



California Legislation Guide for Developers

Last fall, Governor Jerry Brown signed into law a package of 15 bills in response to the state's housing shortage and affordability crisis. These bills came into effect on January 1st, 2018. The bills have important implications for development projects in California. Here's what the latest legislation means for your projects:

New California Real Estate and Land Use Laws 2017-2018

Bill	Key Provisions
SB 2 – Building Homes and Jobs Act	<ul style="list-style-type: none"> Establishes permanent funding source for affordable housing through \$75 fee on certain types of real estate transaction documents, excluding sales of residential and commercial property. Documents subject to the \$75 fee include deeds, grant deeds, quit claim deed, easements, UCC financing statements and notices of default. Fee capped at \$225 per transaction. Fees expected to generate roughly \$250 million annually, to be split among state and local housing programs.
SB 3 – Veterans and Affordable Housing Bond Act of 2018	<ul style="list-style-type: none"> Authorizes \$4 billion in general obligation bonds for affordable housing programs and veteran's home ownership program. On ballot for voter approval this November.
SB 35 – Affordable Housing Streamlined Approval	<ul style="list-style-type: none"> Streamlines approval process for infill developments in local communities that have failed to meet their share of regional housing needs. 10 percent of units must be reserved as affordable housing in SB 35 eligible projects. Developer must pay construction workers union wages to be eligible for streamlining under SB 35.
SB 166 – Residential Density and Affordability	<ul style="list-style-type: none"> Strengthens existing laws supporting affordable housing by requiring local governments to immediately identify replacement site if project that differs from housing category originally designated is approved.
SB 167 – Amendments to the Housing Accountability Act (Identical to AB 678, both amend Section 65589.5 of the Government Code)	<ul style="list-style-type: none"> Increases standard of proof required for local government to justify denial of housing development projects for very low, low-, or moderate-income households, or for emergency shelters. Requires findings of local agency be based on "preponderance of evidence in record."

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SB 540 – Workforce Housing Opportunity Zone	<ul style="list-style-type: none"> • Gives cities the option to adopt a specific housing development plan, creating a Workforce Housing Opportunity Zone, that minimizes project level environmental review. • Within a Workforce Housing Opportunity Zone, 50% of the total housing units must be affordable to individuals at or below moderate incomes, and 10% of the total units must be allocated to lower income individuals. Additionally, in constructing projects within the Workforce Housing Opportunity Zones, developers must pay their employers a prevailing wage. • To support the Workforce Housing Opportunity Zone, local governments may apply to the Department of Housing and Community Development for a grant or a no-interest loan.
AB 72 – Enforcing Housing Element Laws	<ul style="list-style-type: none"> • Requires the State Department of Housing and Community Development (HCD) review any action by city or county determined to be inconsistent with local housing element or state housing law. • HCD is also empowered to refer cases to California Attorney General for legal action.
AB 73 – Streamline and Incentivize Housing Production	<ul style="list-style-type: none"> • Provides state financial incentives to cities and counties that create a zoning overlay district with streamlined zoning. • Development projects within sustainability districts must use prevailing wage, include a minimum amount of affordable housing, and apply the minimum density for multifamily developments needed to accommodate low-income housing, among other requirements.
AB571 – Low Income Housing Credits for Farmworkers	<ul style="list-style-type: none"> • Expands tax credit program supporting farmworker housing, allowing tax credit funds to be combined with other funding sources.
AB 678 – Strengthen the Housing Accountability Act (Identical to SB 167)	<ul style="list-style-type: none"> • Increases standard of proof required for local government to justify denial of low- to moderate-income housing development projects. • Requires findings of local agency be based on “preponderance of evidence in record.”
AB 879 – Updates to Existing Reporting Requirement	<ul style="list-style-type: none"> • Requires local governments provide more information about housing development applications and approvals to the public and to the state on yearly basis. • Requires the HCD to conduct a study and recommend feasible ways to reduce fees associated with residential development.
AB 1397 – Adequate Housing Element Sites	<ul style="list-style-type: none"> • Requires inventory of land suitable for residential development be updated to include sites that have realistic and demonstrated potential for redevelopment.
AB 1505 – Inclusionary Ordinances	<ul style="list-style-type: none"> • Authorizes cities and counties to adopt inclusionary ordinances, which require a certain amount of low-income housing as a condition of the development of residential rental units. • Response to California Building Industry Association v. City of San Jose (Cal. 2015).
AB 1515 – Reasonable Person Standard	<ul style="list-style-type: none"> • Requires housing projects be afforded protections of Housing Accountability Act if projects are consistent with local planning rules, despite local opposition.
AB 1521 – Preserve the Existing Affordable Housing Stock	<ul style="list-style-type: none"> • Gives experienced housing organizations first right of refusal to purchase affordable housing developments from their current owners to keep units affordable.

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