



Innovating Livability in Communities Part 1: Focusing on the “US” in HoUSing

Merging Housing, Transportation, Incentives and Community

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“Housing is transportation, and transportation is housing... if you’re not meeting your goals, I don’t know why you get the money.”

Cal. Governor Gavin Newsom
January, 2019



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Goals of Today's Presentation

- Discuss the recent evolution in California's legislative approach to housing policy
- Begin a conversation about ways in which local government can utilize a community approach to improve livability and increase housing opportunities



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NLC State of Cities 2019 Report

- Housing mentioned in 38% of state of city speeches nationally
 - Broken down further into subtopics:
 - Housing Supply and Development (45%)
 - Affordable Housing (32%)
 - Homelessness (24%)
 - Blight and Demolitions (24%)
 - Zoning and Building Codes (21%)



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What are we talking about?

- The Housing Crisis
 - Legislative Analyst Office estimates California needs to build 3.5 million new homes
 - HCD study shows California needs to build 1.8 million homes by 2025
- Housing
 - Increasing overall housing stock
 - “Livability”
 - Affordable housing options



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What are we talking about?

- Affordable Housing
 - Housing that is affordable to various income levels
 - May refer to ownership or rental
 - Definitions can vary – often tied to a percentage of median income in the area (HUD standards)
 - Usually implemented through a covenant recorded on the title of property restricting the income of owners/tenants for a period of years



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Traditional Affordable Housing Tools

- Grant Programs (e.g., HOME, CalHOME, CDBG)
- Low Income Housing Tax Credit
- Inclusionary Housing Ordinance
- Density Bonus



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Evolution of the Housing Crisis Through Legislation

- 2008 – Recession/foreclosure crisis
- 2011 – Legislature eliminates redevelopment
- 2015 – Approves redevelopment “light”
- 2016 – Expands rights to ADUs
- 2017 – “Housing package” legislation
- 2018 – No major changes; touch-ups to housing package legislation
- 2019 – Proposes end to single family zoning; limited return of rent control



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Legislation – Redevelopment

- Why does elimination of redevelopment impact housing?
 - Required set aside of funds for affordable housing
 - Tool for compiling/holding land that could potentially be used for housing projects
 - Tool for establishing public/private partnerships
 - Economic development/removal of blight



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Legislation – Redevelopment

- 2015 - Community Revitalization and Investment Act (CRIA)
 - Allows for:
 - Tax increment financing (but not from other agencies w/o agreement)
 - Eminent domain
 - Affordable housing assistance
 - Requires area that is 80% median income, with certain blight requirements
- Examples of use?



Legislation – ADUs (2016)

- AB 2299/SB 1069 - Accessory Dwelling Units
 - Restricts cities' ability to deny ADUs
 - Limits parking rules/replacement requirements
 - Must be ministerial approval
- Goal: more affordable units in single family zones



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Housing Legislation - 2017

- 2017 Housing Package
 - 15 bills related to housing
 - No redevelopment replacement
- Key bills:
 - SB 35 – By-right affordable housing
 - SB 2 – Affordable housing funding



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Housing Legislation - 2017

- SB 35 - Requires streamlined ministerial approval of a multifamily infill development project if:
 - The site is designated or zoned residential (inc. mixed use)
 - It complies with objective development standards
 - The city has not met its regional housing needs
 - The developer agrees to pay prevailing wages



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Housing Legislation - 2017

- SB 35 Prohibits:
 - Conditional use permits
 - Discretionary design review
 - CEQA
 - Delaying approvals
 - Imposing parking standards in some instances



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Housing Legislation - 2017

- Impacts of SB 35:
 - Started a war on zoning/local planning
 - Shined a spotlight on RHNA process
- Any advantages for cities?



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Housing Legislation - 2017

- SB 2 – “Building Homes and Jobs Act”
 - Establishes \$75 fee on recorded documents
 - Year 1 – 50% of revenues to local agencies for planning documents to streamline affordable housing
 - Following years -70% to local agencies, mostly as an entitlement for agencies with compliant housing elements



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Housing Legislation - 2018

- RHNA Modifications
 - AB 1771 – Requires posting RHNA methodology; focuses on need rather than market demand
 - SB 828 – Gives more oversight to HCD
- SB 35 Clarifications
 - Streamlined application is “not a project”
 - Affordability period is 55 years for rental, 45 for ownership
- Charter cities
 - SB 1333 applies planning and zoning law to charter cities



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Housing Legislation - 2018

- Did NOT pass:
 - SB 827 – Would have eliminated single family zoning near transit stops
 - Proposition 10 – Would have allowed cities to adopt rent control on new developments



Housing Legislation - 2019

- SB 50 – Made a two-year bill
 - Would eliminate zoning restrictions near transit
 - Would eliminate single family zones, requiring at least quadplexes
 - Some exceptions for small counties and coastal areas



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Housing Legislation - 2019

- Shelved until 2020:
 - SB 50
 - Would eliminate zoning restrictions near transit
 - Would eliminate single family zones, requiring at least quadplexes
 - Some exceptions for small counties and coastal areas
 - AB 1568 – Would divert SB 1 funds from cities without a compliant housing element



Housing Legislation - 2019

- SB 592 – would allow compensatory damages against cities for denial of certain housing projects
- SB 5 – would create the affordable housing and community development investment program
- AB 36 – would allow rent control for 20-year old buildings



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Housing Litigation

- Huntington Beach v. California
 - HB is suing to determine whether SB 35 can be enforced against charter cities
- HCD v. Huntington Beach
 - HCD is suing to compel HB to adopt a compliant housing element



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Beyond the Battle Over Zoning

- How can a more community-based approach improve housing options?
- In what ways can transportation improvements and innovation lead to more housing?



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Examples of Community-Based Solutions

- Other options to increase density or housing stock beside upzoning?
 - Mixed use
 - Repurposing of commercial or industrial property
 - Code enforcement and other efforts to remediate dilapidated or vacant housing



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Examples of Community-Based Solutions

- Example – City had numerous vacant code enforcement properties with absentee owners
- Revenue and Taxation Code allows cities to:
 - Expedite auction of tax-defaulted properties
 - Obtain tax-defaulted properties through an “agreement sale”
- City obtained properties and removed nuisance structures using grant funds. City then recorded an affordability covenant and conveyed the property to Habitat for Humanity for a sweat equity project



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Examples of Transit-Related Incentives

- City of San Diego
 - Eliminated parking requirements for sites located within ½ mile of a transit stop
- City of Chandler
 - Reduction in parking requirements up to 40% for inclusion of passenger loading zones in consideration of demand responsive rides, including from autonomous vehicles
- City of Sacramento
 - Removes minimum parking requirements and prohibits certain uses, like gas stations and drive-through restaurants, within a quarter mile of its 23 light-rail stations



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RESOURCES

- Joint Center for Housing Studies:
<https://www.jchs.harvard.edu/research-areas/affordability>
- NLC Local Tools to Address Housing Affordability:
<https://www.nlc.org/resource/local-tools-to-address-housing-affordability-a-state-by-state-analysis>
- Urban Land Institute:
<https://americas.uli.org/research/centers-initiatives/building-healthy-places-initiative/healthy-housing/>



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LOOKING AHEAD

1. Land Use and Zoning – Navigating Short Term Tension (e.g. parking requirements) and the need for community buy-in
2. Infrastructure – What infrastructure will be needed, how to pay for it and how to make use of limited space (e.g. congestion fees)
3. Transportation – Recognizing its value and how to better align housing and transportation policies to take advantage of new mobility options on horizon (e.g. bus rapid transit and demand responsive ridesharing)



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Looking Ahead - What About Smart Cities?

- Innovation has the opportunity to provide increased efficiency, not only for deployment of services, including for public safety, but also to maximize our use of limited space, including for housing and transportation planning purposes
- Legal foundations to support a smart environment
 - E.g., privacy issues, land use concerns
- Related legislation such as H.R. 2636 – Smart Cities and Communities Act of 2019



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Thank You For Attending

Next in the “Innovating Livability in Communities Series”:

Part 2 on July 25th at 10:00 a.m. – “Innovative Partnerships to Overcome Housing Challenges in Communities,” and

Part 3 on August 8th at 10:00 a.m. – “Advancing the Policy Discussion Around Housing”



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