REPORT

DATE: May 4, 2006

TO: The Regional Council (RC)
The Community, Economic, and Human Development Committee (CEHD)

FROM: Jeffrey S. Dunn, Government Affairs Analyst
Phone (213)-236-1880; E-mail: dunn@scag.ca.gov

SUBJECT: Assembly Bill 2158 (Evans) – Regional Housing Needs

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION: SUPPORT

SUMMARY:

AB 2158 addresses the lack of coordination between Councils of Government (COGs) and Local Agency Formation Commissions (LAFCOs) when proposed Regional Housing Needs Allocations (RHNAs) are developed. It does this by revising the methodology a COG or delegate subregion must consider and develop for distributing the RHNA assessment to cities and counties within the region by adding two factors that a COG must consider: 1) The adopted spheres of influence for all local agencies, and 2) The adopted policies of the LAFCO in the region that relate to logical and orderly urban growth patterns. Thus, the bill would require that a COG consult with LAFCO in their region before developing projected housing allocations, which would result in more informed decisions during the RHNA process and better land-use planning.

BACKGROUND:

Existing law empowers LAFCOs to review, approve or deny proposals for boundary changes and incorporations for cities, counties and special districts. When considering such changes, LAFCO takes into account several factors and objectives, including guiding growth away from prime farmland and open space, limiting sprawl and promoting orderly development. These objectives are met through informed planning and adoption of city spheres of influence and approving annexations.

The RHNA is a separate state process in which COGs allocate housing quotas to individual cities and counties. In turn, cities and counties are required to zone sufficient land to accommodate these allocations.

The problem with current law is that there is little if any coordination between LAFCOs and COGs. This lack of coordination can lead to unrealistic housing allocations to cities and counties that have a limited ability to expand their boundaries due to the existence of prime farmland or other factors.

SUPPORT:

- League of California Cities (Co-Sponsor)
- Local Agency Formation Commissions (Co-Sponsor)

OPPOSITION:

- California Association of Realtors

BILL STATUS:

AB 2158 is set for hearing in Assembly Committee on Housing and Community Development on 5/10/06. The bill is also referred to Assembly Committee on Local Government, no hearing scheduled.

FISCAL IMPACT:

AB 2158 is a non-fiscal bill and does not require the allocation of any additional financial resources.

JSD/Doc#120887

REPORT

DATE: May 4, 2006

TO: The Regional Council (RC)
The Community, Economic, and Human Development Committee (CEHD)

FROM: Jeffrey S. Dunn, Government Affairs Analyst
Phone (213)-236-1880; E-mail: dunn@scag.ca.gov

SUBJECT: Assembly Bill 2468 (Salinas/Daucher) – Housing Elements: Self-Certification

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION: SUPPORT

SUMMARY:

AB 2468 would authorize a city or county to self-certify its Regional Housing Needs Allocation (RHNA) for low and very low income housing. It would require that the inventory of land included in the housing element accommodate 100% of its allocated regional housing need for very low and low income households on sites zoned to permit owner-occupied and rental multifamily residential use by right during the planning period. It would also require these sites to be zoned with minimum density and development standards that permit at least 50% of the very low and low-income housing need to be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted. The bill would require the city or county to make a finding that its housing element is in compliance with the state's housing element law, and would make self-certifying cities and counties fully eligible to participate in any program created by or receiving funding from the state.

BACKGROUND:

The existing housing element process can be time-intensive, costly, and spawn disputes between local planners and state officials over the finer points of local housing plans. This legislation is designed to reward communities that take action to, in effect, pre-approve locations and densities necessary for low and very low income housing by exempting the communities from state review of their plans.

To qualify, the local government must designate and zone its RHNA for low and very low income units on parcels where they may be constructed "by right". This means that the local government would not require a conditional use permit, planned unit development permit, or other discretionary local government review, but could require design review as long as it is ministerial in nature. The jurisdiction would also have to make findings based upon substantial evidence that its housing element complies with other key components of housing element law.

This is a League of California Cities sponsored bill aimed at recognizing and rewarding local governments that have adopted positive policies toward affordable housing.

SUPPORT:

- League of California Cities (Sponsor)

OPPOSITION:

- None On Record.

BILL STATUS:

AB 2468 was set for hearing before Assembly Committee on Local Government on April 19, 2006. It is also before the Assembly Housing, Community and Economic Development Committee, no hearing set.

FISCAL IMPACT:

All work related to adopting the recommended staff action is contained within the adopted FY 05/06 budget and adopted 2006 Legislative Program and does not require the allocation of any additional financial resources

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REPORT

DATE: May 4, 2006

TO: The Regional Council (RC)
The Community, Economic, and Human Development Committee (CEHD)

FROM: Jeffrey S. Dunn, Government Affairs Analyst
Phone (213)-236-1880; E-mail: dunn@scag.ca.gov

SUBJECT: Assembly Bill 3042 (Evans) – Regional Housing

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION: SUPPORT

SUMMARY:

Assembly Bill 3042 allows cities or counties within the same Council of Government (COG) to voluntarily transfer a percentage of its share of the regional housing needs to another city or county if the transfer is consistent with any adopted regional growth plan or blueprint.

Both the donor and recipient jurisdictions must hold public hearings at least 45 days prior to the transfer to describe the number of units transferred & whether they are affordable to lower income households, and must include an explanation of how the transfer will accommodate additional housing that will yield improved regional benefits such as reduced vehicle miles traveled, more efficient use of land, improving the jobs/housing balance, etc. The agreement for such a transfer must be submitted to the COG to determine if the above explanation is consistent with an adopted regional growth plan. If no action is taken by the COG within 45 days, the agreement is deemed consistent with the regional growth plan

AB 3042 provides flexibility for local governments to transfer zoning obligations to locations within the region where concentrated growth is consistent with regional objectives. Any such transfer would be voluntary, but would provide an opportunity for local governments to trade incentives and zoning allocations so long as the zoning allocations are consistent with regional planning objectives. Recipient jurisdictions would also receive priorities for funding from the councils of governments for discretionary housing or infrastructure funds which become available to the COG on or after June 1, 2006.

BACKGROUND:

This bill is sponsored by the League of California Cities, which recognizes that the allocation of affordable housing units to individual communities has often been controversial. Local governments can be overwhelmed with the size of their individual allocation and may lack sufficient available land. Also, from a regional planning and "smart growth" perspective the allocation may not make sense. Jurisdictions surrounded by open farmland will receive large allocations because there is room to grow, while a jurisdiction with available transit may receive a much lower number because it lacks adequate sites or infrastructure. The roots of the RHNA process trace back to a concept that housing units be distributed proportionally to all jurisdictions. More recently, however, regional agencies have been working to address traffic congestion, sprawl, air quality, open space and other issues in a more comprehensive manner. These

regional planning models seek to encourage the concentration of growth in areas close to jobs and transit, and are aimed at improving the quality of life from a regional perspective.

SUPPORT:

- League of California Cities (Sponsor)

OPPOSITION:

- Southern California Association of Non-Profit Housing

BILL STATUS:

AB 3042 was referred to the Assembly Local Government Committee and the Housing and Community Development Committee. No hearing has been set.

FISCAL IMPACT:

AB 3042 is a non-fiscal bill and does not require the allocation of any additional financial resources.

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REPORT

DATE: May 4, 2006

TO: The Regional Council (RC)
The Community, Economic, and Human Development Committee (CEHD)

FROM: Jeffrey S. Dunn, Government Affairs Analyst
Phone (213)-236-1880; E-mail: dunn@scag.ca.gov

SUBJECT: Senate Bill 1754 (Lowenthal) – Housing and Infrastructure Finance Districts

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION: SUPPORT

SUMMARY:

SB 1754 creates a voluntary pilot-project with a local-state partnership to provide high density housing by creating five Housing & Infrastructure Districts (HIFD) to finance construction of housing and related infrastructure in 100 Housing Infrastructure Zones (HIZ) statewide. The projects must be consistent with regional planning objectives and allow construction of more than 500 units of housing with average net density of 25-40 units per acre, with 20% of the housing affordable to low and moderate income families. An HIZ may not be within a redevelopment area. Local governments must allow for residential development within the HIZ "by-right" (with design review).

SB 1754 grants authority to the HIFD to use tax-increment financing to complete the housing and infrastructure development of approved HIZ projects by issuing bonds paid for by a diversion of property tax revenue. Only the local government applicant's share and necessary portion of the school district's share of the property tax are affected. Any loss to schools is reimbursed by the State through the General Fund. Funds may be used to pay for housing, transportation, transit, parks, open space, solid waste and sewage facilities, and any other required infrastructure development.

The pilot-project shall last 20 years. HIZs shall receive tax increment revenues for 20 years from the date the HIFD is established, and up to an additional 10 years solely for the purpose of repaying that debt.

BACKGROUND:

Many large metropolitan planning agencies in California have decided that they cannot meet housing needs, transportation needs, and air quality standards under current growth trends without altering current land use patterns in a way that results in higher-density housing in closer proximity to job centers.

Building infill housing in existing communities, however, often comes with serious infrastructure challenges, because existing infrastructure such as roads, water and sewer, as well as community amenities like parks, libraries, and open space, may need replacement or expansion to handle the increased level of development.

Local governments have very few tools at their disposal to address these challenges and they face high vote thresholds to pass local bonds. Local government can and does impose development fees, but these fees are

naturally limited by the development community's ability to pay them and are not sufficient to pay for all of the required infrastructure development in most instances. Without the ability to adequately address a community's infrastructure needs, infill housing does not get built, and regions do not achieve their housing, transportation, and air quality needs.

SB 1754 is a League of California Cities sponsored bill that seeks to finance immediate housing infill and infrastructure development needs without raising taxes through the use of tax increment finance with state and local government sharing the cost over time.

SUPPORT:

- League of California Cities (Co-Sponsor)

OPPOSITION:

- No On-Record Opposition

BILL STATUS:

SB 1754 passed Senate Committee on Local Government (3-2), April 5, 2006. The bill is set for hearing in Senate Transportation Committee, April 25, 2006.

FISCAL IMPACT:

All work related to adopting the recommended staff action is contained within the adopted FY 05/06 budget and adopted 2006 Legislative Program and does not require the allocation of any additional financial resources.

JSD/Doc#120903