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**SB-113 Housing.** (2019-2020)

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Date Published: 10/10/2019 09:00 PM

**Senate Bill No. 113**

**CHAPTER 668**

An act to amend Sections 65585 and 65589.11 of the Government Code, and to amend Section 50515.02 of the Health and Safety Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[ Approved by Governor October 09, 2019. Filed with Secretary of State October 09, 2019. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 113, Committee on Budget and Fiscal Review. Housing.

(1) Existing law creates the National Mortgage Special Deposit Fund in the State Treasury, which is continuously appropriated and subject to allocation by the Department of Finance, for the receipt of moneys from the National Mortgage Settlement.

This bill, in accordance with a specified California appellate court decision, would provide for \$331,044,084 to be transferred from the General Fund to the National Mortgage Special Deposit Fund. The bill would state the intent of the Legislature to create a trust to manage these funds, as specified. The bill would specify purposes to which these funds will be applied. The bill would appropriate \$100,000 from the General Fund to the Department of Finance to study the most effective way to establish and manage a trust for those purposes.

(2) The Planning and Zoning Law requires a city or county to adopt a general plan for land use development within its boundaries that includes, among other things, a housing element. That law requires the Department of Housing and Community Development (HCD) to determine whether the housing element is in substantial compliance with specified provisions of that law. That law also requires HCD to notify a city, county, or city and county, and authorizes HCD to notify the office of the Attorney General, that the city, county, or city and county is in violation of state law if HCD finds that the housing element or an amendment to the housing element does not substantially comply with specified provisions of the Planning and Zoning Law, or that the local government has taken action or failed to act in violation of specified provisions of law. That law, prior to the Attorney General bringing any suit for a violation of certain of those aforementioned provisions and seeking available remedies, requires HCD to offer the jurisdiction the opportunity for 2 meetings in person or via telephone to discuss the violation, and to provide the jurisdiction written findings regarding the violation. That law provides that, in any action or special proceeding brought by the Attorney General relating to housing element compliance pursuant to the above-described provision relating to HCD providing notice of specified violations of law, the Attorney General is required, upon a finding of the court that the housing element does not substantially comply with the requirements of specified provisions of the Planning and Zoning Law, to request that the court issue an order or judgment directing the jurisdiction to bring its housing element into substantial compliance with those requirements. That law requires the court to retain jurisdiction to ensure that its order or judgment is carried out, and provides that once a court determines that the housing element substantially complies with those provisions, it is required to have the same force and effect, for all purposes, as HCD's determination that the housing element substantially complies with those provisions. That law provides that the court is authorized to take certain actions against a jurisdiction that failed to comply with the order or

judgment, including imposing fees, as specified, and ordering remedies available pursuant to a provision that authorizes the appointment of a receiver under which the agent of the court is authorized to be appointed with all the powers necessary to bring the jurisdiction's housing element into substantial compliance, as specified. That act provides that the aforementioned provisions do not limit a court's discretion to apply any and all remedies in an action or special proceeding filed by a party other than the state for a violation of specified provisions of law.

This bill, instead, would provide that, in any action or special proceeding brought by the Attorney General relating to housing element compliance pursuant to a notice or referral under the provision relating to HCD providing notice of specified violations of law, the Attorney General is authorized, upon a finding of the court that the housing element does not substantially comply with the requirements of specified provisions of the Planning and Zoning Law, to request that the court issue an order or judgment directing the jurisdiction to bring its housing element into substantial compliance with those requirements. The bill would provide that if a court determines that the housing element substantially complies with those provisions, it is required to have the same force and effect, for purposes of eligibility for financial assistance that requires a housing element in substantial compliance and for purposes of specified incentives related to housing element compliance, as HCD's determination that the housing element substantially complies with those provisions. The bill would revise the above-described provision authorizing the agent of the court to be appointed with all the powers necessary to bring the jurisdiction's housing element into compliance, as specified, to provide, instead, that the agent of the court is authorized to take all governmental actions necessary to bring the jurisdiction's housing element into substantial compliance, as specified. The bill would instead provide that those provisions do not limit a court's discretion to apply any and all remedies in such an action or special proceeding.

(3) The Planning and Zoning Law also requires the Department of Finance (DOF) to publish on its internet website a list of programs for which a jurisdiction is ineligible if it fails to adopt a housing element that is found by HCD to be in substantial compliance with specified provisions of the Planning and Zoning Law. That law also requires HCD to post on its internet website a list of jurisdictions that have failed to adopt a housing element that has been found by HCD to be in substantial compliance with specified provisions of the Planning and Zoning Law. If a jurisdiction is included on that list, that law requires HCD to notify the jurisdiction upon the first occurrence of its inclusion, and to offer the jurisdiction the opportunity for 2 meetings in person or via telephone to discuss the jurisdiction's failure to adopt a housing element that is found to be in substantial compliance with specified provisions of the Planning and Zoning Law and to provide the jurisdiction written findings regarding that failure. Within 30 days of a jurisdiction both appearing on the list and also having adopted a housing element pursuant to a provision relating to the adoption of a housing element that HCD found to not substantially comply with specified provisions of the Planning and Zoning Law, that law authorizes the jurisdiction to request that HCD review de novo the jurisdiction's housing element, as specified. Within 30 days of receipt of the request, that law requires HCD to issue written findings, as specified. That law, if HCD's written findings state that the jurisdiction's housing element is not in substantial compliance with those requirements, authorizes the jurisdiction to bring an action to superior court to challenge HCD's determination pursuant to a provision relating to a court's review of a final administrative order or decision. That law provides that any action pursuant to those provisions relating to a requested review of HCD's determinations is prohibited from impacting the allocation of funds for any programs identified in the provision described above requiring DOF to publish a list of programs for which a jurisdiction is ineligible if it fails to adopt a housing element that is found by HCD to be in substantial compliance with specified provisions of the Planning and Zoning Law.

This bill would, instead, provide that HCD is required to notify a jurisdiction of its inclusion on the list of jurisdictions that have failed to adopt a housing element that has been found by HCD to be in substantial compliance with specified provisions of the Planning and Zoning Law upon the first occurrence of this inclusion, if the jurisdiction has not previously received notice of its inclusion. The bill would limit the jurisdictions that HCD is required to offer the opportunity for 2 meetings in person or via telephone to discuss the jurisdiction's failure and to provide written findings regarding that failure to a jurisdiction that would, on the basis of that inclusion, be denied funding under any program that is listed by DOF as a program for which a jurisdiction is ineligible if it fails to adopt a housing element that is found to be in substantial compliance with specified provisions of the Planning and Zoning Law and under which the jurisdiction previously applied for funding. The bill would limit the jurisdictions that are authorized to request that HCD review de novo the jurisdiction's housing element to those jurisdictions that, on the basis of its inclusion on the list, would be denied funding under any program that is listed by DOF as a program for which a jurisdiction is ineligible if it fails to adopt a housing element that is found to be in substantial compliance with those provisions of the Planning and Zoning Law and under which the jurisdiction previously applied for funding. The bill would extend the time within which HCD is required to issue written findings to 90 days of receipt of a request for review. The bill would remove the specific cross-referenced provision pursuant to which a jurisdiction is authorized to bring an action. The bill would, instead, provide that any action pursuant to the provisions relating to a requested review of HCD's determinations is prohibited from impacting the allocation of funds for jurisdictions not appearing on the list of jurisdictions that have failed to adopt a housing element that has been found by HCD to be in substantial compliance with specified provisions of the Planning and Zoning Law for any programs identified in the provision requiring DOF to publish a list of programs for which a jurisdiction is ineligible if it fails to adopt a housing element that is found by HCD to be in substantial compliance with specified provisions of the Planning and Zoning Law. The bill would provide that the provisions relating to a request for a review of a jurisdiction's inclusion on the list of jurisdictions that have failed to adopt a housing element that has been found by HCD to be in substantial compliance with specified provisions

of the Planning and Zoning Law are prohibited from being available to a jurisdiction if a lawsuit has been filed against the jurisdiction pursuant to specified provisions of the Planning and Zoning Law.

(4) Existing law establishes the Local Government Planning Support Grants Program and, upon appropriation by the Legislature, requires the Department of Housing and Community Development to allocate \$250,000,000 in grants under the program to regions and jurisdictions for technical assistance, preparation and adoption of planning documents, and process improvements to accelerate housing production and facilitate compliance to implement the 6th cycle of the regional housing need assessment. Existing law requires that \$125,000,000 of that amount be available to councils of governments, as defined, and other regional entities, including to a central coast multiagency working group, formed as provided and consisting of specified councils of governments and counties. Existing law authorizes a council of governments or other regional entity to request an allocation from that amount until January 21, 2021, by submitting an application that includes specified information.

This bill would include the Council of San Benito County Governments as one of the councils of governments included in the central coast multiagency working group, as described above. The bill would also authorize, commencing October 1, 2019, a council of governments or the fiscal agent of a multiagency working group to request up to 25% of funding available to it under the program in advance of requesting those funds, as described above, to develop and accelerate the implementation of the application requirements. The bill would require the department to award funds requested pursuant to these provisions to the relevant council of governments or fiscal agent within 30 days of receiving the request.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

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

**SECTION 1.** (a) (1) It is the intent of the Legislature to create an ongoing trust to manage the funds that were ordered retransferred in *National Asian American Coalition v. Newsom* (2019) 33 Cal.App.5th 993, to be expended pursuant to the National Mortgage Settlement (Consent Judgment, *United States v. Bank of America* (No. 1:12-cv-00361, Bankr. D.C. Apr. 4, 2012)) by June 30, 2020, with input from key stakeholders.

(2) The deposit of funds into the National Mortgage Special Deposit Fund is to provide sustainable, ongoing legal assistance to California renters and homeowners in housing-related matters through local nonprofit organizations.

(3) The funds will support nonprofit programs to avoid preventable foreclosures by providing borrower relief. It will also assist housing counselors or other legal aid agencies that represent California renters in housing-related matters.

(b) One hundred thousand dollars (\$100,000) is hereby appropriated from the General Fund to the Department of Finance to study the most effective way to establish and manage a trust for the purposes set forth in subdivision (a).

**SEC. 2.** Pursuant to a schedule provided to the Controller by the Director of Finance, and in accordance with the decision in *National Asian American Coalition v. Newsom* (2019) 33 Cal.App.5th 993, three hundred thirty-one million forty-four thousand eighty-four dollars (\$331,044,084) is hereby transferred from the General Fund to the National Mortgage Special Deposit Fund.

**SEC. 3.** Section 65585 of the Government Code is amended to read:

**65585.** (a) In the preparation of its housing element, each city and county shall consider the guidelines adopted by the department pursuant to Section 50459 of the Health and Safety Code. Those guidelines shall be advisory to each city or county in the preparation of its housing element.

(b) (1) At least 90 days prior to adoption of its housing element, or at least 60 days prior to the adoption of an amendment to this element, the planning agency shall submit a draft element or draft amendment to the department.

(2) The planning agency staff shall collect and compile the public comments regarding the housing element received by the city, county, or city and county, and provide these comments to each member of the legislative body before it adopts the housing element.

(3) The department shall review the draft and report its written findings to the planning agency within 90 days of its receipt of the draft in the case of an adoption or within 60 days of its receipt in the case of a draft amendment.

(c) In the preparation of its findings, the department may consult with any public agency, group, or person. The department shall receive and consider any written comments from any public agency, group, or person regarding the draft or adopted element or amendment under review.

(d) In its written findings, the department shall determine whether the draft element or draft amendment substantially complies with this article.

(e) Prior to the adoption of its draft element or draft amendment, the legislative body shall consider the findings made by the department. If the department's findings are not available within the time limits set by this section, the legislative body may act without them.

(f) If the department finds that the draft element or draft amendment does not substantially comply with this article, the legislative body shall take one of the following actions:

(1) Change the draft element or draft amendment to substantially comply with this article.

(2) Adopt the draft element or draft amendment without changes. The legislative body shall include in its resolution of adoption written findings which explain the reasons the legislative body believes that the draft element or draft amendment substantially complies with this article despite the findings of the department.

(g) Promptly following the adoption of its element or amendment, the planning agency shall submit a copy to the department.

(h) The department shall, within 90 days, review adopted housing elements or amendments and report its findings to the planning agency.

(i) (1) (A) The department shall review any action or failure to act by the city, county, or city and county that it determines is inconsistent with an adopted housing element or Section 65583, including any failure to implement any program actions included in the housing element pursuant to Section 65583. The department shall issue written findings to the city, county, or city and county as to whether the action or failure to act substantially complies with this article, and provide a reasonable time no longer than 30 days for the city, county, or city and county to respond to the findings before taking any other action authorized by this section, including the action authorized by subparagraph (B).

(B) If the department finds that the action or failure to act by the city, county, or city and county does not substantially comply with this article, and if it has issued findings pursuant to this section that an amendment to the housing element substantially complies with this article, the department may revoke its findings until it determines that the city, county, or city and county has come into compliance with this article.

(2) The department may consult with any local government, public agency, group, or person, and shall receive and consider any written comments from any public agency, group, or person, regarding the action or failure to act by the city, county, or city and county described in paragraph (1), in determining whether the housing element substantially complies with this article.

(j) The department shall notify the city, county, or city and county and may notify the Office of the Attorney General that the city, county, or city and county is in violation of state law if the department finds that the housing element or an amendment to this element, or any action or failure to act described in subdivision (i), does not substantially comply with this article or that any local government has taken an action in violation of the following:

(1) Housing Accountability Act (Section 65589.5 of the Government Code).

(2) Section 65863 of the Government Code.

(3) Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.

(4) Section 65008 of the Government Code.

(k) Commencing July 1, 2019, prior to the Attorney General bringing any suit for a violation of the provisions identified in subdivision (j) related to housing element compliance and seeking remedies available pursuant to this subdivision, the department shall offer the jurisdiction the opportunity for two meetings in person or via telephone to discuss the violation, and shall provide the jurisdiction written findings regarding the violation. This paragraph does not affect any action filed prior to the effective date of this section. The requirements set forth in this subdivision shall not apply to any suits brought for a violation or violations of paragraphs (1), (3), and (4) of subdivision (j).

(l) In any action or special proceeding brought by the Attorney General relating to housing element compliance pursuant to a notice or referral under subdivision (j), the Attorney General may request, upon a finding of the court that the housing element does not substantially comply with the requirements of this article pursuant to this section, that the court issue an order or judgment directing the jurisdiction to bring its housing element into substantial compliance with the requirements of this article. The court shall retain jurisdiction to ensure that its order or judgment is carried out. If a court determines that the housing element of the jurisdiction substantially complies with this article, it shall have the same force and effect, for purposes of eligibility for any

financial assistance that requires a housing element in substantial compliance and for purposes of any incentives provided under Section 65589.9, as a determination by the department that the housing element substantially complies with this article.

(1) If the jurisdiction has not complied with the order or judgment after twelve months, the court shall conduct a status conference. Following the status conference, upon a determination that the jurisdiction failed to comply with the order or judgment compelling substantial compliance with the requirements of this article, the court shall impose fines on the jurisdiction, which shall be deposited into the Building Homes and Jobs Trust Fund. Any fine levied pursuant to this paragraph shall be in a minimum amount of ten thousand dollars (\$10,000) per month, but shall not exceed one hundred thousand dollars (\$100,000) per month, except as provided in paragraphs (2) and (3). In the event that the jurisdiction fails to pay fines imposed by the court in full and on time, the court may require the State Controller to intercept any available state and local funds and direct such funds to the Building Homes and Jobs Trust Fund to correct the jurisdiction's failure to pay. The intercept of the funds by the Controller for this purpose shall not violate any provision of the California Constitution.

(2) If the jurisdiction has not complied with the order or judgment after three months following the imposition of fees described in paragraph (1), the court shall conduct a status conference. Following the status conference, if the court finds that the fees imposed pursuant to paragraph (1) are insufficient to bring the jurisdiction into compliance with the order or judgment, the court may multiply the fine determined pursuant to paragraph (1) by a factor of three. In the event that the jurisdiction fails to pay fines imposed by the court in full and on time, the court may require the State Controller to intercept any available state and local funds and direct such funds to the Building Homes and Jobs Trust Fund to correct the jurisdiction's failure to pay. The intercept of the funds by the Controller for this purpose shall not violate any provision of the California Constitution.

(3) If the jurisdiction has not complied with the order or judgment six months following the imposition of fees described in paragraph (1), the court shall conduct a status conference. Upon a determination that the jurisdiction failed to comply with the order or judgment, the court may impose the following:

(A) If the court finds that the fees imposed pursuant to paragraph (1) and paragraph (2) are insufficient to bring the jurisdiction into compliance with the order or judgment, the court may multiply the fine determined pursuant to paragraph (1) by a factor of six. In the event that the jurisdiction fails to pay fines imposed by the court in full and on time, the court may require the State Controller to intercept any available state and local funds and direct such funds to the Building Homes and Jobs Trust Fund to correct the jurisdiction's failure to pay. The intercept of the funds by the Controller for this purpose shall not violate any provision of the California Constitution.

(B) The court may order remedies available pursuant to Section 564 of the Code of Civil Procedure, under which the agent of the court may take all governmental actions necessary to bring the jurisdiction's housing element into substantial compliance pursuant to this article in order to remedy identified deficiencies. The court shall determine whether the housing element of the jurisdiction substantially complies with this article and, once the court makes that determination, it shall have the same force and effect, for all purposes, as the department's determination that the housing element substantially complies with this article. An agent appointed pursuant to this paragraph shall have expertise in planning in California.

(4) This subdivision shall not limit a court's discretion to apply any and all remedies in an action or special proceeding for a violation of any law identified in subdivision (j).

(m) In determining the application of the remedies available under subdivision (l), the court shall consider whether there are any mitigating circumstances delaying the jurisdiction from coming into compliance with state housing law. The court may consider whether a city, county, or city and county is making a good faith effort to come into substantial compliance or is facing substantial undue hardships.

(n) The Office of the Attorney General may seek all remedies available under law including those set forth in this section.

**SEC. 4.** Section 65589.11 of the Government Code is amended to read:

**65589.11.** (a) The department shall post on its internet website each month a list of jurisdictions that have failed to adopt a housing element that has been found by the department to be in substantial compliance with the requirements of this article pursuant to Section 65585. The department shall, on an annual basis, by July 1, or upon request, provide the most recent version of the list to the Office of Planning and Research and any other applicable agency or department.

(b) If a jurisdiction has not previously received notice of its inclusion, the department shall notify the jurisdiction of its inclusion upon the first occurrence of this inclusion. A copy of all notifications sent to a jurisdiction shall also be submitted to the legislative body of the jurisdiction.

(c) If a jurisdiction, after the effective date of this section, is included on the list described in subdivision (a), and, on the basis of that inclusion, would be denied funding under any program that is listed pursuant to subdivision (e) and under which the jurisdiction previously applied for funding, the department shall offer the jurisdiction the opportunity for two meetings in person or

via telephone to discuss the jurisdiction's failure to adopt a housing element that is found to be in substantial compliance with the requirements of this article pursuant to Section 65585, and shall provide the jurisdiction written findings regarding that failure. Meetings previously offered pursuant to subdivision (k) of Section 65585 shall satisfy the requirements of this subdivision.

(d) Within 30 days of a jurisdiction both appearing on the list published pursuant to subdivision (a), and also having adopted a housing element pursuant to paragraph (2) of subdivision (f) of Section 65585, a jurisdiction that, on the basis of its inclusion on the list published pursuant to subdivision (a), would be denied funding under any program that is listed pursuant to subdivision (e) and under which the jurisdiction previously applied for funding may request, in writing, that the department review de novo the jurisdiction's last housing element adopted pursuant to paragraph (2) of subdivision (f) of Section 65585. Within 90 days of receipt of the request, the department shall issue written findings as to whether the housing element has been found by the department to be in substantial compliance with the requirements of this article pursuant to Section 65585. If the department's written findings state that the jurisdiction's housing element is not in substantial compliance with the requirements of this article pursuant to Section 65585, then the city, county, or city and county may, within 30 days of receiving those written findings, bring an action to challenge the department's determination. Any action pursuant to this subdivision shall not impact the allocation of funds for jurisdictions not appearing on the list published pursuant to subdivision (a) for any programs identified in subdivision (e). This subdivision shall not apply if a lawsuit has been filed against that jurisdiction for housing element compliance.

(e) On or before January 1, 2023, and annually thereafter, the Department of Finance shall publish on its internet website a list of programs, if any, where eligibility for funding is contingent upon a jurisdiction having adopted a housing element that has been found by the department to be in substantial compliance with the requirements of this article pursuant to Section 65585. The list shall not include any program where eligibility for funding is contingent upon a housing element that has been found by the department to be in substantial compliance with the requirements of this article pursuant to Section 65585 on or before the effective date of this section.

(f) Subdivisions (c) and (d) of this section shall become operative upon the inclusion of at least one program on the list published pursuant to subdivision (e).

(g) This section shall not affect any action filed on or before the effective date of this section.

**SEC. 5.** Section 50515.02 of the Health and Safety Code is amended to read:

**50515.02.** Of the amount described in paragraph (2) of subdivision (a) of Section 50515.01, one hundred twenty-five million dollars (\$125,000,000) shall be available to councils of governments and other regional entities, as follows:

(a) The moneys allocated pursuant to this subdivision shall be available to the following entities:

(1) The Association of Bay Area Governments, representing the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, and Sonoma, and the City and County of San Francisco.

(2) The Sacramento Area Council of Governments, representing the Counties of El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba.

(3) The San Diego Association of Governments, representing the County of San Diego.

(4) The Southern California Association of Governments, representing the Counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

(5) A central coast multiagency working group, formed in accordance with subdivision (c), consisting of the Association of Monterey Bay Area Governments, the San Luis Obispo Council of Governments, the Council of San Benito County Governments, and the Santa Barbara County Association of Governments, representing the Counties of Monterey, San Benito, San Luis Obispo, Santa Barbara, and Santa Cruz.

(6) A San Joaquin Valley multiagency working group, formed in accordance with subdivision (c), consisting of the Fresno Council of Governments, the Kern Council of Governments, the Kings County Association of Governments, the Madera County Transportation Commission, the Merced County Association of Governments, the San Joaquin Council of Governments, the Stanislaus Council of Governments, and the Tulare County Association of Governments, representing the Counties of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare.

(7) Councils of governments from the Counties of Butte, Humboldt, Lake, and Mendocino. Notwithstanding any other provision of this chapter, the councils of governments described in this paragraph may apply directly to the department for funds pursuant to the program.

(8) The Counties of Alpine, Amador, Calaveras, Colusa, Del Norte, Glenn, Inyo, Lassen, Mariposa, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Tuolumne, and Trinity. Notwithstanding any other provision of this chapter, the

counties described in this paragraph may apply directly to the department for funds pursuant to the program. The department may approve a fiscal agent to receive funds from the amount identified in this section on behalf of a county or consortium of counties listed in this paragraph.

(b) (1) Except as otherwise provided in paragraphs (7) and (8) of subdivision (a), the department shall make the allocations required by this subdivision to each regional entity on behalf all of the jurisdictions represented by that entity. The department shall calculate the amount of each allocation in accordance with the population estimates consistent with the methodology described in subdivision (a) of Section 50515.03.

(2) Each council of governments or other regional entity may, in consultation with the department and consistent with the requirements of this chapter, determine the appropriate use of funds or suballocations within its boundaries to appropriately address its unique housing and planning priorities.

(c) The following shall apply with respect to any allocation made pursuant to this subdivision to a multiagency working group, as described in paragraphs (5) and (6) of subdivision (a):

(1) Before November 30, 2019, the multiagency working groups described in paragraphs (5) and (6) of subdivision (a) shall be formed as follows:

(A) Each working group shall consist of the following members:

(i) One representative from each county described in paragraph (5) or (6), as applicable, of subdivision (a).

(ii) Two city representatives from each county described in paragraph (5) or (6), as applicable, of subdivision (a) appointed by the city selection committee for that county. In appointing city representatives, the city selection committee shall appoint one representative of a larger city within the county and one representative of a smaller city within the county.

(iii) Of the three representatives from each county serving on the multiagency working group pursuant to clauses (i) and (ii), at least one of the representatives shall also be a member of the governing body of the applicable council of governments representing the county.

(B) The multiagency working group shall select a council of governments to serve as the fiscal agent of the multiagency working group and identify staff to assist the work of the group. If the multiagency working group fails to agree to the selection of a council of governments to serve as fiscal agent pursuant to this clause within a reasonable time period, the department shall select a fiscal agent based on factors such as capacity and experience in administering grant programs.

(C) Upon its formation, the multiagency working group shall notify each city and county that is a member of a council of governments described in paragraph (5) or (6), as applicable, of subdivision (a) of its purpose pursuant to this section.

(2) In recognition of the unique challenges in developing a process through a multiagency working group, the department shall allocate eight million dollars (\$8,000,000) of the amount available pursuant to this subdivision to the multiagency working groups described in paragraphs (5) and (6) of subdivision (a), as follows:

(A) Twenty-five percent of the amount subject to this subparagraph shall be allocated to the central coast multiagency working group described in paragraph (5) of subdivision (a).

(B) Seventy-five percent of the amount subject to this subparagraph shall be allocated to the San Joaquin Valley multiagency working group described in paragraph (6) of subdivision (a).

(d) (1) Until January 31, 2021, a council of governments or other regional entity described in subdivision (a), or a county described in paragraph (8) of subdivision (a), may request an allocation of funds pursuant to this section by submitting an application, in the form and manner prescribed by the department, that includes the following information:

(A) An allocation budget for the funds provided pursuant to this section.

(B) The amounts retained by the council of governments, regional entity, or county, and any suballocations to jurisdictions.

(C) An explanation of how proposed uses will increase housing planning and facilitate local housing production.

(D) Identification of current best practices at the regional and statewide level that promote sufficient supply of housing affordable to all income levels, and a strategy for increasing adoption of these practices at the regional level, where viable.

(E) An education and outreach strategy to inform local agencies of the need and benefits of taking early action related to the sixth cycle regional housing need allocation.

(2) The department shall review an application submitted pursuant to this subdivision within 30 days. Upon approval of an application for funds pursuant to this subdivision, the department shall award the moneys for which the council of governments, other regional entity, or county, as applicable, qualifies.

(3) Commencing October 1, 2019, a council of governments, or the fiscal agent of a multiagency working group described in paragraph (5) or (6), as applicable, of subdivision (a), may request up to 25 percent of the funding available to it under this section in advance of a request for funding made pursuant to paragraph (1) to develop and accelerate the implementation of the requirements described in paragraph (1), including the development of an education and outreach strategy related to the sixth cycle regional housing need allocation. The department shall award funds requested pursuant to this paragraph to the relevant council of government or fiscal agency within 30 days of receiving that request.

(e) A council of governments, other regional entity, or county that receives an allocation of funds pursuant to this section shall establish priorities and use those moneys to increase housing planning and accelerate housing production, as follows:

(1) Developing an improved methodology for the distribution of the sixth cycle regional housing need assessment to further the objectives described in subdivision (d) of Section 65584 of the Government Code.

(2) Suballocating moneys directly and equitably to jurisdictions or other subregional entities in the form of grants, to be used in accordance with subdivision (f), for planning that will accommodate the development of housing and infrastructure that will accelerate housing production in a way that aligns with state planning priorities, housing, transportation, equity, and climate goals.

(3) Providing jurisdictions and other local agencies with technical assistance, planning, temporary staffing or consultant needs associated with updating local planning and zoning documents, expediting application processing, and other actions to accelerate additional housing production.

(4) Covering the costs of administering any programs described in this subdivision.

(f) An entity that receives a suballocation of funds pursuant to paragraph (2) of subdivision (e) shall only use that suballocation for housing-related planning activities, including, but not limited to, the following:

(1) Technical assistance in improving housing permitting processes, tracking systems, and planning tools.

(2) Establishing regional or countywide housing trust funds for affordable housing.

(3) Performing infrastructure planning, including for sewers, water systems, transit, roads, or other public facilities necessary to support new housing and new residents.

(4) Performing feasibility studies to determine the most efficient locations to site housing consistent with Sections 65041.1 and 65080 of the Government Code.

(5) Covering the costs of temporary staffing or consultant needs associated with the activities described in paragraphs (1) to (4), inclusive.

**SEC. 6.** This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.