

Date of Hearing: April 10, 2019

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 1484 (Grayson) – As Amended April 10, 2019

SUBJECT: Mitigation Fee Act: housing developments.

SUMMARY: Requires cities and counties to post information about all fees imposed on a housing development project on their websites. Specifically, **this bill:**

- 1) Requires, for certain housing development projects, each city or county to include the location on its internet website of all fees imposed upon a housing development project, in a list that is compiled to specify in detail the information that will be required from any applicant, as specified.
- 2) Requires a city or county to post each fee that is applicable to a housing development project, as defined, on the city or county's website.
- 3) Applies these provisions to charter cities by declaring that ensuring access to affordable housing is a matter of statewide concern, and not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution.
- 4) Provides that no reimbursement is required by this act because a local agency or school district has the authority to levy service charges, fees, or assessment sufficient to pay for the program or level of service mandated by this act.

EXISTING LAW:

- 1) Requires the Department of Housing and Community Development (HCD), by June 30, 2019, to complete a study to evaluate the reasonableness of local fees charged to new developments and make recommendations of potential amendments to the Mitigation Fee Act to substantially reduce fees for residential development.
- 2) Establishes the Mitigation Fee Act specific to local agency fees for development projects.
- 3) Defines "housing development projects" to mean a use consisting of any of the following:
 - a) Residential units only;
 - b) Mixed-use developments consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use; or,
 - c) Transitional housing or supportive housing.

FISCAL EFFECT: This bill is keyed fiscal and contains a state mandated local program.

COMMENTS:

- 1) **Bill Summary.** This bill requires, for certain types of housing development projects, each city or county to post each fee that is applicable to that project, on the city or county's website. The bill requires, in the list of information required from an applicant for a project, as specified in current law, to additionally contain the location on its internet website of the fees applicable to a project, and applies these provisions to all cities, including charter cities.

This bill is sponsored by the California Building Industry Association, California Association of Realtors, and the California Housing Consortium.

- 2) **Author's Statement.** According to the author, "California has a massive and growing housing production and affordability gap. HCD estimates that approximately 1.8 million new housing units, or 180,000 new homes annually, are needed by 2025 to meet projected population and household growth. However, over the past 10 years, California has on average produced less than 80,000 new homes annually.

"Cities levy development fees to pay for services needed to build new housing or to offset the impacts of growth in a community. These fees can make up a substantial portion of the cost to build new housing in California cities. In a March 2017 report, UC Berkeley's Turner Center for Housing Innovation found that development fees for multifamily housing in California can be as high as \$75,000 per unit. In some areas, fees for a single family home can reach \$157,000 per unit. The study determined that development fees can amount to anywhere from 6% to 18% of the median home price depending on location.

"AB 1484 will require a local agency to include the location on its website of all fees imposed upon a housing development project in the list of information provided to a development project applicant. This simple change will add much needed transparency to the housing development application process."

- 3) **Prior Legislation.** AB 3147 (Caballero, 2018), would have required, at the time an application for approval of a housing development project was deemed complete, the city or county to provide the applicant with a good faith statement disclosing the amount of impact and development fees, which cannot be increased for two years following the issuance of the statement. Exceptions to the two-year prohibition included water and sewer fees of charges, fees within a community benefit agreements, fees charged by both water and utility entities, or any fee increase resulting from an automatic annual adjustment, as specified. AB 3147 was held on Suspense in the Assembly Appropriations Committee. This bill is similar in concept to AB 3147.

AB 879 (Grayson), Chapter 374, Statutes of 2017, required HCD to complete a study to evaluate the reasonableness of local fees charged to new developments and make recommendations for potential amendments to the Mitigation Fee Act to substantially reduce fees for residential development. The study must be completed by June 30, 2019.

- 4) **Arguments in Support.** Supporters argue that this bill brings daylight and certainty on development fees, which will provide much needed relief in a complicated and expensive housing development process.
- 5) **Arguments in Opposition.** None on file.

- 6) **Double-referral.** This bill was heard in the Housing and Community Development Committee on April 3, 2019, and passed with an 8-0 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Realtors [SPONSOR]
California Building Industry Association [SPONSOR]
California Housing Consortium [SPONSOR]
Adobe Communities
American Planning Association, California Chapter (if amended)
Bay Area Council
Building Industry Association of the Bay Area
California Apartment Association
California Community Builders
California Housing Consortium
California YIMBY
Chan Zuckerberg Initiative
EAH Housing
Enterprise Community Partners, Inc.
Facebook, Inc.
Habitat for Humanity California
Habitat for Humanity East Bay/Silicon Valley
Non-Profit Housing Association Of Northern California
PICO California (if amended)
Related California
San Francisco Foundation (if amended)
Silicon Valley At Home (Sv@Home)
Spur
TMG Partners
Working Partnerships USA (if amended)

Opposition

None on file

Analysis Prepared by: Debbie Michel / L. GOV. / (916) 319-3958