



SB 341 – Removing Barriers to Affordable Housing

SUMMARY

SB 341 prevents private affordable housing developers, when applying for highly competitive award incentive programs, from being unfairly penalized for the actions or inactions of the city or county in which the development is located.

BACKGROUND

AB 101 (Budget Committee) of 2019 created incentives within specified affordable housing and infrastructure programs for jurisdictions that are compliant with state housing element law and have enacted “prohousing” local policies. The Department of Housing and Community Development (HCD) has since adopted [regulations](#) to implement the Prohousing Designation Program. To receive a designation, a city or county first must meet the following threshold requirements:

- Have an HCD-certified housing element.
- Submitted a legally sufficient housing element Annual Progress Report.
- Completed or agreed to timely complete any rezoning program required by housing element law.
- Comply with other applicable state housing laws.

A city or county then must also demonstrate that it has enacted or proposed at least one policy that significantly contributes to the acceleration of housing production in each of the following four categories and achieve a minimum of 30 points from a menu of alternatives spread across the four categories:

- Favorable zoning and land use
- Acceleration of housing production timeframes
- Reduction of construction and development costs
- Providing financial subsidies

Current law awards bonus points within specified state programs for cities and counties

that have achieved a prohousing designation. The law explicitly covers the Affordable Housing and Sustainable Communities Program, the Transformative Climate Communities Program, and the Infill Infrastructure Grant Program. Other state agencies may similarly award bonus points if they do not conflict with other laws.

The Affordable Housing and Sustainable Communities Program also sets housing element compliance as a threshold criterion, meaning that affordable housing proposed by a private developer in a non-compliant city or county is ineligible to apply.

PROBLEM

Incentivizing local governments to implement policies that facilitate an overall increase in housing production is a laudable goal. However, requiring highly competitive programs to award more points to applications from pro-housing jurisdictions has the unintended consequence of penalizing developers who have taken on the arduous task of building much-needed affordable housing in less housing-friendly areas. This unintended penalty is especially undesirable because private developers who have no control over local housing compliance are the applicants, not the cities and counties. Making private developments ineligible in jurisdictions that do not have a compliant housing element has a similar effect. Applying pro-housing incentives and housing element compliance requirements in this manner effectively rewards anti-housing attitudes by decreasing the likelihood that affordable housing development will be funded in cities and counties dominated by these sentiments.

SOLUTION

SB 341 strikes the right balance of incentivizing local governments to adopt prohousing policies while not penalizing developers who bring affordable housing to, and the low-income families who need affordable housing in, less

housing-friendly jurisdictions. The bill applies prohousing incentives and housing element compliance thresholds only to state programs in which cities and counties, as opposed to private affordable housing developers, are the primary applicants.

If the goal is to incentivize housing production in communities that have been reluctant to approve zoning and entitlements for new housing, pro-housing incentives should be applied only to funds aggressively sought by local governments - such as transportation, park, and general funds. Removing the link between pro-housing incentives and programs providing affordable housing funding directly to developers will help to ensure that affordable housing developments in all communities are on a level playing field.

SUPPORT

California Housing Partnership (Sponsor)

FOR MORE INFORMATION

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