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SB-555 Stable Affordable Housing Act of 2023. (2023-2024)

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Senate Bill No. 555

CHAPTER 402

An act to add Chapter 5.6 (commencing with Section 50610) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

[Approved by Governor October 07, 2023. Filed with Secretary of State October 07, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

SB 555, Wahab. Stable Affordable Housing Act of 2023.

Existing law establishes the Department of Housing and Community Development and sets forth its powers and duties. Existing law establishes various programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, homeownership for very low and low-income households, and downpayment assistance for first-time homebuyers. Existing law requires the department to, on or before December 31 of each year, submit an annual report to the Governor and both houses of the Legislature on the operations and accomplishments during the previous fiscal year of the housing programs administered by the department, as prescribed.

This bill, the Stable Affordable Housing Act of 2023, would require the department, no later than December 31, 2026, to complete a California Social Housing Study consisting of a comprehensive analysis of the opportunities, resources, obstacles, and recommendations for the creation of housing that is affordable, as defined, and social housing, as defined, at scale, to assist in meeting the need identified in the statewide projections for below market rate housing affordable to households with extremely low, very low, low, and moderate incomes in the 6th Regional Housing Needs Assessment cycle. The bill would require the study to include, among other things, an analysis of the funding, public lands, and other resources and opportunities that are, or can be made, available to achieve certain goals of the state related to housing supply. The bill would require the department to include the study in the annual report to the Governor and the Legislature described above.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 5.6 (commencing with Section 50610) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 5.6. Stable Affordable Housing Act of 2023

50610. This chapter shall be known, and may be cited, as the Stable Affordable Housing Act of 2023.

50611. (a) The Legislature finds and declares all of the following:

(1) The private housing market has failed to meet the needs of the vast majority of California residents, who are unable to afford market rents. Increasingly, housing speculation and financialization in the rental market is driving rents higher, even as new market-rate housing is produced. Today, more than one-quarter of California renters are severely rent burdened, meaning they spend over one-half of their income on rent alone, and the unaffordability of rents is a major driver of homelessness.

(2) It is the goal of the state, as reflected in its Regional Housing Need Determination for the sixth Regional Housing Needs Assessment (RHNA) cycle, to create 2,500,000 new housing units, of which at least 1,000,000 must be affordable to households with low, very low, and extremely low incomes and of which an additional 400,000 must be affordable to households of moderate incomes. Together, housing affordable to lower and moderate households accounts for 58 percent of the overall projected housing need.

(3) Affordable housing produced through the federal Low-Income Housing Tax Credit program is an essential part of California's housing stock, but is not sufficient to meet the need for housing affordable to those who cannot afford market rents. Moreover, the expiration of affordability covenants each year threatens to revert affordable units to market rents.

(4) The solution to the intertwined crises of rental unaffordability and homelessness must include a robust sector of social housing that offers below-market rents affordable to households of all income levels who are unable to afford market rents and that is permanently shielded from the speculative market. This work can be accomplished only through a robust partnership between the state and the federal government, including a significant infusion of federal funding resources and policy reforms at both the state and federal levels.

(5) California has a growing social housing sector, comprised of housing acquired, produced, and managed by public entities, public housing authorities, community land trusts, community development corporations, and nonprofit affordable housing developers. This bill will set California on a course to scale up its nascent social housing sector to meet the scale of the need, now and for future generations.

(b) It is the intent of the Legislature in enacting this chapter to define social housing, to identify tools to help achieve the state's goals for lower and moderate-income housing by creating social housing through both new production and preservation of existing units and to evaluate potential future legislation based on a comprehensive study of resources, constraints, and opportunities for creating below market rate housing that includes both affordable and social housing options.

50612. For purposes of this chapter:

(a) "Afford" and "affordable" mean that a household pays no more than 30 percent of its household income on rent.

(b) "Affordable rent" has the same meaning as defined in Section 50675.2.

(c) "Department" means the Department of Housing and Community Development.

(d) "Extremely low income" has the same meaning as the term "extremely low income households" is defined in Section 50106.

(e) "Limited-equity housing cooperative" has the same meaning as the term is defined in Section 817 of the Civil Code.

(f) "Low-income" has the same meaning as the term "lower income households" is defined in Section 50079.5.

(g) "Mission-driven nonprofit entity" includes both of the following:

(1) "Eligible nonprofit corporation" as defined in subparagraph (D) of paragraph (3) of subdivision (a) of Section 2924m of the Civil Code.

(2) "Community land trust" as defined in Section 402.1 of the Revenue and Taxation Code.

(h) "Moderate income" has the same meaning as the term "persons and families of moderate income" is defined in Section 50093.

(i) "Public agency" means the state, any county, city, city and county, district, redevelopment agency, housing authority, or any other political subdivision of the state.

(j) "Social housing" means housing that meets all of the following requirements:

(1) The housing units are owned and managed by a public agency, a local authority, a limited-equity housing cooperative, or a mission-driven nonprofit entity solely for the benefit of residents and households unable to afford market rent.

(2) Each social housing development contains housing units that accommodate a mix of household income ranges, including extremely low, very low, low-, and moderate-income households unable to afford market rent.

(3) Residents of the housing units enjoy full protection against termination without just cause or for any discriminatory, retaliatory, or other arbitrary reason, and shall be afforded due process prior to being subject to eviction procedures.

(4) The housing units are protected for the duration of their useful life, and the land associated with the housing units is protected permanently, from being sold or transferred to any private person or for-profit entity or a public-private partnership.

(5) Residents have the right to participate directly and meaningfully in decisionmaking affecting the operation and management of the housing units in which they reside.

(k) "Social housing development" includes both newly constructed units of social housing and market units or other housing units preserved or rehabilitated as social housing.

(l) "Study" means the California Social Housing Study required by Section 50613.

(m) "Very low income" has the same meaning as the term "very low income households" is defined in Section 50105.

50613. (a) No later than December 31, 2026, the department shall complete a California Social Housing Study. The study shall consist of a comprehensive analysis of the opportunities, resources, obstacles, and recommendations for the creation of affordable and social housing at scale, to assist in meeting the need identified in the statewide projections for below market rate housing affordable to households with extremely low, very low, low, and moderate incomes in the sixth Regional Housing Needs Assessment cycle. The department shall enlist in the development of the study broad participation of residents unable to afford market rents and public agencies and mission-driven nonprofit entities. The study shall include both of the following:

(1) An analysis of all of the following:

(A) Funding, public lands, and other resources and opportunities that are, or can be made, available to achieve the goals.

(B) The capacity and capacity building needs of public agencies and mission-driven nonprofit entities to achieve the goals.

(C) Constraints and obstacles to achieving the goals, including capital financing and long-term operations and maintenance needs.

(D) The range of models for creating social housing that are currently in practice, or that public agencies or mission-driven nonprofit entities plan to implement both inside and outside California, including the opportunities, needs, and potential for creating social housing at various income levels specific to each model.

(E) Tenant protections consistent with each model analyzed pursuant to subparagraph (D) that provide long-term stability, including the most protective provisions feasible.

(F) The impacts on job creation and local economies that could be achieved by using locally based, union-represented workforces for construction and maintenance of social housing.

(G) Federal funding, resources, and policy initiatives required to meet the housing needs projected by the sixth Regional Housing Needs Assessment cycle.

(H) Any other subjects the department identifies through the course of preparing this study that would contribute to meeting the housing needs projected by the sixth Regional Housing Needs Assessment cycle.

(2) Recommendations to the state based on the study for all of the following:

(A) Utilizing the funding, public lands, and other resources and opportunities to meet the housing needs projected by the sixth Regional Housing Needs Assessment cycle, to create housing affordable to households with moderate, low, very low, and extremely low incomes, including social housing, in collaboration between public agencies and mission-driven nonprofit entities, with a portion of the goal allocated to each model for creating social housing analyzed pursuant to subparagraph (D) of paragraph (1).

(B) Removing constraints and obstacles to achieving the goals, including constraints on the use of public land and public funding that do not require legislative action.

(C) Making additional resources available, including potential revenue sources for a social housing fund, including federal funding sources that are necessary.

(D) Removing constraints and obstacles to the goals.

(E) Creating new housing development and property management capacity at the state level, including a state Social Housing Authority.

(b) The department shall include the study completed pursuant to this section in the annual report for the 2027 calendar year required by Section 50408.