

Date of Hearing: July 12, 2017

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

SB 62 (Jackson) – As Amended May 26, 2017

SENATE VOTE: 39-0

SUBJECT: Affordable Senior Housing Act of 2017

SUMMARY: Creates the Affordable Senior Housing Program within the Governor's Office of Business and Economic Development (GO-Biz). Specifically, **this bill:**

- 1) Defines "affordable senior housing" to mean housing for seniors of low or moderate income.
- 2) Establishes the Affordable Housing Senior Program within GO-Biz, under the authority of the GO-Biz Director (director). The purpose of the program is to guide and serve as a catalyst for the development of senior housing within the state.
- 3) Requires the director to do the following:
 - a) Establish and implement a process for identifying and convening public and private stakeholders, including state housing agencies, local governments, nongovernmental organizations, businesses, and consultants, who are interested in developing and financing affordable senior housing in California. The director shall take a leadership role in guiding the development of affordable senior housing from conception to final completion.
 - b) Assist program participants in identifying suitable locations and potential sources of public and private funding, including loans, grants, and other forms of financing, for the development of housing for low income seniors.
 - c) Assist program participants in obtaining state and local permits, provide guidance on regulatory compliance, and provide information on tax credits and other incentives.
 - d) Work cooperatively with local, state, regional, federal, and other state entities toward attracting, retaining, and helping public and private sector stakeholders develop affordable senior housing units.
 - e) Prioritize projects that meet one or more of the following:
 - i. Provide access to affordable housing and care in a vibrant neighborhood setting.
 - ii. Provide access to a continuum of services that meets the needs of seniors.
 - iii. Provide stimulating, positive, and multigenerational relationships.
 - iv. Provide opportunities for seniors to actively engage and contribute to the community.
 - v. Provide housing opportunities that allow seniors to age in place without having to move from their dwelling unit.

- 4) Requires the director to annually report to the legislature as to the number and location of affordable senior housing dwelling units developed through the program, the categories of stakeholders who participate in the program, and the types of burdens and successes encountered, if any, in developing affordable senior housing projects through the program.
- 5) Requires GO-Biz to provide an annual report.

EXISTING LAW:

- 1) Establishes a number of programs at the Department of Housing and Community Development (HCD) to make housing more affordable to California families and individuals, including the following main programs:
 - a) Multifamily Housing Program, which funds the new construction, rehabilitation, and preservation of permanent and transitional rental homes for lower income households through loans to local governments, non-profit developers, and for-profit developers.
 - b) Joe Serna, Jr., Farmworker Housing Program, which funds the development of ownership or rental homes for agricultural workers through grants to local governments and non-profit organizations.
 - c) CalHome Program, which funds downpayment assistance, home rehabilitation, counseling, self-help mortgage assistance programs, and technical assistance for self-help and shared housing through grants and loans.
- 2) Establishes a federal and state low-income housing tax credit program (LIHTC), which provides an indirect subsidy to incentivize the private development of affordable rental housing for low-income households.
- 3) Establishes the Homeless Coordinating and Financing Council (Council) to oversee implementation of the Housing First regulations and, among other things, identify resources, benefits, and services that can be accessed to prevent and end homelessness in California.
- 4) Establishes GO-Biz as the lead agency for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth and authorizes it to undertake various actions in this capacity.
- 5) Defines “low-income” as persons and families whose income does not exceed 80% AMI.

FISCAL EFFECT: Unknown.

COMMENTS:

Purpose of the bill: According to the author, “to foster the development of more affordable, inclusive senior housing facilities, this bill creates the Affordable Senior Housing Program under GO-Biz to guide the development of affordable senior housing dwelling units from initial conception to final completion. The program will assist participants in identifying locations and

sources of public and private funding; obtaining permits and providing guidance on regulatory compliance; and working cooperatively with local, state and federal agencies toward attracting and retaining affordable senior housing. Projects that are sited in a neighborhood setting, provide access to a continuum of care, foster multigenerational relationships or allow seniors to engage in their community are given priority. GO-Biz will be taking a leadership role in bringing together the public and private sector stakeholders to the affordable senior housing development and implementation process.”

Interagency Council on Homelessness: Last year, the legislature passed and the Governor signed SB 1380 (Mitchell, Chapter 847, Statutes of 2016), which established the Homeless Coordinating and Financing Council that coordinates several state agencies and stakeholders to identify resources, benefits, and services that can be accessed to prevent and end homelessness in California. Among other things, the Council is required to:

Create partnerships among state and federal agencies and departments, local government agencies, and nonprofit entities working to end homelessness, homeless services providers, and the private sector, for the purpose of arriving at specific strategies to end homelessness. Coordinate existing funding and applications for competitive funding. Any action taken pursuant to this paragraph shall not restructure or change any existing allocations or allocation formulas.

Make policy and procedural recommendations to legislators and other governmental entities. Serve as a statewide facilitator, coordinator, and policy development resource on ending homelessness in California.

This bill would require GO-Biz to serve as a catalyst for the development of affordable senior housing in California by convening public and private stakeholders interested in developing and financing affordable senior housing dwelling units with the state. The director must also submit an annual report to the Legislature regarding the number and location of affordable senior housing dwelling units developed through the program.

Special populations: According to the author, California baby boomers are turning 65 at the highest rate in the nation, and more than 20% of California’s population will be 65 years of age or older by 2030. Among those aged 65 or older, an estimated 70% will use long-term services and support (LTSS). Persons 85 years old or older are the fastest growing segment of the United States’ population, and they are four times more likely to need LTSS than those who are between the ages of 65 and 85. The need for affordable, comprehensive senior housing will only increase, and California needs to bring together public and private stakeholders in the affordable senior housing process to find opportunities for development.

It is no secret that California currently faces an affordable housing crisis. California is home to 21 of the 30 most expensive rental housing markets in the country, which has had a disproportionate impact on the middle class and the working poor. A person earning minimum wage must work three jobs on average to pay the rent for a two-bedroom unit. Housing units affordable to low-income earners, if available, are often in serious states of disrepair. According to HCD, California faces a 3.5 million unit shortfall for the lowest-income earners.

California has also seen a significant reduction in state funding in recent years. The funds from Proposition 46 in 2002 and Proposition 1C in 2006 – totaling nearly \$5 billion for a variety of affordable housing programs -- have been expended. Combined with the loss of redevelopment

funds, \$1.5 billion of annual state investment dedicated to housing has been lost, leaving several critical housing programs unfunded. Furthermore, California should expect significant funding cuts and even the elimination of some housing programs funded by the federal government.

While seniors are adversely affected by the high cost of housing in California, so are many other populations. Are seniors more deserving of housing than children aging out of the foster care system, homeless LGBTQ individuals, single-mothers with children working multiple jobs, veterans, or domestic violence survivors? The committee may wish to consider whether this program should focus more broadly on finding investments to fund housing affordable to all vulnerable, lower-income populations, rather than single-out individual groups to the detriment of others.

Committee amendments:

The committee may wish to consider the following amendments:

- 1) Require a study to be undertaken to assess the opportunities and impediments to the development of mixed-use campus-style developments that support middle- and low-income seniors' ability to age in place. This study will be completed prior to the implementation of the Program.
- 2) Transfer the responsibility for undertaking the study and implementing the Program from Go-Biz to HCD.

REGISTERED SUPPORT / OPPOSITION:

Support

AARP
Agency on Aging / Area 4
California Apartment Association
California Commission on Aging
California State Retirees
Disability Rights California
LeadingAge California
National Association of Social Workers, California Chapter

Opposition

None on file

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