the right to build housing on eligible sites.

## AFFORDABILITY & LOCATION

At least 15% of the project units must be affordable to lower-income households. Mixed-income projects along commercial corridors.  
100% affordable housing on commercially-zoned lands.

## LABOR REQUIREMENTS

Requires prevailing wages. Provides for health benefits for construction workers (50+ units). Apprenticeship Program.

# HOUSING IN COMMERCIAL ZONES | SB 6 (Caballero)

**Summary:** Known as the Neighborhood Homes Act, allows for the development of homes on land zoned for retail, commercial, or parking if a development is at least 50% residential, among other requirements. This bill opens up a significant amount of land for new housing growth.

## PROCESS

Provides an expedited, but not ministerial, process. Developers can invoke SB 35 to provide for ministerial approvals.

## AFFORDABILITY & LOCATION

No affordability requirement; Local inclusionary requirements will apply when applicable.  
Underutilized commercially-zoned lands.

## LABOR REQUIREMENTS

Developers must certify all workers will be paid prevailing wages.

# STREAMLINING, APPROVALS, ADAPTIVE REUSE, & HOUSING IN COMMERCIAL ZONES

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**Sara Tsay**

**SENIOR VICE PRESIDENT,  
BUSINESS DEVELOPMENT**  
Abode Communities



**Alfred Fraijo, Jr.**

**PARTNER**  
Sheppard Mullin, LLC

# HOMEOWNERSHIP AND TENANT PROTECTIONS

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- **AB 2170, (Grayson), Chaptered:** Would give owner-occupants and public entities a “First Look” at purchasing bank-owned properties and would prohibit bulk sales of foreclosed homes.
- **AB 1206, (Bennett), Chaptered:** Amends State law to allow community land trusts to maintain welfare tax exemption for low-income units even when occupants’ income increases up to 140% AMI, similar to affordable housing financed with Low Income Housing Tax Credits.
- **SB 649, (Cortese), Chaptered:** Creates the Local Tenant Preferences to Prevent Displacement Act, changing State law to allow local jurisdictions and developers to create local tenant preference policies when a development is financed with Low Income Housing Tax Credits or tax-exempt bonds.
- **SB 1083, (Skinner), Chaptered:** would expand CalWORKs to provide immediate assistance to families who have received any notice that would lead to an eviction, among other changes.



# HOUSING, TRANSPORTATION, & INFRASTRUCTURE

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- **AB 2097 (Friedman), Chaptered:** Prohibits local governments from imposing minimum parking requirements on residential sites if the development is within ½ mile of public transit.
- **AB 2244 (Wicks), Chaptered:** Known as the “Yes in God’s Backyard” bill, allows developers of a new place of worship to reduce parking by as much as 50% if they also construct housing, and clarifies that the definition of “religious use parking spaces” applies to both new and existing places of worship.
- **AB 2334 (Wicks), Chaptered:** Allows a housing development project to receive added height and unlimited density if located in a very low vehicle mile traveled area; clarifies and changes density bonus law.
- **SB 897 (Wieckowski), Chaptered:** Provides changes to facilitate the development of ADUs and JADUs and reduce cost of construction. Expands space available for ADUs and JADUs by specifying minimum ADU height limits a local agency may impose, such as 16 ft for detached ADUs on SF property, 18 ft for detached ADUs on a MF property, 25 ft for attached ADUs. The bill also makes fixes to permit unpermitted ADUs built before January 1, 2018 and establishes more timely permitting of proposed ADUs and JADUs.

# HOUSING, TRANSPORTATION & INFRASTRUCTURE | AB 2097 (Friedman)

**Summary:** Prohibits local governments from imposing minimum parking requirements on residential and commercial sites if the development is located within 1/2 mile of a major transit stop. Each parking spot can cost between \$24,000 and \$34,000, increasing the cost of development and rents. A recent study showed that rents increase an estimated 17% to account for these additional development costs.

## PROCESS

Further eliminates parking mandates for qualified projects, potentially alleviating cost burdens to affordable housing developers.

## AFFORDABILITY & LOCATION

No affordability requirement; however, certain streamlining provisions exist for a housing development with a minimum of 20% affordable units.

## LABOR REQUIREMENTS

No labor requirements imposed by legislation.

# HOUSING, TRANSPORTATION & INFRASTRUCTURE | AB 2334 (Wicks)

**Summary:** Allow a housing development project to receive added height and unlimited density if located in a very low vehicle miles traveled area, at least 80% of the units are restricted to lower income households, and no more than 20% are for moderate-income households. The bill also makes clarifying and technical changes to density bonus law.

## AFFORDABILITY & LOCATION

Amends existing DB law to allow building height up to 3 additional stories or 33' if the qualifying project is located in a very low vehicle miles traveled area.

Qualifying projects must be 100% restricted for lower income households.  
Senate Amendments to the bill limit it to 17 Counties.

## LABOR REQUIREMENTS

No labor requirements imposed by legislation. Building Trades expressed opposition over the lack of labor standards in the bill.

# HOMEOWNERSHIP, HOUSING, AND INFRASTRUCTURE

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**Jed Leano**

**MAYOR**

City of Claremont



**Ontario Smith**

**PRINCIPAL & CO-FOUNDER**

S2 Partners

## SURPLUS & EXCESS LAND

- **AB 2233 (Quirk-Silva), Chaptered:** Requires all state agencies to respond to RFIs from DGS and to consider exchanging excess state land with local governments for the purposes of affordable housing.
- **AB 2295 (Bloom), Chaptered:** Allows affordable housing development on local educational agency land if it is a minimum of 10 units and affordable for 55 years; agencies will not have to abide by surplus lands law.
- **SB 561 (Dodd), Chaptered:** Requires DGS to develop criteria to evaluate state-owned parcels for affordable housing and use this criteria to do a comprehensive survey of all state-owned parcels by 7/2024 and every 4 years thereafter.
- **AB 2357 (Ting):** Would require HCD to maintain a website of all entities, including sponsors, that have notified the department of their interest in surplus land for the purpose of developing low- and moderate-income housing.

\* Orange text indicates it did not pass

# EXCESS LAND | AB 2233 (Quirk-Silva)

**Summary:** Would require all state agencies to respond to requests for information from DGS as it pursues the development of housing on excess state properties. Requires DGS to conduct a survey of all state-owned parcels by 2024 and every 4 years thereafter and update its digitized inventory of state parcels.

## BACKGROUND

Codifies the Governor's 2019 Executive Order that called on DGS and HCD to identify and make excess land available.

Incorporates recommendations from State Auditor about challenges implementing the Executive Order.

## AFFORDABILITY & LOCATION

Requires DGS to develop criteria to evaluate the suitability of state-owned parcels to be used for affordable housing, in consultation with HCD.

## LABOR REQUIREMENTS

No labor requirements imposed by legislation.

# LAND USE, PLANNING, HOUSING ELEMENT LAW

- **AB 682 (Bloom), Chaptered:** Encourages cohousing development by providing a density bonus to developers constructing these types of projects where 5-10% of sq footage is dedicated to very low and low-income households.
- **AB 916 (Salas), Chaptered:** Restricts public hearings for projects that reconfigure an existing property to add two or fewer bedrooms.
- **AB 1445, (Levine), Chaptered:** Requires local agencies to consider emergency evacuation route capacity, wildfire risk, sea level rise, and other impacts caused by climate change as part of RHNA starting in 2025.
- **AB 2094 (Rivas), Chaptered:** Will require local jurisdictions to report their progress towards building Extremely-Low Income units (ELI) to HCD, as part of the existing reporting process. With the ability to accurately track how many ELI units are being developed, California will be able to better allocate funds and develop effective policy for homeless and housing-insecure residents.

\* Orange text indicates it did not pass

## LAND USE | AB 1445 (Levine)

**Summary:** Would require local agencies to consider emergency evacuation route capacity, wildfire risk, sea level rise, and other impacts caused by climate change as part of the Regional Housing Needs Allocation (RHNA) process starting in 2025. By adding to the duties of local officials in allocating regional housing need, this bill would impose a state-mandated local program.

### PROCESS

Proactive implementation of climate-related considerations to the existing RHNA process which will involve a council of governments or other entity.

### AFFORDABILITY & LOCATION

Legislation could affect a local jurisdiction's RHNA target.

### LABOR REQUIREMENTS

No labor requirements imposed by legislation.



## LAND USE, PLANNING, HOUSING ELEMENT LAW

- **AB 2339, (Bloom), Chaptered:** Strengthens housing element law to ensure that areas identified for shelters and interim housing are suitable and available. Requires jurisdictions to demonstrate sufficient capacity on sites to meet need for interim housing for those experiencing homelessness.
- **AB 1910, (Garcia):** Would create an optional incentive program administered by HCD to award grant funding to cities or counties that rezone publicly owned golf courses for affordable housing and open space to be funded through an appropriation by the legislature.
- **SB 1336, (Wiener):** would make 100% affordable projects by-right on land owned by religious institutions.

# LAND USE, PLANNING, HOUSING ELEMENT LAW

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**Claudia Monterrosa**

**CHIEF HOUSING OFFICER**

Mayor's Office of City  
Homelessness Initiatives, City of  
Los Angeles



**David Garcia**

**POLICY DIRECTOR**

Turner Center



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# PREVIEW OF UPCOMING EVENTS & CLOSING

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# SCAG Announcements

## Save the Date

**SCAG Housing Working Group: January 17 10am-12pm**

## SCAG's Grant Application Technical Assistance

**Open for jurisdictions and tribal governments**

**SCAG's REAP 2.0 Call for Applications Released in early 2023**

## Stay Informed!

**Register for SCAG's housing newsletter for updates at:**

**[Scag.ca.gov/housing](https://scag.ca.gov/housing)  
[Scag.ca.gov/reap2021](https://scag.ca.gov/reap2021)**

# SANDAG Announcements

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## Save the Date

**SANDAG Joint Working Group Forum:  
February 9, 2023**

**SANDAG Housing Policy Forum: Spring  
2023 (Date TBD)**

**SANDAG's REAP 2.0 Call for Applications  
Released in Early 2023**

**Stay Informed!**

**View SANDAG's  
housing updates at:**

**[Sandag.org/housing](https://sandag.org/housing)**



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# THANK YOU!

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For more information, please visit: