



Housing Legislation Update 2023

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In an effort to address the ongoing California housing crisis and exorbitant development costs, the 2022 Legislative Season saw the introduction of approximately 40 housing-related bills, resulting in the passage of various laws intended to spur greater housing production and affordability. Below are a list of those bills that passed, which affect (i) regional housing finance agencies and housing finance, (ii) streamlining housing approvals, (iii) adaptive reuse in commercial zones, (iv) homeownership and tenant protections, (v) housing, transportation and infrastructure, (vi) surplus and excess land, and (vii) land use, planning and housing element law. Unless otherwise noted below, a majority of these laws became effective on January 1, 2023.

Regional Housing Financing	SB 948 – Pooled Transition Reserve Fund SB 679 – Los Angeles County Housing Solutions Agency SB 1177 – Housing Trust: Burbank, Glendale and Pasadena SB 1444 – South Bay Regional Housing Trust
Streamlining Housing Approvals	SB 886 – Student and Faculty Housing AB 2006 – State Housing Agencies AB 2234 – Post-Entitlement Housing Development Permits AB 2668 – Housing and Mixed-Use Projects AB 1551 – State Density Bonus Law Benefits SB 897 – Increased Height Limits for ADUs
Reuse in Commercial Zones	AB 1695 – Adaptive Reuse Eligibility for HCD Programs AB 2011 – Affordable Housing and High Road Jobs Act SB 6 – Neighborhood Homes Act
Homeownership and Tenant Protections	AB 2170 – Bank-Owned Properties AB 1206 – Equity Housing Cooperatives SB 649 – Local Tenant Preferences SB 1083 – Expand CalWORKs
Housing, Transportation and Infrastructure	AB 2097 – Eliminate Parking Requirements AB 2244 – Religious-Use Parking Spaces
Surplus and Excess Land	AB 2233 – Affordable Housing on Excess State Properties AB 2295 – Affordable Housing on Educational Agency Land SB 561 – State-Owned Parcels for Affordable Housing
Land Use, Planning and Housing Element Law	AB 682 – Cohousing Buildings AB 916 – Reconfiguration of Existing Properties AB 1445 – Emergency Evacuation Route Capacity AB 2094 – Extremely Low Income Units AB 2339 – Interim Housing

Regional Housing Finance Agencies and Housing Finance

SB 948

SB 948 (Becker) prohibits the Department of Housing and Community Development (HCD) from requiring a project-specific transition reserve for any unit subject to a qualified project rental or operating subsidy. Instead the bill creates a new Pooled Transition Reserve Fund with continuous appropriations to mitigate the impacts on tenant rents from the loss or exhaustion of rental or operating subsidies, which can be accessed by projects on a case-by-case basis in the event federal assistance is not renewed. While HCD requires these reserves for each project, its own data shows that the reserves have rarely been used. The California legislature appropriated \$5 million and commits to additional annual appropriations. HCD is also authorized to charge a fee to a development that receives qualified project rental or operating subsidies at the time of the loan closing, which will be deposited into the new fund. This bill frees up millions of dollars that can instead be used to invest in new affordable homes.

SB 679

SB 679 (Kamlager) creates the Los Angeles County Housing Solutions Agency (LACAHSAs), to provide funding and technical assistance to produce, preserve, and protect affordable housing opportunities throughout the County and its 88 cities. This new independent county agency would have the authority to issue bonds and raise revenue through a variety of sources, but would have no land use powers. LACAHSAs is modeled after the Bay Area Housing Finance Agency, which was created by **AB 1487** in 2019 and can raise funding and conduct other activities for the 9-county Bay Area.

SB 1177

SB 1177 (Portantino) authorizes the creation of a regional housing trust between the cities of Burbank, Glendale, and Pasadena by enabling them to enter into a joint powers agreement (JPA) to fund housing for lower- and moderate-income households and assist people facing homelessness. The JPA would have the authority to apply for and receive private and public funding allocations and to issue bonds for affordable housing development. Jurisdictions can already create JPAs, but recent legislation has solidified this in State law for other regions.

SB 1444

SB 1444 (Allen & Muratsuchi) allows the County of Los Angeles and cities within the jurisdiction of the South Bay Cities Council of Governments to form a South Bay Regional Housing Trust and enter into a JPA to fund housing for lower- and moderate-income households and assist people facing homelessness. Like **SB 1177**, the JPA would have the authority to apply for and receive private and public funding allocations and to issue bonds for affordable housing development, among other activities.

Streamlining Housing Approvals

SB 886

SB 886 (Weiner) exempts student housing and faculty/staff housing from the California Environmental Quality Act (CEQA) when a public university is proposing to use its land. The bill is set to sunset on January 1, 2030. The bill does have potentially significant costs to the State, including for the Air Resources Board required to certify that projects do not result in any net additional emissions of GHGs.¹

¹ Further discussion of this bill can be found [here](#).

AB 2006

AB 2006 (Berman) requires that all the State housing agencies – HCD, California Housing Finance Agency, California Tax Credit Allocation Committee, California Debt Limit Allocation Committee – enter into a Memorandum of Understanding by January 1, 2024 to streamline the monitoring of projects with funding from more than one agency by ensuring that only one organization conducts monitoring visits, eliminating submission of duplicate information, and providing a single process for certain approvals.

AB 2234

AB 2234 (Rivas) streamlines the approval of post-entitlement housing development permits (such as building permits, demolition permits, or permits for grading or off-site improvements) by requiring public agencies to post information related to post-entitlement phase permits for housing development projects, process those permits in a specified time period depending on the size of the housing development and establish a digital permitting system if the local agency meets a specific population threshold. This bill seeks to make it easier for developers to provide required information and sets firm timetables for local governments to approve, deny, or request changes. Below is a discussion of the requirements identified in this bill. Most critically, AB 2234 provides that a local agency’s failure to comply with the specified timelines is a violation of the Housing Accountability Act (HAA), exposing the local agency to the attorney’s fees, mandamus relief and potential fines provided by the HAA.

Required Information and Systems	Timelines to Process Permits
<ul style="list-style-type: none"> • Publish formal application checklists • Post examples of complete applications for various types of housing developments • Provide clear instructions and requirements for development team to submit required information for building permit approvals • Set firm time tables for local governments to approve, deny, or request changes • Certain localities meeting population specifics must implement a digital permitting system 	<ul style="list-style-type: none"> • Public agencies must respond within 15 business days after receipt of an application by identifying any specific information missing or else the application is considered “deemed complete” • Public agencies must complete their review of a complete application within 30 days (for developments with 25 homes or fewer) or 60 days (for developments of more than 25 homes) • There are specific exceptions to the timing requirements

AB 2668

AB 2668 (Grayson) is clean-up legislation to **SB 35** (Wiener, 2017), the landmark housing approvals streamlining law. It would clarify how SB 35 applies to existing rules around conditional use permits, the calculation of inclusionary housing percentages as they relate to density bonus units, sites that once had underground storage tanks and project modifications as they relate to objective planning standards.

AB 1551

AB 1551 (Santiago) reenacts a law that provided state density bonus benefits for certain commercial projects with affordable housing. To be eligible, the housing component of the commercial project must contain 30% low-income units or 15% very low-income units. If a commercial project qualifies, certain benefits may include an increase in maximum allowable intensity, allowable floor area, and height requirements. This law will sunset on January 1, 2028.

SB 897

SB 897 (Wieckowski) increases minimum height limits for accessory dwelling units (ADUs) and offers potential for two-story ADUs if specific conditions are met. SB 897 enables developers to plan and develop two detached ADUs for new multifamily residential projects.

Adaptive Reuse & Housing in Commercial Zones

AB 1695

AB 1695 (Santiago) would allow “adaptive reuse” to be an eligible activity for any HCD-administered affordable housing loan or grant program. The bill defines adaptive reuse to mean the repurposing and rehabilitation of an existing building to create new residential units.

AB 2011

AB 2011 (Wicks), also known as the Affordable Housing and High Road Jobs Act of 2022 (AHHRJA), enables the by-right development of qualifying multifamily projects on underutilized commercial-zoned property (office, retail, and parking) that pay prevailing wages and meet specified affordable housing threshold. AHHRJA is effective July 1, 2023 and the ministerial approval is similar to SB 35. Cities have come out strongly in opposition to the bill for local control reasons. The bill has strong labor support. Below is a table identifying specifics of AHHRJA.

Qualifying Projects	<ul style="list-style-type: none"> • 100% affordable housing projects • Mixed income housing² in “commercial corridors”³
Approval Timelines	<ul style="list-style-type: none"> • Approval within 90 days for projects with 150 units or less • Approval within 180 days for projects with more than 150 units
Development Standards	<ul style="list-style-type: none"> • Site may not exceed 20 acres • Minimum density requirements in metro and non-metro areas⁴ depending on site size and proximity to public transit • Height standard vary between 35 and 65 feet, depending on right-of-way width of commercial corridors and if within a Coastal Zone • Setback standards for property sites along commercial corridors or adjacent to residential areas
Other Effects	<ul style="list-style-type: none"> • Exempt from CEQA • Prohibited from demolishing existing housing or properties designated as historic

SB 6

SB 6 (Caballero), known as the Neighborhood Homes Act, allows for developing homes on land zoned for retail, commercial, or parking if a development is at least 50% residential among other requirements. The bill opens up a significant amount of land for new housing growth. Projects may utilize existing processes such as Density Bonus and/or SB 35. Below is a table identifying specifics of SB 6.

2 Qualifying mixed-income projects have established thresholds for rental units and for sale units unless local affordability requirement differs. For rental units, 8% must be for very low income, 5% extremely low income or 15% lower income. For sale units, 30% must be for moderate income or 15% for lower income.

3 “Commercial Corridor” means a street that is not a highway, has right-of-way between 70 and 150 feet, and has a minimum frontage of 50 feet

4 Metro areas requires 3 to 60 units per acre or local rules, whichever is greater. Non-metro areas requires 20-70 units per acre or local rules, whichever is greater.

Qualifying Projects	<ul style="list-style-type: none"> • Permits housing projects on parcels zoned for office, parking or retail
Affordability Requirement	<ul style="list-style-type: none"> • Does not include an affordability requirement
Development Standards	<ul style="list-style-type: none"> • Site may not exceed 20 acres in size • Located in urbanized area or urban cluster • Must be 100% residential or mixed-use where 50% of square footage is residential • Density based on site's zoning or, if residential not permitted, closest parcel that permits residential • Not adjacent to an industrial use, where 1/3 of square footage is an industrial use
Labor Standards	<ul style="list-style-type: none"> • Prevailing wage • Use of skilled and trained workforce

Homeownership and Tenant Protections

AB 2170

AB 2170 (Grayson) gives owner-occupants and public entities a “first look” at purchasing bank-owned properties and would prohibit bulk sales of foreclosed homes. AB 2170 is in response to the increase in purchases of single-family homes by investors and the resulting decrease in the number of homes available for new homeowners.⁵

AB 1206

AB 1206 (Bennett) enables limited equity housing cooperatives to continue to use the welfare tax exemption for low-income units even when occupants’ income increases up to 140% of average median income (AMI). This bill responds to the circumstance when a tenant’s income initially qualifies for the exemption but subsequently increases. It would provide the same treatment as AB 1193 (Gloria, 2017) provided for Low Income Housing Tax Credit projects.

SB 649

SB 649 (Cortese) creates the Local Tenant Preferences to Prevent Displacement Act, which allows local jurisdictions and developers to create local tenant preference policies when a development is financed with Low Income Housing Tax Credits or tax-exempt bonds. The intent of SB 649 is to allow lower-income residents at risk of displacement the opportunity to remain in their communities.

SB 1083

SB 1083 (Skinner) expands California Work Opportunity and Responsibility to Kids (CalWORKs) to provide immediate assistance to families who have received any notice that would lead to an eviction. The bill also require CalWORKS to provide temporary shelter to a pregnant person during and after pregnancy.

⁵ According to a recent study, during the past six years, the number of owner-occupied units in the State declined by more than 320K while the number of renter-occupied units increased by more than 720K.

Housing, Transportation, & Infrastructure

AB 2097

[AB 2097](#) (Friedman) would prohibit public agencies from imposing any minimum parking requirements residential, commercial and other developments, located within ½-mile of public transit. AB 2097 does not apply to hotels, motels, bed and breakfast inns or other transient lodging projects. Public agencies will have the ability to impose a minimum parking requirement by preparing a written finding that not imposing a minimum automobile parking requirement would result in substantial negative impact. However, housing development projects with 20% affordable units or with fewer than 20 residential units will not be required to provide parking (except for disabled persons parking spaces and EV charging spaces) even if a public agency makes those findings.⁶

AB 2244

[AB 2244](#) (Wicks) would clarify that the definition of “religious-use parking spaces” applies to both existing parking spaces and new parking spaces required for a proposed development for a new place of worship and makes amendments relating to eliminating parking as a part of the development. The bill responds to interpretations of current law made by some jurisdictions that the law only allows existing religious institutions to develop housing on their property and clarifies that it applies equally to existing and proposed religious institutions.

Surplus and Excess Land

AB 2233

[AB 2233](#) (Quirk-Silva) would require the Department of General Services (DGS), in consultation with HCD, to pursue the development of affordable housing on excess state properties. The bill would require all state agencies to respond to requests for information from DGS and to consider exchanging excess state land with local governments for other parcels for affordable housing development and preservation. This bill would require DGS to develop, in consultation with the HCD, a set of criteria to consistently evaluate state-owned parcels for suitability as affordable housing sites by September 2023. The bill would also require DGS to conduct a regular 4-year review of all state-owned property and identify state-owned parcels potentially viable for affordable housing based on those criteria, starting July 2024.

AB 2295

[AB 2295](#) (Bloom) allows for affordable housing development on “local educational agency” land if it is at least 10 units, the rents are affordable to lower-income families for 55 years, and the homes are available to teachers and employees. A “local educational agency” means a school district or county office of education. In implementing this bill, agencies will not have to abide by surplus lands law. The bill sunsets on January 1, 2033. Some local governments are opposed to the bill because it removes local discretion. Labor interests have also raised concerns with the labor requirements.

SB 561

[SB 561](#) (Dodd) requires DGS to develop criteria to evaluate the suitability of state-owned parcels to be used for affordable housing, in consultation with HCD, by September 1, 2023. The bill would require DGS to use this criteria to survey all state-owned parcels by July 1, 2024, and every 4 years afterwards, and update its digital inventory.

⁶ Each parking spot can cost between \$24,000 and \$34,000, increasing the cost of development and rents. A recent study showed that rents increase about 17% to account for these additional development costs. Further discussion of this bill can be found [here](#).

Land Use, Planning, Housing Element Law

AB 682

AB 682 (Bloom) encourages the development of cohousing buildings by providing a density bonus to developers constructing cohousing buildings where 5%-10% of square footage is dedicated to very low- or low-income households. Cohousing buildings are defined as residential or mixed-use structures with five or more cohousing units and one or more common kitchens and dining areas designed for permanent residence for a period not less than 30 days.

AB 916

AB 916 (Salas) restricts public hearings for projects that reconfigure an existing property to add 2 or fewer bedrooms to improve utilization of existing space in dwelling units. This bill does not impact parking requirements and allows an increase in density in existing properties with the goal to increase the housing stock and bring down the cost of housing.

AB 1445

AB 1445 (Levine) requires local agencies to consider emergency evacuation route capacity, wildfire risk, sea level rise, and other impacts caused by climate change as part of the Regional Housing Needs Allocation (RHNA) process starting in 2025. By adding to the duties of local officials in allocating regional housing need, this imposes a state-mandated local program.

AB 2094

AB 2094 (Rivas) requires local jurisdictions to report their progress towards building Extremely Low Income units (ELI) to HCD, as part of the existing reporting process. With the ability to accurately track how many ELI units are being developed, California can better allocate funds and develop effective policy for homeless and housing-insecure residents.

AB 2339

AB 2339 (Bloom) strengthens the Housing Element Law (Govt. Code §§ 65580 *et seq.*) to ensure that zones identified for shelters and other interim housing are suitable and available. The bill also requires jurisdictions to demonstrate sufficient capacity on the sites to meet the identified need for interim housing for those experiencing homelessness.

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