



**CITY OF SANTA CLARITA
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL: Ken Striplin

DATE: June 13, 2017

SUBJECT: STATE LEGISLATION: ASSEMBLY BILL 1350

DEPARTMENT: City Manager's Office

PRESENTER: Masis Hagobian

RECOMMENDED ACTION

City Council adopt the Legislative Committee’s recommendation to oppose Assembly Bill 1350 (Friedman) and transmit position statements to Assembly Member Friedman, Santa Clarita’s state legislative delegation, appropriate legislative committees, Governor Brown, and the League of California Cities.

BACKGROUND

Authored by Assembly Member Laura Friedman (D-43-Glendale), Assembly Bill 1350 proposes to place a financial penalty on cities and counties who do not meet specified regional housing needs assessment obligations and creates a grant program with the funds raised by the penalties. Specifically, this bill:

1. Requires a city or county that has not met at least one-third of its share of the regional housing need for low-income and very low-income housing, to pay a penalty to the Department of Housing and Community Development.
 - a. The amount of the penalty is equal to either of the following amounts, whichever is less:
 - i. One-third of the annual property tax increment allocated to the city or county for the 2018-19 fiscal year to the 2020-21 fiscal year, inclusive; or
 - ii. One-third of the annual sales price for a single-family home in the noncompliant city or county multiplied by the number of low-income and very low-income units that would have met at least one-third of the noncompliant city’s or county’s share of the regional housing need during its current housing element planning period.

- iii. If the City were to be penalized, City staff estimates the penalty to be approximately \$5.7 million based on current RHNA goals.
2. Creates the Regional Housing Need Assessment Compliance Fund (RHNA Compliance Fund) and specifies that the penalty imposed pursuant to this bill be deposited in the RHNA Compliance Fund.
3. Specifies that all money deposited in the RHNA Compliance Fund is to be continuously appropriated to the Department of Housing and Community Development for distribution of grants to cities and counties that meet at least one-third of their share of the regional housing need for low-income and very low-income housing.
4. Requires grants to be used by eligible cities and counties for one or more of the following purposes:
 - a. To construct low-income and very low-income housing;
 - b. To convert market-rate housing to low-income and very low-income housing;
 - c. Very low-, low-, and moderate-income first-time home buyer programs;
 - d. Workforce housing; and,
 - e. To subsidize the creation of low-income and very low-income housing units within other market rate housing projects.
5. Prohibits, on or after January 1, 2021, a city or county that has not met at least one-third of its share of the regional housing need for low-income and very low-income housing:
 - a. Collect established fees, or impose new fees, as a condition of approval of a development project that is greater than 20% of the fee imposed as a condition of approval for market rate projects; or,
 - b. Require the payment of building permit fees.

The Regional Housing Needs Assessment (RHNA) is mandated by State Housing Law as part of a periodic process of updating local housing elements of the General Plan. The RHNA quantifies the need for housing within each jurisdiction during specified planning periods. Communities use the RHNA in land use planning, prioritizing local resource allocation, and in deciding how to address identified existing and future housing needs resulting from population, employment, and household growth.

According to the author, some local agencies have consistently declined to approve affordable housing due to political or policy resistance to higher density, lower-cost housing, and to lower-income residents. Assembly Member Friedman argues that the refusal of some communities to house low-income residents has caused other nearby communities to assume a disproportionate

share of the needs of such residents. Additionally, the author states that communities that have not created affordable housing or housing density have rising property values. Also low density housing and housing further from affordable housing is viewed as more desirable and commands a higher selling price. Therefore, the author claims the intent of the bill is to require communities that are benefitting from not building affordable or high density housing to help offset the cost and impacts to communities willing to bear the burden of approving and developing affordable housing.

The American Planning Association, California Chapter (APA), an opponent of Assembly Bill 1350, states that cities and counties do not build housing and that the RHNA is not a production number but a requirement to plan for and zone adequate sites to accommodate the affordable housing portion of the RHNA. Additionally, APA argues that the main reason for the lack of affordable housing is the lack of subsidies to attract development of affordable housing.

Assembly Bill 1350 was double-referred to the Assembly Committee on Local Government and the Assembly Committee on Housing and Community Development on March 16, 2017. The first hearing in the Assembly Committee on Local Government was canceled at the request of the author and no new hearing date has been identified at this time.

The deadline for Assembly Bill 1350 to be heard by a policy committee was April 28, 2017. The author's staff has confirmed that Assembly Bill 1350 will be a two-year bill.

Supporters

None on file

Notable Opponents

League of California Cities, American Planning Association, and the California State Association of Counties

The City Council Legislative Committee met on May 19, 2017, and recommends that the City Council adopt an "oppose" position for Assembly Bill 1350.

ALTERNATIVE ACTION

1. Adopt a "neutral" position on Assembly Bill 1350
2. Adopt a "support" position on Assembly Bill 1350
3. Take no action on Assembly Bill 1350
4. Refer Assembly Bill 1350 back to the Legislative Committee
5. Other action, as determined by the City Council

FISCAL IMPACT

The resources required to implement the recommended action are contained within the City of Santa Clarita's adopted 2016/17 budget.

ATTACHMENTS

Assembly Bill 1350 (Friedman)