



Legislative Update

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State Update

2021 Chaptered Legislation



Land Use and Planning

- **SB 9 (Skinner) Prohibits Single Family Zoning**
Allows duplexes/split parcels in single family zoned lots across California.
- **SB 10 (Wiener) Housing development density**
Fast-tracks the residential rezoning process for areas with buildings up to 10 units.
- **SB 478 (Wiener) Floor Area Ratio (FAR) ban**
Eliminates FAR requirements for small buildings.



Land Use and Planning

- **AB 803 (Boerner Horvath) Starter Home Revitalization Act**
Allows denser single-family housing in certain parcels.
- **AB 721 (Bloom) Restrictive covenants**
Removes covenants that prevent affordable development.
- **AB 215 (Chiu) Housing goal enforcement**
Strengthens HCD and AG's reinforcement powers against jurisdictions not meeting their housing goals.



Land Use and Planning

- **AB 787 (Gabriel) Moderate Income RHNA**
Allows deed restricted moderate and above moderate income units to count towards RHNA if they are 10% below market.
- **AB 571 (Mayes) Density bonuses and impact fees**
Prohibits charging affordable housing impact fees on affordable projects with a density bonus.
- **AB 68 (Quirk- Silva) HCD State Housing Plan**
Revises and modernizes HCD's Statewide Housing Plan.
- **SB 8 (Skinner) Housing Crisis Act of 2019 extension**
Extends the provisions until 2030 and makes various changes to streamline the creation of more housing.



Surplus Land

- **SB 791 (Cortese) Surplus Land Unit**
Creates the Surplus Land Unit within HCD and makes a number of changes to local surplus land disposition.



Housing Finance

- **AB 447 (Grayson) TCAC preservation definition change**
Changes include allowing some adaptive reuse.
- **AB 1297 (Holden) IBank housing projects**
Allows IBank to finance housing as part of mixed-use projects, as long as volume cap is not used.
- **AB 680 (Burke) AHSC Prevailing Wage**
Exempts 100% affordable projects from new prevailing wage requirements in AHSC program.



Homeownership

- **AB 948 (Holden) Preventing discrimination in housing appraisals**
Creates safeguards against discrimination during the appraisal process.
- **AB 1095 (Cooley) Homeownership in AHSC**
Requires the Strategic Growth Council (SGC) to include affordable homeownership in the AHSC program.
- **SB 263 (Rubio) Implicit bias training for real estate licensees**
Requires training as part of DRE's real estate practice course.



Accessory Dwelling Units

- **AB 345 (Quirk-Silva) ADU separate conveyance**
Allows ADUs to be sold separately under certain conditions.



Federal Update

FY2022 Build Back Better Reconciliation Legislation

Status

- Infrastructure Bill- H.R. 3684
 - Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Framework
 - \$550 billion in new spending.
 - No Housing
- Reconciliation Bill- H.R. 5376
 - Build Back Better Act; FY2022 Reconciliation Bill
 - Original proposal was \$3.5 trillion
 - Current negotiations peg this bill at \$2 trillion- a 40% cut.
 - *Across the board cuts by 40%? Shorter durations? or would there be winners and losers with some things being completely cut?*

Ways & Means Provisions

Lowering of the 50% Test

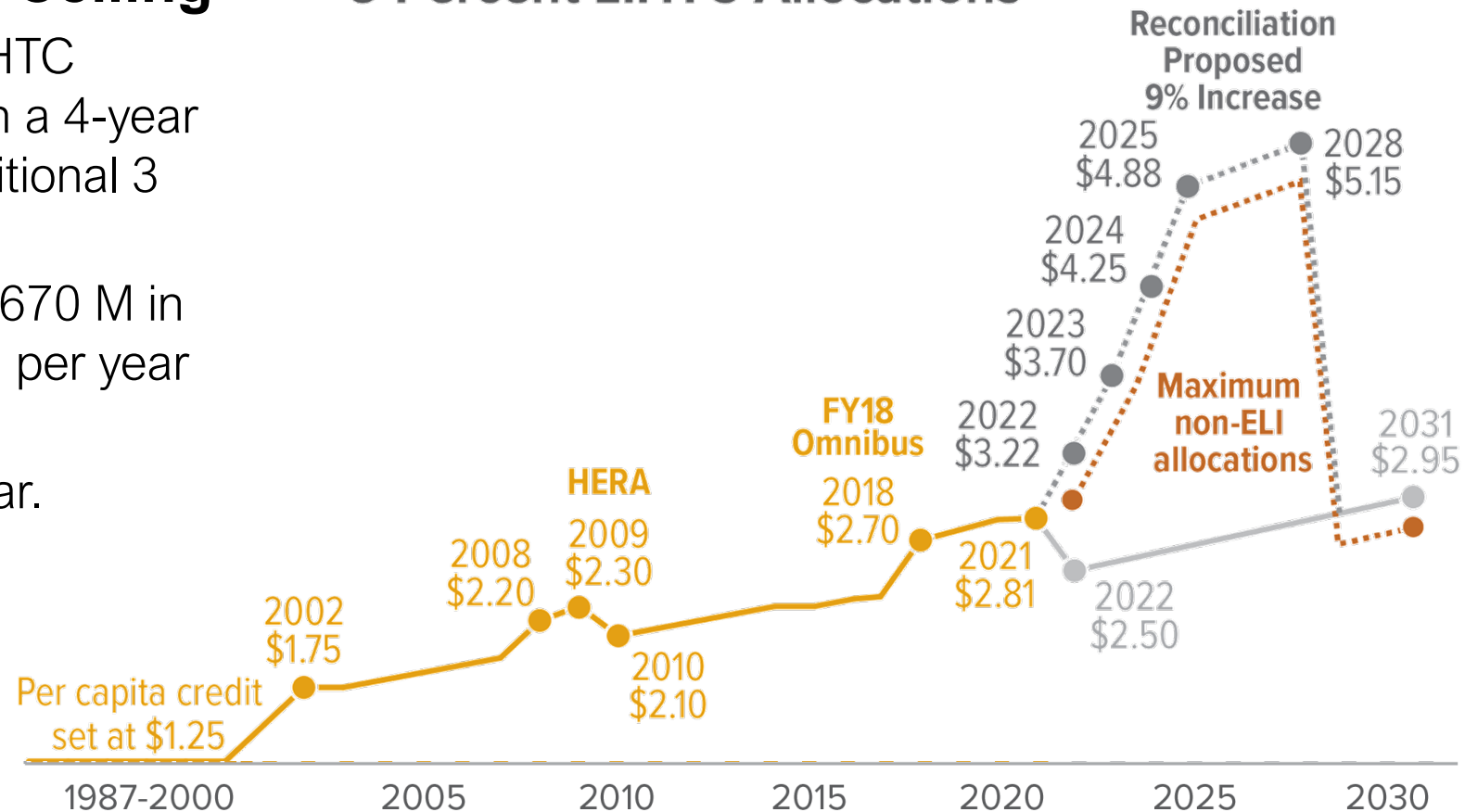
- Reduces the threshold of PABs needed to generate tax credits from 50% of a project's cost to 25%.
- Temporary: from 2022 to 2028.
- Would double production of CDLAC program in California: an additional 17,000 units per year; 119,000 units over 10 years
- Gap in tax-exempt debt can be filled with Recycled Bonds.

Ways & Means Provisions

Increasing 9% Tax Credit Ceiling

- Increasing the annual 9% LIHTC allocation by 60 percent, with a 4-year phase-in, followed by an additional 3 years of inflation adjustment
- Approximately in additional \$670 M in additional equity to California per year when fully phased in.
- 2,400 additional units per year.

9 Percent LIHTC Allocations



Ways & Means Provisions

New Basis Boosts

- **New ELI Basis Boost**
 - Provides a 50 percent basis boost and 10 percent set-aside for developments serving Extremely Low-Income (ELI) households for 10 years (2022 to 2031)
- **State-Determined Boosts**
 - Allows States to provide:
 - A 30 percent basis boost for properties financed with 4 percent Housing Credits and Multifamily Housing Bonds if needed for financial feasibility for 7 years (2022 to 2028)
 - A 30 percent basis boost for developments in rural communities and Indian areas if needed for financial feasibility. This boost is permanent.

Ways & Means Provisions

Climate provisions

- Allow section 48 renewable energy investment tax credit (ITC) not to reduce LIHTC basis, which would facilitate the financing of solar panels on LIHTC properties.
- Provide an additional 20% credit for the solar ITC if the solar facility is placed in service in connection with a qualifying low-income residential building, or an additional 10% credit if the facility is located in a low-income community.. T

Ways & Means Provisions

Other housing-related tax credits.

- **Neighborhood Homes Tax Credit**
 - New credit to incentivize the rehabilitation of deteriorated homes in distressed communities
 - Provided to states on a per-capita basis. States award competitively.
 - Used to cover the gap between development costs and sales prices, up to 35 percent of eligible development costs..
- **New Markets Tax Credit**
 - Permanently extended
 - Additional Allocation: An additional \$2 billion is provided for the 2022 allocation round, and an additional \$1 billion is provided for the 2023 allocation round. The allocation is set at \$5 billion beginning in 2024 with inflation adjustments.
- **Modifying the Historic Tax Credit (HTC)**
 - Makes the HTC easier to use with the Housing Credit.
 - Temporarily increases HTC credit percentage from 20 to 30 percent, and permanently for small projects, modifies various definitions.

Financial Services Provisions

\$330 billion portion of the \$3.5 trillion reconciliation legislation, mostly administered by the U.S. Department of Housing and Urban Development (HUD).

- Highlights:
 - \$80 billion to preserve public housing,
 - \$75 billion for Housing Choice Vouchers, with \$24 billion targeted to homelessness
 - \$15 billion for Project-Based Rental Assistance;
 - \$35 billion for HOME
 - \$37 billion for the Housing Trust Fund
 - \$10 billion for a new CDFI-administered Housing Investment Fund structured similarly to the Capital Magnet Fund,
 - \$10 billion for a new first-generation down payment assistance program.
 - \$9.5 billion for Community Development Block Grants (CDBGs)

Financial Services Provisions

First Generation Down Payment Fund

- \$10 billion
 - \$6.825 billion going to states and \$2.275 billion awarded competitively to Community Development Financial Institutions (CDFIs) and other entities.
- Used to help first-generation home buyers, defined as “those who attest that neither they nor their parents have previously owned a home.”
- Eligible expenses: down payment assistance, closing cost assistance, interest rate reductions, accessibility improvements.
- Maximum assistance is 10% of the purchase price or \$20,000, whichever is greater.
 - HUD can increase this maximum for economically disadvantaged home buyers.
- Grant, repayable if property ceases to be primary residence in the first 5 years.

Financial Services Provisions

Other Provisions

- \$10 billion for lead paint removal;
- \$5.1 billion for USDA rural housing programs,
- \$4.5 billion for a new Unlocking Possibilities zoning and land use reform program to promote affordable housing and coordination with transportation investments,
- \$4 billion to address health and safety concerns in HUD multifamily housing,
- \$2.75 billion for an initiative similar to the Choice Neighborhoods program;
- \$2.536 billion for Section 202 Supportive Housing for the Elderly;
- \$898 million for housing for persons with disabilities;
- \$480 million to subsidize 20-year mortgages for Federal Housing Administration borrowers;
- Forgiving the National Flood Insurance Program's (NFIP) outstanding debt and appropriating \$3 billion for NFIP mapping and risk analysis and \$1 billion for a program subsidizing affordable NFIP premiums for low-income households.

Questions



California Housing Finance Agency
