

Date of Hearing: August 28, 2018

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 829 (Chiu) – As Amended August 20, 2018

SUBJECT: Local government: funding: state-assisted projects.

SUMMARY: Prohibits cities and counties from requiring a letter of acknowledgment or similar document prior to applying for state assistance for any housing development.

The Senate amendments delete the Assembly version of this bill, and instead:

- 1) Prohibit state assistance from being awarded to, or otherwise available to or utilized in, any housing development that is subject to a requirement as a threshold or condition to apply or be eligible for the award of any funding that the development proponent receive a letter of acknowledgment, letter of approval, or similar document from the legislative body of a local agency or from a member of a local legislative body.
- 2) Define "state assistance" to include any state funds, a state tax credit, or a federal tax credit administered by the state.

EXISTING LAW:

- 1) Provides that the Legislature may not reallocate, transfer, borrow, appropriate, restrict the use of, or otherwise use the proceeds of any tax imposed or levied by a local government solely for the local government's purposes.
- 2) Allows cities that adopt charters to control their own municipal affairs, but provides that in all other matters, charter cities must follow the general, statewide laws.
- 3) Authorizes state and federal programs to finance affordable housing by the sale of Low Income Housing Tax Credits (LIHTCs).
- 4) Charges the California Tax Credit Allocation Committee with allocating tax credits to affordable housing projects.
- 5) Establishes additional state sources of funding for affordable housing.

FISCAL EFFECT: None

COMMENTS:

- 1) **Bill Summary.** This bill prohibits cities and counties from requiring a letter of acknowledgment or similar document prior to applying for state assistance for a housing development. The prohibition on a local letter of acknowledgement is based on the eligibility of funding for state or federal tax credits. This bill defines state assistance as any state funds, a state tax credit, or a federal tax credit administered by the state and is sponsored by the Western Center on Law and Poverty.

- 2) **Author's Statement.** According to the author, "Last year, the Legislature passed SB 3 (Beall) the Veterans and Affordable Housing Act of 2018 which would authorize \$4 billion in funding for affordable housing pending voter approval in November. No Place Like Home will also be on ballot and will create \$2 billion in funding for supportive housing. To ensure that this funding as well as locally approved funding are deployed as quickly as possible, our cities and counties must be ready to approve new affordable housing developments. AB 829 would make it clear that local governments cannot condition any funding for state assisted projects with an acknowledgment letter. In at least one case in the state, city council members have the ability to slow or halt projects before they get into the pipeline because the developer is required to receive official sign off from the elected in order to receive local funding. This bill would end that practice for all jurisdictions."
- 3) **Arguments in Support.** Western Center on Law and Poverty, in support, writes, "Despite the fact that the state has a desperate need for more affordable homes and the Legislature has acted in numerous ways in recent years to ensure that affordable projects can get built where they are needed, and despite the fact that state law clearly prohibits imposing requirements on subsidized affordable housing projects that are not also imposed on non-subsidized housing projects, some local governments continue to place arbitrary hurdles that make it difficult for these projects to move forward. When local governments impose a requirement for affordable housing developments to seek a "letter of acknowledgement" from an individual city council member as a condition for applying for scarce state and local funding, they are essentially giving that individual a "pocket veto" for a development that could otherwise provide desperately needed affordable homes before it has even had a chance to compete for funding or go through the development review process. AB 829 would prohibit this practice and ensure that affordable housing projects are treated fairly and not subject to requirements that are not broadly applicable to all other housing projects."
- 4) **Arguments in Opposition.** None on file.
- 5) **Substantially Amended.** The provisions of this bill have not been heard in an Assembly policy committee this legislative session.

REGISTERED SUPPORT / OPPOSITION:

Support

Corporation for Supportive Housing [SPONSOR]
 California Apartment Association
 California Housing Consortium
 California Coalition for Rural Housing
 California Housing Partnership Corporation
 California Rural Assistance Foundation
 California YIMBY
 Non-Profit Housing Association of Northern California
 Public Counsel
 Southern California Association of Non-Profit Housing
 Western Center on Law and Poverty

Opposition

None on file