

AB 1637 (GLORIA): THE MISSING MIDDLE HOUSING ACT

POSITION: The Infrastructure, Housing & Land Use Committee voted to SUPPORT AB 1637 on May 16, 2017. The Public Policy Committee voted to SUPPORT AB 1637 on June 13, 2017.

STATUS: AB 1637 was introduced by Assemblymember Todd Gloria on February 17, 2017. It passed out of the Assembly and was referred to the Senate Committee on Transportation and Housing on June 1, 2017.

AT-A-GLANCE

AB 1637 authorizes a local housing authority to finance mixed-income housing developments that include rental units for households earning up to 150% of area median income or less.

SUMMARY

AB 1637 would allow a local housing authority to develop, operate and fund mixed income housing projects. More specifically, the City of San Diego (and the sponsor of the legislation) have expressed their intent to use unrestricted local funds generated from transit-oriented (TOD) development to provide construction loans on rental units falling between 80% and 150% of area median income (AMI).

ANALYSIS

Current law allows local housing authorities to finance mixed-income projects where no less than 20% of the units are dedicated to persons with an income of 80% or less AMI. The author argues that under existing law, California still fails to create enough units for the those above 80% of AMI, but not wealthy enough to find stable, adequate affordable housing independently. This section of housing is often referred to as the "missing middle." The author further states that because housing authorities can only currently assist with the low income units of a project, a mixed-income project that still supplies critically needed units doesn't always pencil out for developers, meaning the city loses the units and the development is not built.

This bill does not require local housing authorities to fund projects past the existing 80% AMI rule. It would, however, provide flexibility to jurisdictions that are particularly struggling to build units at the middle-income level that employers have identified as critical for workforce attraction and retention.

AB 1637 is the result of one of the eleven recommended actions from the San Diego Housing Commission's report *Addressing the Housing Affordability Crisis: An Action Plan for San Diego*, which the Chamber provided feedback on.

SUPPORT

City of San Diego (sponsor)

OPPOSITION

None known