



AB 2430 (Alvarez): Eliminating Duplicative Local Monitoring Fees

Bill Summary

AB 2430 would prohibit a local government from charging a monitoring fee on affordable housing developments built using State Density Bonus Law that are already subject to a regulatory monitoring agreement with the California Tax Credit Allocation Committee (TCAC), the California Department of Housing and Community Development (HCD), or the California Debt Limit Allocation Committee (CDLAC).

Background

All affordable housing developments in California that receive State funding are subject to compliance monitoring to ensure that the units are occupied by a tenant at an eligible income level and to ensure that developments meet habitability standards. At the state level, TCAC conducts compliance monitoring for all affordable housing projects, and HCD also conducts compliance monitoring if it is providing project funding. TCAC, for example, performs routine physical site inspections of unit conditions and property standards on a share of affordable units at every development, and performs annual file monitoring of tenant income over the 55-year life of the affordable housing project. TCAC also performs physical inspections on an as-needed basis when it discovers or receives reports of problems.

Most cities rely on state monitoring activities, but some cities and counties charge developers a fee to cover their own additional compliance monitoring activities that largely mirror the State's activities.

Problem

The duplication of local monitoring fees adds unnecessary costs to affordable housing development at a time when developers already struggle to make projects pencil. Local monitoring fees vary, but are as high as \$432 per unit annually. For an average sized 100% affordable housing project taking full advantage of Density Bonus Law, this amounts to an additional \$3.6 million in total development costs. In some cases, both cities and counties that cover the same jurisdiction impose their own monitoring fees on top of the State's.

Conclusion

AB 2430 would prohibit local governments from charging monitoring fees for affordable housing developments that utilize Density Bonus Law and are already subject to compliance monitoring by a State housing agency. The law would not apply to affordable housing projects that local governments fund. By reducing duplicative monitoring fees, AB 2430 would lower affordable housing development costs and bring California closer to meeting its housing production goals for low-income households.

Support

- California Housing Consortium
- Housing California

For More Information

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