

Date of Hearing: April 13, 2016

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 2442 (Holden) – As Amended March 17, 2016

SUBJECT: Density bonuses

SUMMARY: Requires a city, county, or city and county to grant one density bonus and concessions and incentives to an applicant for housing development that includes 10% of the total units of a housing development for transitional age, foster youth, disabled veterans, or homeless persons.

EXISTING LAW:

- 1) Defines a “foster youth” to mean a person who is currently in foster care, and “former foster youth” means a person who is an emancipated foster youth and who is up to 24 years of age.
- 2) Defines "disabled veteran" to mean any veteran who is currently declared by the United States Veterans Administration to be 10 percent or more disabled as a result of service in the armed forces. Proof of such disability shall be deemed conclusive if it is of record in the United States Veterans Administration.
- 3) Requires all cities and counties to adopt an ordinance that specifies how they will implement state density bonus law.
- 4) Requires cities and counties to grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least any one of the following:
 - a) Ten percent of the total units for lower income households;
 - b) Five percent of the total units of a housing for very low income households;
 - c) A senior citizen housing development or mobilehome park; and,
 - d) Ten percent of the units in a common-interest development (CID) for moderate-income households.
- 5) Requires the city or county to allow an increase in density of 20% over the otherwise maximum allowable residential density under the applicable zoning ordinance and land use element of the general plan for low-income, very low-income, or senior housing, and by five percent for moderate-income housing in a CID.

FISCAL EFFECT: Unknown

COMMENTS:

Density bonus law was originally enacted in 1979, but has been changed numerous times since. The Legislature enacted the density bonus law to help address the affordable housing shortage and to encourage development of more low and moderate income housing units. Density bonus is a tool to encourage the production of affordable housing used by both market rate and affordable housing developers. In return for inclusion of affordable units in a development, developers are given an increase in density over a city's zoned density and concessions and incentives. The increase in density and concessions and incentives are intended to financial support the inclusion of the affordable units.

All local governments are required to adopt an ordinance that provides concessions and incentives to developers that seek a density bonus on top of the city's zoned density in exchange for including extremely low-, very low-, low-, and moderate-income housing. Failure to adopt an ordinance does not relieve a local government from complying with state density bonus law. Local governments must grant a density bonus when an applicant for a housing development of five or more units seeks and agrees to construct a project that will contain at least any one of the following:

- Ten percent of the total units for lower income households;
- Five percent of the total units of a housing for very low income households;
- A senior citizen housing development or mobilehome park; and,
- Ten percent of the units in a common-interest development (CID) for moderate-income households.

A developer can submit a request to a local government as part of their density bonus application for incentives and concessions. Developers can receive the following number of incentives or concessions:

- One incentive or concession for projects that include at least 10% of the total units for lower income households, at least 5% for very low income households, or at least 10% for moderate income households in a common interest development
- Two incentives or concessions for projects with at least 20% lower income households, at least 10% for very low income households, or at least 20% for moderate income households in common interest developments.
- Three incentives or concessions for projects with at least 30% lower income households, at least 15% for very low income households, or at least 30% for moderate income households in common interest developments.

Typically, housing developments that serve special needs populations are financed using public funding to reduce the debt service on the projects. It's unclear whether or not market rate developers would opt to dedicate at least 10% of the units in development to a transition age foster youth, disabled veterans, and homeless person in return for increased density and concessions and incentives. In addition, these populations would be captured under the existing percentages for very low- and low-income households.

Staff comments:

A developer can receive a density bonus and concessions and incentives under this bill if they agree that 10% of the units in the housing development are reserved for special needs populations. The bill does not specify the income level of the individual, the amount of density a developer would receive for inclusion of the units, or provide for the continuous use of the units.

Committee amendments:

- 1) Require the units to be subject to a recorded affordability restriction of 55 years.
- 2) Make the density bonus that a developer receives the same as the amount allowed for senior housing units.
- 3) Require the units to be provided at a same affordability level as very low- income units.

Technical amendment:

On page 3, line 10 delete "or" and after "(D)" add in,"(E)"

Double referred: If AB 2442 passes this committee, the bill will be referred to the Committee on Local Government

REGISTERED SUPPORT / OPPOSITION:

Support

Bonita Unified School District
David & Margaret Youth and Family Services
Hillsides
Michael D. Antonovich, Supervisor, County of Los Angeles

Opposition

None on file

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