

Date of Hearing: April 20, 2016

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Susan Talamantes Eggman, Chair

AB 2442 (Holden) – As Amended April 14, 2016

SUBJECT: Density bonuses.

SUMMARY: Requires local agencies to grant a density bonus, when an applicant for a housing development agrees to construct housing for transitional foster youth, disabled veterans, or homeless persons. Specifically, **this bill:**

- 1) Requires a local agency to grant one density bonus, when an applicant for a housing development seeks and agrees to construct a housing development that contains 10% of the total units for transitional foster youth, disabled veterans, or homeless persons, as those terms are defined in code.
- 2) Requires the units to be subject to a recorded affordability restriction of 55 years and to be provided at the same affordability level as very low-income units.
- 3) Specifies, for housing developments meeting the criteria of 1), above, that the density bonus shall be 20% of the number of the type of units giving rise to a density bonus, as specified, thus making the density bonus for 1), above, consistent with density bonus that a developer receives for senior housing units.
- 4) States that no reimbursement is necessary because a local agency has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act.

EXISTING LAW:

- 1) Defines a “foster youth” to mean a person who is currently in foster care, and “former foster youth” means a person who is an emancipated foster youth and who is up to 24 years of age.
- 2) Defines "disabled veteran" to mean any veteran who is currently declared by the United States Veterans Administration to be 10% or more disabled as a result of service in the armed forces. Proof of such disability shall be deemed conclusive, if it is of record in the United States Veterans Administration.
- 3) Requires all cities and counties to adopt an ordinance that specifies how they will implement state density bonus law.
- 4) Requires cities and counties to grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least any one of the following:
 - a) 10% of the total units for lower-income households;
 - b) 5% of the total units of a housing for very low-income households;
 - c) A senior citizen housing development or mobilehome park; and,

- d) 10% of the units in a common-interest development (CID) for moderate-income households.
- 5) Requires the city or county to allow an increase in density of 20% over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the general plan for low-income, very low-income, or senior housing, and by 5% for moderate-income housing in a CID.

FISCAL EFFECT: This bill is keyed fiscal.

COMMENTS:

- 1) **Bill Summary.** This bill requires a local agency to grant one density bonus, when an applicant for a housing development seeks and agrees to construct a housing development that contains 10% of the total units for transitional foster youth, disabled veterans, or homeless persons, as those terms are defined in code, and requires the units to be subject to a recorded affordability restriction of 55 years and to be provided at the same affordability level as very low-income units. Additionally, the bill specifies that the density bonus shall be 20% of the number of the type of units giving rise to a density bonus, thus making the density bonus for the bill consistent with the density bonus that a developer would receive for senior housing units.

This bill is an author-sponsored measure.

- 2) **Author's Statement.** According to the author, "Many at-risk populations can benefit from affordable housing options, made available by providing existing incentives to build density housing. In existing law, income level and age are the only factors available for housing developers and local governments to consider, when making the commitment to build a housing project that has been granted a multiple density bonus. AB 2442 adds that a Multiple Density Bonus can be obtained by a housing developer, if an agreement is made to build housing and set aside ten percent of the housing units for former foster youth, disabled veterans, and/or formerly homeless individuals. These units would be made available for 55 years at the affordability rate of very low-income units.
- 3) **Background.** Density bonus law was originally enacted in 1979, but has been changed numerous times since. The Legislature enacted the density bonus law to help address the affordable housing shortage and to encourage development of more low- and moderate-income housing units. Density bonus is a tool to encourage the production of affordable housing used by both market rate and affordable housing developers. In return for inclusion of affordable units in a development, developers are given an increase in density over a city's zoned density and concessions and incentives. The increase in density and concessions and incentives are intended to financially support the inclusion of the affordable units.

All local governments are required to adopt an ordinance that provides concessions and incentives to developers that seek a density bonus on top of the city's zoned density in exchange for including extremely low-, very low-, low-, and moderate-income housing. Failure to adopt an ordinance does not relieve a local government from complying with state density bonus law. Local governments must grant a density bonus when an applicant for a

housing development of five or more units seeks and agrees to construct a project that will contain at least any one of the following:

- a) 10% of the total units for lower-income households;
- b) 5% of the total units of a housing for very low-income households;
- c) A senior citizen housing development or mobilehome park; and,
- d) 10% of the units in a common-interest development (CID) for moderate-income households.

A developer can submit a request to a local government as part of their density bonus application for incentives and concessions. Developers can receive the following number of incentives or concessions:

- a) One incentive or concession for projects that include at least 10% of the total units for lower-income households, at least 5% for very low-income households, or at least 10% for moderate-income households in a common interest development
- b) Two incentives or concessions for projects with at least 20% lower-income households, at least 10% for very low-income households, or at least 20% for moderate-income households in common interest developments.
- c) Three incentives or concessions for projects with at least 30% lower-income households, at least 15% for very low-income households, or at least 30% for moderate-income households in common interest developments.

Typically, housing developments that serve special needs populations are financed using public funding to reduce the debt service on the projects. It's unclear whether or not market rate developers would opt to dedicate at least 10% of the units in development to a transition age foster youth, disabled veterans, and homeless person in return for increased density and concessions and incentives. In addition, these populations would be captured under the existing percentages for very low- and low-income households.

- 4) **Arguments in Support.** Supporters argue that this bill will establish new fiscal incentives for housing developers to dedicate units specifically for this population of youth, and will thus expand the availability of affordable housing for these youth and enhance their opportunities and outcomes.
- 5) **Arguments in Opposition.** None on file.
- 6) **Double-Referral.** This bill was heard in the Housing and Community Development Committee on April 13, 2016, where it passed with a 6-1 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

Hillsides

Bonita Unified School District

David & Margaret Youth and Family Services

Michael D. Antonovich, Supervisor, County of Los Angeles

Individual letters (126)

Opposition

None on file

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