

SENATE BILL SB-92

Introduced by Senator Jesse Arreguin (D-7)

An act relating to The Berekely Housing Act.

LEGISLATIVE COUNSEL'S DIGEST

SB-92, Jesse Arreguin (D-7). The Berekely Housing Act.

California faces a severe shortage of housing that working people can afford. Median home prices in much of the state are several times what a household earning a typical professional salary can sustain, and adults between the ages of 20 and 34 are delaying homeownership, household formation, and family-building at historic rates.

The Legislature has already acted. Senate Bill 6 (Middle Class Housing Act), allows residential development on land zoned for office, retail, or parking uses, treating housing as a permitted use on those sites. Assembly Bill 2011 (Affordable Housing and High Road Jobs Act), creates ministerial approval for qualifying affordable and mixed housing along commercial corridors, paired with labor standards for construction workers.

Despite these laws, gaps remain. Local governments still apply inconsistent definitions of what counts as a "complete" application, impose discretionary design and parking conditions, and take months to determine eligibility. Medium to small cities often lack the resources and expertise to process streamlined applications quickly. Meanwhile, neither law directly helps a young worker become homeowners.

The intent of the bill closes procedural loopholes that delay or block housing permitted under SB 6 and AB 2011. Extend streamlined approval to additional residential and commercial zone types. Establish a pilot program that connects newly built affordable homes to qualified young working professionals as first time homeowners.

Vote: Majority. **Appropriations/fiscal:** yes. **Local program:** yes.

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

Section 1:

The Department of Housing and Community Development (HCD) shall publish a statewide standard checklist and application form for projects proceeding under SB 6 or AB 2011. A local agency may not require any item not on the checklist, and may not deem an application incomplete for any reason not specified in writing within 15 days of submission. If no notice of incompleteness is sent in that period, the application is deemed complete.

Any qualifying project shall be approved or denied, in writing and with citations to objective standards, within 60 days for projects of 150 units or fewer and 90 days for larger projects. If the agency fails to act, the project is deemed approved. Any denial must identify the specific objective standard violated and the changes needed to comply.

For projects qualifying under this act, local agencies may apply only objective, quantifiable, and publicly available design, height, and setback standards. Subjective review, such as "neighborhood character" findings, public hearings that can lead to denial, and discretionary design review, is prohibited. This codifies and tightens the ministerial approach already used in AB 2011.

No minimum off street parking program requirement shall apply to a qualifying project located within one half mile of a major transit stop or in a high density transit corridor. Impact fees on the affordable units in a qualifying project shall be deferred until the certificate of occupancy rather than collected at permit issuance, reducing upfront financing costs.

In addition to the commercial zone sites covered by SB 6 and AB 2011, qualifying projects may be built on:

- i. Vacant or underused parcels in residential zones adjacent to commercial corridors
 - ii. Existing surface parking lots and vacant big-box retail sites, provided the site is not on farmland, in a very high fire hazard severity zone, on a hazardous materials site, or in floodzones
- To qualify, at least 20 percent of units must be affordable to households at or below 80 percent of area median income (AMI) for low income units or 100 percent of units must be affordable to households at or below 120 percent of AMI for for-sale workforce units, recorded through a deed restriction of not less than 45 years for rental units and 30 years for ownership units.

Nothing in this act weakens the prevailing benefits in both SB-6 and AB 2011. Projects shall comply with those provisions to receive streamlined approval.

To help cities meet the new deadlines, the Legislature appropriates funds under Section 4 for HCD to issue small technical assistance grants to jurisdictions with fewer than 50,000 residents or without a dedicated planning department.

Section 2:

The Young Home Ownership Program Pilot Program (YHOPP) is established within the California Housing Finance Agency (CalFA) to help eligible buyers purchase newly constructed affordable homes built under Section 2 of this act, SB 6, or AB 2011.

An application must be:

- i. Be at least 20 and no more than 34 years of age on the date of application;
- ii. Employed for a minimum of 40 hours a week an employment history of at least nine months, including self employment and gig work.
- iii. Have a household income at or below 120 percent of AMI for the county where the home is located;
- iv. Have no history of owning any property
- v. Be a resident of California for two years
- vi. Complete a HUD approved home buyer education course before closing.

Must be a newly constructed condominium, town homes, or single family unit that has a recorded affordability covenant and is sold at a price affordable to a household at or below 120 percent of AMI. Units funded under YHOPP must be the buyer's primary residence.

YHOPP shall provide a shared appreciation down payment loan of up to \$40,000 per household. The loan carries no interest and no monthly payment. It is repaid, along with a proportional share of appreciation, when the home is sold, refinanced, or ceases to be the owner's primary residence. All repayments return to the YHOPP revolving fund to assist future buyers.

Buyers must occupy the home as their primary residence for at least five years. Resale within the affordability period is limited to buyers who meet YHOPP eligibility, and the resale price

formula shall allow the seller to recover their investment plus a fair capped share of appreciation. Use of the home as a short-term or investment rental is prohibited.

If applications exceed available funds, CalHFA shall select applicants by lottery among those who meet the eligibility criteria, with a priority preference for applicants working in essential occupations (teaching, healthcare, public safety, skilled trades, and early childhood education) and for those who work within 20 miles of the home.

YHOPP shall be administered consistent with the Fair Employment and Housing Act, the Unruh Civil Rights Act, and applicable federal fair housing law. The age range in this section is a limited program specific eligibility criterion tied to the legislative finding that this age group faces unique barriers to first time ownership and the Legislature directs the evaluation in Section 4 to assess its effect.

Section 3

Five million dollars (\$5,000,000) appropriated from the General Fund to HCD and CalHFA for the purposes of this act shall be made available for encumbrance over three fiscal years.

Total breakdown of the \$5,000,000:

- i. Down payment assistance revolving fund (about 80 households at up to \$40,000); \$3,200,000
- ii. Local government technical assistance grants and statewide standard checklist; \$700,000
- iii. Program administration (CalHFA and HCD staff, lottery, compliance); \$600,000
- iv. Outreach, homebuyer education, and independent evaluation; \$300,000
- v. Contingency reserve; \$200,000

HCD shall implement Section 2 and publish the uniform checklist within 180 days of the effective date of this act. CalHFA shall implement Section 3 and begin accepting applications within 12 months. Administrative costs shall not exceed 12 percent of the total appropriation. All loan repayments and shared appreciation proceeds shall be deposited in a continuously appropriated revolving fund and used solely to assist additional eligible buyers, so that the Program's impact grows beyond the initial appropriation.

HCD and CalHFA shall submit an annual report to the Legislature that includes the number of projects approved under this act, average approval time, the number of housing units permitted, the number of households assisted, buyer demographics, and default and resale data. An independent evaluation shall be completed within three years, assessing whether the streamlining provisions measurably reduced approval time and whether the Program should be continued, expanded, or modified.

If any provision of this act is held invalid, the remainder shall continue in effect. The Program in Section 3 shall sunset on January 1, 2033, unless extended by statute, aligning with the sunset schedule of SB 6.