



April 5, 2021

Hon. Aguiar-Curry, Chair
Assembly Local Government Committee
State Capitol
Sacramento, CA 95814

Subject: OPPOSE AB 678 (Grayson) as amended 3/25/21

Dear Chair,

Livable California, a 501(c)4 non-profit organization, provides policy education affecting all Californians and represents over 10,000 followers committed to critical aspects of state policy. We support truly affordable housing and land use decisions made at the local level of government.

AB 678 is part of a disturbing trend in which HCD is being thrust into the role of a state housing policing division. That trend includes the governor's 2021 budget, which contains a plan to create a Housing Accountability Unit (HAU) within HCD, and other bills proposed this year.

This bill contains a litany of **unacceptable state interventions that put detailed requirements on HCD and local jurisdictions**. These don't meet the needs of cities and counties and burden their ability to do their job, including:

- Would prohibit a city or county from imposing specified fees on a proposed housing development that **is greater than 12%** of the city's or county's median home price.
- Would require a city or county to **seek approval from HCD** to impose a fee or an exaction that would exceed that limitation.
- Gives HCD power to develop standards to determine whether to grant a waiver **and the total dollar amount limitation to which a city or county granted a waiver is subject**.
- **Would require the HCD to conduct and post an analysis** that, determines the median home price in each city and county of the state.

- **Would require the HCD to create, by January 1, 2023, a nexus study template** that must be used by local jurisdictions in determining the nexus between the fee or exaction and the development project.
- Would require the HCD to notify a city or county, and **authorizes the department to notify the Attorney General, if a city or county has imposed a fee or exaction in violation the bill.**
- Would authorize the Attorney General to bring suit for a violation and to request that **a court issue an order or judgment directing the city or county to comply with the provisions of the bill.**
- **Requires the court would retain jurisdiction** to ensure that its order or judgment is carried out and would be authorized to impose specified fines.
- The bill would establish the Housing Development Fine and Exaction Cap Account Fund and would make the moneys in the fund available upon appropriation by the Legislature.
- The bill **expands the Permit Streamlining Act** to require local jurisdictions maintain a public schedule of fees that clearly identifies the fees and exactions that apply **to each parcel.**
- Would additionally **require the city, county, or special district** to include on its internet website the total dollar amount of those fees and exactions as a percentage of the median home price in the city or county.
- This bill would **prohibit a local agency** from imposing a housing impact requirement on a housing development project, unless specified requirements are satisfied by the local agency, including that the housing impact requirement be roughly proportional in both nature and extent to the impact created by the housing development project.
- Defines “housing impact requirement” as a fee imposed under the Mitigation Fee Act, dedications of parkland or in-lieu fees imposed under the Quimby Act, **a construction excise tax, or landowner-approved taxes imposed under the Mello-Roos Community Facilities Act of 1982.**
- **Would prohibit a housing impact requirement from curing deficiencies** in a public facility serving existing development unless the amount of the housing impact requirement is roughly proportional both in nature and extent to the housing development project’s impact on the public facility.
- **Would prohibit a housing impact requirement from being based on providing a level of service,** as defined, that exceeds the existing community’s current level of service.

- **Would require a local agency to adopt a nexus study** that is used to demonstrate compliance with the requirements of these provisions.
- Would require a local agency to make an **individualized determination that a housing development project** will have the same type and amount of impact projected for a type of development analyzed in the nexus study.
- Would additionally provide that fees are subject to **specified protest procedures**.
- **Would establish the Housing Cost Reduction Incentive Program, to be administered by HCD**, for the purpose of reimbursing cities, counties, and cities and counties for development impact fee waivers or reductions provided to qualified rental housing developments.
- **The bill would require HCD to provide grants to applicants** in an amount equal to 50% of the amount of development impact fee waived or reduced for a qualified rental housing development.
- The bill would require an applicant that receives a grant under the Housing Cost Reduction Incentive Program to use those funds solely for those purposes for which the development impact fee that was waived or reduced would have been used. The bill would require the department to adopt guidelines to implement the program and **exempt those guidelines from the rulemaking provisions of the Administrative Procedure Act**.
- This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions.

The sheer quantity of work by HCD and local jurisdictions to comply with the myriad of requirements and details included in AB 678, is in itself, enough to vote no on this bill.

But the underlying concept of limiting fees is unreasonable and inconstitent with local needs and defining fees to include taxes is ludicrous

We strongly **OPPOSE AB 678**.

Sincerely,

The Board of Directors of Livable California



Rick Hall, President
T Keith Gurnee, Member
Carey White, Member

