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AB-957 Housing Omnibus. (2019-2020)

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Assembly Bill No. 957

CHAPTER 620

An act to amend Section 65583.2 of the Government Code, to amend Sections 17980.7, 53590, 53591, 53592, 53593, 53594, and 53595 of the Health and Safety Code, and to amend Section 5849.35 of the Welfare and Institutions Code, relating to housing, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 08, 2019. Filed with Secretary of State October 08, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 957, Committee on Housing and Community Development. Housing Omnibus.

(1) The Planning and Zoning Law requires each city, county, and city and county to prepare and adopt a general plan that contains certain mandatory elements, including a housing element. Existing law, until December 31, 2028, requires the housing element to contain, among other components, an inventory of land suitable for residential development, which includes, among other things, residentially zoned sites that are capable of being developed at a higher density, including the airspace above sites owned or leased by a city, county, or city and county, as specified.

This bill would instead provide that the inventory of land suitable for residential development, until December 31, 2028, includes, among other things, residentially zoned sites that are capable of being developed at a higher density, including sites owned or leased by a city, county, or city and county, as specified. The bill would also make nonsubstantive changes to these provisions.

(2) The State Housing Law requires the housing or building department or, if there is no building department, the health department, of every city or county or a specified environmental agency to enforce within its jurisdiction all of the State Housing Law, the building standards published in the California Building Standards Code, and other specified rules and regulations. If there is a violation of these provisions or any order or notice that gives a reasonable time to correct that violation, or if a nuisance exists, an enforcement agency is required, after 30 days' notice to abate the nuisance, to institute appropriate action or proceeding to prevent, restrain, correct, or abate the violation or nuisance. Existing law requires an enforcement agency to provide copies of specified notices of violations to tenants residing in a residential building, and requires an order or notice to repair or abate a violation that results in a substantial endangerment of the health and safety of residents or the public to include specified information and be posted in a conspicuous location on the property. Existing law authorizes the enforcement agency, a tenant, or a tenant association or organization to seek, and the court to order, the appointment of a receiver for the substandard building if the owner of a property with substandard conditions fails to comply within a reasonable time period with the terms of a specified order or notice to repair or abate a violation that results in a substantial endangerment of the health and safety of residents or the public. Existing law requires a petition to the court for the appointment of a receiver to include proof that notice of the petition was served not less than 3 days prior to filing the petition to all persons with a recorded interest in the real property upon which the substandard building exists.

This bill would instead require the petition to include proof that notice of the petition was posted in a prominent place on the substandard building and mailed first-class mail to all persons with a recorded interest in the real property upon which the substandard building exists not less than 3 days prior to filing the petition, and would require the petition to be served on the owner, as specified.

(3) Existing law establishes the Department of Housing and Community Development in the Business, Consumer Services, and Housing Agency. Existing law designates the department as the state agency responsible for administering funds received by the state from the federal Housing Trust Fund and requires the department to administer these funds through existing or newly created programs. Existing law requires the department to establish the Housing for a Healthy California Program to create supportive housing opportunities through grants to counties for capital and operating assistance, as specified, or operating reserve grants and capital loans to developers, or both.

This bill would authorize the department to provide grants to counties for rental assistance in addition to capital and operating subsidies, and would make conforming changes.

(4) Existing law, for purposes of the Housing for a Healthy California Program, authorizes a county to use grant funds for specified purposes, including on long-term rental assistance, and defines that term to mean a rental subsidy provided to a housing provider, including a developer leasing affordable housing to assist a tenant to pay the difference between 30% of the tenant's income and fair market rent as determined by the department. Existing law also authorizes a county to recover administrative costs of at least 5% of the total amount awarded. Existing law requires a county to award grants in compliance with federal Housing Trust Fund regulations.

This bill would expand the definition of long-term rental assistance to include rental subsidies provided to supportive housing, private-market landlords, and sponsors master leasing private-market apartments, and would make conforming changes. The bill would also authorize a county to recover administrative costs of no more than 5% of the total grant awarded, unless the department approves a higher amount. The bill would limit the amount of long-term rental assistance a county may provide to no more than 2 times the fair market rent for the market area where the county is providing rental assistance. The bill would authorize a county to use program funds on incentives to landlords and would remove the requirement that a county award grants in compliance with federal Housing Trust Fund regulations.

(5) Existing law, for purposes of the Housing for a Healthy California Program, requires the department to submit federal Housing Trust Fund allocation plans to the Department of Housing and Urban Development on August 31, 2018, and on or before August 31 for the subsequent 3 years.

This bill would require the department to submit an allocation plan only in those years the department chooses to fund operating grants and loans to developers.

(6) Existing law, for purposes of the Housing for a Healthy California Program, requires a county to agree to contribute funding for projects assisted through federal Housing Trust Fund grants in order to be eligible for a Housing for a Healthy California Program grant.

This bill would remove that requirement in order to be eligible for a program grant.

(7) Existing law, for purposes of the Housing for a Healthy California Program, requires the department to establish a ranking criteria to promote housing for persons meeting specified criteria, including those who are chronically homeless, are Medi-Cal beneficiaries, and those who are eligible for Supplemental Security Income.

This bill would modify that ranking criteria by no longer requiring the criteria to include an individual that is eligible for Supplemental Security Income, and by requiring the criteria to include those who are eligible for Medi-Cal.

(8) Existing law, the No Place Like Home Program (NPLH), as ratified and amended by Proposition 2, as approved by the voters at the November 6, 2018, statewide general election, provides funding to provide permanent supportive housing, as defined, for the target population, which is defined to include individuals who have a serious mental disorder and who are homeless, chronically homeless, or at risk of chronic homelessness. Existing law makes the Department of Housing and Community Development the administrator of the NPLH and establishes the continuously appropriated No Place Like Home Fund for purposes of the NPLH. Existing law requires the department to develop a competitive application process for the purpose of awarding moneys pursuant to the NPLH, but also authorizes the department to establish an alternative process for allocating funds directly to counties with at least 5% of the state's homeless population and requires the department to adopt guidelines establishing the parameters of an alternative process, if it is established. Existing law authorizes the Legislature to amend Proposition 2 by a $\frac{2}{3}$ vote, so long as the amendment is consistent with and furthers the intent of the act.

Existing law authorizes the California Health Facilities Financing Authority and the department to, among other things, enter into contracts to provide services pursuant to the program related to permanent supportive housing. Existing law authorizes the

authority to issue taxable or tax-exempt revenue bonds in an amount not to exceed \$2,000,000,000 for these purposes and to make secured or unsecured loans to the department in connection with financing permanent supportive housing pursuant to the program.

The Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, imposes a 1% tax on that portion of a taxpayer's taxable income that exceeds \$1,000,000 and requires that the revenue from that tax be deposited in the Mental Health Services Fund to fund various county mental health programs. Existing law establishes the Supportive Housing Program Subaccount in the Mental Health Services Fund, which is continuously appropriated to the authority to provide funds to meet its financial obligations pursuant to any of the above-described service contracts.

Under the NPLH, the state covenants, as specified, with the holders of any of the above-described bonds issued by the authority that it will not alter, amend, or restrict the above provisions relating to the subaccount, among other provisions, in any manner adverse to the interests of those bondholders so long as any of those bonds remain outstanding.

This bill would additionally provide that the state covenants with the above-described bondholders that it will not alter, amend, or restrict provisions requiring the deposit of the revenues derived from the additional tax imposed under the MHSA into the Mental Health Services Fund in any manner adverse to the interests of those bondholders, as specified.

(9) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

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

SECTION 1. (a) This act shall be known, and may be cited, as the Housing Omnibus Act of 2019.

(b) The Legislature finds and declares that Californians want their governments to be run efficiently and economically and that public officials should avoid waste and duplication whenever possible. The Legislature further finds and declares that it desires to control its own costs by reducing the number of separate bills. Therefore, it is the intent of the Legislature in enacting this act to combine several minor, noncontroversial statutory changes relating to the common theme, purpose, and subject of housing into a single measure.

SEC. 2. Section 65583.2 of the Government Code, as amended by Section 3 of Chapter 958 of the Statutes of 2018, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites throughout the community, consistent with paragraph (9) of subdivision (c) of Section 65583, that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584. As used in this section, "land suitable for residential development" includes all of the following sites that meet the standards set forth in subdivisions (c) and (g):

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, including sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for residential use, and for which the housing element includes a program to rezone the site, as necessary, rezoned for, to permit residential use, including sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by assessor parcel number.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) (A) A description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

(B) Parcels included in the inventory must have sufficient water, sewer, and dry utilities supply available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan, including a program or plan of a public or private entity providing water or sewer service, to secure sufficient water, sewer, and dry utilities supply to support housing development. This paragraph does not impose any additional duty on the city or county to construct, finance, or otherwise provide water, sewer, or dry utilities to parcels included in the inventory.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan, for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The inventory shall specify for each site the number of units that can realistically be accommodated on that site and whether the site is adequate to accommodate lower-income housing, moderate-income housing, or above moderate-income housing. A nonvacant site identified pursuant to paragraph (3) or (4) of subdivision (a) in a prior housing element and a vacant site that has been included in two or more consecutive planning periods that was not approved to develop a portion of the locality's housing need shall not be deemed adequate to accommodate a portion of the housing need for lower income households that must be accommodated in the current housing element planning period unless the site is zoned at residential densities consistent with paragraph (3) of this subdivision and the site is subject to a program in the housing element requiring rezoning within three years of the beginning of the planning period to allow residential use by right for housing developments in which at least 20 percent of the units are affordable to lower income households. An unincorporated area in a nonmetropolitan county pursuant to clause (ii) of subparagraph (B) of paragraph (3) shall not be subject to the requirements of this subdivision to allow residential use by right. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulation requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

(A) A site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.

(B) A site larger than 10 acres shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site can be developed as lower income housing. For purposes of this subparagraph, "site" means that portion of a parcel or parcels designated to accommodate lower income housing needs pursuant to this subdivision.

(C) A site may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

- (i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.
- (ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.
- (iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.
- (iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) (1) Except as provided in paragraph (2), a jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(2) (A) (i) Notwithstanding paragraph (1), if a county that is in the San Francisco-Oakland-Fremont California MSA has a population of less than 400,000, that county shall be considered suburban. If this county includes an incorporated city that has a population of less than 100,000, this city shall also be considered suburban. This paragraph shall apply to a housing element revision cycle, as described in subparagraph (A) of paragraph (3) of subdivision (e) of Section 65588, that is in effect from July 1, 2014, to December 31, 2028, inclusive.

(ii) A county subject to this subparagraph shall utilize the sum existing in the county's housing trust fund as of June 30, 2013, for the development and preservation of housing affordable to low- and very low income households.

(B) A jurisdiction that is classified as suburban pursuant to this paragraph shall report to the Assembly Committee on Housing and Community Development, the Senate Committee on Transportation and Housing, and the Department of Housing and Community Development regarding its progress in developing low- and very low income housing consistent with the requirements of Section 65400. The report shall be provided three times: once, on or before December 31, 2019, which report shall address the initial four years of the housing element cycle, a second time, on or before December 31, 2023, which report shall address the subsequent four years of the housing element cycle, and a third time, on or before December 31, 2027, which report shall address the subsequent four years of the housing element cycle and the cycle as a whole. The reports shall be provided consistent with the requirements of Section 9795.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) (1) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the city's or county's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(2) In addition to the analysis required in paragraph (1), when a city or county is relying on nonvacant sites described in paragraph (3) of subdivision (b) to accommodate 50 percent or more of its housing need for lower income households, the methodology used to determine additional development potential shall demonstrate that the existing use identified pursuant to paragraph (3) of subdivision (b) does not constitute an impediment to additional residential development during the period covered by the housing element. An existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period.

(3) Notwithstanding any other law, and in addition to the requirements in paragraphs (1) and (2), sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low or very low income households, shall be subject to a policy requiring the replacement of all those units affordable to the same or lower income level as a condition of any development on the site. Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915.

(h) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for very low and low-income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period. These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c), shall be at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c) and shall meet the standards set forth in subparagraph (B) of paragraph (5) of subdivision (b). At least 50 percent of the very low and low-income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted, except that a city or county may accommodate all of the very low and low-income housing need on sites designated for mixed uses if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(i) For purposes of this section and Section 65583, the phrase "use by right" shall mean that the local government's review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that "use by right" does not exempt the use from design review. However, that design review shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(j) Notwithstanding any other provision of this section, within one-half mile of a Sonoma-Marín Area Rail Transit station, housing density requirements in place on June 30, 2014, shall apply.

(k) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(l) This section shall remain in effect only until December 31, 2028, and as of that date is repealed.

SEC. 3. Section 65583.2 of the Government Code, as amended by Section 4 of Chapter 958 of the Statutes of 2018, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites throughout the community, consistent with paragraph (9) of subdivision (c) of Section 65583, that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584. As used in this section, "land suitable for residential development" includes all of the following sites that meet the standards set forth in subdivisions (c) and (g):

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for residential use, and for which the housing element includes a program to rezone the site, as necessary, to permit residential use, including sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by assessor parcel number.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) (A) A description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

(B) Parcels included in the inventory must have sufficient water, sewer, and dry utilities supply available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan, including a program or plan of a public or private entity providing water or sewer service, to secure sufficient water, sewer, and dry utilities supply to support housing development. This paragraph does not impose any additional duty on the city or county to construct, finance, or otherwise provide water, sewer, or dry utilities to parcels included in the inventory.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The inventory shall specify for each site the number of units that can realistically be accommodated on that site and whether the site is adequate to accommodate lower-income housing, moderate-income housing, or above moderate-income housing. A nonvacant site identified pursuant to paragraph (3) or (4) of subdivision (a) in a prior housing element and a vacant site that has been included in two or more consecutive planning periods that was not approved to develop a portion of the locality's housing need shall not be deemed adequate to accommodate a portion of the housing need for lower income households that must be accommodated in the current housing element planning period unless the site is zoned at residential densities consistent with paragraph (3) of this subdivision and the site is subject to a program in the housing element requiring rezoning within three years of the beginning of the planning period to allow residential use by right for housing developments in which at least 20 percent of the units are affordable to lower income households. A city that is an unincorporated area in a nonmetropolitan county pursuant to clause (ii) of subparagraph (B) of paragraph (3) shall not be subject to the requirements of this subdivision to allow residential use by right. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulation requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

(A) A site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.

(B) A site larger than 10 acres shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site can be developed as lower income housing. For purposes of this subparagraph, "site" means that portion of a parcel or parcels designated to accommodate lower income housing needs pursuant to this subdivision.

(C) A site may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) A jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) (1) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the city's or county's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(2) In addition to the analysis required in paragraph (1), when a city or county is relying on nonvacant sites described in paragraph (3) of subdivision (b) to accommodate 50 percent or more of its housing need for lower income households, the methodology used to determine additional development potential shall demonstrate that the existing use identified pursuant to paragraph (3) of subdivision (b) does not constitute an impediment to additional residential development during the period covered by the housing element. An existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period.

(3) Notwithstanding any other law, and in addition to the requirements in paragraphs (1) and (2), sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low or very low income households, shall be subject to a policy requiring the replacement of all those units affordable to the same or lower income level as a condition of any development on the site. Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915.

(h) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for very low and low-income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period. These sites shall be zoned with minimum density and

development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c), shall be at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c), and shall meet the standards set forth in subparagraph (B) of paragraph (5) of subdivision (b). At least 50 percent of the very low and low-income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted, except that a city or county may accommodate all of the very low and low-income housing need on sites designated for mixed uses if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(i) For purposes of this section and Section 65583, the phrase "use by right" shall mean that the local government's review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that "use by right" does not exempt the use from design review. However, that design review shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(j) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(k) This section shall become operative on December 31, 2028.

SEC. 4. Section 17980.7 of the Health and Safety Code is amended to read:

17980.7. If the owner fails to comply within a reasonable time with the terms of the order or notice issued pursuant to Section 17980.6, the following provisions shall apply:

(a) The enforcement agency may seek and the court may order imposition of the penalties provided for under Chapter 6 (commencing with Section 17995).

(b) (1) The enforcement agency may seek and the court may order the owner to not claim any deduction with respect to state taxes for interest, taxes, expenses, depreciation, or amortization paid or incurred with respect to the cited structure, in the taxable year of the initial order or notice, in lieu of the enforcement agency processing a violation in accordance with Sections 17274 and 24436.5 of the Revenue and Taxation Code.

(2) If the owner fails to comply with the terms of the order or notice to correct the condition that caused the violation pursuant to Section 17980.6, the court may order the owner to not claim these tax benefits for the following year.

(c) The enforcement agency, tenant, or tenant association or organization may seek and the court may order, the appointment of a receiver for the substandard building pursuant to this subdivision. In its petition to the court, the enforcement agency, tenant, or tenant association or organization shall include proof that notice of the petition was posted in a prominent place on the substandard building and mailed first-class mail to all persons with a recorded interest in the real property upon which the substandard building exists not less than three days prior to filing the petition. The petition shall be served on the owner pursuant to Article 3 (commencing with Section 415.10) of Chapter 4 of Title 5 of Part 2 of the Code of Civil Procedure.

(1) In appointing a receiver, the court shall consider whether the owner has been afforded a reasonable opportunity to correct the conditions cited in the notice of violation.

(2) The court shall not appoint any person as a receiver unless the person has demonstrated to the court their capacity and expertise to develop and supervise a viable financial and construction plan for the satisfactory rehabilitation of the building. A court may appoint as a receiver a nonprofit organization or community development corporation. In addition to the duties and powers that may be granted pursuant to this section, the nonprofit organization or community development corporation may also apply for grants to assist in the rehabilitation of the building.

(3) If a receiver is appointed, the owner and the owner's agent of the substandard building shall be enjoined from collecting rents from the tenants, interfering with the receiver in the operation of the substandard building, and encumbering or transferring the substandard building or real property upon which the building is situated.

(4) Any receiver appointed pursuant to this section shall have all of the following powers and duties in the order of priority listed in this paragraph, unless the court otherwise permits:

(A) To take full and complete control of the substandard property.

(B) To manage the substandard building and pay expenses of the operation of the substandard building and real property upon which the building is located, including taxes, insurance, utilities, general maintenance, and debt secured by an interest in the real property.

(C) To secure a cost estimate and construction plan from a licensed contractor for the repairs necessary to correct the conditions cited in the notice of violation.

(D) To enter into contracts and employ a licensed contractor as necessary to correct the conditions cited in the notice of violation.

(E) To collect all rents and income from the substandard building.

(F) To use all rents and income from the substandard building to pay for the cost of rehabilitation and repairs determined by the court as necessary to correct the conditions cited in the notice of violation.

(G) To borrow funds to pay for repairs necessary to correct the conditions cited in the notice of violation and to borrow funds to pay for any relocation benefits authorized by paragraph (6) and, with court approval, secure that debt and any moneys owed to the receiver for services performed pursuant to this section with a lien on the real property upon which the substandard building is located. The lien shall be recorded in the county recorder's office in the county within which the building is located.

(H) To exercise the powers granted to receivers under Section 568 of the Code of Civil Procedure.

(5) The receiver shall be entitled to the same fees, commissions, and necessary expenses as receivers in actions to foreclose mortgages.

(6) If the conditions of the premises or the repair or rehabilitation thereof significantly affect the safe and sanitary use of the substandard building by any tenant, to the extent that the tenant cannot safely reside in their unit, then the receiver shall provide relocation benefits in accordance with subparagraph (A) of paragraph (3) of subdivision (d).

(7) The relocation compensation provided for in this section shall not preempt any local ordinance that provides for greater relocation assistance.

(8) In addition to any reporting required by the court, the receiver shall prepare monthly reports to the state or local enforcement agency which shall contain information on at least the following items:

(A) The total amount of rent payments received.

(B) Nature and amount of contracts negotiated relative to the operation or repair of the property.

(C) Payments made toward the repair of the premises.

(D) Progress of necessary repairs.

(E) Other payments made relative to the operation of the building.

(F) Amount of tenant relocation benefits paid.

(9) The receiver shall be discharged when the conditions cited in the notice of violation have been remedied in accordance with the court order or judgment and a complete accounting of all costs and repairs has been delivered to the court. Upon removal of the condition, the owner, the mortgagee, or any lienor of record may apply for the discharge of all moneys not used by the receiver for removal of the condition and all other costs authorized by this section.

(10) After discharging the receiver, the court may retain jurisdiction for a time period not to exceed 18 consecutive months, and require the owner and the enforcement agency responsible for enforcing Section 17980 to report to the court in accordance with a schedule determined by the court.

(11) The prevailing party in an action pursuant to this section shall be entitled to reasonable attorney's fees and court costs as may be fixed by the court.

(12) The county recorder may charge and collect fees for the recording of all notices and other documents required by this section pursuant to Article 5 (commencing with Section 27360) of Chapter 6 of Division 2 of Title 3 of the Government Code.

(13) This section shall not be construed to limit those rights available to tenants and owners under any other provision of the law.

(14) This section shall not be construed to deprive an owner of a substandard building of all procedural due process rights guaranteed by the California Constitution and the United States Constitution, including, but not limited to, receipt of notice of the violation claimed and an adequate and reasonable period of time to comply with any orders which are issued by the enforcement agency or the court.

(15) Upon the request of a receiver, a court may require the owner of the property to pay all unrecovered costs associated with the receivership in addition to any other remedy authorized by law.

(d) If the court finds that a building is in a condition which substantially endangers the health and safety of residents pursuant to Section 17980.6, upon the entry of any order or judgment, the court shall do all of the following:

(1) Order the owner to pay all reasonable and actual costs of the enforcement agency including, but not limited to, inspection costs, investigation costs, enforcement costs, attorney fees or costs, and all costs of prosecution.

(2) Order that the local enforcement agency shall provide the tenant with notice of the court order or judgment.

(3) (A) Order that if the owner undertakes repairs or rehabilitation as a result of being cited for a notice under this chapter, and if the conditions of the premises or the repair or rehabilitation thereof significantly affect the safe and sanitary use of the premises by any lawful tenant, so that the tenant cannot safely reside in the premises, then the owner shall provide or pay relocation benefits to each lawful tenant. These benefits shall consist of actual reasonable moving and storage costs and relocation compensation. The actual moving and storage costs shall consist of all of the following:

(i) Transportation of the tenant's personal property to the new location. The new location shall be in close proximity to the substandard premises, except where relocation to a new location beyond a close proximity is determined by the court to be justified.

(ii) Packing, crating, unpacking, and uncrating the tenant's personal property.

(iii) Insurance of the tenant's property while in transit.

(iv) The reasonable replacement value of property lost, stolen, or damaged (not through the fault or negligence of the displaced person, their agent, or their employee) in the process of moving, where insurance covering the loss, theft, or damage is not reasonably available.

(v) The cost of disconnecting, dismantling, removing, reassembling, reconnecting, and reinstalling machinery, equipment, or other personal property of the tenant, including connection charges imposed by utility companies for starting utility service.

(B) (i) The relocation compensation shall be an amount equal to the differential between the contract rent and the fair market rental value determined by the federal Department of Housing and Urban Development for a unit of comparable size within the area for the period that the unit is being repaired, not to exceed 120 days.

(ii) If the court finds that a tenant has been substantially responsible for causing or substantially contributing to the substandard conditions, then the relocation benefits of this section shall not be paid to this tenant. Each other tenant on the premises who has been ordered to relocate due to the substandard conditions and who is not substantially responsible for causing or contributing to the conditions shall be paid these benefits and moving costs at the time that the tenant actually relocates.

(4) Determine the date when the tenant is to relocate, and order the tenant to notify the enforcement agency and the owner of the address of the premises to which the tenant has relocated within five days after the relocation.

(5) (A) Order that the owner shall offer the first right to occupancy of the premises to each tenant who received benefits pursuant to subparagraph (A) of paragraph (3), before letting the unit for rent to a third party. The owner's offer on the first right to occupancy to the tenant shall be in writing, and sent by first-class certified mail to the address given by the tenant at the time of relocation. If the owner has not been provided the tenant's address by the tenant as prescribed by this section, the owner shall not be required to provide notice under this section or offer the tenant the right to return to occupancy.

(B) The tenant shall notify the owner in writing that the tenant will occupy the unit. The notice shall be sent by first-class certified mail no later than 10 days after the notice has been mailed by the owner.

(6) Order that failure to comply with any abatement order under this chapter shall be punishable by civil contempt, penalties under Chapter 6 (commencing with Section 17995), and any other penalties and fines as are available.

(e) The initiation of a proceeding or entry of a judgment pursuant to this section or Section 17980.6 shall be deemed to be a "proceeding" or "judgment" as provided by paragraph (4) or (5) of subdivision (a) of Section 1942.5 of the Civil Code.

(f) The term “owner,” for the purposes of this section, shall include the owner, including any public entity that owns residential real property, at the time of the initial notice or order and any successor in interest who had actual or constructive knowledge of the notice, order, or prosecution.

(g) These remedies shall be in addition to those provided by any other law.

(h) This section and Section 17980.6 shall not impair the rights of an owner exercising the owner’s rights established pursuant to Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 of the Government Code.

SEC. 5. Section 53590 of the Health and Safety Code is amended to read:

53590. For purposes of this part, all of the following definitions shall apply:

(a) “County” means a county, city and county, or a city collaborating with a county to secure services funding.

(b) “Department” means the Department of Housing and Community Development.

(c) “Experiencing chronic homelessness” means a person who is chronically homeless, as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2018, except that a person who was experiencing chronic homelessness before entering an institution would continue to be defined as experiencing chronic homelessness upon discharge, regardless of length of stay.

(d) “Experiencing homelessness” means a person experiencing homelessness, as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2018.

(e) “Fair market rent” means the rent, including the cost of utilities, as established by the United States Department of Housing and Urban Development pursuant to Parts 888 and 982 of Title 24 of the Code of Federal Regulations, as those parts read on January 1, 2018, for units by number of bedrooms, that must be paid in the market area to rent privately owned, existing, decent, safe, and sanitary rental housing of nonluxury nature with suitable amenities.

(f) “Health Home Program” means the Health Home Program established pursuant to Article 3.9 (commencing with Section 14127) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code.

(g) “Long-term rental assistance” means a rental subsidy provided to a housing provider, including a developer leasing affordable or supportive housing, private-market landlord, or sponsor master leasing private-market apartments, to assist a tenant to pay the difference between 30 percent of the tenant’s income and fair market rent or reasonable market rent as determined by the grant recipient and approved by the department.

(h) “Federal Housing Trust Fund” has the same meaning as the national Housing Trust Fund established pursuant to the Housing and Economic Recovery Act of 2008 (Public Law 110-289), and implementing federal regulations.

(i) “Permanent housing” means a housing unit where the landlord does not limit length of stay in the housing unit, the landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy, pursuant to Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

(j) “Program” means the Housing for a Healthy California Program created by this part.

(k) “Supportive housing” has the same meaning as in Section 50675.14.

(l) “Whole Person Care pilot” has the meaning as described in the Medi-Cal 2020 Waiver Special Terms and Conditions (STCs), Sections 110-126, as approved by the federal Centers for Medicare and Medicaid Services on December 30, 2015.

SEC. 6. 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.

(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) On or before January 1, 2024, report data collected to the Assembly Committee on Budget, the Senate Committee on Budget and Fiscal Review, the Assembly and Senate Committees on Health, the Assembly Committee on Housing and Community Development, and the Senate Committee on Transportation and Housing.

(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.

SEC. 7. Section 53592 of the Health and Safety Code is amended to read:

53592. A county shall be eligible for a program grant if the county meets the requirements of this section. Eligibility does not create an entitlement to grant funds and is subject to availability of funds. The county shall meet all of the following requirements:

(a) Has identified a source of funding for providing intensive services promoting housing stability. Funding for these services may include, but are not limited to, one or more of the following:

(1) County general funds.

(2) Whole Person Care pilot program funds, to the extent those funds are available or the Whole Person Care program has been renewed.

(3) The Health Home Program.

(4) Other county-controlled funding to provide these services to eligible participants.

(b) Has designated a process for administering grant funds through agencies administering housing programs.

(c) Agrees to collect and report data, as described in Section 53593, to the department.

SEC. 8. Section 53593 of the Health and Safety Code is amended to read:

53593. (a) The department shall coordinate with the State Department of Health Care Services to match program participant data, consistent with state and federal privacy law, to Medi-Cal data to identify outcomes among participants as well as changes in health care costs and utilization associated with housing and services provided under the program to the extent that information is available, up to 12 months prior to each participant's move into permanent housing, as well as changes in costs and utilization after each participant's move into permanent housing.

(b) A county or developer awarded grant or loan funds shall, at annual and midyear intervals, report all of the following data to the department:

- (1) Data specified by the department necessary to measure the costs and outcomes of the program.
- (2) The number of participants and the type of interventions offered through grant funds.
- (3) The number of participants living in supportive housing or other permanent housing.
- (4) To the extent feasible and available, data on the impact of the program on participants' use of corrections systems and law enforcement resources.

SEC. 9. Section 53594 of the Health and Safety Code is amended to read:

53594. (a) A county shall use grants awarded pursuant to this part for one or more of the following:

- (1) Long-term rental assistance in an amount the county identifies, but no more than two times the fair market rent for the market area where the county is providing long-term rental assistance.
- (2) Acquisition funding, new construction, gap funding, or reconstruction and rehabilitation.
- (3) Project based operating subsidies.
- (4) Incentives to landlords to accept rental assistance for program participants, including security deposits and holding fees.
- (5) Administrative costs, as determined by the department, of no more than 5 percent of the total grant awarded, or a higher amount upon approval by the department.

(b) Project based operating subsidies may include either or both of the following:

- (1) Operating subsidies for periods of up to five years.
- (2) A capitalized operating reserve for at least 15 years to pay for operating costs of an apartment or apartments receiving capital funding to provide supportive housing to people experiencing homelessness.

SEC. 10. Section 53595 of the Health and Safety Code is amended to read:

53595. The department shall establish rating and ranking criteria to promote housing for persons who meet all of the following requirements:

- (a) Is experiencing homelessness or chronic homelessness and a high-cost health user upon initial eligibility.
- (b) Is a Medi-Cal beneficiary or is eligible for Medi-Cal.
- (c) Is eligible to receive services under a program providing services promoting housing stability, including, but not limited to, the following:
 - (1) The Whole Person Care pilot program, to the extent the Whole Person Care program is available or has been renewed.
 - (2) The Health Home Program.
 - (3) A locally controlled services program funding or providing services in supportive housing.
- (d) Is likely to improve their health conditions with supportive housing.

SEC. 11. Section 5849.35 of the Welfare and Institutions Code is amended to read:

5849.35. (a) The authority may do all of the following:

- (1) Consult with the commission and the State Department of Health Care Services concerning the implementation of the No Place Like Home Program, including the review of annual reports provided to the authority by the department pursuant to

Section 5849.11.

(2) Enter into one or more single-year or multiyear contracts with the department for the department to provide, and the authority to pay the department for providing, services described in Sections 5849.7, 5849.8, and 5849.9, related to permanent supportive housing for the target population and to provide for payments to the department from amounts on deposit in the Supportive Housing Program Subaccount created within the Mental Health Services Fund pursuant to paragraph (1) of subdivision (f) of Section 5890. Before entering into any contract pursuant to this paragraph, the executive director of the authority shall transmit to the commission a copy of the contract in substantially final form. The contract shall be deemed approved by the commission unless it acts within 10 days to disapprove the contract.

(3) On or before June 15 and December 15 of each year, the authority shall certify to the Controller the amounts the authority is required to pay as provided in Section 5890 for the following six-month period to the department pursuant to any service contract entered into pursuant to paragraph (2).

(b) The department may do all of the following:

(1) Enter into one or more single-year or multiyear contracts with the authority to provide services described in Sections 5849.7, 5849.8, and 5849.9, related to permanent supportive housing for the target population and to receive payments from amounts on deposit in the Supportive Housing Program Subaccount pursuant to paragraph (1) of subdivision (f) of Section 5890. Payments received by the department under any service contract authorized by this paragraph shall be used, before any other allocation or distribution, to repay loans from the authority pursuant to Section 15463 of the Government Code.

(2) Enter into one or more loan agreements with the authority as security for the repayment of the revenue bonds issued by the authority pursuant to Section 15463 of the Government Code. The department shall deposit the proceeds of these loans, excluding any refinancing loans to redeem, refund, or retire bonds, into the fund. The department's obligations to make payments under these loan agreements shall be limited obligations payable solely from amounts received pursuant to its service contracts with the authority.

(3) The department may pledge and assign its right to receive all or a portion of the payments under the service contracts entered into pursuant to paragraph (1) directly to the authority or its bond trustee for the payment of principal, premiums, if any, and interest under any loan agreement authorized by paragraph (2).

(c) The Legislature hereby finds and declares both of the following:

(1) The consideration to be paid by the authority to the department for the services provided pursuant to the contracts authorized by paragraph (2) of subdivision (a) and paragraph (1) of subdivision (b) is fair and reasonable and in the public interest.

(2) The service contracts and payments made by the authority to the department pursuant to a service contract authorized by paragraph (2) of subdivision (a) and paragraph (1) of subdivision (b) and the loan agreements and loan repayments made by the department to the authority pursuant to a loan agreement authorized by paragraph (2) of subdivision (b) shall not constitute a debt or liability, or a pledge of the faith and credit, of the state or any political subdivision, except as approved by the voters at the November 6, 2018, statewide general election.

(d) The state hereby covenants with the holders from time to time of any bonds issued by the authority pursuant to Section 15463 of the Government Code that it will not alter, amend, or restrict the provisions of this section, paragraph (1) of subdivision (f) of Section 5890, subdivision (b) of Section 5891, Section 19602.5 of the Revenue and Taxation Code, or any other provision requiring the deposit of the revenues derived from the additional tax imposed under Section 17043 of the Revenue and Taxation Code into the Mental Health Services Fund in any manner adverse to the interests of those bondholders so long as any of those bonds remain outstanding. The authority may include this covenant in the resolution, indenture, or other documents governing the bonds.

(e) Agreements under this section are not subject to, and need not comply with, the requirements of any other law applicable to the execution of those agreements, including, but not limited to, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(f) Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code shall not apply to any contract entered into between the authority and the department under this section.

SEC. 12. The Legislature finds and declares that the amendments to the No Place Like Home Program (Part 3.9 (commencing with Section 5849.1) of Division 5 of the Welfare and Institutions Code) made by this act are consistent with and further the intent of Proposition 2, as approved by the voters at the November 6, 2018, statewide general election within the meaning of Section 7 of Proposition 2.

SEC. 13. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to support the expeditious and successful issuance of bonds by providing more assurances to bondholders and to support adequate housing, it is necessary that this act take effect immediately.