

Date of Hearing: April 5, 2017

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 352 (Santiago) – As Amended March 27, 2017

SUBJECT: State Housing Law: efficiency units

SUMMARY: Prohibits a city, county, or city and county that adopts an ordinance permitting efficiency units from placing specified limitations on the units. Specifically, **this bill:**

- 1) Prohibits a city, county, or city and county from requiring a higher square footage for efficiency units than is required by the International Building Code.
- 2) Prohibits a city, county, or city and county from limiting the number of efficiency units within one-half mile of public transit or where there is a car sharing vehicle within one block of the unit.
- 3) Prohibits a city, county, or city and county from limiting the number of efficiency units within one mile of a University of California or California State University campus.

EXISTING LAW:

- 1) Allows a city, county, or city and county to permit, by ordinance, efficiency units to be occupied by no more than two persons with a minimum floor area of 150 square feet and that may also have a partial kitchen or bathroom facilities. (Health and Safety Code 17958.1)
- 2) Defines "efficiency unit" to have the same meaning as in the International Building Code of the International Code Council. (Health and Safety Code 17958.1)
- 3) International Building Code defines an efficiency unit as follows:
 - a) The unit shall have a living room of not less than 220 square feet of floor area;
 - b) An additional 100 square feet of floor area shall be provided for each occupant of such unit in excess of two;
 - c) The unit shall be provided with a separate closet; and
 - d) The unit shall be provided with a kitchen sink, cooking appliance and refrigeration facilities, each having a clear working space of not less than 30 inches in front.
 - e) The unit shall be provided with a separate bathroom containing a water closet, lavatory and bathtub or shower. (International Building Code Section 1208.4).

FISCAL EFFECT: None.

COMMENTS:

Background:

According to the Department of Housing and Community Development's, Draft Statewide Housing Assessment: California's Housing Future: Challenges and Opportunities, housing production averaged less than 80,000 new homes annually over the last 10 years and ongoing production continues to fall far below the projected need of 180,000 additional homes annually. Among the challenges identified in the draft assessment is the lack of supply in relationship to demand. Barriers to supply of housing include a lack of certainty at the local level on the development and approval process, dependence on sales tax generating development (commercial versus residential), community opposition, and market conditions including the cost of land and construction.

AB 352 responds to local constraints placed on the production of efficiency or micro units as a means of increasing the supply of housing. According to a 2014 evaluation of micro units by the Urban Land Institute Multifamily Housing Council, micro units lease at approximately 20% to 30% lower monthly rent than conventional units and are being considered or offered in particularly high-density, expensive metropolitan markets such as Boston, New York, San Francisco, Seattle, and Washington, D.C. The size of the units range, in New York units are 300 square feet, in Dallas 400 square feet and in San Francisco 200 square feet. Efficiency units are may be mixed into residential developments with conventionally sized market units.

Efficiency Units:

State law allows local governments to adopt ordinances permitting efficiency units that are a minimum of 150 square feet, occupied by no more than two persons, with a kitchen or bathroom facilities. The International Building Code defines an efficiency unit as having a living room that is no less than 220 square feet. California and other states use the International Building Code, published by the International Code Council, to set the state's building standards.

This bill would prohibit a local government from requiring efficiency units to be larger than what is required in the International Building Code, currently 220 square feet. In addition, the bill would prohibit local governments from placing limitations on the number of efficiency units within one-half mile of public transit, or where there is access to a ride sharing car within one block, or within one mile of a University of California or California State University campus. The sponsor offered examples of several local ordinances that set a higher square footage for efficiency units and in some cases limit the total number of efficiency units either by percentage of the building or by placing a cap on the total number of efficiency units in a jurisdiction. This bill would preempt those ordinances. A developer seeking approval for efficiency units would have to go through the building approval process including an environmental review or any conditional use permit required for the building.

Purpose of the bill: According to the author, "It isn't old news that California has a housing issue, and some of the problem can be attributed to a shortage of housing. For example, in many cities vacancy rates have dropped dramatically due to the lack of new construction, making it difficult for individuals, students, seniors, and families to find a place to live close to their schools or jobs. In fact, according to CoStar Property Data Systems, the average vacancy rate statewide is 3.8%; a normal vacancy rate is considered to be 5-6%. This bill is needed in order to support the creation of new housing at the local level, in particular efficiency units which ought to be a part of how California envisions its housing future. Efficiency units are not only

affordable by design because of their compact size, but they also reduce sprawl and can be built easily near public transportation and urban centers.

Committee amendment:

On page 2, line 21, delete "accessory dwelling unit" and replace it with "efficiency unit"

Double referral: If AB 352 passes out of this committee, the bill will be referred to the Committee on Local Government.

REGISTERED SUPPORT / OPPOSITION:

Support

California Apartment Association (sponsor)
California Association of Realtors
California State Association of Electrical Workers
California State Pipe Trades Council
Western State Council of Sheet Metal Workers

Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / 916-319-2085