

Date of Hearing: March 26, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

AB 670 (Quirk-Silva) – As Introduced February 14, 2025

SUBJECT: Planning and zoning: housing element: converted affordable housing units

SUMMARY: Makes changes to the information that local governments must report in their Annual Progress Report (APR) each year regarding demolished and replacement units, and allows local governments to report the number of units in an existing multifamily building that were converted to affordable housing, as specified, for up to 25% of a jurisdiction's regional housing need allocation (RHNA) for lower income units. Specifically, **this bill:**

- 1) Requires local governments to include in their APR whether each housing development application received in the prior year is subject to a replacement housing or relocation assistance obligation pursuant to local, state, or federal law, including specified provisions of state law requiring replacement housing or relocation assistance in certain circumstances.
- 2) Requires local governments to include in their APR, for each entitlement, building permit, or certificate of occupancy that must be reported under existing law, the total number of replacement housing units by income level required pursuant to local, state, or federal law, including specified provisions of state law requiring replacement housing or relocation assistance in certain circumstances, and the number, by income level, of replacement housing units entitled, permitted, or issued a certificate of occupancy.
- 3) Requires local governments to include in their APR a report on the demolition of housing units for any purpose, which must include, but is not limited to, all of the following:
 - a) The total number of housing units approved for demolition during the year;
 - b) The total number of housing units demolished during the year; and
 - c) For each approved or completed demolition, all of the following:
 - i) The location of the approved or completed demolition, using a unique site identifier that must include the assessor's parcel number (APN), and may also include the street address or other identifiers;
 - ii) The date the demolition was approved;
 - iii) The total number of rental and ownership units demolished or approved for demolition;
 - iv) The number, by income level, of protected units, as defined, demolished or approved for demolition;
 - v) A description of any approved uses on the site; and

- vi) A description of any relocation assistance provided as required pursuant to local, state, or federal law, including, but not limited to, the relocation assistance required to be provided to each displaced occupant of any demolished unit protected pursuant to the Housing Crisis Act (HCA) of 2019.
- 4) Requires local governments to include in their APR a report on replacement housing units required pursuant to local, state, or federal law, including, but not limited to, the HCA of 2019, for approved development projects that are not housing development projects, which must include, for each applicable development project, all of the following:
 - a) The approved or proposed location of the replacement units, using a unique site identifier that must include the APN and may also include the street address or other identifiers;
 - b) The entity that is developing the replacement units; and
 - c) The replacement units' anticipated completion date.
 - 5) Allows a local government, for purposes of the housing element portion of the APR, to report the number of units in an existing multifamily building that were converted to affordable housing by imposition of long-term affordability covenants and restrictions that require the unit to be available to persons or families of low income (LI), very low income (VLI), extremely low income (ELI), or acutely low income (ALI) at an affordable rent or affordable housing cost for at least 55 years.
 - 6) Allows units reported under 5) above to be credited for up to 25% of a jurisdiction's RHNA for LI, VLI, ELI, or ALI households.
 - 7) Requires a report under 5) above to clearly indicate that the units were not newly constructed units and to provide all relevant project- and unit-level information as specified, including the area median income (AMI) category that each unit of housing satisfies.
 - 8) Allows a unit to be reported as a converted unit under 5) above only if all of the following apply to the unit:
 - a) The unit was not subject to any affordability covenants or restrictions prior to the conversion;
 - b) The unit is subject to a long-term recorded regulatory agreement with a public entity that requires the unit to be affordable to, and occupied by, persons of LI, VLI, ELI, or ALI for a term of at least 55 years;
 - c) Notwithstanding 8) b) above, the unit is subject to a requirement that a household or member of a household that resides in the property at the time of conversion must not be evicted, nor their tenancy terminated, on the basis of their income or other eligibility requirements for deed-restricted units in the property;

- d) Any occupants temporarily displaced by rehabilitation or improvements related to the conversion have been provided temporary replacement housing during the period of their temporary displacement;
 - e) The unit was converted with committed assistance;
 - f) The unit is in decent, safe, and sanitary condition after conversion, including, but not limited to, any necessary initial rehabilitation; and
 - g) The unit is subject to a governmental monitoring program to ensure continued affordability and occupancy by qualifying households throughout the term of the affordability restriction.
- 9) Requires units reported under 5) above to be separated into ALI, ELI, VLI, and LI units.

EXISTING LAW:

- 1) Requires a planning agency to provide an APR to the legislative body, the Office of Planning and Research, and the Department of Housing and Community Development (HCD) by April 1 of each year that includes all of the following:
- a) The status of the general plan and progress in its implementation;
 - b) The progress in meeting its share of the RHNA, including the need for extremely low-income households, and local efforts to remove governmental constraints to the maintenance, improvement, and development of housing included in the housing element;
 - c) The number of housing development applications received in the prior year, including whether each housing development application is subject to a ministerial or discretionary approval process;
 - d) The number of units included in all development applications in the prior year;
 - e) The number of units approved and disapproved in the prior year, disaggregated into income subcategories within opportunity areas, as specified;
 - f) The degree to which the approved general plan complies with the guidelines developed in existing law for addressing specified matters, including environmental justice matters, collaborative land use planning of adjacent civilian and military lands, consultation with Native American tribes, and road and highway safety;
 - g) A listing of sites rezoned to accommodate that portion of the city or county's share of the RHNA for each income level that could not be accommodated on sites identified in the housing element's site inventory and any sites that may have been required to be identified under the No Net Loss zoning law;
 - h) The number of housing units demolished and new units of housing, including both rental housing and for-sale housing, that have been issued a completed entitlement, a building permit, or a certificate of occupancy, thus far in the housing element cycle, and the income category by AMI that each housing unit satisfies;

- i) Certain information regarding funding that may have been allocated via the Local Government Planning Support Grants Program;
 - j) The progress of the city or county in adopting or amending its general plan or local open-space element in compliance with its obligations to consult with California Native American tribes and to identify and protect, preserve, and mitigate impacts to tribal places, features, and objects;
 - k) Specified information related to density bonus law applications, including the number of units in a student housing development for lower income students for which the developer was granted a student housing density bonus;
 - l) Specified information related to Affordable Housing and High Road Jobs Act of 2022 applications; and
 - m) A list of all historic designations listed on the National Register of Historic Places, the California Register of Historic Resources, or a local register of historic places by the city or county in the past year, and the status of any housing development projects proposed for the new historic designations. (Government Code (GOV) 65400(a)(2)(A)-(N))
- 2) Requires HCD to post APR reports on its website within a reasonable time of receiving the reports. (GOV 65400(c))
- 3) Provides that each community's fair share of housing be determined through the RHNA process. (GOV 65584.04)
- 4) Requires sites identified in a housing element to accommodate a jurisdiction's share of RHNA, if those sites currently have residential units or have had residential units within the past five years that are or were subject to a recorded covenant, ordinance, or law that requires affordable rents or are or were subject to rent control, to be subject to a replacement policy that requires the replacement of all those units affordable to the same or lower income level as a condition of any development on the site, as specified. (GOV 65583.2(g)(3))
- 5) Specifies replacement policies that apply to a density bonus project if that project is proposed on any property on which rental units are located or, if the units have been vacated or demolished in the five-year period preceding the application, have been subject to a recorded covenant, ordinance, or law that requires affordable rents, subject to rent control, or occupied by lower or very low-income households, as provided. (GOV 65915)
- 6) Prohibits a city or county subject to the HCA of 2019 from approving a housing development project that will require the demolition of one or more residential dwelling units unless the project will create at least as many residential dwelling units as will be demolished. Further prohibits an affected city or county from approving a development project that will require the demolition of occupied or vacant protected units, or that is located on a site where protected units were demolished in the previous five years, unless all of the following requirements are satisfied:

- a) The project will replace all existing protected units and protected units demolished on or after January 1, 2020, as provided;
 - b) If the project is a housing development project, it will include at least as many residential dwelling units as the greatest number of residential dwelling units that existed on the project site within the last five years;
 - c) Any existing occupants will be allowed to occupy their units until six months before the start of construction activities, and notice is provided to existing occupants, as specified;
 - d) The developer agrees to provide both relocation benefits and a right of first refusal to the existing occupants of any protected units that are lower income households, as provided. (GOV 66300.6)
- 7) Defines “protected units” for purposes of 6) above as any of the following:
- a) Residential dwelling units that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income within the past five years;
 - b) Residential dwelling units that are or were subject to any form of rent or price control through a public entity’s valid exercise of its police power within the past five years;
 - c) Residential dwelling units that are or were rented by lower or very low income households within the past five years; and
 - d) Residential dwelling units that were withdrawn from rent or lease in accordance with Ellis Act within the past 10 years. (GOV 66300.5(h))
- 8) Establishes a streamlined, ministerial approval process for certain affordable and mixed-income housing developments pursuant to SB 35 (Wiener, Chapter 366, Statutes of 2017) if the developments are located in a jurisdiction where housing production is less than the jurisdiction’s RHNA for lower income households. (GOV 65913.4)

FISCAL EFFECT: Unknown.

COMMENTS:

Author’s Statement: According to the author, “Preserving affordable housing is not just about protecting buildings. It is also about protecting people, families, and communities. While we continue building new housing, we cannot afford to lose the affordable homes we already have. AB 670 ensures that when we invest in keeping housing affordable, we recognize its value in the fight against displacement and homelessness. Building a more affordable California is not just about what we create, it is about what we refuse to lose.”

Annual Progress Reports: Current law requires all local jurisdictions to provide housing information annually to HCD via the APR, including the following information from the current housing element cycle:

- The number of housing development applications received, and whether those applications are subject to ministerial or discretionary approval;
- The number of units included in all development applications;
- The number of units approved and disapproved;
- For each income category, the number of net (inclusive of demolished) new units of housing, including both rental housing and for-sale housing, that have been issued a completed entitlement, a building permit, or a certificate of occupancy;
- A unique site identifier (such as APN) for each entitlement, building permit, or certificate of occupancy; and
- The overall progress in meeting its share of RHNA.

It is important to note that APR submission has become a lengthy and involved process for city and county planning staff to undertake each year, and changing components can also prompt HCD to need to reconfigure its existing APR data collection and visualization tools to account for different categories of information. Adding new components to APRs should be considered carefully in light of the additional workload that will be placed on local planning staff or consultants as well as HCD.

This bill adds more specific reporting requirements for demolitions, and the author and sponsors point out that the current reporting on demolitions lacks specificity and better reporting would provide a clearer picture of how many housing units are lost to demolition each year. This bill also requires reporting of whether development applications trigger replacement housing or relocation assistance obligations, which are not currently required to be reported. The author and sponsors argue this makes it difficult to know whether local governments and developers are complying with various “No Net Loss” provisions of law that require replacement housing and relocation assistance to be provided to displaced residents, and particularly lower income residents, like those in the HCA of 2019, Density Bonus Law, and housing element law.

This bill would also create a pathway for local governments to receive APR and RHNA credit for the conversion and long-term preservation of existing unsubsidized housing, sometimes referred to as naturally occurring affordable housing (NOAH). According to the California Housing Partnership’s *Unsubsidized Affordable Homes At-Risk* report from April 2024, “Since mid-2020, an estimated 163,094 homes located in 6,691 multifamily properties which were formerly identified as unsubsidized affordable housing are no longer affordable to low-income households” (pg. 2). These are apartments where at least half of the units previously had rents affordable to households at 80% of AMI, and rents have since increased beyond that threshold. The report further estimates an additional 222,190 homes are at high or very high risk of losing their affordability, the vast majority of which are located in Southern California and the Bay Area. If more of these units can be acquired and preserved, this offers an ideal opportunity to create new deed-restricted homes immediately, as these buildings already exist. In contrast, lengthy financing and construction timelines often delay new affordable housing construction projects and cause them to take many years to be completed.

This bill attempts to incentivize local governments to support efforts to convert and preserve these NOAH units with long-term affordability protections. In order to be eligible to receive this credit, the units would have to meet the following criteria:

- Be in an existing multifamily building not subject to any affordability covenants or restrictions prior to the conversion;

- Be converted to affordable housing by the imposition of long-term affordability covenants and restrictions enforceable by a public entity that require the units to be available at an affordable rent or cost for at least 55 years;
- Ensure that a household residing in the property at the time of conversion is not evicted on the basis of income or other eligibility requirements under the new deed restrictions;
- Ensure any occupants temporarily displaced by rehabilitation or improvements related to the conversion have been provided temporary replacement housing, as necessary;
- Be converted with committed assistance;
- Be in decent, safe, and sanitary condition after conversion, including any rehab work; and
- Be subject to a governmental monitoring program to ensure the continued affordability and occupancy by lower income households.

If the units meet all of these criteria, the jurisdiction would have the ability to report them in the APR and receive “credit” for up to 25% of their RHNA for LI, VLI, or for the upcoming 7th housing element cycle, ELI or ALI units. This would be a significant incentive for local governments to identify and support preservation opportunities, as progress toward meeting lower income RHNA is the primary factor determining whether or not the streamlined, ministerial approval process for certain affordable projects established by SB 35 (Wiener, Chapter 366, Statutes of 2017) and updated in SB 423 (Wiener, Chapter 778, Statutes of 2023) applies to a jurisdiction.

Arguments in Support: According to Enterprise Community Partners, the Public Interest Law Project, the Association of Bay Area Governments, and the Metropolitan Transportation Commission, the bill’s cosponsors, “AB 670 will allow local governments to also report projects that preserve NOAH for the long term by converting existing unsubsidized affordable housing to deed-restricted affordable housing. Jurisdictions will be able to claim credit for up to 25% of their RHNA share in the relevant income category for these types of conversions. To qualify, the preserved units must meet certain requirements to ensure long-term affordability and no displacement of existing tenants. This would help incentivize local governments to support these types of projects, as well as promote a better understanding of where and how these projects are happening. [...] The bill will [also] require local governments to report all demolished units on their APRs, regardless of the reason for the demolition. The APR will also include reporting on whether development project applications triggered a replacement housing or relocation assistance obligation and, if so, how replacement housing and relocation assistance requirements were met. This will generate valuable data about housing units being lost to new development and will help ensure that local governments and developers are complying with legal requirements to replace lost units as a condition of developing a new project and mitigate the impacts of displacement on individuals and families whose homes are demolished to make way for new development.”

Arguments in Opposition: None on file.

Committee Amendments: Staff recommends the following amendment:

- 1) Delete the requirement in Section 2 of the bill, GOV 65400.3(b)(5) for the preservation units to be converted via “committed assistance,” a process in housing element law that would require significant upfront legal and financial commitments from a local government in order for preserved units to be eligible for this new credit pathway.

GOV 65400.3. (b) (1) For purposes of the housing element portion of the annual report required by paragraph (2) of subdivision (a) of Section 65400, for up to 25 percent of a jurisdiction's regional housing need allocation for low-, very low, extremely low, or acutely low income households, the planning agency may include the number of units in an existing multifamily building that were converted to affordable housing by imposition of long-term affordability covenants and restrictions that require the unit to be available to persons or families of low, very low, extremely low, or acutely low income at an affordable rent or affordable housing cost for at least 55 years.

(2) The report shall clearly indicate that the units described in paragraph (1) were not newly constructed units and shall provide all relevant project- and unit-level information, as described in subparagraph (H) of paragraph (2) of subdivision (a) of Section 65400.

(c) For purposes of this section, a unit may be reported as a converted unit under subdivision (b) only if all of the following apply to the unit:

(1) The unit was not subject to any affordability covenants or restrictions prior to the conversion.

(2) The unit is subject to a long-term recorded regulatory agreement with a public entity that requires the unit to be affordable to, and occupied by, persons of low, very low, extremely low, or acutely low income for a term of at least 55 years.

(3) Notwithstanding the occupancy restrictions required by paragraph (2), the unit is subject to a requirement that a household or member of a household that resides in the property at the time of conversion shall not be evicted, nor shall their tenancy be terminated, on the basis of their income or other eligibility requirements for deed-restricted units in the property.

(4) Any occupants temporarily displaced by rehabilitation or improvements related to the conversion have been provided temporary replacement housing during the period of their temporary displacement.

~~(5) The unit was converted with committed assistance.~~

(6) The unit is in decent, safe, and sanitary condition after conversion, including, but not limited to, any necessary initial rehabilitation.

(7) The unit is subject to a governmental monitoring program to ensure continued affordability and occupancy by qualifying households throughout the term of the affordability restriction.

(d) Units reported under this section shall be separated into the following categories:

(1) Acutely low income units.

(2) Extremely low income units.

(3) Very low income units.

(4) Low-income units.

Related Legislation:

AB 726 (Ávila Farías) of the current legislative session would allow a local government to include in its APR the number of units of existing deed-restricted affordable housing that have been substantially rehabilitated with at least \$60,000 per unit in funds from the local government, as specified. This bill is currently pending a hearing in this committee.

AB 1131 (Ta) of the current legislative session would allow a local government to include in its APR the number of units approved for congregate housing for the elderly that is at or below 100% of AMI. This bill is currently pending a hearing in this committee.

AB 3093 (Ward), Chapter 282, Statutes of 2024: Added ELI (15-30% of AMI) and ALI (0-15% of AMI) to the distribution of income categories for purposes of RHNA and housing elements.

SB 721 (Becker) of 2024 would have added to the list of information local governments must provide in their APR the number of new and demolished suite-style student housing quarters by income category thus far in the housing element cycle, as determined by the Department of Housing and Community Development (HCD). That bill was held in the Assembly Appropriations Committee.

SB 330 (Skinner), Chapter 654, Statutes of 2019: Enacted the HCA of 2019, which restricted certain actions by local governments that would reduce the production of housing and imposed “No Net Loss,” relocation assistance, and right of first refusal requirements on projects demolishing housing.

Double Referred: This bill was also referred to the Assembly Committee on Local Government where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:**Support**

Enterprise Community Partners (sponsor)
 Public Interest Law Project (sponsor)
 Association of Bay Area Governments (sponsor)
 Metropolitan Transportation Commission (sponsor)
 Bay Area Community Land Trust
 Beverly-Vermont Community Land Trust
 California Community Land Trust Network
 California Housing Partnership
 California Rural Legal Assistance Foundation
 CARE Community Land Trust
 Chinatown Community Development Center
 EPACANDO - East Palo Alto Community Alliance and Neighborhood Development Organization
 El Sereno Community Land Trust
 Hope Housing Community Land Trust
 Housing California
 Inland Equity Community Land Trust
 LISC Bay Area
 Mt Tam Community Land Trust

Oakland Community Land Trust
Public Counsel
Sacramento Housing Alliance
San Francisco Community Land Trust
San Gabriel Valley Community Land Trust
SV@Home
T.R.U.S.T. South LA (Tenemos Que Reclamar Y Unidos Salvar LA Tierra)
Two Valleys Community Land Trust
United Way of Greater Los Angeles
Urban Habitat

Opposition

None on file.

Analysis Prepared by: Nicole Restmeyer / H. & C.D. / (916) 319-2085