



Kate Harrison
Councilmember District 4

CONSENT CALENDAR
July 23rd, 2019

To: Honorable Mayor and Members of the City Council

From: Councilmember Kate Harrison, Mayor Jesse Arreguin, and
Councilmember Ben Bartlett

Subject: Resolution in Support of AB 1279 – Planning and zoning: housing
development: high-resource areas.

RECOMMENDATION

1. Adopt a resolution in support of AB 1279, which requires that housing development projects be issued a by-right use permit in designated high resource areas and mandate that they include a percentage of affordable units. If these affordability requirements are not met, developers would be charged fees that would be deposited in a local affordable housing fund.
2. Send letters of support to Assemblymember Wicks, Senator Skinner, and Governor Newsom.

BACKGROUND

The housing crisis is one of the most pressing issues facing California. A 2016 McKinsey Global Institute report found that California is currently short about two million units of housing. Real estate prices are rising three times faster than the median household income, and more than 50% of households cannot afford the cost of housing.¹ By 2025, 3.5 million units must be built to meet the needs of a growing population.

The housing crisis pushes vulnerable residents into intolerably long commutes and homelessness and has negative implications for the economy, with California losing \$140 billion per year, or 6% of GDP, due to the housing shortage. The LA Times cites a 2015 study that found there are 116,000 homeless people in California; this is 21% of the national homeless population despite California only comprising 12% of the U.S. population.²

¹ A Tool Kit to Close California's Housing Gap: 3.5 Million Homes By 2025
<https://www.mckinsey.com/~media/mckinsey/featured%20insights/Urbanization/Closing%20Californias%20housing%20gap/Closing-Californias-housing-gap-Full-report.ashx>

² California's housing crisis reaches from the homeless to the middle class — but it's still almost impossible to fix
<https://www.latimes.com/business/hiltzik/la-fi-hiltzik-housing-crisis-20180330-story.html>

This bill is intended to accelerate housing development, subsequently driving down the cost of housing, while also rectifying disparities of housing development between different cities and counties, and taking steps to avoid gentrification and displacement in areas of new construction.

Past legislation has not differentiated high resource areas from those at risk of displacement that would drive residents out of neighborhoods, and has focused on transit-ready areas, allowing areas without transit to avoid housing requirements and disincentivizing adding transit.

AB 1279 addresses these problems in several ways. The bill requires the Department of Housing and Community Development to designate areas in the state as “high resource areas” (areas of low residential density that are not currently experiencing, or at a future risk of, gentrification and displacement), with updates every five years. In these areas, the bill would require that proposed housing development projects be by right. Developments that require the demolition of rental housing that has been occupied by tenants within the past 10 years, or that are located in certain areas (such as land designated for conservation) are not eligible as by right.

The development must meet a set of requirements, including affordability requirements. For example, for certain developments, if the price or rent exceeds the affordable housing cost or affordable rent to households with incomes equal to or less than 100% of the area median income, the developer must pay a fee equal to 10% of the difference between the actual amount and the affordable amount, with the fee deposited into a local fund reserved for affordable housing. Additionally, the bill requires certain larger developments to provide inclusionary units at prices affordable to low or very low income households. The developer must ensure the continued affordability of these units for 45 years (for rented units), or 55 years (for owner-occupied units).

FISCAL IMPACTS OF RECOMMENDATION

No impact. Clerk time necessary to send letter.

ENVIRONMENTAL SUSTAINABILITY

No impact.

CONTACT PERSON

Kate Harrison, Berkeley City Councilmember, (510) 981-7140

ATTACHMENTS

- 1: Resolution
- 2: Letters

RESOLUTION NO. ##,###-N.S.

RESOLUTION IN SUPPORT OF AB 1279 – PLANNING AND ZONING: HOUSING
DEVELOPMENT: HIGH-RESOURCE AREAS

WHEREAS, the cost of housing is rapidly increasing across California

WHEREAS, an increasing percentage of families are unable to afford their housing costs, and homelessness is becoming more prevalent

WHEREAS, the underlying cause of increasing housing costs is a lack of housing development

WHEREAS, past legislation has incentivized development in areas at risk of displacement, worsening conditions for existing residents, and has focused on transit-ready areas, allowing areas without transit to avoid housing requirements and disincentivizing the development of transit

WHEREAS, AB 1279 mandates that housing development projects be by right in designated high resource areas, and institutes affordability requirements for these newly built developments

NOW THEREFORE, BE IT RESOLVED that the Berkeley City Council urges Senator Nancy Skinner and Assemblymember Buffy Wicks to support, the California Legislature to pass, and Governor Gavin Newsom to sign into law the California Assembly Bill 1279

BE IT FURTHER RESOLVED that copies of this Resolution will be sent to Governor Gavin Newsom, Senator Nancy Skinner, and Assemblymember Buffy Wicks.

The Honorable Richard Bloom
California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0050

**Re: Support from Berkeley City Council for AB 1279 – Housing Development:
High Resource Areas**

Dear Assemblymember Bloom,

We, the Berkeley City Council, wish to express our support for AB 1279, a plan to increase housing development and improve affordability of housing while minimizing gentrification and displacement.

California is currently in the midst of a housing crisis. The McKinsey Global Institute finds in 2016 that more than 50% of California households cannot afford the cost of housing. Homelessness is increasing, with the LA Times writing in 2015 that 21% of the national homeless population lives in California, despite California only making up 12% of the U.S. population.

However, the crisis must be addressed in a way that minimizes the possibility of gentrification and displacement where construction occurs. Past legislation encouraging housing development has not differentiated high resource areas from those at risk of gentrification and displacement, ultimately pushing existing residents out. Additionally, past legislation has centered on transit-ready areas, allowing areas without transit to avoid housing requirements and discouraging the development of transit.

The Council supports AB 1279 and its efforts to address the housing shortage, as well as its specificity to high resource areas with low residential density and its robust affordability requirements. We believe this bill is crucial towards making housing more affordable, while avoiding the dangers of gentrification and displacement.

Thank you for your leadership on affordable housing in California.

Sincerely,

Berkeley City Council
Mayor Arreguin,
Councilmembers

CC: Assemblymember Wicks
Senator Skinner
Governor Newsom