Assembly Bill No. 1764

CHAPTER 770

An act to amend Section 11003.4 of the Business and Professions Code, to amend Sections 1950.6, 5103, and 5105 of the Civil Code, to amend Sections 65850.01, 65863.10, and 65912.101 of the Government Code, to amend Sections 17928, 17974.1, 17998.1, 17998.2, 18062.8, 18931.6, 50091, 50408.1, 50423, 50459, 50468, 50783, 53559, and 53591 of the Health and Safety Code, and to amend Section 5849.11 of the Welfare and Institutions Code, relating to land use.

[Approved by Governor October 11, 2023. Filed with Secretary of State October 11, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1764, Committee on Housing and Community Development. Housing omnibus.

(1) Existing law exempts a limited-equity housing cooperative or a workforce housing cooperative trust, as those terms are defined, from certain requirements governing subdivided lands, if the cooperative or trust complies with various conditions, including, among others, if specified federal or state agencies, banks, credit unions, financial institutions, or local government agencies, or a combination thereof, directly finance or subsidize a percentage of the total construction or development cost, as prescribed.

This bill would also include a housing authority and a community development commission within the above-described entities, and would make other related and conforming changes to these provisions.

(2) Existing law requires a landlord or their agent to provide an applicant requesting to rent a residential property with a receipt for the fee paid by the applicant, which itemizes the out-of-pocket expenses and time spent by the landlord or their agent to obtain and process information about the applicant.

This bill would authorize the landlord or their agent and the applicant to agree to have the landlord provide a copy of the receipt for the fee paid by the applicant to an email account provided by the applicant.

(3) Existing law, the Davis-Stirling Common Interest Development Act, regulates common interest developments. Existing law provides procedures governing the election of members of the board of directors of common interest development associations. Existing law authorizes an association to impose certain qualification requirements on a nominee for a board seat, including requiring a nominee to have been a member for at least one year, and disqualifying a nominee for a past criminal conviction that would, if the nominee were elected, either prevent the association from purchasing

certain required insurance or terminate the association's existing required insurance coverage, as specified.

Under this bill, an association that disqualifies a nominee pursuant to the above-described provisions would be required in its election rules to require a director to comply with the same requirements.

Under existing law, if there are not more qualified candidates than vacancies, an association is authorized to consider the candidates elected by acclamation if, among other conditions, the association permits all candidates to run if nominated. However, an association is authorized to disqualify a nominee who has served the maximum number of terms or sequential terms allowed by the association.

This bill, instead, would require an association to disqualify that nominee. Under the bill, a director who ceases to be a member of the association would be disqualified from continuing to serve as a director.

(4) Existing Law, the Planning and Zoning Law, requires an owner of an assisted housing development, as defined, to give certain advance notice before the anticipated date of the termination of a subsidy contract, the expiration of rental restrictions, or the prepayment on an assisted housing development, to tenants and specified public entities, except as provided. Existing law defines an "assisted housing development" for these purposes to mean a multifamily rental housing development of five or more units that receives governmental assistance under any of specified programs.

This bill would include a provision of the federal Cranston-Gonzalez National Affordable Housing Act on housing for persons with disabilities, as well as a rental assistance program of the federal Housing Act of 1949, within those specified programs. The bill would also include grants and loans made by the California Housing Finance Agency for rental housing and would make related changes to those provisions.

(5) Existing law, the Affordable Housing and High Road Jobs Act of 2022, until January 1, 2033, establishes a streamlined development process for affordable housing developments that meet specified objective standards and affordability and site criteria, including, for certain developments, that the project site abuts a commercial corridor, as specified, and the property meets certain setback standards depending on, among other factors, the portion of the property that fronts a side street. Existing law defines "commercial corridor" for purposes of that act to mean a highway that is not a freeway and that has a right-of-way, as defined in a specified Vehicle Code provision, of at least 70 and not greater than 150 feet. Existing law also defines "side street" under the act to mean a highway that is not a freeway that has a right-of-way, as defined in that Vehicle Code provision, of at least 25 and fewer than 70 feet.

This bill would delete from the definitions of "commercial corridor" and "side street" the references to that Vehicle Code provision defining "right-of-way."

(6) Existing law prohibits a manufacturer or distributor licensed under the Manufactured Housing Act of 1980 from increasing the prices of manufactured homes, mobilehomes, or commercial coaches that the dealer

ordered for private retail consumers before the dealer's receipt of the written official price increase notification. Under existing law, a sales contract signed by a private retail consumer constitutes evidence of each order.

This bill would delete the above provision on a sales contract constituting evidence of each order.

(7) Existing law authorizes the Department of Housing and Community Development to provide financial assistance to certain households in purchasing a home, as specified. Existing law also authorizes the department to provide financial assistance to nonprofit corporations and stock cooperative corporations to develop or purchase a mobilehome park, ownership of which will be transferred to persons and families of low or moderate income. Existing law prohibits a limited equity housing cooperative from being deemed to be a nonprofit for the purpose of these provisions.

This bill would delete the above provision that prohibits a limited equity housing cooperative from being deemed a nonprofit for that purpose.

(8) Existing law establishes various programs and funding sources administered by the Department of Housing and Community Development to enable the development of affordable housing, including the Affordable Housing and Sustainable Communities Program, the Multifamily Housing Program, the Housing for a Healthy California Program, the Veterans Housing and Homeless Prevention Act of 2014, and the HOME Investment Partnership Program.

Existing law prohibits the department from requiring, for a unit subject to a qualified project rental or operating subsidy, a reserve account or a set aside of funds accruing to the benefit of a particular affordable rental housing development to address the impacts on tenants of a loss or exhaustion of a rental or operating subsidy. Existing law, instead, establishes the continuously appropriated Pooled Transition Reserve Fund, which consists of, among other moneys, fees charged by the department to projects that receive qualified project rental or operating subsidies at the time of permanent loan closing, as specified, for the purpose of mitigating the impacts on tenant rents from the loss or exhaustion of a qualified project rental or an operating subsidy. Existing law defines "qualified project rental or operating subsidy" under these provisions to include, among other assistance, the local rental housing subsidy programs operated by the City and County of San Francisco and the City of Los Angeles.

This bill would revise that part of the definition to instead include a local rental housing subsidy program operated by the City and County of San Francisco or the County of Los Angeles.

(9) Existing law requires the Department of Housing and Community Development to submit various reports and plans at various times to various entities, including reports related to building standards submitted to the California Building Standards Commission, reports related to the Code Enforcement Incentive Program, updates to the California Statewide Housing Plan, and reports related to the No Place Like Home Program. Existing law also requires the department, on or before December 31 of each year, to submit an annual report to the Governor and both houses of the Legislature

on the operations and accomplishments during the previous fiscal year of the housing programs administered by the department, as specified.

This bill would require specified reports and plans the department is already required to submit at various times to various entities to instead be included in the department's annual report, as specified.

(10) Existing law, the State Housing Law, requires a city or county that receives a complaint from an occupant of a homeless shelter, or an agent of an occupant, that alleges that the homeless shelter is substandard, as specified, to take certain actions, including inspecting the homeless shelter or portion thereof intended for human occupancy that may be substandard. Existing law, the California Building Standards Law, requires each city, county, or city and county to collect a fee from any applicant for a building permit at a specified rate. Existing law authorizes the city, county, or city and county to retain up to 10% of this fee for related administrative costs and for code enforcement education and requires the city, county, or city and county to transmit the remaining amount to the California Building Standards Commission for deposit in the Building Standards Administration Special Revolving Fund, to be used upon appropriation for specified purposes.

This bill would make technical changes to the above provisions, relating to the inspection of homeless shelters alleged to be substandard and the transmittal and deposit of fee moneys in the Building Standards Administration Special Revolving Fund, to correct various cross-references within those provisions.

(11)This bill would incorporate additional changes to Section 50423 of the Health and Safety Code proposed by AB 1474 to be operative only if this bill and AB 1474 are enacted and this bill is enacted last.

This bill would incorporate additional changes to Section 53559 of the Health and Safety Code proposed by SB 341 to be operative only if this bill and SB 341 are enacted and this bill is enacted last.

The people of the State of California do enact as follows:

SECTION 1. Section 11003.4 of the Business and Professions Code is amended to read:

11003.4. (a) A "limited-equity housing cooperative" or a "workforce housing cooperative trust" is a corporation that meets the criteria of Section 11003.2 and that also meets the criteria of Sections 817 and 817.1 of the Civil Code, as applicable. Except as provided in subdivision (b), a limited-equity housing or workforce housing cooperative trust shall be subject to all the requirements of this chapter pertaining to stock cooperatives.

(b) A limited-equity housing cooperative or a workforce housing cooperative trust shall be exempt from the requirements of this chapter if the limited-equity housing cooperative or workforce housing cooperative trust complies with all the following conditions:

(1) The United States Department of Housing and Urban Development, the United States Department of Agriculture, the National Consumers Cooperative Bank, the California Housing Finance Agency, the Public Employees' Retirement System (PERS), the State Teachers' Retirement System (STRS), the Department of Housing and Community Development, the Federal Home Loan Bank System or any of its member institutions, a state or federally chartered credit union, a state or federally certified community development financial institution, or the city, county, school district, housing authority, community development commission, or redevelopment agency in which the cooperative is located, alone or in any combination with each other, directly finances or subsidizes at least 50 percent of the total construction or development cost or one hundred thousand dollars ($100,000), whichever is less; or the real property to be occupied by the cooperative was sold or leased by the Transportation Agency, other state agency, a city, a county, or a school district for the development of the cooperative and has a regulatory agreement meeting standards of the Department of Housing and Community Development for the term of the permanent financing, notwithstanding the source of the permanent subsidy or financing.

(2) No more than 20 percent of the total development cost of a limited-equity mobilehome park, and no more than 10 percent of the total development cost of other limited-equity housing cooperatives, is provided by purchasers of membership shares.

(3) A regulatory agreement that covers the cooperative for a term of at least as long as the duration of the permanent financing or subsidy, notwithstanding the source of the permanent subsidy or financing, has been duly executed between the recipient of the financing and either one of the lenders or funding sources specified in paragraph (1) or a local public agency in whose jurisdiction the cooperative is or will be located. The regulatory agreement shall meet standards of the Department of Housing and Community Development and make provision for at least all of the following:

(A) Assurances for completion of the common areas and facilities to be owned or leased by the limited-equity housing cooperative, unless a construction agreement between the same parties contains written assurances for completion.

(B) Governing instruments for the organization and operation of the housing cooperative by the members.

(C) The ongoing fiscal management of the project by the cooperative, including an adequate budget, reserves, and provisions for maintenance and management.

(D) Distribution of a membership information report to any prospective purchaser of a membership share, prior to purchase of that share. The membership information report shall contain full disclosure of the financial obligations and responsibilities of cooperative membership, the resale of shares, the financing of the cooperative including any arrangements made with any partners, membership share accounts, occupancy restrictions,

management arrangements, and any other information pertinent to the benefits, risks, and obligations of cooperative ownership.

(4) Each party that executes the regulatory agreement shall satisfy itself that the bylaws, articles of incorporation, occupancy agreement, subscription agreement, any lease of the regulated premises, any arrangement with partners, and arrangement for membership share accounts provide adequate protection of the rights of cooperative members.

(5) Each provider of financing or subsidies shall receive from the attorney for the recipient of the financing or subsidy a legal opinion that the cooperative meets the requirements of Section 817 of the Civil Code and the exemption provided by this section, including that the regulatory agreement meets the standards of the Department of Housing and Community Development.

(c) Any limited-equity cooperative, or workforce housing cooperative trust that meets the requirements for exemption pursuant to subdivision (b) may elect to be subject to all provisions of this chapter.

(d) The developer of the cooperative shall notify the Department of Real Estate, on a form provided by the department, that an exemption is claimed under this section. The Department of Real Estate shall retain this form for at least four years for statistical purposes.

SEC. 2. Section 1950.6 of the Civil Code is amended to read:

1950.6. (a) Notwithstanding Section 1950.5, when a landlord or their agent receives a request to rent a residential property from an applicant, the landlord or their agent may charge that applicant an application screening fee to cover the costs of obtaining information about the applicant. The information requested and obtained by the landlord or their agent may include, but is not limited to, personal reference checks and consumer credit reports produced by consumer credit reporting agencies as defined in Section 1785.3. A landlord or their agent may, but is not required to, accept and rely upon a consumer credit report presented by an applicant.

(b) The amount of the application screening fee shall not be greater than the actual out-of-pocket costs of gathering information concerning the applicant, including, but not limited to, the cost of using a tenant screening service or a consumer credit reporting service, and the reasonable value of time spent by the landlord or their agent in obtaining information on the applicant. In no case shall the amount of the application screening fee charged by the landlord or their agent be greater than thirty dollars ($30) per applicant. The thirty dollar ($30) application screening fee may be adjusted annually by the landlord or their agent commensurate with an increase in the Consumer Price Index, beginning on January 1, 1998.

(c) Unless the applicant agrees in writing, a landlord or their agent may not charge an applicant an application screening fee when they know or should have known that no rental unit is available at that time or will be available within a reasonable period of time.

(d) The landlord or their agent shall provide, personally, or by mail, the applicant with a receipt for the fee paid by the applicant, which receipt shall itemize the out-of-pocket expenses and time spent by the landlord or their

agent to obtain and process the information about the applicant. The landlord or their agent and the applicant may agree to have the landlord provide a copy of the receipt for the fee paid by the applicant to an email account provided by the applicant.

(e) If the landlord or their agent does not perform a personal reference check or does not obtain a consumer credit report, the landlord or their agent shall return any amount of the screening fee that is not used for the purposes authorized by this section to the applicant.

(f) If an application screening fee has been paid by the applicant and if requested by the applicant, the landlord or their agent shall provide a copy of the consumer credit report to the applicant who is the subject of that report.

(g) As used in this section, "landlord" means an owner of residential rental property.

(h) As used in this section, "application screening fee" means any nonrefundable payment of money charged by a landlord or their agent to an applicant, the purpose of which is to purchase a consumer credit report and to validate, review, or otherwise process an application for the rent or lease of residential rental property.

(i) As used in this section, "applicant" means any entity or individual who makes a request to a landlord or their agent to rent a residential housing unit, or an entity or individual who agrees to act as a guarantor or cosignor on a rental agreement.

(j) The application screening fee shall not be considered an "advance fee" as that term is used in Section 10026 of the Business and Professions Code, and shall not be considered "security" as that term is used in Section 1950.5.

(k) This section is not intended to preempt any provisions or regulations that govern the collection of deposits and fees under federal or state housing assistance programs.

SEC. 3. Section 5103 of the Civil Code is amended to read:

5103. Notwithstanding the secret balloting requirement in Section 5100, or any contrary provision in the governing documents, when, as of the deadline for submitting nominations provided for in subdivision (a) of Section 5115, the number of qualified candidates is not more than the number of vacancies to be elected, as determined by the inspector or inspectors of the elections, the association may, but is not required to, consider the qualified candidates elected by acclamation if all of the following conditions have been met:

(a) The association has held a regular election for the directors in the last three years. The three-year time period shall be calculated from the date ballots were due in the last full election to the start of voting for the proposed election.

(b) The association provided individual notice of the election and the procedure for nominating candidates as follows:

(1) Initial notice at least 90 days before the deadline for submitting nominations provided for in subdivision (a) of Section 5115. The initial notice shall include all of the following:

(A) The number of board positions that will be filled at the election.

(B) The deadline for submitting nominations.

(C) The manner in which nominations can be submitted.

(D) A statement informing members that if, at the close of the time period for making nominations, there are the same number or fewer qualified candidates as there are board positions to be filled, then the board of directors may, after voting to do so, seat the qualified candidates by acclamation without balloting.

(2) A reminder notice between 7 and 30 days before the deadline for submitting nominations provided for in subdivision (a) of Section 5115. The reminder notice shall include all of the following:

(A) The number of board positions that will be filled at the election.

(B) The deadline for submitting nominations.

(C) The manner in which nominations can be submitted.

(D) A list of the names of all of the qualified candidates to fill the board positions as of the date of the reminder notice.

(E) A statement reminding members that if, at the close of the time period for making nominations, there are the same number or fewer qualified candidates as there are board positions to be filled, then the board of directors may, after voting to do so, seat the qualified candidates by acclamation without balloting. This statement is not required if, at the time the reminder notice will be delivered, the number of qualified candidates already exceeds the number of board positions to be filled.

(c) (1) The association provides, within seven business days of receiving a nomination, a written or electronic communication acknowledging the nomination to the member who submitted the nomination.

(2) The association provides, within seven business days of receiving a nomination, a written or electronic communication to the nominee, indicating either of the following:

(A) The nominee is a qualified candidate for the board of directors.

(B) The nominee is not a qualified candidate for the board of directors, the basis for the disqualification, and the procedure, which shall comply with Article 2 (commencing with Section 5900) of Chapter 10, by which the nominee may appeal the disqualification.

(3) The association may combine the written or electronic communication described in paragraphs (1) and (2) into a single written or electronic communication if the nominee and the nominator are the same person.

(d) (1) The association permits all candidates to run if nominated, except for nominees disqualified for running as allowed or required pursuant to subdivisions (b) to (e), inclusive, of Section 5105.

(2) If an association disqualifies a nominee pursuant to this subdivision, an association in its election rules shall also require a director to comply with the same requirements.

(e) The association board votes to consider the qualified candidates elected by acclamation at a meeting pursuant to Article 2 (commencing with Section 4900) for which the agenda item reflects the name of each qualified candidate that will be seated by acclamation if the item is approved.

SEC. 4. Section 5105 of the Civil Code is amended to read:

5105. (a) An association shall adopt operating rules in accordance with the procedures prescribed by Article 5 (commencing with Section 4340) of Chapter 3, that do all of the following:

(1) Ensure that if any candidate or member advocating a point of view is provided access to association media, newsletters, or internet websites during a campaign, for purposes that are reasonably related to that election, equal access shall be provided to all candidates and members advocating a point of view, including those not endorsed by the board, for purposes that are reasonably related to the election. The association shall not edit or redact any content from these communications, but may include a statement specifying that the candidate or member, and not the association, is responsible for that content.

(2) Ensure access to the common area meeting space, if any exists, during a campaign, at no cost, to all candidates, including those who are not incumbents, and to all members advocating a point of view, including those not endorsed by the board, for purposes reasonably related to the election.

(3) Specify the qualifications for candidates for the board and any other elected position, subject to subdivision (b), and procedures for the nomination of candidates, consistent with the governing documents. A nomination or election procedure shall not be deemed reasonable if it disallows any member from nominating themself for election to the board.

(4) Specify the voting power of each membership, the authenticity, validity, and effect of proxies, and the voting period for elections, including the times at which polls will open and close, consistent with the governing documents.

(5) Specify a method of selecting one or three independent third parties as inspector or inspectors of elections utilizing one of the following methods:

(A) Appointment of the inspector or inspectors by the board.

(B) Election of the inspector or inspectors by the members of the association.

(C) Any other method for selecting the inspector or inspectors.

(6) Allow the inspector or inspectors to appoint and oversee additional persons to verify signatures and to count and tabulate votes as the inspector or inspectors deem appropriate, provided that the persons are independent third parties who meet the requirements in subdivision (b) of Section 5110.

(7) Require retention of, as association election materials, both a candidate registration list and a voter list. The candidate list shall include name and address of individuals nominated as a candidate for election to the board of directors. The voter list shall include name, voting power, and either the physical address of the voter's separate interest, the parcel number, or both. The mailing address for the ballot shall be listed on the voter list if it differs from the physical address of the voter's separate interest or if only the parcel

number is used. The association shall permit members to verify the accuracy of their individual information on both lists at least 30 days before the ballots are distributed. The association or member shall report any errors or omissions to either list to the inspector or inspectors who shall make the corrections within two business days.

(b) An association shall disqualify a person from a nomination as a candidate for not being a member of the association at the time of the nomination. An association shall disqualify a nominee if that person has served the maximum number of terms or sequential terms allowed by the association. A director who ceases to be a member shall be disqualified from continuing to serve as a director.

(1) This subdivision does not restrict a developer from making a nomination of a nonmember candidate consistent with the voting power of the developer as set forth in the regulations of the Department of Real Estate and the association's governing documents.

(2) If title to a separate interest parcel is held by a legal entity that is not a natural person, the governing authority of that legal entity shall have the power to appoint a natural person to be a member for purposes of this article.

(c) Through its bylaws or election operating rules adopted pursuant to subdivision (a) of Section 5105 only, an association may disqualify a person from nomination as a candidate pursuant to any of the following:

(1) Subject to paragraph (2) of subdivision (d), an association may require a nominee for a board seat, and a director during their board tenure, to be current in the payment of regular and special assessments, which are consumer debts subject to validation. If an association requires a nominee to be current in the payment of regular and special assessments, it shall also require a director to be current in the payment of regular and special assessments.

(2) An association may disqualify a person from nomination as a candidate if the person, if elected, would be serving on the board at the same time as another person who holds a joint ownership interest in the same separate interest parcel as the person and the other person is either properly nominated for the current election or an incumbent director.

(3) An association may disqualify a nominee if that person has been a member of the association for less than one year.

(4) An association may disqualify a nominee if that person discloses, or if the association is aware or becomes aware of, a past criminal conviction that would, if the person was elected, either prevent the association from purchasing the insurance required by Section 5806 or terminate the association's existing insurance coverage required by Section 5806 as to that person should the person be elected.

(d) An association may disqualify a person from nomination for nonpayment of regular and special assessments, but may not disqualify a nominee for nonpayment of fines, fines renamed as assessments, collection charges, late charges, or costs levied by a third party. The person shall not be disqualified for failure to be current in payment of regular and special assessments if either of the following circumstances is true:

(1) The person has paid the regular or special assessment under protest pursuant to Section 5658.

(2) The person has entered into and is in compliance with a payment plan pursuant to Section 5665.

(e) An association shall not disqualify a person from nomination if the person has not been provided the opportunity to engage in internal dispute resolution pursuant to Article 2 (commencing with Section 5900) of Chapter 10.

(f) If an association disqualifies a nominee pursuant to this section, an association in its election rules shall also require a director to comply with the same requirements.

(g) Notwithstanding any other law, the rules adopted pursuant to this section may provide for the nomination of candidates from the floor of membership meetings or nomination by any other manner. Those rules may permit write-in candidates for ballots.

(h) Notwithstanding any other law, the rules adopted pursuant to this section shall do all of the following:

(1) Prohibit the denial of a ballot to a member for any reason other than not being a member at the time when ballots are distributed.

(2) Prohibit the denial of a ballot to a person with general power of attorney for a member.

(3) Require the ballot of a person with general power of attorney for a member to be counted if returned in a timely manner.

(4) Require the inspector or inspectors of elections to deliver, or cause to be delivered, at least 30 days before an election, to each member both of the following documents:

(A) The ballot or ballots.

(B) A copy of the election operating rules. Delivery of the election operating rules may be accomplished by either of the following methods:

(i) Posting the election operating rules to an internet website and including the corresponding internet website address on the ballot together with the phrase, in at least 12-point font: “The rules governing this election may be found here:”

(ii) Individual delivery.

(iii) Election operating rules adopted pursuant to this section shall not be amended less than 90 days prior to an election.

SEC. 5. Section 65850.01 of the Government Code is amended to read:

65850.01. (a) The Department of Housing and Community Development, hereafter referred to as “the department” in this section, shall have the authority to review an ordinance adopted or amended by a county or city after September 15, 2017, that requires as a condition of the development of residential rental units that more than 15 percent of the total number of units rented in a development be affordable to, and occupied by, households at 80 percent or less of the area median income if either of the following apply:

(1) The county or city has failed to meet at least 75 percent of its share of the regional housing need allocated pursuant to Sections 65584.04,

65584.05, and 65584.06, as applicable for the above-moderate income category specified in Section 50093 of the Health and Safety Code, prorated based on the length of time within the planning period pursuant to paragraph (1) of subdivision (f) of Section 65588, over at least a five-year period. This determination shall be made based on the annual housing element report submitted to the department pursuant to paragraph (2) of subdivision (a) of Section 65400.

(2) The department finds that the jurisdiction has not submitted the annual housing element report as required by paragraph (2) of subdivision (a) of Section 65400 for at least two consecutive years.

(b) Based on a finding pursuant to subdivision (a), the department may request, and the county or city shall provide, evidence that the ordinance does not unduly constrain the production of housing by submitting an economic feasibility study. The county or city shall submit the study within 180 days from receipt of the department's request. The department's review of the feasibility study shall be limited to determining whether or not the study meets the following standards:

(1) A qualified entity with demonstrated expertise preparing economic feasibility studies prepared the study.

(2) If the economic feasibility study is prepared after September 15, 2017, the county or city has made the economic feasibility study available for at least 30 days on its internet website. After 30 days, the county or city shall include consideration of the economic feasibility study on the agenda for a regularly scheduled meeting of the legislative body of the county or city prior to consideration and approval. This paragraph applies when an economic feasibility study is completed at the request of the department or prepared in connection with the ordinance.

(3) The study methodology followed best professional practices and was sufficiently rigorous to allow an assessment of whether the rental inclusionary requirement, in combination with other factors that influence feasibility, is economically feasible.

(c) If the economic feasibility study requested pursuant to subdivision (b) has not been submitted to the department within 180 days, the jurisdiction shall limit any requirement to provide rental units in a development affordable to households at 80 percent of the area median income to no more than 15 percent of the total number of units in a development until an economic feasibility study has been submitted to the department and the department makes a finding that the study meets the standards specified in paragraphs (1), (3), and, if applicable, (2), of subdivision (b).

(d) (1) Within 90 days of submission, the department shall make a finding as to whether or not the economic feasibility study meets the standards specified in paragraphs (1), (3), and, if applicable, (2), of subdivision (b).

(2) If the department finds that the jurisdiction's economic feasibility study does not meet the standards in paragraphs (1), (3), and, if applicable, (2), of subdivision (b), the jurisdiction shall have the right to appeal the decision to the Director of Housing and Community Development or their designee. The director or their designee shall issue a final decision within

90 days of the department's receipt of the appeal unless extended by mutual agreement of the jurisdiction and the department.

(3) If in its final decision the department finds that jurisdiction's economic feasibility study does not meet the standards in paragraphs (1), (3), and, if applicable, (2), of subdivision (b), the jurisdiction shall limit any requirement to provide rental units in a development affordable to households at 80 percent of the area median income to no more than 15 percent of the total number of units in a development until such time as the jurisdiction submits an economic feasibility study that supports the ordinance under review and the department issues a finding that the study meets the standards in paragraphs (1), (3), and, if applicable, (2), of subdivision (b).

(e) The department shall not request to review an economic feasibility study for an ordinance more than 10 years from the date of adoption or amendment of the ordinance, whichever is later.

(f) The department shall annually report any findings made pursuant to this section to the Legislature in the annual report required by Section 50408 of the Health and Safety Code.

(g) The Legislature finds and declares that ensuring access to affordable housing is a matter of statewide concern and not a municipal affair, as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this section shall apply to an ordinance proposed or adopted by any city, including a charter city.

SEC. 6. Section 65863.10 of the Government Code is amended to read:

65863.10. (a) As used in this section, the following terms have the following meanings:

(1) "Affected public entities" means the mayor of the city in which the assisted housing development is located, or, if located in an unincorporated area, the chair of the board of supervisors of the county; the appropriate local public housing authority, if any; and the Department of Housing and Community Development.

(2) "Affected tenant" means a tenant household residing in an assisted housing development, as defined in paragraph (3), at the time notice is required to be provided pursuant to this section, that benefits from the government assistance.

(3) "Assisted housing development" means a multifamily rental housing development of five or more units that receives governmental assistance under any of the following programs:

(A) New construction, substantial rehabilitation, moderate rehabilitation, property disposition, and loan management set-aside programs, or any other program providing project-based assistance, under Section 8 of the United States Housing Act of 1937, as amended (42 U.S.C. Sec. 1437f).

(B) The following federal programs:

(i) The Below-Market-Interest-Rate Program under Section 221(d)(3) of the National Housing Act (12 U.S.C. Sec. 1715 *l*(d)(3) and (5)).

(ii) Section 236 of the National Housing Act (12 U.S.C. Sec. 1715z-1).

(iii) Section 202 of the Housing Act of 1959 (12 U.S.C. Sec. 1701q).

(iv) Section 811 of the Cranston-Gonzales National Affordable Housing Act (42 U.S.C. Sec. 8013).

(C) Programs for rent supplement assistance under Section 101 of the Housing and Urban Development Act of 1965, as amended (12 U.S.C. Sec. 1701s).

(D) Programs under Sections 514, 515, 516, 521, 533, and 538 of the Housing Act of 1949, as amended (42 U.S.C. Sec. 1485).

(E) Section 42 of the Internal Revenue Code.

(F) Section 142(d) of the Internal Revenue Code or its predecessors (tax-exempt private activity mortgage revenue bonds).

(G) Section 147 of the Internal Revenue Code (Section 501(c)(3) bonds).

(H) Title I of the Housing and Community Development Act of 1974, as amended (Community Development Block Grant Program).

(I) Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (HOME Investment Partnership Program).

(J) Titles IV and V of the McKinney-Vento Homeless Assistance Act of 1987, as amended, including the Department of Housing and Urban Development's Supportive Housing Program, Shelter Plus Care Program, and surplus federal property disposition program.

(K) Grants and loans made by the Department of Housing and Community Development, including the Rental Housing Construction Program, CHRP-R, and other rental housing finance programs.

(L) Grants and loans made by the California Housing Finance Agency for rental housing.

(M) Chapter 1138 of the Statutes of 1987.

(N) The following assistance provided by counties or cities in exchange for restrictions on the maximum rents that may be charged for units within a multifamily rental housing development and on the maximum tenant income as a condition of eligibility for occupancy of the unit subject to the rent restriction, as reflected by a recorded agreement, or other legally enforceable agreement, with a county or city:

(i) Loans or grants provided using tax increment financing pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).

(ii) Local housing trust funds, as referred to in paragraph (3) of subdivision (a) of Section 50843 of the Health and Safety Code.

(iii) The sale or lease of public property at or below market rates.

(iv) The granting of density bonuses, or concessions or incentives, including fee waivers, parking variances, or amendments to general plans, zoning, or redevelopment project area plans, pursuant to Chapter 4.3 (commencing with Section 65915).

Assistance pursuant to this subparagraph shall not include the use of tenant-based Housing Choice Vouchers (Section 8(o) of the United States Housing Act of 1937, 42 U.S.C. Sec. 1437f(o), excluding paragraph (13) relating to project-based assistance). Restrictions shall not include any rent control or rent stabilization ordinance imposed by a county, city, or city and county.

(4) "City" means a general law city, a charter city, or a city and county.

(5) "Expiration of rental restrictions" means the expiration of rental restrictions for an assisted housing development described in paragraph (3) unless the development has other recorded agreements restricting the rent to the same or lesser levels for at least 50 percent of the units.

(6) "Low or moderate income" means having an income as defined in Section 50093 of the Health and Safety Code.

(7) "Owner" means an individual, corporation, association, partnership, joint venture, or business entity that holds title to the land on which an assisted housing development is located. If the assisted housing development is the subject of a leasehold interest, "owner" also means an individual, corporation, association, partnership, joint venture, or business entity that holds a leasehold interest in the assisted housing development, and the owner holding title to the land and the owner with a leasehold interest in the assisted housing development shall be jointly responsible for compliance.

(8) "Prepayment" means the payment in full or refinancing of the federally insured or federally held mortgage indebtedness prior to its original maturity date, or the voluntary cancellation of mortgage insurance, on an assisted housing development described in paragraph (3) that would have the effect of removing the current rent or occupancy or rent and occupancy restrictions contained in the applicable laws and the regulatory agreement.

(9) "Termination" means an owner's decision not to extend or renew its participation in a federal, state, or local government subsidy program or private, nongovernmental subsidy program for an assisted housing development described in paragraph (3), either at or prior to the scheduled date of the expiration of the contract, that may result in an increase in tenant rents or a change in the form of the subsidy from project-based to tenant-based.

(b) (1) At least 12 months prior to the anticipated date of the termination of a subsidy contract, the expiration of rental restrictions, or prepayment on an assisted housing development, the owner proposing the termination or prepayment of governmental assistance or the owner of an assisted housing development in which there will be the expiration of rental restrictions shall provide a notice of the proposed change to each affected tenant household residing in the assisted housing development at the time the notice is provided and to the affected public entities. An owner who meets the requirements of Section 65863.13 shall be exempt from providing that notice. The notice shall contain all of the following:

(A) In the event of termination, a statement that the owner intends to terminate the subsidy contract or rental restrictions upon its expiration date, or the expiration date of any contract extension thereto.

(B) In the event of the expiration of rental restrictions, a statement that the restrictions will expire, and in the event of prepayment, termination, or the expiration of rental restrictions whether the owner intends to increase rents during the 12 months following prepayment, termination, or the expiration of rental restrictions to a level greater than permitted under Section 42 of the Internal Revenue Code.

(C) In the event of prepayment, a statement that the owner intends to pay in full or refinance the federally insured or federally held mortgage indebtedness prior to its original maturity date, or voluntarily cancel the mortgage insurance.

(D) The anticipated date of the termination, prepayment of the federal or other program or expiration of rental restrictions, and the identity of the federal or other program described in subdivision (a).

(E) A statement that the proposed change would have the effect of removing the current low-income affordability restrictions in the applicable contract or regulatory agreement.

(F) A statement whether or not the applicable program allows the owner to elect to keep the housing in the program after the proposed termination or prepayment date and, if so, a statement as to whether the owner expects to elect to keep the housing in the program after such date if allowed.

(G) A statement whether other governmental assistance will be provided to tenants residing in the development at the time of the termination of the subsidy contract or prepayment.

(H) A statement that a subsequent notice of the proposed change, including anticipated changes in rents, if any, for the development, will be provided at least six months prior to the anticipated date of termination of the subsidy contract, or expiration of rental restrictions, or prepayment.

(I) A statement that the notice of opportunity to submit an offer to purchase has been sent to qualified entities, is attached to or included in the notice, and is posted in the common area of the development, as required in Section 65863.11.

(2) Notwithstanding paragraph (1), if an owner provides a copy of a federally required notice of termination of a subsidy contract or prepayment at least 12 months prior to the proposed change to each affected tenant household residing in the assisted housing development at the time the notice is provided and to the affected public entities, the owner shall be deemed in compliance with this subdivision, if the notice is in compliance with all federal laws. However, the federally required notice does not satisfy the requirements of Section 65863.11.

(c) (1) At least six months prior to the anticipated date of termination of a subsidy contract, expiration of rental restrictions or prepayment on an assisted housing development, the owner proposing the termination or prepayment of governmental assistance or the owner of an assisted housing development in which there will be the expiration of rental restrictions shall provide a notice of the proposed change to each affected tenant household residing in the assisted housing development at the time the notice is provided and to the affected public entities. An owner who meets the requirements of Section 65863.13 shall be exempt from providing that notice.

(2) The notice to the tenants shall contain all of the following:

(A) The anticipated date of the termination or prepayment of the federal or other program, or the expiration of rental restrictions, and the identity of the federal or other program, as described in subdivision (a).

(B) The current rent and rent anticipated for the unit during the 12 months immediately following the date of the prepayment or termination of the federal or other program, or expiration of rental restrictions.

(C) A statement that a copy of the notice will be sent to the city, county, or city and county, where the assisted housing development is located, to the appropriate local public housing authority, if any, and to the Department of Housing and Community Development.

(D) A statement of the possibility that the housing may remain in the federal or other program after the proposed date of subsidy termination or prepayment if the owner elects to do so under the terms of the federal government's or other program administrator's offer or that a rent increase may not take place due to the expiration of rental restrictions.

(E) A statement of the owner's intention to participate in any current replacement subsidy program made available to the affected tenants.

(F) The name and telephone number of the city, county, or city and county, the appropriate local public housing authority, if any, the Department of Housing and Community Development, and a legal services organization, that can be contacted to request additional written information about an owner's responsibilities and the rights and options of an affected tenant.

(3) In addition to the information provided in the notice to the affected tenant, the notice to the affected public entities shall contain information regarding the number of affected tenants in the project, the number of units that are government assisted and the type of assistance, the number of the units that are not government assisted, the number of bedrooms in each unit that is government assisted, and the ages and income of the affected tenants. The notice shall briefly describe the owner's plans for the project, including any timetables or deadlines for actions to be taken and specific governmental approvals that are required to be obtained, the reason the owner seeks to terminate the subsidy contract or prepay the mortgage, and any contacts the owner has made or is making with other governmental agencies or other interested parties in connection with the notice. The owner shall also attach a copy of any federally required notice of the termination of the subsidy contract or prepayment that was provided at least six months prior to the proposed change. The information contained in the notice shall be based on data that is reasonably available from existing written tenant and project records.

(d) The owner proposing the termination or prepayment of governmental assistance or the owner of an assisted housing development in which there will be the expiration of rental restrictions shall provide additional notice of any significant changes to the notice required by subdivision (c) within seven business days to each affected tenant household residing in the assisted housing development at the time the notice is provided and to the affected public entities. "Significant changes" shall include, but not be limited to, any changes to the date of termination or prepayment, or expiration of rental restrictions or the anticipated new rent.

(e) (1) An owner who is subject to the requirements of this section shall also provide a copy of any notices issued to existing tenants pursuant to

subdivision (b), (c), or (d) to any prospective tenant at the time the prospective tenant is interviewed for eligibility.

(2) The owner of an assisted housing development that is within three years of a scheduled expiration of rental restrictions shall also provide notice of the scheduled expiration of rental restrictions to any prospective tenant at the time the prospective tenant is interviewed for eligibility, and to existing tenants by posting the notice in an accessible location of the property. This notice shall also be provided to affected public entities. This paragraph is applicable only to owners of assisted housing developments where the rental restrictions are scheduled to expire after January 1, 2021.

(f) This section shall not require the owner to obtain or acquire additional information that is not contained in the existing tenant and project records, or to update any information in the owner's records. The owner shall not be held liable for any inaccuracies contained in these records or from other sources, nor shall the owner be liable to any party for providing this information.

(g) (1) For purposes of this section, service of the notice to the affected tenants shall be made by first-class mail postage prepaid.

(2) For purposes of this section, service of notice to the city, county, city and county, appropriate local public housing authority, if any, and the Department of Housing and Community Development shall be made by either first-class mail postage prepaid or electronically to any public entity that has provided an email address for that purpose.

(h) Nothing in this section shall enlarge or diminish the authority, if any, that a city, county, city and county, affected tenant, or owner may have, independent of this section.

(i) If, prior to January 1, 2001, the owner has already accepted a bona fide offer from a qualified entity, as defined in subdivision (c) of Section 65863.11, and has complied with this section as it existed prior to January 1, 2001, at the time the owner decides to sell or otherwise dispose of the development, the owner shall be deemed in compliance with this section.

(j) Injunctive relief shall be available to any party identified in paragraph (1) or (2) of subdivision (a) who is aggrieved by a violation of this section. Injunctive relief pursuant to this subdivision may include, but is not limited to, reimposition of the prior restrictions until any required notice is provided and the required period has elapsed, and restitution of any rent increases collected without compliance with this section. In a judicial action brought pursuant to this subdivision, the court may award attorney's fees and costs to a prevailing plaintiff.

(k) The Director of Housing and Community Development shall approve forms to be used by owners to comply with subdivisions (b), (c), and (e). Once the director has approved the forms, an owner shall use the approved forms to comply with subdivisions (b), (c), and (e).

SEC. 7. Section 65912.101 of the Government Code is amended to read:

65912.101. For purposes of this chapter, the following terms have the following meanings:

(a) "Commercial corridor" means a highway, as defined in Section 360 of the Vehicle Code, that is not a freeway, as defined in Section 332 of the Vehicle Code, and that has a right-of-way of at least 70 and not greater than 150 feet.

(b) "Development proponent" means a developer who submits a housing development project application to a local government under the streamlined, ministerial review process pursuant to this chapter.

(c) "Extremely low income households" has the same meaning as defined in Section 50106 of the Health and Safety Code.

(d) "Health care expenditures" include contributions under Sections 501(c) or (d) or 401(a) of the Internal Revenue Code and payments toward "medical care" as defined under Section 213(d)(1) of the Internal Revenue Code.

(e) "Housing development project" has the same meaning as defined in Section 65589.5.

(f) "Industrial use" means utilities, manufacturing, transportation storage and maintenance facilities, and warehousing uses. "Industrial use" does not include power substations or utility conveyances such as power lines, broadband wires, and pipes.

(g) "Local affordable housing requirement" means either of the following:

(1) A local government requirement, as a condition of development of residential units, that a housing development project include a certain percentage of units affordable to, and occupied by, extremely low, very low, lower, or moderate-income households as a condition of development of residential units.

(2) A local government requirement allowing a housing development project to be a use by right if the project includes a certain percentage of units affordable to, and occupied by, extremely low, very low, lower, or moderate-income households as a condition of development of residential units.

(h) "Local government" means a city, including a charter city, a county, including a charter county, or a city and county, including a charter city and county.

(i) "Lower income households" has the same meaning as defined in Section 50079.5 of the Health and Safety Code.

(j) "Major transit stop" has the same meaning as defined in subdivision (b) of Section 21155 of the Public Resources Code.

(k) "Moderate-income households" means households of persons and families of moderate income, as defined in Section 50093 of the Health and Safety Code.

(*l*) "Multifamily" means a property with five or more housing units for sale or for rent.

(m) "Neighborhood plan" means a specific plan adopted pursuant to Article 8 (commencing with Section 65450) of Chapter 3, or an area plan, precise plan, urban village plan, or master plan that has been adopted by a local government.

(n) "Principally permitted use" means a use that may occupy more than one-third of the square footage of designated use on the site and does not require a conditional use permit.

(o) "Side street" means a highway, as defined in Section 360 of the Vehicle Code, that is not a freeway, as defined in Section 332 of the Vehicle Code, and that has a right-of-way of at least 25 and fewer than 70 feet.

(p) "Urban uses" means any current or former residential, commercial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

(q) "Use by right" means a development project that satisfies both of the following conditions:

(1) The development project does not require a conditional use permit, planned unit development permit, or other discretionary local government review.

(2) The development project is not a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.

(r) "Very low income households" has the same meaning as defined in Section 50105 of the Health and Safety Code.

SEC. 8. Section 17928 of the Health and Safety Code is amended to read:

17928. (a) (1) The Department of Housing and Community Development shall, for building standards submitted to the California Building Standards Commission for adoption in the 2010 California Building Code or later, do all the following:

(A) Review relevant green building guidelines as deemed necessary by the department when preparing proposed building standards for submittal.

(B) Consider proposing as mandatory building standards those green building features determined by the department to be cost effective and feasible to promote greener construction.

(2) Nothing in this subdivision shall be construed to supplant or otherwise change the existing process for approval and adoption of building standards through the California Building Standards Commission.

(b) (1) The department shall also summarize both of the following in a triennial report to the Legislature no later than December 31, 2025, and every three years thereafter, which shall be included in the annual report required by Section 50408:

(A) Green building features proposed as building standards during the most recent Triennial and Intervening Building Standards Adoption Cycles, as appropriate.

(B) Green building guidelines reviewed pursuant to subdivision (a) during the most recent Triennial and Intervening Building Standards Adoption Cycles.

(2) For those items required by this subdivision already included in other reports provided to the Legislature or generally available, the department may fulfill this requirement by citing where that information can be found.

SEC. 9. Section 17974.1 of the Health and Safety Code is amended to read:

17974.1. (a) Notwithstanding any other provision of this part, a city or county that receives a complaint from an occupant of a homeless shelter, or an agent of an occupant, that alleges a homeless shelter is substandard pursuant to Section 17920.3 shall do all of the following:

(1) Inspect the homeless shelter or portion thereof intended for human occupancy that may be substandard pursuant to Section 17920.3.

(2) Identify whether the homeless shelter or any portion thereof intended for human occupancy is substandard pursuant to Section 17920.3, as applicable. The documentation shall be included in the inspection report described in subdivision (f).

(3) As applicable, advise the owner or operator of a homeless shelter of each violation and of each action that is required to be taken to remedy the violation. The city or county shall schedule a reinspection to verify correction of the violations.

(b) (1) If, upon inspection, the city or county determines that a homeless shelter is substandard pursuant to Section 17920.3, the city or county shall promptly, but not later than 10 business days after the city or county completes the inspection, issue a notice to correct the violation to the owner or operator of the homeless shelter.

(2) In the event that the city or county determines that a violation constitutes an imminent threat to the health and safety of the occupants of the homeless shelter, the notice of violation shall be issued immediately and served on the owner or operator of the homeless shelter.

(3) In the event that the city or county determines that deficiencies, violations, or conditions exist at a homeless shelter that are dangerous, hazardous, imminently detrimental to life or health, or otherwise render the homeless shelter unfit for human habitation, the city or county may issue an emergency order directing the owner or operator to take immediate measures to rectify those deficiencies, violations, or conditions.

(c) The city or county shall maintain all records on file of each homeless shelter inspection. These records shall be made available to the public for inspection.

(d) A city or county shall perform an inspection conducted pursuant to subdivision (a) at least as promptly as that city or county conducts an inspection in response to a request for final inspection pursuant to Section 110 of Part 2 of Division 2 of Chapter 1 of the California Building Code (Part 2 of Title 24 of the California Code of Regulations).

(e) Notwithstanding subdivision (a), a city or county is not required to conduct an inspection in response to either of the following:

(1) A complaint that does not allege one or more substandard conditions.

(2) A complaint submitted by a tenant, resident, or occupant who, within the past 180 days, submitted a complaint about the same property that the chief building inspector or their designee reasonably determined, after inspection, was frivolous or unfounded.

(f) A city or county shall provide free, certified copies of an inspection report and citations issued pursuant to this section, if any, to the complaining occupant or their agent. If the inspection reveals a condition potentially

affecting multiple occupants, including, but not limited to, conditions relating to the premises, common areas, or structural features, then the city or county shall provide free copies of the inspection report and citations issued to all potentially affected occupants or their agents.

(g) A city or county shall not unreasonably refuse to communicate with an occupant or the agent of an occupant regarding any matter covered by this article.

SEC. 10. Section 17998.1 of the Health and Safety Code is amended to read:

17998.1. The Department of Housing and Community Development, upon appropriation by the Legislature for this purpose, shall make funds available as matching grants to cities, counties, and cities and counties to increase staffing or capital expenditures dedicated to local building code enforcement efforts. The funds shall be subject to all of the following provisions:

(a) Grants shall be made to grantees that operate local building code enforcement programs for more than three years.

(b) The city, county, or city and county shall provide a cash or in-kind local match of at least 25 percent in the first year, at least 50 percent in the second year, and at least 75 percent in the third year.

(c) The maximum grant to a single recipient shall not exceed one million dollars ($1,000,000). The department may establish minimum grant levels and lower maximum grant levels, depending on the amount and uses of funding sources.

(d) Funds may be used to supplement, but shall not supplant, existing local funding for code enforcement related to housing code maintenance. The applicants shall demonstrate an intent to ensure cooperative and effective working relationships between code enforcement officials and local prosecutorial agencies, the local health department, and local government housing rehabilitation financing agencies.

(e) Within six months after completion of each program cycle approved by the department and funded by the Legislature, grant recipients shall submit a report to their local legislative bodies and to the department regarding the results of the expanded housing maintenance code enforcement efforts and recommendations for changes in state or local laws and regulations related to code enforcement. The department shall summarize the results and include this information in the annual report required by Section 50408. The department may require submission of interim progress reports.

(f) The department may use up to 5 percent of the funds appropriated by the Legislature for administering the programs authorized by this chapter.

(g) The department shall award the grants on a competitive basis with criteria to be established and specified in a “Notice of Funding Availability.” The criteria shall be weighted for local government applicants with neighborhoods populated by high percentages of lower income households, with significant numbers of deteriorating housing stock containing reported or suspected housing code violations and often owned by absentee owners.

The criteria shall also be weighted for applications that propose to identify and prosecute owners with habitual, repeated, multiple code violations that have remained unabated beyond the period required for abatement. In addition to those criteria, the department shall attempt to award grants to cities, counties, and cities and counties in order to obtain a wide range of population sizes and compositions and geographical distribution. Eligibility criteria, applications, awards, and other program requirements implementing this chapter shall not be subject to the requirements of Chapter 2.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

SEC. 11. Section 17998.2 of the Health and Safety Code is amended to read:

17998.2. (a) It is the intent of the Legislature in the enactment of this section to do all of the following:

(1) Initiate a coordinated active community approach to code enforcement.

(2) Create a pilot program in which the department awards grants to communities that develop a code enforcement program pursuant to the criteria established by this section.

(3) Substantially reduce the incidence of substandard housing through the use of creative and coordinated techniques of code enforcement involving an interdepartmental approach at the local government level.

(b) The grant program established pursuant to this section shall be known as the Community Code Enforcement Pilot Program. The Department of Housing and Community Development shall administer the Community Code Enforcement Pilot Program.

(1) The department need not adopt regulations for the program. The department shall publish and distribute a Notice of Funding Availability that contains application forms and instructions, eligibility criteria, criteria for the rating and ranking of applications, outcome evaluation criteria, interim or final reporting requirements, and other information that the department considers necessary or useful for implementation of the program.

(2) The department shall review, rate, and rank applications based on its evaluation of the information provided pursuant to subdivision (e), and their projected program performance as measured by all of the following criteria, considering the size of the applicant community:

(A) The minimum number of housing units affordable to lower income households that will be rehabilitated or otherwise brought into compliance with applicable building and housing codes.

(B) The estimated amount of grants and low interest rehabilitation loan funds, from sources other than this program, that will be made available to the owners of housing units affordable to lower income households that are determined to need rehabilitation or repair pursuant to the program.

(C) The incidence of poverty and deteriorating housing or housing code violations in each target area.

(3) In addition to the other criteria in this subdivision, the department shall attempt to award community code enforcement pilot program grants

to cities, counties, and cities and counties with a wide range of population sizes and compositions and geographical distribution.

(c) The department shall award community code enforcement pilot program grants for programs that shall operate for more than three years. The grants shall not exceed four hundred fifty thousand dollars ($450,000), which shall pay for costs incurred over the life of the program. The department may establish minimum grant levels and lower maximum grant levels, depending on the amount and uses of funding sources.

(d) Each city, county, or city and county receiving a grant shall develop a code enforcement team consisting of a least one full-time code enforcement officer and a part-time city planner, health officer, or comparable specialist. Each grantee shall provide, and fund at its own expense, at least one city planner, health officer, or comparable specialist for the duration of the pilot program, for a minimum of 20 hours per week. The grant funds shall be used for the code enforcement officer and related program costs, which may include full-time or part-time personnel, in addition to the grantee's contributions, or for capital expenditures.

(e) Grant proposals shall include all of the following:

(1) Demonstration of serious, current housing code enforcement deficiencies within each target area, whether those code deficiencies are in violation of locally enacted ordinances or state codes.

(2) A plan to have high visibility of code enforcement staff and to create close and frequent communication and interaction with residents and property owners of the target area, including in the evenings and on weekends.

(3) A plan to convene community meetings to inform residents of the pilot program.

(4) A plan to conduct ongoing frequent informal and formal community meetings with the code enforcement team and residents of the community involved in the pilot program.

(5) A plan demonstrating an intent to ensure cooperative and effective working relationships between code enforcement officials, local health department officials, local prosecutorial agencies, and officials operating local programs providing public funds to finance affordable rental housing rehabilitation and repairs.

(6) A plan for timely and effective administrative and judicial enforcement of code violations.

(f) The administrator of each grantee's pilot program shall evaluate the pilot program and report the findings and other criteria requested by the department indicating the effectiveness of the pilot program to the department within six months after completion of each program cycle approved by the department and funded by the Legislature. The department may require submission of interim progress reports. The administrator shall evaluate the pilot program based on criteria including, but not limited to, the following:

(1) Results of a participant survey, including owners, residents, and active community leaders.

(2) Comparison of each targeted area with similar neighborhoods with respect to repeat calls for service and other criteria testing the effectiveness of the pilot program.

(3) The extent of any perceived or actual property value change between the commencement and the completion of the pilot program.

(4) The number of cases opened and the number of cases closed, identifying the nature of code violations, the necessity of formal proceedings, the cost and nature of abatement violations, or other factors influencing the effectiveness of the pilot program.

(g) The department shall review and report to the Legislature on the findings of the pilot program administrators in the annual report required by Section 50408.

SEC. 12. Section 18062.8 of the Health and Safety Code is amended to read:

18062.8. It is unlawful for any manufacturer or distributor licensed under this part to do any of the following:

(a) Refuse or fail to deliver, in reasonable quantities and within a reasonable time after receipt of an order from a dealer having a franchise for the retail sale of any new manufactured home, mobilehome, or commercial coach sold or distributed by the manufacturer or distributor, any new manufactured home, mobilehome, or commercial coach or parts or accessories to new manufactured homes, mobilehomes, or commercial coaches that are covered by the franchise, if the mobilehome or commercial coach, parts or accessories are publicly advertised as being available for delivery or actually being delivered. This subdivision is not violated, however, if the failure is caused by acts or causes beyond the control of the manufacturer or distributor.

(b) Prevent or require or attempt to prevent or require, by contract or otherwise, any change in the capital structure of a dealership, if the dealer at all times meets any reasonable capital standards agreed to by the dealer and the manufacturer or distributor, and also provided that no change in capital structure shall cause a change in the principal management or have the effect of a sale of the franchise without the consent of the manufacturer or distributor.

(c) Prevent or require, or attempt to prevent or require, a dealer to change the executive management of a dealership, other than the principal dealership operator or operators, if the franchise was granted the dealer in reliance upon the personal qualifications of that person or persons.

(d) Prevent or require, or attempt to prevent or require, by contract or otherwise, any dealer, or any officer, partner, or stockholder of any dealership, to participate in the sale or transfer of any part of the interest of any of them to any other person or persons. No dealer, officer, partner, or stockholder shall, however, have the right to sell, transfer, or assign the franchise, or any right thereunder, without the consent of the manufacturer or distributor if the consent is not unreasonably withheld.

(e) Prevent, or attempt to prevent, a dealer from receiving fair and reasonable compensation for the value of the franchised business. There

shall be no transfer or assignment of the dealer's franchise without the consent of the manufacturer or distributor, if the consent is not unreasonably withheld.

(f) Obtain money, goods, services, or any other benefit from any other person with whom the dealer does business, on account of, or in relation to, the transaction between the dealer and any other person, other than for compensation for services rendered, unless the benefit is promptly accounted for, and transmitted to, the dealer.

(g) Require a dealer to prospectively assent to a release, assignment, novation, waiver, or estoppel that would relieve any person from liability imposed by this part or to require any controversy between a dealer and a manufacturer or distributor to be referred to any person other than the department, if the referral would be binding on the dealer. This subdivision does not, however, prohibit arbitration before an independent arbitrator.

(h) Increase the prices of manufactured homes, mobilehomes, or commercial coaches that the dealer ordered for private retail consumers prior to the dealer's receipt of the written official price increase notification. In the event of manufacturer price reductions, the amount of any reduction received by a dealer shall be passed on to the private retail consumer by the dealer if the retail price was negotiated on the basis of the previous higher price to the dealer. Price reductions shall apply to all manufactured homes, mobilehomes, and commercial coaches in the dealer's inventory that were subject to the price reduction. A price difference applicable to new model or series manufactured homes, mobilehomes, or commercial coaches at the time of the introduction of new models or series shall not be considered a price increase or price decrease. Price changes caused by either of the following shall not be subject to this subdivision:

(1) The addition to a manufactured home, mobilehome, or commercial coach of required or optional equipment pursuant to state or federal law.

(2) Revaluation of the United States dollar, in the case of foreign-made manufactured homes, mobilehomes, or commercial coaches.

(i) Fail to pay to a dealer, within a reasonable time following receipt of a valid claim by a dealer thereof, any payment agreed to be made by the manufacturer or distributor to the dealer by reason of the fact that a new manufactured home, mobilehome, or commercial coach of a prior year model is in the dealer's inventory at the time of introduction of new model manufactured homes, mobilehomes, or commercial coaches. A manufacturer or distributor shall not authorize or enable any new model to be delivered by dealers at retail more than 30 days prior to the eligibility date of the model change allowance payment for prior year model manufactured homes, mobilehomes, or commercial coaches.

(j) Deny, to the surviving spouse or heirs designated by a deceased owner of a dealership, the opportunity to participate in the ownership of the dealership or successor dealership under a valid franchise for a reasonable time after the death of the owner.

(k) Offer any refunds or other types of inducements to any dealer or other person for the purchase of new manufactured homes, mobilehomes, or

commercial coaches of a certain make and model to be sold to the state or any political subdivision of the state without making the same offer to all other dealers in the same make and model within the relevant market area.

(*l*) Employ a person as a distributor who has not been licensed pursuant to this chapter.

(m) Deny any dealer the right of free association with any other dealer for any lawful purpose.

(n) Compete with a dealer in the same make and model operating under an agreement or franchise from a manufacturer or distributor in the relevant market area. A manufacturer or distributor shall not, however, be deemed to be competing when operating a dealership either temporarily for a reasonable period, or in a bona fide retail operation that is for sale to any qualified independent person at a fair and reasonable price, or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the dealership and can reasonably expect to acquire full ownership of the dealership on reasonable terms and conditions.

(o) Unfairly discriminate among its franchisees with respect to warranty reimbursement or authority granted its franchisees to make warranty adjustments with retail customers.

(p) Sell manufactured homes, mobilehomes, or commercial coaches to persons not licensed under this part for resale, except as authorized pursuant to Section 18015.7 or 18062.9.

(q) Fail to exercise reasonable supervision over the activities of employees who negotiate or promote the sale of manufactured homes, mobilehomes, or commercial coaches.

SEC. 13. Section 18931.6 of the Health and Safety Code is amended to read:

18931.6. (a) Each city, county, or city and county shall collect a fee from any applicant for a building permit, assessed at the rate of four dollars ($4) per one hundred thousand dollars ($100,000) in valuation, as determined by the local building official, with appropriate fractions thereof, but not less than one dollar ($1).

(b) The city, county, or city and county may retain not more than 10 percent of the fees collected under this section for related administrative costs and for code enforcement education, including, but not limited to, certifications in the voluntary construction inspector certification program, and shall transmit the remainder to the commission for deposit in the Building Standards Administration Special Revolving Fund established under Section 18931.7.

(c) The commission may reduce the rate of the fee upon determining that a lesser amount is sufficient to maintain the programs established under this part.

SEC. 14. Section 50091 of the Health and Safety Code is amended to read:

50091. “Nonprofit housing sponsor” or “nonprofit corporation” means a nonprofit corporation incorporated pursuant to Division 2 (commencing with Section 5000) of Title 1 of the Corporations Code or a corporation or

association that is, or will be qualified as, a cooperative housing corporation for purposes of subdivision (a) of Section 17265 of the Revenue and Taxation Code, a nonprofit student housing cooperative, or a limited equity housing cooperative and that is certified by the agency as qualified to own a housing development if financed or assisted by the agency. A "nonprofit corporation" shall also include a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

SEC. 15. Section 50408.1 of the Health and Safety Code is amended to read:

50408.1. (a) The department shall develop and publish in the annual report required by Section 50408 all of the following information regarding grant programs administered by the department during the previous fiscal year:

(1) The time between the issuance of award letters and the delivery of the standard agreement to the awardee.

(2) The time between the delivery of the standard agreement to the awardee and its execution.

(3) A comparison of how the time between award letter, standard agreement, and standard agreement execution varies across department-administered programs.

(4) Changes to the information reported in this section for each program since the previous annual report.

(5) For purposes of this subdivision, "time" means the median number of days and a description of the range of days, which includes the 25th percentile and the 75th percentile, for each program.

(b) The department shall develop and publish in the annual report required by Section 50408 information regarding land use oversight actions related to housing that were active during the previous fiscal year pursuant to Section 65585 of the Government Code, including, but not limited to, all of the following:

(1) The number of land use oversight actions related to housing taken against cities and counties.

(2) The outcomes of those oversight actions.

(3) The median time between the initiation of each oversight action and its resolution.

(c) The reports required under this section and under Section 50408 shall be published and made available to the public on the department's internet website.

SEC. 16. Section 50423 of the Health and Safety Code is amended to read:

50423. (a) The department shall update and provide a revision of the plan to the Legislature by January 1, 2006, by January 1, 2009, and every four years thereafter, which shall be included in the annual report required by Section 50408. The revisions shall contain all of the following segments:

(1) A comparison of the housing need for the preceding plan period with the amount of building permits issued and mobilehome spaces created in those fiscal years.

(2) A revision of the determination of the statewide need for housing development specified in subdivision (b) of Section 50422 for the plan period.

(3) A revision of the housing assistance goals specified in subdivision (c) of Section 50422 for the plan period.

(4) A revision of the evaluation required by subdivision (a) of Section 50422 as new census or other survey data become available. The revision shall contain an evaluation and summary of housing conditions throughout the state and may highlight data for multicounty or regional areas, as determined by the department. The revision shall include a discussion of the housing needs of various population groups, including, but not limited to, elderly persons, disabled persons, large families, families where a female is the head of the household, and farmworker households.

(5) An updating of recommendations for actions by federal, state, and local governments and the private sector which will facilitate the attainment of housing goals established for California.

(6) For the next revision of the plan on or after January 1, 2020, and each subsequent revision thereafter, a 10-year housing data strategy that identifies the data useful to enforce existing housing laws and inform state housing policymaking. In developing this data strategy, the department shall establish a workgroup that includes, but is not limited to, representatives from the Department of Technology, metropolitan planning organizations, local governments, relevant academic institutions, and nonprofit organizations with relevant expertise selected by the department. The strategy shall include, but is not limited to, the following:

(A) An evaluation of data priorities.

(B) A strategy for how to achieve more consistent terminology for housing data across the state.

(C) An evaluation of the costs and benefits of, and the ways the department could support, a more integrated digital land use management system, building permit application management system, and other tools that would minimize resources needed for jurisdictions to submit required data.

(D) Information that must be reported under paragraph (2) of subdivision (a) of Section 65400, including, but not limited to, information that:

(i) Supports enforcement of laws, policies, and informs efforts to preserve existing affordable housing stock.

(ii) Supports enforcement of laws, policies, and informs efforts to protect tenants, and ensure habitability of existing housing stock.

(iii) Provides a better understanding of housing project appeals, approvals, delays, and denials, including any relevant data from courts and other state departments.

(iv) Provides an understanding of the process, certainty, cost, and time to approve housing and affordable housing projects.

(E) An assessment of the quality of data submitted by annual reports and recommended changes to annual report requirements and technical assistance based on this assessment.

(F) An assessment of the nature and cost of staffing and technology required for the department and local governments to meet data goals and requirements over the 10-year strategy period.

(G) Information that is useful to enforce state and local housing law and policy, including, but not limited to, enforcement of anti-rent gouging and just cause for eviction policies and ordinances.

(b) The Legislature may review the plan and the updates of the plan and transmit its comments on the plan or updates of the plan to the Governor, the Secretary of Business, Consumer Services and Housing, and the Director of Housing and Community Development.

SEC. 16.5. Section 50423 of the Health and Safety Code is amended to read:

50423. (a) The department shall update and provide a revision of the plan to the Legislature by January 1, 2006, by January 1, 2009, and every four years thereafter, which shall be included in the annual report required by Section 50408. The revisions shall contain all of the following segments:

(1) A comparison of the housing need for the preceding plan period with the amount of building permits issued and mobilehome spaces created in those fiscal years.

(2) A revision of the determination of the statewide need for housing development specified in subdivision (b) of Section 50422 for the plan period.

(3) A revision of the housing assistance goals specified in subdivision (c) of Section 50422 for the plan period.

(4) A revision of the evaluation required by subdivision (a) of Section 50422 as new census or other survey data become available. The revision shall contain an evaluation and summary of housing conditions throughout the state and may highlight data for multicounty or regional areas, as determined by the department. The revision shall include a discussion of the housing needs of various population groups, including, but not limited to, elderly persons, disabled persons, veterans, large families, families where a female is the head of the household, and farmworker households.

(5) An updating of recommendations for actions by federal, state, and local governments and the private sector which will facilitate the attainment of housing goals established for California.

(6) For the next revision of the plan on or after January 1, 2020, and each subsequent revision thereafter, a 10-year housing data strategy that identifies the data useful to enforce existing housing laws and inform state housing policymaking. In developing this data strategy, the department shall establish a workgroup that includes, but is not limited to, representatives from the Department of Technology, metropolitan planning organizations, local governments, relevant academic institutions, and nonprofit organizations with relevant expertise selected by the department. The strategy shall include, but is not limited to, the following:

(A) An evaluation of data priorities.

(B) A strategy for how to achieve more consistent terminology for housing data across the state.

(C) An evaluation of the costs and benefits of, and the ways the department could support, a more integrated digital land use management system, building permit application management system, and other tools that would minimize resources needed for jurisdictions to submit required data.

(D) Information that must be reported under paragraph (2) of subdivision (a) of Section 65400, including, but not limited to, information that:

(i) Supports enforcement of laws, policies, and informs efforts to preserve existing affordable housing stock.

(ii) Supports enforcement of laws, policies, and informs efforts to protect tenants, and ensure habitability of existing housing stock.

(iii) Provides a better understanding of housing project appeals, approvals, delays, and denials, including any relevant data from courts and other state departments.

(iv) Provides an understanding of the process, certainty, cost, and time to approve housing and affordable housing projects.

(E) An assessment of the quality of data submitted by annual reports and recommended changes to annual report requirements and technical assistance based on this assessment.

(F) An assessment of the nature and cost of staffing and technology required for the department and local governments to meet data goals and requirements over the 10-year strategy period.

(G) Information that is useful to enforce state and local housing law and policy, including, but not limited to, enforcement of anti-rent gouging and just cause for eviction policies and ordinances.

(b) The Legislature may review the plan and the updates of the plan and transmit its comments on the plan or updates of the plan to the Governor, the Secretary of Business, Consumer Services and Housing, and the Director of Housing and Community Development.

SEC. 17. Section 50459 of the Health and Safety Code is amended to read:

50459. (a) The department may adopt, and from time to time, revise, guidelines for any of the following:

(1) The preparation of housing elements required by Section 65302 and Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(2) The preparation of a document that meets both of the following sets of requirements:

(A) Requirements for housing elements pursuant to Section 65302 and Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(B) Requirements for the Consolidated Submissions for Community Planning and Development Programs required by Part 91 of Title 24 of the Code of Federal Regulations.

(b) The department shall review housing elements and amendments for substantial compliance with Article 10.6 (commencing with Section 65580)

of Chapter 3 of Division 1 of Title 7 of the Government Code and report its findings pursuant to Section 65585 of the Government Code.

(c) On or before April 1, 1995, and annually thereafter, the department shall include in the annual report required by Section 50408 a report on the status of housing elements and the extent to which they comply with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code. The department shall also make this report available to any other public agency, group, or person who requests a copy.

(d) The department may, in connection with any loan or grant application submitted to the agency, require submission to the department for review of any housing element and any local housing assistance plan adopted pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383).

SEC. 18. Section 50468 of the Health and Safety Code is amended to read:

50468. (a) The department shall not require a project-specific transition reserve for any unit subject to a qualified project rental or operating subsidy.

(b) The Pooled Transition Reserve Fund is hereby created within the State Treasury and, notwithstanding Section 13340 of the Government Code, is continuously appropriated to the department for the purpose of establishing and maintaining a pooled transition reserve. The fund shall consist of all of the following:

(1) Fees charged by the department to projects that receive qualified project rental or operating subsidies at the time of permanent loan closing.

(2) Upon appropriation by the Legislature, moneys from the General Fund or other funds.

(3) Moneys from any other source, including from any private donation or grant made for the purposes of this part.

(c) The department may charge a fee to each project that receives qualified project rental or operating subsidies at the time of permanent loan closing, not to exceed the reasonable costs of the department to capitalize the reserve fund and cover administrative costs. All fees shall be deposited in the Pooled Transition Reserve Fund and used for the purposes of this section. The department may capitalize the fees authorized by this subdivision as necessary to ensure the financial feasibility and long-term affordability of the multifamily housing project, in which case funds may be transferred to the Pooled Transition Reserve Fund at the time of permanent loan closing.

(d) (1) “Project-specific transition reserve” means a reserve account or a set aside of funds accruing to the benefit of a particular affordable rental housing development to address the impacts on tenants of a loss or exhaustion of a rental or operating subsidy.

(2) “Pooled transition reserve” means a fund or account established and maintained by the department to mitigate, with respect to residential dwelling units described in subdivision (e), the impacts on tenant rents from the loss or exhaustion of a qualified project rental or an operating subsidy.

(3) "Qualified project rental or operating subsidy" means federally originated rental assistance or operating subsidies, a local rental housing subsidy program operated by the City and County of San Francisco or the County of Los Angeles, or other means of rental assistance or operating assistance identified by the department.

(e) This section shall apply to units of a multifamily housing project financed by any program administered by the department, for which permanent loan closing has not occurred prior to January 1, 2023, including, but not limited to, all of the following:

(1) The competitive component of the Building Homes and Jobs Act (Chapter 2.5 (commencing with Section 50470)).

(2) The Joe Serna, Jr. Farmworker Housing Grant Program (Chapter 3.2 (commencing with Section 50515.2)).

(3) The Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(4) The Transit-Oriented Development Implementation Program (Part 13 (commencing with Section 53560)).

(5) Housing for a Healthy California Program (Part 14.2 (commencing with Section 53590)).

(6) The Veterans Housing and Homeless Prevention Act of 2014 (Article 3.2 (commencing with Section 987.001) of Chapter 6 of Division 4 of the Military and Veterans Code).

(7) The Affordable Housing and Sustainable Communities Program (Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code).

(8) The No Place Like Home Program (Part 3.9 (commencing with Section 5849.1) of Division 5 of the Welfare and Institutions Code).

(9) The federal Community Development Block Grant Program (42 U.S.C. Sec. 5301 et seq.).

(10) The federal HOME Investment Partnership Program (42 U.S.C. Sec. 12721 et seq.).

(11) The National Housing Trust Fund established pursuant to the federal Housing and Economic Recovery Act of 2008 (Public Law 110-289), and implementing federal regulations.

(f) The department may review, adopt, amend, and repeal guidelines to implement uniform standards or criteria that supplement or clarify the terms, references, or standards set forth in this section, including adopting fees as set forth in subdivision (c). The guidelines may address participation in the pooled transition reserve by projects with existing project-based transition reserves, including disposition of the existing project-based transition reserve funds. The adoption, amendment, or repeal of any guidelines or terms pursuant to this subdivision is hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 19. Section 50783 of the Health and Safety Code is amended to read:

50783. (a) (1) The department may make loans from the fund to resident organizations, qualified nonprofit housing sponsors, and local public entities for the purpose of financing mobilehome park acquisition, conversion, rehabilitation, reconstruction, and replacement.

(2) Loans provided pursuant to this subdivision shall be for a duration, interest rate, and other terms, as determined by the department to be equitable and necessary. Interest rates shall be no more than 3 percent per annum, and the department shall allow loan repayments to be deferred for the full term of the loan, with principal and accumulated interest due and payable upon completion of the term of the loan.

(3) Loans provided pursuant to this subdivision shall be for the minimum amount necessary to enable a resident organization, qualified nonprofit housing sponsor, or local public entity to acquire, convert, rehabilitate, reconstruct, or replace, or any combination thereof, the mobilehome park. To the extent possible, the loan amount shall not exceed 50 percent of the approved costs. However, the loan amount may be for up to 95 percent of the approved costs attributable to the low-income households in the park when approved by the department.

(4) The department may grant approval to exceed 50 percent of the approved costs only if both of the following are demonstrated:

(A) That the applicant has made an effort to secure additional funds from other sources and these funds are not available.

(B) That the project would not be feasible, as determined by the department, without a waiver of the 50-percent financing limitation.

(5) The total secured debt in a superior position to the department's loan plus the department's loan shall not exceed 115 percent of the value of the collateral securing the loan plus the costs related to the acquisition, conversion, rehabilitation, reconstruction, or replacement, or any combination thereof, of the project.

(6) Funds provided pursuant to this subdivision may be used to finance the costs of reestablishing a mobilehome park, including relocating mobilehomes, to a more suitable site within the same jurisdiction if the department determines that the cost of the reestablishment, including any and all relocation costs to the affected households, is a more prudent expenditure of funds than the costs of needed or repetitive repairs to the existing park. Funds provided pursuant to this section shall not be used to relieve a park owner of any responsibility for covering the costs of mitigating the impacts of a park closure, as may be provided for by local ordinance or pursuant to Section 65863.7 or 66427.4 of the Government Code.

(b) (1) Upon appropriation by the Legislature of funding for this purpose, the department may make loans from the fund to mobilehome parks to correct health and safety deficiencies and to mobilehome parks that have received a notice of revocation or suspension of their permit to operate or do not currently have a permit to operate in order to make repairs necessary to obtain or restore the permit to operate, including any on-site or off-site needs for utility connections or other essential health and safety purposes. Mobilehome parks owned by resident organizations, qualified nonprofit

housing sponsors, local public entities, and private park owners shall be eligible for loans for the purposes of this subdivision. For purposes of this subdivision, the department may make loans from the fund to private mobilehome park owners if the owner owns only the mobilehome park for which they are applying for a loan and no other mobilehome park, and if the department determines both of the following:

(A) The loan will have a substantial benefit for lower income residents.

(B) The park owner does not have access to other financing or resources necessary to complete the repairs.

(2) Loans provided pursuant to this subdivision shall be for the minimum amount necessary to restore the park to a condition meeting all health and safety standards and shall be subject to other requirements specified in the guidelines.

(3) For loans made pursuant to this subdivision, the borrower shall agree to use restrictions, affordability restrictions, and displacement protections, as specified in the guidelines.

(4) (A) Notwithstanding any applicable local rent control ordinances, parks shall be subject to affordability restrictions at a housing cost affordable to households making less than 80 percent of the area median income or where rents charged are 30 percent below market rents for a comparable unit, whichever results in the lowest monthly rents charged, for no less than 30 years, subject to the following park sizes:

(i) Parks with 10 spaces or fewer shall not be subject to this paragraph, except that local rent control ordinances shall apply.

(ii) Parks with 11 to 25 spaces shall restrict at least 10 percent of their units to affordable rents.

(iii) Parks with 26 to 50 spaces shall restrict at least 25 percent of their units to affordable rents.

(iv) Parks with 51 spaces or more shall restrict at least 50 percent of their units to affordable rents.

(B) For loans made pursuant to this subdivision, the borrower shall agree to offer resident organizations, nonprofit housing sponsors, and public entities the option to purchase before any other purchasers for a period of no less than 60 calendar days. If no resident organizations, nonprofit housing sponsors, or public entities demonstrate a desire to purchase, then the borrower may sell the park without regard to this subparagraph.

(C) The department shall specify borrower commitments in guidelines. In specifying borrower commitments, the department may vary borrower commitments for different levels of funding, and may require more rigorous standards for use and may restrict rents at deeper affordability levels to be commensurate with larger public investments.

(5) Loans provided pursuant to this subdivision shall be for a duration, interest rate, and other terms, as determined by the department to be equitable and necessary, and shall not jeopardize the financial stability of the fund, as specified in the guidelines.

(c) (1) The department may make loans from the fund to nonprofit corporations and local public entities for the purpose of financing the

purchase or rehabilitation of mobilehomes, subject to affordability restrictions and other conditions, as specified in the guidelines.

(2) Loans provided pursuant to this subdivision shall be for a duration, interest rate, and other terms, as determined by the department to be equitable and necessary, as specified in the guidelines. Any interest rate established pursuant to this paragraph shall not exceed 3 percent per annum.

(d) If, six months following the issuance of the first notice of funding availability, 55 percent or more of funds remain uncommitted, the department may revise eligibility requirements in paragraph (1) of subdivision (b) by increasing the number of mobilehome parks a private park owner may own to no more than three.

SEC. 20. Section 53559 of the Health and Safety Code is amended to read:

53559. (a) The Infill Infrastructure Grant Program of 2019 is hereby established to be administered by the department.

(b) Upon appropriation by the Legislature of funds for purposes of this part, the department shall establish and administer a grant program to allocate those funds to selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project, qualifying infill area, or catalytic qualifying infill area pursuant to the requirements of this section. The department shall determine amounts, if any, to be made available for qualifying infill projects, qualifying infill areas, or catalytic qualifying infill areas.

(c) (1) Except for funds appropriated or set aside for small jurisdictions for grants pursuant to subdivision (e), the department shall administer a competitive application process for capital improvement projects for large jurisdictions pursuant to this subdivision.

(2) Except for grants for qualifying infill areas or catalytic qualifying infill areas, the department shall do all of the following for grants made pursuant to this subdivision:

(A) Make program funds available at the same time it makes funds, if any, available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(B) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this part in addition to those used in the Multifamily Housing Program.

(C) Administer funds in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(D) For purposes of awarding grants pursuant to the competitive application process required by this subdivision, “qualifying infill project” means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant

site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(d) (1) In its review and ranking of applications for the award of capital improvement project grants, the department shall rank the affected qualifying infill areas based on the following priorities:

(A) Project readiness, which shall include all of the following:

(i) A demonstration that the area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submission of a grant application

(ii) A demonstration that the eligible applicant can secure sufficient funding commitments derived from sources other than this part for the timely development of a qualifying infill area.

(B) The depth and duration of the affordability of the housing proposed for a qualifying infill area.

(C) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in paragraph (3) of subdivision (g).

(D) The qualifying infill area's inclusion of, or proximity or accessibility to, a transit station or major transit stop.

(E) The proximity of housing to parks, employment or retail centers, schools, or social services.

(F) The qualifying infill area location's consistency with an adopted sustainable communities strategy pursuant to Section 65080 of the Government Code, alternative planning strategy pursuant to Section 65450 of the Government Code, or other adopted regional growth plan intended to foster efficient land use.

(G) For qualifying infill areas, in awarding funds under the program, the department shall provide additional points or preference to projects located in jurisdictions that are designated prohousing pursuant to subdivision (c) of Section 65589.9 of the Government Code, in the manner determined by the department pursuant to subdivision (d) of Section 65589.9 of the Government Code.

(2) In allocating funds pursuant to this subdivision, the department, to the maximum extent feasible, shall ensure a reasonable geographic distribution of funds.

(3) For purposes of awarding grants pursuant to the competitive application process required by this subdivision, "qualifying infill area" means a contiguous area located within an urbanized area (i) that has been previously developed, or where at least 75 percent of the perimeter of the area adjoins parcels that are developed with urban uses, and (ii) in which at least one development application has been approved or is pending approval for a residential or mixed-use residential project that meets the definition and criteria in this section for a qualifying infill project.

(e) (1) The department shall administer an over-the-counter application process for grants funded by the allocation specified in the appropriation

or paragraph (2) of subdivision (a) of Section 53559.2 for capital improvement projects for small jurisdictions, pursuant to this subdivision.

(2) Eligible applicants shall submit the following information in the application request for funding:

(A) A complete description of the qualifying infill project or qualifying infill area and documentation of how the infill project or infill area meets the requirements of this section.

(B) A complete description of the capital improvement project and requested grant funding for the project, how the project is necessary to support the development of housing, and how it meets the criteria of this section.

(C) Documentation that specifies how the application meets all of the requirements of subdivision (g).

(D) (i) Except as provided in clause (ii), a financial document that shows the gap financing needed for the project.

(ii) For a qualifying infill project located in the unincorporated area of the county, the department shall allow an applicant to meet the requirement described in clause (i) by submitting copies of an application or applications for other sources of state or federal funding for a qualifying infill project.

(E) (i) Except as provided by clause (ii), documentation of all necessary entitlement and permits, and a certification from the applicant that the project is shovel-ready.

(ii) For a qualifying infill project located in the unincorporated area of the county, the department shall allow the applicant to meet the requirement described in clause (i) by submitting a letter of intent from a willing affordable housing developer that has previously completed at least one comparable housing project, certifying that the developer is willing to submit an application to the county for approval by the county of a qualifying infill project within the area in the event that the funding requested pursuant to this subdivision is awarded.

(3) The department may establish a per-unit formula to determine the amount of funds awarded pursuant to this subdivision.

(4) For purposes of awarding grants pursuant to the over-the-counter application process required by this subdivision:

(A) "Qualifying infill area" means a contiguous area located within an urbanized area that meets either of the following criteria:

(i) The area contains sites included on the inventory of land suitable and available for residential development in the housing element of the applicable city or county general plan pursuant to paragraph (3) of subdivision (a) of Section 65583 of the Government Code, and at least 50 percent of the perimeter of the area shall adjoin parcels that are developed with urban uses.

(ii) The capital improvement project for which funding is requested is necessary, as documented by an environmental review or some other adopted planning document, to make the area suitable and available for residential development, or to allow the area to accommodate housing for additional income levels, and the area otherwise meets the requirements for inclusion on the inventory of land suitable and available for residential development

in the housing element of the applicable city or county general plan pursuant to paragraph (3) of subdivision (a) of Section 65583 of the Government Code. At least 50 percent of the perimeter of the area shall adjoin parcels that are developed with urban uses.

(B) "Qualifying infill project" means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 50 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(f) (1) For catalytic qualifying infill areas, grants for small jurisdictions and large jurisdictions shall be provided using a selection process established by the department that meets all of the following requirements:

(A) Applicants shall meet both of the following minimum threshold requirements:

(i) Readiness, which includes both of the following:

(I) A demonstration that the catalytic qualifying infill area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submission of a grant application.

(II) A demonstration that the eligible applicant has a viable plan to secure sufficient funding, derived from sources other than this part for the timely development of housing within a catalytic qualifying infill area.

(ii) A demonstration of the catalytic qualifying infill area location's consistency with an adopted sustainable communities strategy or alternative planning strategy pursuant to Section 65080 of the Government Code.

(B) The department shall, at a minimum, rank the affected catalytic qualifying infill areas applications for small jurisdictions and large jurisdictions based on the following:

(i) The number of housing units, including affordable units as required in paragraph (2) of subdivision (g) to be developed within the catalytic qualifying infill area.

(ii) The depth and duration of the affordability of the housing proposed for within the catalytic qualifying infill area.

(iii) The extent to which the average residential densities on the parcel or parcels to be developed exceeds the density standards contained in paragraph (3) of subdivision (g).

(iv) The catalytic qualifying infill area's inclusion of, or proximity or accessibility to, a transit station, major transit stop, or other areas yielding significant reductions in vehicle miles traveled.

(v) The proximity of planned housing within the catalytic qualifying infill area used in the calculation of the eligible grant amount to existing or planned parks, employment or retail centers, schools, or social services.

(vi) Existing or planned ordinances and other zoning or building provisions that facilitate adaptive reuse, including, but not limited to, demonstration that, if the existing commercial, office, or retail structure intended for reuse as housing does not occupy the entirety of the underlying parcel, the adaptive reuse project will be permitted to add to the existing

building or structure provided that the addition is consistent with the existing or planned zoning of the parcel.

(vii) The extent to which local strategies or programs are in place to prevent the direct or indirect displacement of local community residents and businesses from the area within and surrounding the catalytic qualifying infill area.

(viii) The level of community outreach and engagement in project planning, including efforts to involve disadvantaged communities and low-income residents, particularly local community residents and businesses from the area within and surrounding the catalytic qualifying infill area.

(ix) Inclusion of any publicly owned lands within the designated catalytic qualifying infill area.

(x) Streamlining provisions related to California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), including, but not limited to, establishment of streamlined, program-level California Environmental Quality Act analysis and certification of general plans, community plans, specific plans with accompanying environmental impact reports, and related documents and streamlining proposed projects, such as enabling a by-right approval process or by utilizing statutory and categorical exemptions as authorized by applicable law.

(C) Eligible applicants shall submit the following information in the application request for funding:

(i) A complete description of the catalytic qualifying infill area and documentation of how the catalytic qualifying infill area meets the requirements of this section.

(ii) A complete description of the capital improvement project and requested grant funding, how the capital improvement project is necessary to support the development of housing, and how it meets the criteria of this section.

(iii) Documentation that specifies how the application meets all of the requirements of subdivision (g).

(iv) (I) Except as provided in subclause (II), a financial document that shows the gap financing needed for the project.

(II) For a qualifying infill project within a catalytic qualifying infill area located in the unincorporated area of the county, the department shall allow an applicant to meet the requirement described in subclause (I) by submitting copies of an application or applications for other sources of state or federal funding for a qualifying infill project.

(v) (I) Except as provided by subclause (II), documentation of all necessary entitlement and permits, and a certification from the applicant that the capital improvement project is shovel-ready.

(II) For a qualifying infill project within a catalytic qualifying infill area located in the unincorporated area of the county, the department shall allow the applicant to meet the requirement described in subclause (I) by submitting a letter of intent from a willing affordable housing developer that has previously completed at least one comparable housing project, certifying

that the developer is willing to submit an application to the county for approval by the county of a qualifying infill project within the area in the event that the funding requested pursuant to this subdivision is awarded.

(2) In allocating funds pursuant to this subdivision, the department, to the maximum extent feasible, shall ensure a reasonable distribution of funds, including consideration of differing population sizes of localities and geographic location. Applications shall be considered and ranked against applications of localities of similar size and scope. For the purposes of this paragraph, the population of a county shall be the population in the unincorporated area.

(3) The department shall report the following information in its annual report due in 2024, as required by Section 50408:

(A) Specific uses of the funds for capital improvement projects.

(B) Locations of awarded catalytic qualifying infill area grants, including both of the following:

(i) Number of awards by geography, including urban and rural.

(ii) The types of buildings adapted to residential use.

(C) Total units to be created within the awarded qualifying infill areas, including anticipated affordability levels.

(D) Data on catalytic qualifying infill area projects funded, such as project sizes, adaptive reuse ordinances adopted, and by-right sites.

(g) A qualifying infill project, qualifying infill area, or catalytic qualifying infill area for which a capital improvement project grant may be awarded pursuant to either subdivision (d), (e), or (f) shall meet all of the following conditions:

(1) A qualifying infill area or catalytic qualifying infill area shall be located in a city, county, or city and county in which the general plan of the city, county, or city and county has an adopted housing element that has been found by the department, pursuant to Section 65585 of the Government Code, to be in compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code. This paragraph does not apply to a qualifying infill project.

(2) Include not less than 15 percent of affordable units, as follows:

(A) For projects that contain both rental and ownership units, units of either or both product types may be included in the calculation of the affordability criteria.

(B) (i) To the extent included in a project grant application, for the purpose of calculating the percentage of affordable units, the department may consider the entire master development in which the development seeking grant funding is included.

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low- and moderate-income housing market. Residential units to be replaced shall not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

(C) For the purposes of this subdivision, "affordable unit" means a unit that is made available at an affordable rent, as defined in Section 50053, to a household earning no more than 60 percent of the area median income or at an affordable housing cost, as defined in Section 50052.5, to a household earning no more than 120 percent of the area median income. Rental units shall be subject to a recorded covenant that ensures affordability for at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household, and shall be subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

(3) Include average residential densities on the parcels to be developed that are equal to or greater than the densities described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code, except that a project located in a rural area as defined in Section 50199.21 shall include average residential densities on the parcels to be developed of at least 10 units per acre.

(4) Be located in an area designated for mixed-use or residential development pursuant to one of the following:

(A) A general plan adopted pursuant to Section 65300 of the Government Code.

(B) A sustainable communities strategy adopted pursuant to Section 65080 of the Government Code.

(C) A specific plan adopted pursuant to Section 65450 of the Government Code.

(D) A Workforce Housing Opportunity Zone established pursuant to Section 65620 of the Government Code.

(E) A Housing Sustainability District established pursuant to Section 66201 of the Government Code.

(h) Funds awarded pursuant to this section shall supplement, not supplant, other available funding.

(i) The department shall adopt guidelines for the operation of the grant program. The guidelines shall include performance standards and authorize the reversion of grant awards if the awardee has not substantially met the performance standards.

(1) Performance standards shall include timelines for commencement of construction of a capital improvement project, completion of a capital improvement project, and commencement and completion of associated housing development on an identified infill site, as identified in the qualifying infill project, qualifying infill area, or catalytic qualifying infill area application.

(2) Catalytic qualifying infill area awards may be conditioned upon the local jurisdiction completing any actions to expedite housing development rezoning to accommodate density, completing environmental reviews to support ministerial approvals of housing, and granting fee waivers or other incentives to expedite housing development that were used in qualifying for an award.

(j) The department shall require recipients of funds to report on progress of capital improvement projects, including, but not limited to, substantiation

of grant expenditures and housing outcomes, including levels of affordability as provided in the application.

(k) The guidelines may also provide for recapture of grants awarded, but for which development of the related housing units has not progressed in a reasonable period of time from the date of the grant award, as determined by the department. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(*l*) For each fiscal year within the duration of the grant program, the department shall include within the report to the Governor and the Legislature, required by Section 50408, information on its activities relating to the grant program activities related to qualifying infill projects and qualifying infill areas, including small jurisdiction funding activities. The report shall include, but is not limited to, the following information:

(1) A summary of the projects that received grants under the program for each fiscal year that grants were awarded.

(2) The description, location, and estimated date of completion for each project that received a grant award under the program.

(3) An update on the status of each project that received a grant award under the program, and the number of housing units created or facilitated by the program.

(m) Notwithstanding paragraph (3) of subdivision (g), a city with a population greater than 100,000 in a standard metropolitan statistical area or a population of less than 2,000,000 may petition the department for, and the department may grant, an exception to the jurisdiction's classification pursuant to subdivisions (d) to (f), inclusive, of Section 65583.2 of the Government Code, if the city believes it is unable to meet the density requirements specified in paragraph (3) of subdivision (g). The city shall submit the petition with its application and shall include the reasons why the city believes the exception is warranted. The city shall provide information supporting the need for the exception, including, but not limited to, any limitations that the city may encounter in meeting the density requirements specified in paragraph (3) of subdivision (g). Any exception shall be for the purposes of this section only. This subdivision shall become inoperative on January 1, 2026.

SEC. 20.5. Section 53559 of the Health and Safety Code is amended to read:

53559. (a) The Infill Infrastructure Grant Program of 2019 is hereby established to be administered by the department.

(b) Upon appropriation by the Legislature of funds for purposes of this part, the department shall establish and administer a grant program to allocate those funds to selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project, qualifying infill area, or catalytic qualifying infill area pursuant to the requirements of this section. The department shall determine amounts, if any, to be made available for qualifying infill projects, qualifying infill areas, or catalytic qualifying infill areas.

(c) (1) Except for funds appropriated or set aside for small jurisdictions for grants pursuant to subdivision (e), the department shall administer a competitive application process for capital improvement projects for large jurisdictions pursuant to this subdivision.

(2) Except for grants for qualifying infill areas or catalytic qualifying infill areas, the department shall do all of the following for grants made pursuant to this subdivision:

(A) Make program funds available at the same time it makes funds, if any, available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(B) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this part in addition to those used in the Multifamily Housing Program.

(C) Administer funds in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(D) For purposes of awarding grants pursuant to the competitive application process required by this subdivision, "qualifying infill project" means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(d) (1) In its review and ranking of applications for the award of capital improvement project grants, the department shall rank the affected qualifying infill areas based on the following priorities:

(A) Project readiness, which shall include all of the following:

(i) A demonstration that the area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submission of a grant application.

(ii) A demonstration that the eligible applicant can secure sufficient funding commitments derived from sources other than this part for the timely development of a qualifying infill area.

(B) The depth and duration of the affordability of the housing proposed for a qualifying infill area.

(C) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in paragraph (3) of subdivision (g).

(D) The qualifying infill area's inclusion of, or proximity or accessibility to, a transit station or major transit stop.

(E) The proximity of housing to parks, employment or retail centers, schools, or social services.

(F) The qualifying infill area location's consistency with an adopted sustainable communities strategy pursuant to Section 65080 of the

Government Code, alternative planning strategy pursuant to Section 65450 of the Government Code, or other adopted regional growth plan intended to foster efficient land use.

(G) For qualifying infill areas, in awarding funds under the program, the department shall provide additional points or preference to projects located in jurisdictions that are designated prohousing pursuant to subdivision (c) of Section 65589.9 of the Government Code, in the manner determined by the department pursuant to subdivision (d) of Section 65589.9 of the Government Code.

(2) In allocating funds pursuant to this subdivision, the department, to the maximum extent feasible, shall ensure a reasonable geographic distribution of funds.

(3) For purposes of awarding grants pursuant to the competitive application process required by this subdivision or subparagraph (B) of paragraph (2) of subdivision (c), "qualifying infill area" means a contiguous area located within an urbanized area (i) that has been previously developed, or where at least 75 percent of the perimeter of the area adjoins parcels that are developed with urban uses, and (ii) in which at least one development application has been approved or is pending approval for a residential or mixed-use residential project that meets the definition and criteria in this section for a qualifying infill project.

(e) (1) The department shall administer an over-the-counter application process for grants funded by the allocation specified in the appropriation or paragraph (2) of subdivision (a) of Section 53559.2 for capital improvement projects for small jurisdictions, pursuant to this subdivision.

(2) Eligible applicants shall submit the following information in the application request for funding:

(A) A complete description of the qualifying infill project or qualifying infill area and documentation of how the infill project or infill area meets the requirements of this section.

(B) A complete description of the capital improvement project and requested grant funding for the project, how the project is necessary to support the development of housing, and how it meets the criteria of this section.

(C) Documentation that specifies how the application meets all of the requirements of subdivision (g).

(D) (i) Except as provided in clause (ii), a financial document that shows the gap financing needed for the project.

(ii) For a qualifying infill project located in the unincorporated area of the county, the department shall allow an applicant to meet the requirement described in clause (i) by submitting copies of an application or applications for other sources of state or federal funding for a qualifying infill project.

(E) (i) Except as provided by clause (ii), documentation of all necessary entitlement and permits, and a certification from the applicant that the project is shovel-ready.

(ii) For a qualifying infill project located in the unincorporated area of the county, the department shall allow the applicant to meet the requirement

described in clause (i) by submitting a letter of intent from a willing affordable housing developer that has previously completed at least one comparable housing project, certifying that the developer is willing to submit an application to the county for approval by the county of a qualifying infill project within the area in the event that the funding requested pursuant to this subdivision is awarded.

(3) The department may establish a per-unit formula to determine the amount of funds awarded pursuant to this subdivision.

(4) For purposes of awarding grants pursuant to the over-the-counter application process required by this subdivision:

(A) "Qualifying infill area" means a contiguous area located within an urbanized area that meets either of the following criteria:

(i) The area contains sites included on the inventory of land suitable and available for residential development in the housing element of the applicable city or county general plan pursuant to paragraph (3) of subdivision (a) of Section 65583 of the Government Code, and at least 50 percent of the perimeter of the area shall adjoin parcels that are developed with urban uses.

(ii) The capital improvement project for which funding is requested is necessary, as documented by an environmental review or some other adopted planning document, to make the area suitable and available for residential development, or to allow the area to accommodate housing for additional income levels, and the area otherwise meets the requirements for inclusion on the inventory of land suitable and available for residential development in the housing element of the applicable city or county general plan pursuant to paragraph (3) of subdivision (a) of Section 65583 of the Government Code. At least 50 percent of the perimeter of the area shall adjoin parcels that are developed with urban uses.

(B) "Qualifying infill project" means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 50 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(f) (1) For catalytic qualifying infill areas, grants for small jurisdictions and large jurisdictions shall be provided using a selection process established by the department that meets all of the following requirements:

(A) Applicants shall meet both of the following minimum threshold requirements:

(i) Readiness, which includes both of the following:

(I) A demonstration that the catalytic qualifying infill area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submission of a grant application.

(II) A demonstration that the eligible applicant has a viable plan to secure sufficient funding, derived from sources other than this part for the timely development of housing within a catalytic qualifying infill area.

(ii) A demonstration of the catalytic qualifying infill area location's consistency with an adopted sustainable communities strategy or alternative planning strategy pursuant to Section 65080 of the Government Code.

(B) The department shall, at a minimum, rank the affected catalytic qualifying infill areas applications for small jurisdictions and large jurisdictions based on the following:

(i) The number of housing units, including affordable units as required in paragraph (2) of subdivision (g) to be developed within the catalytic qualifying infill area.

(ii) The depth and duration of the affordability of the housing proposed for within the catalytic qualifying infill area.

(iii) The extent to which the average residential densities on the parcel or parcels to be developed exceeds the density standards contained in paragraph (3) of subdivision (g).

(iv) The catalytic qualifying infill area's inclusion of, or proximity or accessibility to, a transit station, major transit stop, or other areas yielding significant reductions in vehicle miles traveled.

(v) The proximity of planned housing within the catalytic qualifying infill area used in the calculation of the eligible grant amount to existing or planned parks, employment or retail centers, schools, or social services.

(vi) Existing or planned ordinances and other zoning or building provisions that facilitate adaptive reuse, including, but not limited to, demonstration that, if the existing commercial, office, or retail structure intended for reuse as housing does not occupy the entirety of the underlying parcel, the adaptive reuse project will be permitted to add to the existing building or structure provided that the addition is consistent with the existing or planned zoning of the parcel.

(vii) The extent to which local strategies or programs are in place to prevent the direct or indirect displacement of local community residents and businesses from the area within and surrounding the catalytic qualifying infill area.

(viii) The level of community outreach and engagement in project planning, including efforts to involve disadvantaged communities and low-income residents, particularly local community residents and businesses from the area within and surrounding the catalytic qualifying infill area.

(ix) Inclusion of any publicly owned lands within the designated catalytic qualifying infill area.

(x) Streamlining provisions related to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), including, but not limited to, establishment of streamlined, program-level California Environmental Quality Act analysis and certification of general plans, community plans, specific plans with accompanying environmental impact reports, and related documents and streamlining proposed projects, such as enabling a by-right approval process or by utilizing statutory and categorical exemptions as authorized by applicable law.

(C) Eligible applicants shall submit the following information in the application request for funding:

(i) A complete description of the catalytic qualifying infill area and documentation of how the catalytic qualifying infill area meets the requirements of this section.

(ii) A complete description of the capital improvement project and requested grant funding, how the capital improvement project is necessary to support the development of housing, and how it meets the criteria of this section.

(iii) Documentation that specifies how the application meets all of the requirements of subdivision (g).

(iv) (I) Except as provided in subclause (II), a financial document that shows the gap financing needed for the project.

(II) For a qualifying infill project within a catalytic qualifying infill area located in the unincorporated area of the county, the department shall allow an applicant to meet the requirement described in subclause (I) by submitting copies of an application or applications for other sources of state or federal funding for a qualifying infill project.

(v) (I) Except as provided by subclause (II), documentation of all necessary entitlement and permits, and a certification from the applicant that the capital improvement project is shovel-ready.

(II) For a qualifying infill project within a catalytic qualifying infill area located in the unincorporated area of the county, the department shall allow the applicant to meet the requirement described in subclause (I) by submitting a letter of intent from a willing affordable housing developer that has previously completed at least one comparable housing project, certifying that the developer is willing to submit an application to the county for approval by the county of a qualifying infill project within the area in the event that the funding requested pursuant to this subdivision is awarded.

(2) In allocating funds pursuant to this subdivision, the department, to the maximum extent feasible, shall ensure a reasonable distribution of funds, including consideration of differing population sizes of localities and geographic location. Applications shall be considered and ranked against applications of localities of similar size and scope. For the purposes of this paragraph, the population of a county shall be the population in the unincorporated area.

(3) The department shall report the following information in its annual report due in 2024, as required by Section 50408:

(A) Specific uses of the funds for capital improvement projects.

(B) Locations of awarded catalytic qualifying infill area grants, including both of the following:

(i) Number of awards by geography, including urban and rural.

(ii) The types of buildings adapted to residential use.

(C) Total units to be created within the awarded qualifying infill areas, including anticipated affordability levels.

(D) Data on catalytic qualifying infill area projects funded, such as project sizes, adaptive reuse ordinances adopted, and by-right sites.

(g) A qualifying infill project, qualifying infill area, or catalytic qualifying infill area for which a capital improvement project grant may be awarded

pursuant to paragraph (2) of subdivision (c), subdivision (d), subdivision (e), or subdivision (f) shall meet all of the following conditions:

(1) A qualifying infill area or catalytic qualifying infill area shall be located in a city, county, or city and county in which the general plan of the city, county, or city and county has an adopted housing element that has been found by the department, pursuant to Section 65585 of the Government Code, to be in compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code. This paragraph does not apply to a qualifying infill project.

(2) Include not less than 15 percent of affordable units, as follows:

(A) For projects that contain both rental and ownership units, units of either or both product types may be included in the calculation of the affordability criteria.

(B) (i) To the extent included in a project grant application, for the purpose of calculating the percentage of affordable units, the department may consider the entire master development in which the development seeking grant funding is included.

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low- and moderate-income housing market. Residential units to be replaced shall not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

(C) For the purposes of this subdivision, "affordable unit" means a unit that is made available at an affordable rent, as defined in Section 50053, to a household earning no more than 60 percent of the area median income or at an affordable housing cost, as defined in Section 50052.5, to a household earning no more than 120 percent of the area median income. Rental units shall be subject to a recorded covenant that ensures affordability for at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household, and shall be subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

(3) Include average residential densities on the parcels to be developed that are equal to or greater than the densities described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code, except that a project located in a rural area as defined in Section 50199.21 shall include average residential densities on the parcels to be developed of at least 10 units per acre.

(4) Be located in an area designated for mixed-use or residential development pursuant to one of the following:

(A) A general plan adopted pursuant to Section 65300 of the Government Code.

(B) A sustainable communities strategy adopted pursuant to Section 65080 of the Government Code.

(C) A specific plan adopted pursuant to Section 65450 of the Government Code.

(D) A Workforce Housing Opportunity Zone established pursuant to Section 65620 of the Government Code.

(E) A housing sustainability district established pursuant to Section 66201 of the Government Code.

(h) Funds awarded pursuant to this section shall supplement, not supplant, other available funding.

(i) The department shall adopt guidelines for the operation of the grant program. The guidelines shall include performance standards and authorize the reversion of grant awards if the awardee has not substantially met the performance standards.

(1) Performance standards shall include timelines for commencement of construction of a capital improvement project, completion of a capital improvement project, and commencement and completion of associated housing development on an identified infill site, as identified in the qualifying infill project, qualifying infill area, or catalytic qualifying infill area application.

(2) Catalytic qualifying infill area awards may be conditioned upon the local jurisdiction completing any actions to expedite housing development rezoning to accommodate density, completing environmental reviews to support ministerial approvals of housing, and granting fee waivers or other incentives to expedite housing development that were used in qualifying for an award.

(j) The department shall require recipients of funds to report on progress of capital improvement projects, including, but not limited to, substantiation of grant expenditures and housing outcomes, including levels of affordability as provided in the application.

(k) The guidelines may also provide for recapture of grants awarded, but for which development of the related housing units has not progressed in a reasonable period of time from the date of the grant award, as determined by the department. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(*l*) For each fiscal year within the duration of the grant program, the department shall include within the report to the Governor and the Legislature, required by Section 50408, information on its activities relating to the grant program activities related to qualifying infill projects and qualifying infill areas, including small jurisdiction funding activities. The report shall include, but is not limited to, the following information:

(1) A summary of the projects that received grants under the program for each fiscal year that grants were awarded.

(2) The description, location, and estimated date of completion for each project that received a grant award under the program.

(3) An update on the status of each project that received a grant award under the program, and the number of housing units created or facilitated by the program.

(m) Notwithstanding paragraph (3) of subdivision (g), a city with a population greater than 100,000 in a standard metropolitan statistical area

or a population of less than 2,000,000 may petition the department for, and the department may grant, an exception to the jurisdiction's classification pursuant to subdivisions (d) to (f), inclusive, of Section 65583.2 of the Government Code, if the city believes it is unable to meet the density requirements specified in paragraph (3) of subdivision (g). The city shall submit the petition with its application and shall include the reasons why the city believes the exception is warranted. The city shall provide information supporting the need for the exception, including, but not limited to, any limitations that the city may encounter in meeting the density requirements specified in paragraph (3) of subdivision (g). Any exception shall be for the purposes of this section only. This subdivision shall become inoperative on January 1, 2026.

SEC. 21. Section 53591 of the Health and Safety Code is amended to read:

53591. The department shall do all of the following:

(a) On or before January 1, 2019, establish the Housing for a Healthy California Program to create supportive housing opportunities through either or both of the following:

(1) Grants to counties for capital, rental assistance, and operating subsidies. The department shall award grants to counties on a competitive basis pursuant to rating and ranking criteria that include, but are not limited to, points based upon all of the following:

(A) Need, which includes consideration of the number of individuals experiencing homelessness and the impact of housing costs in the county.

(B) Ability of the county to administer or partner to administer a program offering capital loans, rental assistance, or operating subsidies in supportive housing, based on the county's proposed use of program funds. Operating subsidies may include operating reserves.

(C) The county's documented partnerships with affordable and supportive housing providers in the county.

(D) Demonstrated commitment to address the needs of people experiencing homelessness through existing programs or programs planned to be implemented within 12 months.

(E) Preferences or set asides for housing populations established by the department pursuant to Section 53595.

(F) Coordination with all of the following:

(i) Community-based housing and homeless service providers.

(ii) Behavioral health providers.

(iii) Safety net providers, including community health centers.

(2) Operating reserve grants and capital loans to developers. The department may use existing guidelines in awarding grants and loans to developers.

(3) In administering the operating reserve grants and capital loans to developers pursuant to paragraph (2), the department shall do all of the following:

(A) Make program funds available at the same time funds, if any, are made available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(B) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this part in addition to those used in the Multifamily Housing Program.

(C) Administer funds subject to this part in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2) to the extent permitted by federal requirements.

(D) Only applications serving persons that meet all of the requirements of Section 53595 and any other threshold requirements established by the department, shall be eligible to receive funds pursuant to paragraph (2).

(b) Until August 31, 2022, if the department elects to fund operating grants and loans to developers in any year, or before August 31, submit federal Housing Trust Fund allocation plans to the Department of Housing and Urban Development that includes state objectives consistent with the goals of this part.

(c) Draft any necessary regulations, guidelines, and notices of funding availability for stakeholder comment.

(d) Midyear and annually, collect data from counties and developers awarded grant or loan funds.

(e) No later than October 1, 2020, contract with an independent evaluator to analyze data collected pursuant to Section 53593 to determine changes in health care costs and utilization associated with services and housing provided under the program. The department shall provide, on a regular basis as needed, collected data to the evaluator.

(f) (1) Report data collected in the department's annual report due in 2024, as required by Section 50408.

(2) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

(g) The department is encouraged to consult with the State Department of Health Care Services where appropriate to carry out the intent of this section.

(h) This section shall become operative on January 1, 2022.

SEC. 22. Section 5849.11 of the Welfare and Institutions Code is amended to read:

5849.11. (a) The counties shall annually report to the department on activities funded under this part, including information on the funded supportive housing development. Reported information shall include location of projects, number of units assisted, occupancy restrictions, number of individuals and households served, related income levels, and homeless, veteran, and mental health status.

(b) The department shall include a report on the program in the annual report required by Section 50408 of the Health and Safety Code,

commencing with the year after the first full year in which the program is in effect. The report shall contain the following:

(1) The processes established for distributing funds.

(2) The distribution of funds among counties.

(3) Any recommendations as to modifications to the program for the purpose of improving efficiency or furthering the goals of the program.

(c) The department shall submit a report to the authority by December 31 of each year, commencing with the year after the first full year in which the program is in effect, that contains the information described in subdivision (a) and paragraphs (1) and (2) of subdivision (b) for all counties participating in the program and the services that have been provided pursuant to any service contracts entered into pursuant to Section 5849.35.

SEC. 23. (a) Section 16.5 of this bill incorporates amendments to Section 50423 of the Health and Safety Code proposed by both this bill and Assembly Bill 1474. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2024, (2) each bill amends Section 50423 of the Health and Safety Code, and (3) this bill is enacted after Assembly Bill 1474, in which case Section 16 of this bill shall not become operative.

(b) Section 20.5 of this bill incorporates amendments to Section 53559 of the Health and Safety Code proposed by both this bill and Senate Bill 341. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2024, (2) each bill amends Section 53559 of the Health and Safety Code, and (3) this bill is enacted after Senate Bill 341, in which case Section 20 of this bill shall not become operative.

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