AB-157 State government. (2021-2022)

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Assembly Bill No. 157

CHAPTER 570

An act to amend Sections 50474.21 and 50474.3 of, to add Sections 6254.36 and 7929.011 to, and to add and repeal Article 9.5 (commencing with Section 12100.100) and Article 15 (commencing with Section 12100.160) of Chapter 1.6 of Part 2 of Division 3 of Title 2 of, the Government Code, to amend Sections 50720.2, 50720.8, 53559, and 53559.1 of, and to add Chapter 13 (commencing with Section 51530) to Part 3 of Division 31 of, the Health and Safety Code, to add and repeal Section 10326.3 of the Public Contract Code, and to amend Section 1685 of the Vehicle Code, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor September 27, 2022. Filed with Secretary of State September 27, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 157, Committee on Budget. State government.

(1) The California Public Records Act requires state and local agencies to make their records available for public inspection, unless an exemption from disclosure applies. Existing law, operative on January 1, 2023, recodifies and reorganizes the provisions of the act. Existing law exempts specified types of records related to a public bank from disclosure under the act, including, among others, due diligence materials that are proprietary to the public bank.

This bill would exempt specified information and records of the California Infrastructure and Economic Development Bank from disclosure under the act. The bill would apply that exemption to the bank solely in relation to the administration of the Climate Catalyst Revolving Loan Fund Act of 2020, the Venture Capital Program, and the financing of economic development facilities and public development facilities under certain circumstances. The bill would prescribe the characteristics of the information to which the exemption would and would not apply and would provide for the maintenance of the exemption after a certain date.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

(2) Existing law establishes the Office of Small Business Advocate within the Governor’s Office of Business and Economic Development, also known as GO-Biz, to advocate for causes of small business and to provide small businesses with the information they need to survive in the marketplace. Existing law prescribes the duties and functions of the Small Business Advocate, who is also the Director of the Office of Small Business Advocate. Existing law establishes the California Small Business COVID-19 Relief Grant Program within the office, which until January 1, 2024, provides grants to qualified small businesses affected by COVID-19 in order to support their continued operation.

This bill, until January 1, 2025, would establish the California Small Agricultural Business Drought Relief Grant Program in the Office of Small Business Advocate, under the authority of its director. The purpose of the program would be to provide grants to qualified small agricultural businesses that have been affected by severe drought. The bill would prescribe various definitions for its purposes, including that of a qualified small business. The bill would authorize the office to contract with a fiscal agent, as defined, to carry out the program, and would require the office to allocate grants to qualified small agricultural businesses that meet the requirements, upon appropriation of grant funds by the Legislature. The bill would prescribe the criteria for specific grant amounts, which would be based on the loss or decline in annual gross receipts or gross profits, which would be established by comparing the 2022 taxable year to the 2019 taxable year, as specified. The bill would provide for the recapture of grants if grantees fail to meet required criteria. The bill would require that grant moneys be used only for costs to maintain the business through the drought, and would specify certain authorized costs in this regard.

This bill would require the office to conduct marketing and outreach for equitable awareness and the distribution of grants, as specified. The bill would authorize applicants for grants to self-identify race, gender, and ethnicity and require this information, as well as information on grant amounts awarded, to be posted on the department's internet website. The bill would require the office to provide specified, categorical information to the Legislature regarding the number of grants and dollar amounts awarded. The bill would authorize the office and the Franchise Tax Board to adopt regulations to implement its provisions without regard to the Administrative Procedure Act.

(3) Existing federal law requires the Secretary of Energy to establish a program to support the development of at least 4 regional clean hydrogen hubs that demonstrably aid the achievement of a specified clean hydrogen production standard, that demonstrate the production, processing, delivery, storage, and end-use of clean hydrogen, and that can be developed into a national clean hydrogen network to facilitate a clean hydrogen economy. Existing federal law authorizes the Secretary of Energy to make grants to each regional clean hydrogen hub to accelerate commercialization of, and demonstrate the production, processing, delivery, storage, and end-use of, clean hydrogen.

This bill would authorize GO-Biz, until July 1, 2025, to undertake measures that are necessary or useful to prepare and submit an application to receive funding from the regional clean hydrogen hubs program established by the Secretary of Energy or to otherwise participate in the regional clean hydrogen hubs program. The bill would require grants made from any funding received from the regional clean hydrogen hubs program to be used as specified. The bill would require GO-Biz to submit an annual report regarding the status of an application submitted to receive funding from the regional clean hydrogen hubs program and the status of any partnerships entered into, as described. The bill would also require GO-Biz to consult with and coordinate clean hydrogen-related efforts with relevant stakeholders, as described.

(4) Existing law authorizes an airport operated by a city and county to require a rental car company to collect a fee from its customers on behalf of the airport for the use of an airport-mandated common use busing system or light rail transit system operated for the movement of passengers between the terminal and a consolidated on-airport rental car facility. Existing law, operative on January 1, 2023, ends the authorization for an airport to impose a customer facility charge when the bonds used for financing are paid, except as specified.

This bill would instead make the provisions that will end the authorization to impose the charge when the bonds used for financing are paid operative on January 1, 2024. The bill would also make other conforming changes.

(5) Existing law requires the Department of Housing and Community Development (HCD) to, among other things, administer various programs intended to fund the acquisition of property to develop or preserve affordable housing, including the Foreclosure Intervention Housing Preservation Program (FIHPP) and the Multifamily Housing Program (MHP). Existing law creates the FIHPP for the purpose of preserving affordable housing and promoting resident ownership, or nonprofit organization ownership, of residential real property and requires the program to be administered by the department to provide loans, upon appropriation by the Legislature, to eligible borrowers to pay the acquisition costs and associated transaction costs of certain real property purchased through a trustee's sale, as specified, subject to a preforeclosure intervention sale, as defined, or subject to a foreclosure risk intervention sale.

This bill would additionally authorize HCD, upon appropriation, to provide grants to eligible borrowers under its provisions for these purposes.

Existing law creates the Housing Rehabilitation Loan Fund (the Fund), administered by HCD and continuously appropriated for, among other things, making deferred payment loans for specified housing rehabilitation programs. Existing law requires HCD to contract with one or more fund managers to manage the FIHPP until June 30, 2026, as specified. Existing law requires funds not committed to fund managers as of December 31, 2025, or any funds returned from fund managers after December 31, 2025, to be made available for affordable housing preservation loans, as specified.

This bill would remove that date limit for returned funds and require uncommitted or returned funds to be additionally made available for the MHP. By expanding the uses and deposits of moneys in a continuously appropriated fund, the bill would make an

appropriation.

Existing law requires FIHPP fund managers to deposit all repayments of program funds, including loan principal and any interest collected, and any interest earned on the funds, into the Fund. Existing law authorizes the department to use funds to provide technical assistance, as specified.

This bill would instead require fund managers to deposit unused program funds into separately maintained reuse accounts for the purposes of the program, as specified. The bill would require fund managers use funds held in those reuse accounts to administer loans and grants to pay for repairs, maintenance, or improvements on properties acquired pursuant to the program, among other purposes. The bill would remove the authority to use the funds for providing technical assistance, as specified.

Existing law defines the term “nonprofit corporation,” as specified. Existing law requires a borrower or grantee that receives funds from a loan or grant made pursuant to the FIHPP ensure that all vacant units are restricted as specified.

This bill would make technical, nonsubstantive changes to these provisions.

(6) Existing law requires HCD to administer various programs intended to promote the development of housing, including the MHP, pursuant to which HCD provides financial assistance in the form of deferred payment loans to pay for the eligible costs of development for specified activities. Existing law also establishes the California Housing Finance Agency (CalHFA) within HCD with the primary purpose of meeting the housing needs of persons and families of low or moderate income. Existing law establishes various objectives of CalHFA, including, among others, reducing the cost of mortgage financing for accessory dwelling units, as specified.

This bill would require CalHFA to convene a working group to develop recommendations to assist homeowners in qualifying for loans to construct accessory dwelling units and junior accessory dwelling units on their property and to increase access to capital for homeowners interested in building accessory dwelling units. The bill would require the working group to include specified representatives and to explore different opportunities to mitigate risks for lenders, including, but not limited to, loan guarantees, mortgage insurance, managed escrow, and rental income guidelines. The bill would require the working group to finish developing recommendations by July 1, 2023, for CalHFA to consider in the next update of its accessory dwelling unit guidelines.

(7) Existing law establishes the Infill Infrastructure Grant Program of 2019, which requires the Department of Housing and Community Development, upon appropriation of funds by the Legislature, to establish and administer a grant program to allocate those funds to eligible applicants, as defined, to fund capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or qualifying infill area, as those terms are defined, pursuant to specified requirements.

This bill would expand the definition of “capital improvement project” for purposes of the program, to include adaptive reuse. In this regard, the bill would define “adaptive reuse” to mean the repurposing of building structures for residential purposes, such as former office use, commercial use, or business parks.

This bill would expand the grant program to fund capital improvement projects that are an integral part of a catalytic qualifying infill area, as defined. The bill would define “catalytic qualifying infill area” as a contiguous area or multiple noncontiguous parcels located within an urbanized area that meet specified requirements, including the area constitutes a large catalytic investment in land that will accommodate a mix of uses, including affordable or mixed-income housing. The bill would require the Department of Housing and Community Development to develop a selection process for awarding grants for catalytic infill areas that meets specified requirements, including minimum threshold requirements for applicants, mandatory information required in an application for funding, and application ranking procedures. The bill would authorize the department to ensure a reasonable distribution of funds that considers differing population sizes and geographic location, as specified. The bill would require the department, by January 1, 2024, to submit a report to the relevant fiscal and policy committees of the Legislature that includes, among other things, data on the catalytic qualifying infill area projects funded under the program.

Existing law requires the department to adopt guidelines for the operation of the program that include performance standards and authorize the reversion of grant awards if the awardee has not substantially met the performance standards

This bill would require those performance standards to include timelines for commencement of construction of a capital improvement project, completion of a capital improvement project, and commencement and completion of associated housing development on an identified infill site. The bill would also require the department to require recipients of funds to report on progress of capital improvement projects, including, but not limited to, substantiation of grant expenditures and housing outcomes, as specified.

(8) Existing law generally requires public contracts to be awarded by competitive bidding pursuant to procedures set forth in the Public Contract Code, subject to certain exceptions. Former law, repealed as of January 1, 2022, authorized the Department of General Services to purchase and equip heavy mobile fleet vehicles and special equipment for use by the Department of

Transportation by means of best value procurement, as defined, using specifications and criteria developed in consultation with the Department of Transportation. Former law established requirements for bid evaluation and protest procedures. Former law limited the total value of vehicles and equipment purchased through this best value procurement authorization to $50,000,000 annually. Former law required the Department of General Services to prepare a prescribed evaluation with regard to this process, including a recommendation on whether the process should be continued, to be posted on the Department of Transportation's internet website.

This bill would reenact those best value procurement provisions for heavy mobile fleet vehicles and special equipment, omitting the $50,000,000 annual cap included in former law. The bill would revise the requirement for a prescribed evaluation included in former law and would instead require the department to post on its internet website, by March 1, 2024, a prescribed report including a description of its use of the best value procurement method. The bill would make its provisions inoperative on June 30, 2025, and would repeal them on January 1, 2026.

(9) Existing law authorizes the Department of Motor Vehicles to establish contracts for electronic programs that allow qualified private industry partners to provide services that include processing and payment programs for vehicle registration and titling transactions. Existing law authorizes the department to establish the maximum amount that a qualified private industry partner may charge its customers.

This bill would require the department, on or before September 1, 2022, and annually thereafter, to adjust that amount in accordance with the most recent available data on growth in the California Consumer Price Index for All Urban Consumers, except as specified.

(10) 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

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

SECTION 1. Section 6254.36 is added to the Government Code, to read:

6254.36. (a) Notwithstanding any other provision of this chapter, the following information and records of a bank, as defined in Section 63010, shall not be subject to disclosure pursuant to this chapter, unless the information has already been publicly released by the custodian of the information:

(1) A commercial or personal financial statement or other financial or project data received from an actual or potential applicant to the bank, loan recipient, or investment recipient.

(2) A record containing information regarding a specific financial assistance, bond or loan amount or term, or information received from an applicant or customer pertaining to a contract for financial assistance, bond or loan or an application related thereto, including an investment agreement, loan agreement, or a related document.

(3) Due diligence materials, or information related to customers, and competitors, including summaries, reports, analyses, recommendations, projections, or estimates related thereto.

(4) Any record containing information claimed to be trade secret, confidential or proprietary, or to be otherwise exempt from disclosure under this chapter, or under other applicable provisions of law as identified in writing by the information provider.

(b) This section shall apply to the bank solely in relation to the administration of the Climate Catalyst Revolving Loan Fund Act of 2020 (Article 2 (commencing with Section 63048.91) of Chapter 2 of Division 1 of Title 6.7) the Venture Capital Program pursuant to Section 63089.99, and the financing of economic development facilities and public development facilities, but only when a participating party is seeking financial assistance with the support of a sponsor, as those terms are defined in Section 63010.

(c) This section shall does not exempt disclosure of bank-produced documents or materials, including staff reports and terms sheets, that are presented to the bank's board of directors for consideration and approval, even if such documents or materials are produced from original information and documents that are otherwise exempted under this section. Any further information or document requested by the bank's board of directors in connection with these bank-produced documents or materials that is provided during, or prior to, the bank board meeting, are also not exempt from disclosure and shall be publicly available in the form provided to the board.

(d) This section shall only apply to documents and information provided to the bank on and after August 1, 2022, and prior to July 1, 2025, and shall continue to apply to those documents and information going forward.

SEC. 2. Section 7929.011 is added to the Government Code, to read:

7929.011. (a) Notwithstanding any other provision of this chapter, the following information and records of a bank, as defined in Section 63010, shall not be subject to disclosure pursuant to this chapter, unless the information has already been publicly released by the custodian of the information:

(1) A commercial or personal financial statement or other financial or project data received from an actual or potential applicant to the bank, loan recipient, or investment recipient.

(2) A record containing information regarding a specific financial assistance, bond or loan amount or term, or information received from an applicant or customer pertaining to a contract for financial assistance, bond or loan or an application related thereto, including an investment agreement, loan agreement, or a related document.

(3) Due diligence materials, or information related to customers, and competitors, including summaries, reports, analyses, recommendations, projections, or estimates related thereto.

(4) Any record containing information claimed to be a trade secret, confidential or proprietary, or to be otherwise exempt from disclosure under this chapter, or under other applicable provisions of law as identified in writing by the information provider.

(b) This section shall apply to the bank solely in relation to the administration of the Climate Catalyst Revolving Loan Fund Act of 2020 (Article 6.7 (commencing with Section 63048.91) of Chapter 2 of Division 1 of Title 6.7), the Venture Capital Program pursuant to Section 63089.99, and the financing of economic development facilities and public development facilities, but only when a participating party is seeking financial assistance with the support of a sponsor, as those terms are defined in Section 63010.

(c) This section shall does not exempt disclosure of bank-produced documents or materials, including staff reports and terms sheets, that are presented to the bank's board of directors for consideration and approval, even if such documents or materials are produced from original information and documents that are otherwise exempted under this section. Any further information or document requested by the bank's board of directors in connection with these bank-produced documents or materials this is provided during, or prior to, the bank board meeting, are also not exempt from disclosure and shall be publicly available in the form provided to the board.

(d) This section shall only apply to documents and information provided to the bank on and after August 1, 2022, and prior to July 1, 2025, and shall continue to apply to those documents and information going forward.

SEC. 3. Article 9.5 (commencing with Section 12100.100) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 9.5. California Small Agricultural Business Drought Relief Grant Program

12100.100. (a) The Legislature finds and declares that it is in the public interest to assist small agricultural businesses in the State of California that are impacted by severe drought.

(b) This article shall govern the procedure by which qualified small businesses may obtain grant relief from the California Small Agricultural Business Drought Relief Grant Program.

12100.101. For the purposes of this article, unless the context requires otherwise:

(a) "Applicant" means any California taxpayer, including, but not limited to, an individual, corporation, nonprofit organization, cooperative, or partnership, who submits an application for the program.

(b) "California Small Agricultural Business Drought Relief Grant Program" or "program" means the grant program established by this article.

(c) "CalOSBA" or "office" means the Office of the Small Business Advocate within the Governor's Office of Business and Economic Development.

(d) "Decline in annual gross receipts or gross profits" means a decrease in annual gross receipts or gross profits when comparing the 2022 taxable year to the 2019 taxable year, as documented by tax returns or Internal Revenue Service Form 990.

(e) "Director" means the Director of the Office of the Small Business Advocate.

(f) "Fiscal agent" means a nonprofit or private institution capable of online and mobile application development, customer support, document validation, impact analysis, grant agreements, and awards disbursement, as well as marketing, engagement, and strategic partnerships for implementation.

(g) "Full-time employee" has the same meaning as subdivision (c) of Section 515 of the Labor Code.

(h) (1) “Qualified small business” means a business that meets all of the following criteria, as confirmed by the office or fiscal agent through review of revenue declines, other relief funds received, credit history, tax returns, payroll records, and bank account validation:

(A) Is a sole proprietor, independent contractor, C-corporation, S-corporation, cooperative, limited liability company, partnership, nonprofit, or limited partnership, with 100 or fewer full-time employees in the 2022 taxable year.

(B) Experienced a decline in annual gross receipts or gross profits of 10 percent or more.

(C) Began operating in the state prior to January 1, 2020.

(D) Is currently active and operating.

(E) Has been affected by severe drought according to the United States Department of Agriculture drought monitor.

(F) Provides organizing documents, including a federal tax return or Internal Revenue Service Form 990, and a copy of official filings with the Secretary of State or with the local municipality, as applicable, including, but not limited to, articles of incorporation, certificate of organization, fictitious name of registration, or government-issued business license.

(2) Notwithstanding paragraph (1), “qualified small business” shall not include any of the following:

(A) Businesses without a physical presence in the state.

(B) Governmental entities, other than Native American tribes, or elected official offices.

(C) Businesses primarily engaged in political or lobbying activities, regardless of whether the entity is registered as a 501(c)(3), 501(c)(6), or 501(c)(19) nonprofit entity or other nonprofit entity.

(D) Passive businesses, investment companies, and investors who file a Schedule E on their tax returns.

(E) Financial institutions or businesses primarily engaged in the business of lending, such as banks, finance companies, and factoring companies.

(F) Businesses engaged in any activity that is unlawful under federal, state, or local law.

(G) Businesses that restrict patronage for any reason other than capacity.

(H) Speculative businesses.

(I) Businesses with any owner of greater than 10 percent of the equity interest in it who meets one or more of the following criteria:

(i) The owner has, within the prior three years, been convicted, or had a civil judgment rendered against the owner, or has had commenced any form of parole or probation, including probation before judgment, for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state, or local public transaction or contract under a public transaction, violation of federal or state antitrust or procurement statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.

(ii) The owner is presently indicted for, or otherwise criminally or civilly charged by, a federal, state, or local governmental entity, with commission of any of the offenses enumerated in clause (i).

(J) Affiliated companies, as described in Section 121.103 of Title 13 of the Code of Federal Regulations, as it read on August 1, 2022.

(K) Other businesses to be determined by the office consistently with the requirements and intent of this subdivision.

12100.102. If the office determines that the grantee has failed to meet the criteria for a qualified small business under Section 12100.101, or for a small farmer or socially disadvantaged farmer under Section 12100.103, as may be applicable, a grant may be recaptured, in whole or in part, in accordance with Article 8 (commencing with Section 19294) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code.

12100.103. (a) The California Small Agricultural Business Drought Relief Grant Program is hereby created within the office.

(b) The program shall be under the direct authority of the director.

(c) The purpose of the program is to provide grants to qualified small agricultural businesses that have been affected by severe drought conditions.

(d) The office may contract with a fiscal agent to carry out the program, at a rate of no more than 5 percent of the funds appropriated by the Legislature for purposes of the program.

(e) Subject to appropriation of funds for grants by the Legislature, the office shall allocate grants to qualified small agricultural businesses that meet the requirements of this article in one or more rounds.

(f) (1) The office shall conduct marketing and outreach for equitable awareness and the distribution of grants that includes all of the following:

(A) Engaging multiple partners, including, but not limited to, business and nonprofit associations, chambers of commerce, economic development corporations, and other nonprofit mission-based organizations, and organizations with nonprofit expertise.

(B) Providing access to technical assistance services covering all counties in the state and in multiple languages to reach non-English-speaking individuals in all counties in the state.

(C) Building awareness, including those in underserved and underbanked communities, by collaborating with multiple community groups to distribute program information, provide applicant access through multiple branded partner portals, or advertising or social media outreach through owned, paid, or earned media channels.

(2) For the qualified small agricultural business portion of the program, the office shall conduct outreach in advance of open application rounds for a minimum of three weeks prior to opening each application round. Following each application round, the fiscal agent shall assess service gaps and address outreach deficiencies as necessary to improve program equity.

(3) The office or fiscal agent shall provide information on how to connect to additional support resources to each applicant, whether or not the applicant is selected as a grant recipient.

(g) Program grant funds shall be administered as follows:

(1) A total of 10 percent of grant funds shall be held for qualified small agricultural businesses that do not file 2022 tax year returns until 2024.

(2) A total of 20 percent of grant funds shall be allocated in one or more rounds of grants for small and socially disadvantaged farmers who are qualified small agricultural businesses pursuant to the following:

(A) Grants shall be awarded in the following amounts:

(i) Twenty thousand dollars ($20,000) for applicants with a decline in annual gross receipts or gross profits of 10 percent or more and less than 30 percent.

(ii) Sixty thousand dollars ($60,000) for applicants with a decline in annual gross receipts or gross profits of 30 percent or more and less than 40 percent.

(iii) Eighty thousand dollars ($80,000) for applicants with a decline in annual gross receipts or gross profits of 40 percent or more and less than 50 percent.

(iv) One hundred thousand dollars ($100,000) for applicants with a decline in annual gross receipts or gross profits of 50 percent or more.

(B) The office or fiscal agent shall allocate 5 percent of program funds to nonprofit entities, tribal governments, resource conservation districts, or other entities with experience providing technical assistance to small farms or socially disadvantaged farmers to provide services to help maximize the participation of small farms or socially disadvantaged farmers in the one or more rounds of grants authorized by this subdivision.

(C) For the purposes of this subdivision:

(i) “Small farm” has the meaning described in the publication Updating the ERS Farm Typology, dated April 2013, issued by Economic Research Service of the United States Department of Agriculture.

(ii) “Socially disadvantaged farmer” has the meaning provided by subdivision (b) of Section 512 of the Food and Agricultural Code, as it read on August 1, 2022.

(D) For the purposes of this subdivision, the office or fiscal agent may contract with other fiscal agents to provide technical assistance.

(E) The office shall consult with the Farm Equity Advisor at the Department of Food and Agriculture for purposes of implementing this subdivision.

(3) (A) The remaining percentage of grant funds shall be allocated to qualified small agricultural businesses most impacted by severe drought, including, but not limited to, those that are identified as in the following 2022 North American Industry Classification System codes:

(i) Codes beginning with 115 – Support Activities for Agriculture and Forestry.

(ii) Codes beginning with 311 – Food Manufacturing.

(iii) 424910 – Farm Supplies Merchant Wholesalers.

(iv) 444240 – Nursery, Garden Center, and Farm Supply Retailers.

(v) 484220 – Specialized Freight (except Used Goods) Trucking, Local (local agricultural products trucking).

(B) Grants shall be awarded in the following amounts:

(i) Sixty thousand dollars ($60,000) for applicants with a decline in annual gross receipts or gross profits of 30 percent or more and less than 40 percent.

(ii) Eighty thousand dollars ($80,000) for applicants with a decline in annual gross receipts or gross profits of 40 percent or more and less than 50 percent.

(iii) One hundred thousand dollars ($100,000) for applicants with a decline in annual gross receipts or gross profits of 50 percent or more.

(h) Grant moneys awarded under this section shall only be used for costs to maintain the recipient business through the drought, including the following:

(1) Employee expenses, including payroll costs, health care benefits, paid sick, medical, or family leave, and insurance premiums.

(2) Working capital and overhead, including rent, utilities, mortgage principal, and interest payments, but excluding mortgage prepayments, and debt obligations, including principal and interest, incurred before the onset of severe drought.

(3) Any other drought-related expenses not already covered through grants, forgivable loans, or other relief through state, county, or city programs.

(i) (1) Applicants may self-identify race, gender, and ethnicity. Within 30 business days of the close of the application period, the office shall post the aggregate data, as available, including by legislative district. Within 45 business days of the close of the application period, the office shall post information on grant amounts actually awarded as it become available. All information shall be posted on office’s internet website and the office shall provide an electronic copy of the information to the relevant fiscal and policy committees of the Legislature.

(2) On or before December 31, 2024, the office shall report to the Legislature the number of grants and dollar amounts awarded for each of the following categories:

(A) Race and ethnicity.

(B) Women-owned.

(C) Veteran-owned.

(D) Located in a disadvantaged community pursuant to paragraph (5) of subdivision (h) of Section 12100.83.

(E) Located in a rural area.

(F) County.

(G) State Senate district.

(H) State Assembly district.

(3) Information report to the Legislature pursuant to this subdivision shall be provided in conformance with the requirements of Section 9795.

(j) The fiscal agent, or the office if it does not contract with a fiscal agent, shall issue Internal Revenue Service Forms 1099 to grant recipients and otherwise adhere to tax reporting guidelines, regardless of whether the grants are excluded from gross income for purposes of the Personal Income Tax Law (Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code) or the Corporation Tax Law (Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code).

12100.104. The office and the Franchise Tax Board may adopt regulations to implement this article. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1) shall not apply to any regulation, standard, criterion, procedure, determination, rule, notice, guideline, or any other guidance established or issued by the office or the Franchise Tax Board pursuant to this article.

12100.105. This article shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 4. Article 15 (commencing with Section 12100.160) is added to Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 15. Clean Hydrogen

12100.160. (a) The Legislature finds and declares all of the following:

(1) On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA) (Public Law 117-58), a once-in-a-generation investment in infrastructure that appropriates more than sixty two billion dollars ($62,000,000,000) to the United States Department of Energy (DOE) to deliver a more equitable clean energy future for the American people.

(2) Among other things, IIJA authorizes DOE to establish a program to support the development of at least four regional clean hydrogen hubs. IIJA's regional clean hydrogen hubs program presents an important opportunity for the state to further its clean and renewable technology infrastructure, to solidify itself as a global leader in clean hydrogen, and to create long-term skilled employment opportunities for its residents, including those in historically marginalized and disadvantaged communities.

(3) In June 2022, DOE's Office of Clean Energy Demonstrations (OCED) issued a Notice of Intent to Issue Funding Opportunity Announcement (FOA) No. DE-FOA-0002779: Regional Clean Hydrogen Hubs. As set forth in the notice of intent, OCED anticipates issuing FOA No. DE-FOA-0002779 in September or October of 2022. DOE anticipates awarding grants to single-entity applicants that may include numerous key partners or subrecipients.

(4) The Governor's Office of Business and Economic Development desires to facilitate the submission of an application in response to FOA No. DE-FOA-0002779 and to receive funding from the regional clean hydrogen hubs program for California. Because DOE anticipates issuing FOA No. DE-FOA-0002779 in September or October of 2022, the office needs the authority to quickly develop a workgroup with the expertise necessary to prepare, submit, and otherwise advance a competitive application.

(b) It is the intent of the Legislature to continue to collaborate with stakeholders to further identify beneficial uses of hydrogen to lower greenhouse gas and criteria emissions from the power sector as well as statutory and policy changes needed to facilitate those beneficial uses.

12100.161. For purposes of this article, the following definitions apply:

(a) "Clean hydrogen" means hydrogen produced from eligible renewable energy resources, as defined in Section 399.12 of the Public Utilities Code, and otherwise consistent with the standard set forth in Section 16166(b)(1)(B) of Title 42 of the United States Code, or as that standard is revised or supplemented by the State Air Resources Board consistent with the determination made by the Secretary of Energy pursuant to Section 16166(b)(2) of Title 42 of the United States Code.

(b) "Office" means the Governor's Office of Business and Economic Development.

(c) "Regional clean hydrogen hubs program" means the federal regional clean hydrogen hubs program established by the Secretary of Energy pursuant to Section 16161a of Title 42 of the United States Code.

12100.162. (a) The office may undertake measures that are necessary or useful to prepare and submit an application to receive funding from the regional clean hydrogen hubs program or to otherwise participate in the regional clean hydrogen hubs program.

(b) Grants made from any funding received from the regional clean hydrogen hubs program shall support projects in California that do both of the following:

(1) Demonstrate and scale the production, processing, delivery, storage, or end-use of clean hydrogen, or any combination of these.

(2) Advance progress toward a goal to produce or use at least 15,000 tons per day of clean hydrogen in California by 2030.

(c) Grants made from any funding received from the regional clean hydrogen hubs program shall prioritize projects that do any of the following:

(1) Help achieve economies of scale and reduce the cost of clean hydrogen production in California from renewable feedstocks or eligible renewable energy resources and zero-carbon resources.

(2) Advance state greenhouse gas emission reduction goals.

(3) Maximize socioeconomic, workforce, equity, air quality, and health benefits.

(d) The office shall submit a report to the relevant budget and policy committees of the Legislature on or before March 1, 2023, and annually thereafter, regarding the status of an application submitted to receive funding from the regional clean hydrogen hubs program and the status of any partnerships entered into pursuant to this section.

(e) In undertaking the duty described in subdivision (a), the office shall consult with and coordinate clean hydrogen-related efforts with relevant stakeholders, including, but not limited to, federal agencies, state agencies, local governments, transit agencies, ports, and utilities.

12100.163. (c) This article shall remain in effect only until July 1, 2025, and as of that date is repealed.

SEC. 5. Section 50474.21 of the Government Code, as amended by Section 1 of Chapter 637 of the Statutes of 2019, is amended to read:

50474.21. (a) For purposes of this article, “customer facility charge” means any fee, including an alternative fee, required by an airport to be collected by a rental company from a renter for any of the following purposes:

(1) To finance, design, and construct consolidated airport vehicle rental facilities.

(2) To finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated vehicle rental facilities, and acquire vehicles for use in that system.

(3) To finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems. The fees designated as a customer facility charge shall not otherwise be used to pay for terminal expansion, gate expansion, runway expansion, changes in hours of operation, or changes in the number of flights arriving or departing from the airport.

(b) The aggregate amount to be collected shall not exceed the reasonable costs, as determined by an audit by an independent auditor paid for by the airport, to finance, design, and construct those facilities. The auditor shall independently examine and substantiate the necessity for, and the amount of, the customer facility charge, including whether the airport’s actual or projected costs are supported and justified, any steps the airport may take to limit costs, potential alternatives for meeting the airport’s revenue needs other than the collection of the fee, and whether and to what extent rental companies or other businesses or individuals using the facility or common-use transportation system may pay for the costs associated with these facilities and systems apart from the fee from rental customers, or whether the airport did not comply with any provision of this section. Copies of the audit shall be posted on the airport’s internet website. In the case of a customer facility charge for a common-use transportation system, the audit shall also consider the reasonable costs of providing the transit system or busing network pursuant to paragraph (1) of subdivision (a). Any audit required by this subdivision may be included as a part of an audit of an airport’s finances.

(c) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 6. Section 50474.21 of the Government Code, as amended by Section 2 of Chapter 637 of the Statutes of 2019, is amended to read:

50474.21. (a) For purposes of this article, “customer facility charge” means any fee, including an alternative fee, required by an airport to be collected by a rental company from a renter for any of the following purposes:

(1) To finance, design, and construct consolidated airport vehicle rental facilities.

(2) To finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated vehicle rental facilities, and acquire vehicles for use in that system.

(3) To finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems. The fees designated as a customer facility charge shall not otherwise be used to pay for terminal expansion, gate expansion, runway expansion, changes in hours of operation, or changes in the number of flights arriving or departing from the airport.

(b) The aggregate amount to be collected shall not exceed the reasonable costs, as determined by an audit by an independent auditor paid for by the airport, to finance, design, and construct those facilities. The auditor shall independently examine and substantiate the necessity for, and the amount of, the customer facility charge, including whether the airport's actual or projected costs are supported and justified, any steps the airport may take to limit costs, potential alternatives for meeting the airport's revenue needs other than the collection of the fee, and whether and to what extent rental companies or other businesses or individuals using the facility or common-use transportation system may pay for the costs associated with these facilities and systems apart from the fee from rental customers, or whether the airport did not comply with any provision of this section. Copies of the audit shall be posted on the airport's internet website. In the case of a customer facility charge for a common-use transportation system, the audit shall also consider the reasonable costs of providing the transit system or busing network pursuant to paragraph (1) of subdivision (a). Any audit required by this subdivision may be included as a part of an audit of an airport's finances.

(c) Except as provided in subdivision (d), the authorization given pursuant to this article for an airport to impose a customer facility charge shall become inoperative when the bonds used for financing are paid.

(d) If a bond or other form of indebtedness is not used for financing, or a bond or other form of indebtedness used for financing has been paid, the Oakland International Airport may require the collection of a customer facility charge for a period of up to 10 years from the imposition of the charge for the purposes allowed by, and subject to the conditions imposed by, this article.

(e) This section shall become operative on January 1, 2024.

SEC. 7. Section 50474.3 of the Government Code, as amended by Section 4 of Chapter 637 of the Statutes of 2019, is amended to read:

50474.3. (a) A customer facility charge may be collected by a rental company under the following circumstances:

(1) Collection of the fee by the rental company is required by an airport operated by a city, a county, a city and county, a joint powers authority, a special district, or the San Diego County Regional Airport Authority formed pursuant to Division 17 (commencing with Section 170000) of the Public Utilities Code.

(2) The fee is calculated on a per contract basis or as provided in subdivision (b).

(3) The fee is a user fee, not a tax imposed upon real property or an incident of property ownership under Article XIII D of the California Constitution.

(4) Except as otherwise provided in paragraph (5), the fee shall be in an amount not to exceed ten dollars ($10) per contract or the amount provided in subdivision (b).

(5) The fee for a consolidated rental vehicle facility shall be collected only from customers of on-airport rental vehicle companies. If the fee imposed by the airport is for both a consolidated rental vehicle facility and a common-use transportation system, the fee collected from customers of on-airport rental vehicle companies shall be in an amount not to exceed ten dollars ($10) or the amount provided in subdivision (b), but the fee imposed on customers of off-airport rental vehicle companies who are transported on the common-use transportation system is only that amount that is proportionate to the costs of the common-use transportation system. The fee is uniformly applied to each class of on-airport or off-airport customers, provided that the airport requires off-airport customers to use the common-use transportation system. For purposes of this paragraph, "on-airport rental vehicle company" means a rental company operating under an airport property lease or an airport concession or license agreement whose customers use or will use the consolidated rental vehicle facility and the fee as to those customers is a user fee described in paragraph (3).

(6) Revenues collected from the fee do not exceed the reasonable costs of financing, designing, and constructing the facility and financing, designing, constructing, and operating any common-use transportation system, or acquiring vehicles for use in that system, and are not used for any other purpose.

(7) The fee is separately identified on the rental agreement.

(8) An airport shall not require a rental company to collect a customer facility charge from a consumer pursuant to this article if that requirement would result in the rental company collecting more than one customer facility charge from that consumer in connection with a single rental.

(9) This subdivision does not apply to fees which are governed by Section 50474.1 or Section 57.5 of the San Diego Unified Port District Act (Chapter 67 of the First Extraordinary Session of the Statutes of 1962).

(b) Any airport may require rental companies to collect an alternative customer facility charge, as defined in Section 50474.21, under the following conditions:

(1) The airport first conducts a publicly noticed hearing pursuant to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2) to review the costs of financing the design and construction of a consolidated rental vehicle facility and the design, construction, and operation of any common-use transportation system in which all of the following occur:

(A) The airport establishes the amount of revenue necessary to finance the reasonable costs of designing and constructing a consolidated rental vehicle facility and to design, construct, and operate any common-use transportation system, or acquire vehicles for use in that system, based on evidence presented during the hearing.

(B) The airport finds, based on evidence presented during the hearing, that the fee authorized in subdivision (a) will not generate sufficient revenue to finance the reasonable costs of designing and constructing a consolidated rental vehicle facility and of designing, constructing, and operating any common-use transportation system, or acquire vehicles for use in that system.

(C) The airport finds that the reasonable cost of the project requires the additional amount of revenue that would be generated by the proposed daily rate, including any rate increase, authorized pursuant to this paragraph.

(D) The airport outlines each of the following:

(i) Steps it has taken to limit costs.

(ii) Other potential alternatives for meeting its revenue needs other than the collection of the fee.

(iii) The extent to which rental companies or other businesses or individuals using the facility or common-use transportation system will pay for the costs associated with these facilities and systems apart from the fee collected from rental customers.

(2) The airport may not require the fee authorized in this subdivision to be collected at any time that the fee authorized in subdivision (a) is being collected.

(3) Pursuant to the procedure set forth in this subdivision, the fee may be collected at a rate charged on a per-day basis subject to the following conditions:

(A) Commencing January 1, 2011, the amount of the fee may not exceed six dollars ($6) per day.

(B) Commencing January 1, 2014, the amount of the fee may not exceed seven dollars and fifty cents ($7.50) per day.

(C) Commencing January 1, 2017, and thereafter, the amount of the fee may not exceed nine dollars ($9) per day.

(D) At no time shall the fee authorized in this paragraph be collected from any customer for more than five days for each individual rental vehicle contract.

(E) An airport subject to this paragraph shall initiate the process for obtaining the authority to require or increase the alternative fee no later than January 1, 2025. Any airport that obtains the authority to require or increase an alternative fee shall be authorized to continue collecting that fee until the fee authorization becomes inoperative when the bonds used for financing are paid.

(4) For any airport seeking to require rental companies to collect an alternative customer facility charge pursuant to this subdivision the following provisions apply:

(A) The airport shall post reports on its internet website on an annual basis detailing all of the following:

(i) The total amount of the customer facility charge collected.

(ii) How the funds are being spent.

(iii) The amount of and reason for any changes in the airport’s budget or financial needs for the facility or common-use transportation system.

(B) (i) The airport shall complete an independent audit as required by subdivision (b) of Section 50474.21 prior to the initial collection of the customer facility charge. Copies of the audit shall be posted on the airport's internet website.

(ii) Prior to any increase pursuant to subdivision (b), the airport shall update the information provided in the initial collection audit completed pursuant to clause (i). Copies of the updated audit shall be posted on the airport's internet website.

(iii) An audit shall be completed every three years after initial collection if the customer facility charge is collected for the purpose of operating a common-use transportation system or to acquire vehicles for use in the system pursuant to paragraph (2) of subdivision (a) of Section 50474.21. A regularly conducted audit of airport finances that includes the customer facility charge information, that satisfies the requirements of subdivision (b) of Section 50474.21, and is produced in accordance with the generally accepted accounting principles of the Government Accounting Standards Board, shall satisfy the requirements of this clause. The information reported pursuant to this clause shall be compiled into one document and shall be posted on the airport's internet website accessible to the public. The information reported shall be contained within one easily accessible page contained within the airport's internet website.

(iv) This section shall not be construed to require an airport to audit a common-use transportation system not financed by a customer facility charge and used for the purposes permitted pursuant to paragraph (2) of subdivision (a) of Section 50474.21.

(v) The airport shall post on the airport's internet website copies of the completed audits required by this subparagraph for a period of six years following the audit's completion.

(C) Use of proceeds of any bonds backed by alternative customer facility charges shall be limited to construction and design of the consolidated rental vehicle facility, terminal modifications, and operating costs of the common-use transportation system, as specified in Section 50474.21.

(c) Notwithstanding any other provision of law, including, but not limited to, Part 1 (commencing with Section 6001) to Part 1.7 (commencing with Section 7280), inclusive, of Division 2 of the Revenue and Taxation Code, the fees collected pursuant to this section, or another law whereby a local agency operating an airport requires a rental car company to collect a facility financing fee from its customers, are not subject to sales, use, or transaction taxes.

(d) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 8. Section 50474.3 of the Government Code, as amended by Section 5 of Chapter 637 of the Statutes of 2019, is amended to read:

50474.3. (a) A customer facility charge may be collected by a rental company under the following circumstances:

(1) Collection of the fee by the rental company is required by an airport operated by a city, a county, a city and county, a joint powers authority, a special district, or the San Diego County Regional Airport Authority formed pursuant to Division 17 (commencing with Section 170000) of the Public Utilities Code.

(2) The fee is calculated on a per contract basis or as provided in subdivision (b).

(3) The fee is a user fee, not a tax imposed upon real property or an incident of property ownership under Article XIII D of the California Constitution.

(4) Except as otherwise provided in paragraph (5), the fee shall be in an amount not to exceed ten dollars ($10) per contract or the amount provided in subdivision (b).

(5) The fee for a consolidated rental vehicle facility shall be collected only from customers of on-airport rental vehicle companies. If the fee imposed by the airport is for both a consolidated rental vehicle facility and a common-use transportation system, the fee collected from customers of on-airport rental vehicle companies shall be in an amount not to exceed ten dollars ($10) or the amount provided in subdivision (b), but the fee imposed on customers of off-airport rental vehicle companies who are transported on the common-use transportation system is only that amount that is proportionate to the costs of the common-use transportation system. The fee is uniformly applied to each class of on-airport or off-airport customers, provided that the airport requires off-airport customers to use the common-use transportation system. For purposes of this paragraph, "on-airport rental vehicle company" means a rental company operating under an airport property lease or an airport concession or license agreement whose customers use or will use the consolidated rental vehicle facility and the fee as to those customers is a user fee described in paragraph (3).

(6) Revenues collected from the fee do not exceed the reasonable costs of financing, designing, and constructing the facility and financing, designing, constructing, and operating any common-use transportation system, or acquiring vehicles for use in

that system, and are not used for any other purpose.

(7) The fee is separately identified on the rental agreement.

(8) An airport shall not require a rental company to collect a customer facility charge from a consumer pursuant to this article if that requirement would result in the rental company collecting more than one customer facility charge from that consumer in connection with a single rental.

(9) This subdivision does not apply to fees which are governed by Section 50474.1 or Section 57.5 of the San Diego Unified Port District Act (Chapter 67 of the First Extraordinary Session of the Statutes of 1962).

(b) Any airport may require rental companies to collect an alternative customer facility charge, as defined in Section 50474.21, under the following conditions:

(1) The airport first conducts a publicly noticed hearing pursuant to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2) to review the costs of financing the design and construction of a consolidated rental vehicle facility and the design, construction, and operation of any common-use transportation system in which all of the following occur:

(A) The airport establishes the amount of revenue necessary to finance the reasonable costs of designing and constructing a consolidated rental vehicle facility and to design, construct, and operate any common-use transportation system, or acquire vehicles for use in that system, based on evidence presented during the hearing.

(B) The airport finds, based on evidence presented during the hearing, that the fee authorized in subdivision (a) will not generate sufficient revenue to finance the reasonable costs of designing and constructing a consolidated rental vehicle facility and of designing, constructing, and operating any common-use transportation system, or acquire vehicles for use in that system.

(C) The airport finds that the reasonable cost of the project requires the additional amount of revenue that would be generated by the proposed daily rate, including any rate increase, authorized pursuant to this paragraph.

(D) The airport outlines each of the following:

(i) Steps it has taken to limit costs.

(ii) Other potential alternatives for meeting its revenue needs other than the collection of the fee.

(iii) The extent to which rental companies or other businesses or individuals using the facility or common-use transportation system will pay for the costs associated with these facilities and systems apart from the fee collected from rental customers.

(2) The airport may not require the fee authorized in this subdivision to be collected at any time that the fee authorized in subdivision (a) is being collected.

(3) Pursuant to the procedure set forth in this subdivision, the fee may be collected at a rate charged on a per-day basis subject to the following conditions:

(A) Commencing January 1, 2011, the amount of the fee may not exceed six dollars ($6) per day.

(B) Commencing January 1, 2014, the amount of the fee may not exceed seven dollars and fifty cents ($7.50) per day.

(C) Commencing January 1, 2017, and thereafter, the amount of the fee may not exceed nine dollars ($9) per day.

(D) At no time shall the fee authorized in this paragraph be collected from any customer for more than five days for each individual rental vehicle contract.

(E) An airport subject to this paragraph shall initiate the process for obtaining the authority to require or increase the alternative fee no later than January 1, 2025. Any airport that obtains the authority to require or increase an alternative fee shall be authorized to continue collecting that fee until the fee authorization becomes inoperative pursuant to subdivision (c) of Section 50474.21.

(4) For any airport seeking to require rental companies to collect an alternative customer facility charge pursuant to this subdivision the following provisions apply:

(A) The airport shall post reports on its internet website on an annual basis detailing all of the following:

(i) The total amount of the customer facility charge collected.

(ii) How the funds are being spent.

(iii) The amount of and reason for any changes in the airport's budget or financial needs for the facility or common-use transportation system.

(B) (i) The airport shall complete an independent audit as required by subdivision (b) of Section 50474.21 prior to the initial collection of the customer facility charge. Copies of the audit shall be posted on the airport's internet website.

(ii) Prior to any increase pursuant to this subdivision, the airport shall update the information provided in the initial collection audit completed pursuant to clause (i). Copies of the updated audit shall be posted on the airport's internet website.

(iii) An audit shall be completed every three years after initial collection if the customer facility charge is collected for the purpose of operating a common-use transportation system or to acquire vehicles for use in the system pursuant to paragraph (2) of subdivision (a) of Section 50474.21. A regularly conducted audit of airport finances that includes the customer facility charge information, that satisfies the requirements of subdivision (b) of Section 50474.21, and is produced in accordance with the generally accepted accounting principles of the Government Accounting Standards Board, shall satisfy the requirements of this clause. This obligation shall continue until the fee authorization becomes inoperative pursuant to subdivision (c) of Section 50474.21. The information reported pursuant to this clause shall be compiled into one document and shall be posted on the airport's internet website accessible to the public. The information reported shall be contained within one easily accessible page contained within the airport's internet website.

(iv) This section shall not be construed to require an airport to audit a common-use transportation system not financed by a customer facility charge and used for the purposes permitted pursuant to paragraph (2) of subdivision (a) of Section 50474.21.

(v) The airport shall post on the airport's internet website copies of the completed audits required by this subparagraph for a period of six years following the audit's completion.

(C) Use of proceeds of any bonds backed by alternative customer facility charges shall be limited to construction and design of the consolidated rental vehicle facility, terminal modifications, and operating costs of the common-use transportation system, as specified in Section 50474.21.

(c) Notwithstanding any other law, including, but not limited to, Part 1 (commencing with Section 6001) to Part 1.7 (commencing with Section 7280), inclusive, of Division 2 of the Revenue and Taxation Code, the fees collected pursuant to this section, or another law whereby a local agency operating an airport requires a rental car company to collect a facility financing fee from its customers, are not subject to sales, use, or transaction taxes.

(d) This section shall become operative on January 1, 2024.

SEC. 9. Section 50720.2 of the Health and Safety Code is amended to read:

50720.2. (a) The Foreclosure Intervention Housing Preservation Program is hereby established. The department shall administer the program for the purpose of preserving affordable housing and promoting resident ownership or nonprofit organization ownership of residential real property.

(b) (1) Upon appropriation by the Legislature, the program shall be administered by the department to provide loans and grants to eligible borrowers to support the acquisition of 1 to 25 unit properties meeting any of the following criteria:

(A) Real property subject to a trustee's sale pursuant to Section 2924m of the Civil Code wherein an eligible bidder has made a bid or represents an intention to bid using funds from the program.

(B) Real property subject to a preforeclosure intervention sale.

(C) Real property subject to a foreclosure risk intervention sale.

(D) Real property subject to a recorded notice of default.

(2) Eligible borrowers shall be any one of the following:

(A) Eligible bidders in Section 2924m of the Civil Code other than "prospective owner-occupants" as defined in paragraph (1) of subdivision (a) of Section 2924m of the Civil Code.

(B) An organization whose primary activity is the development and preservation of affordable housing that is at least one of the following:

(i) An incorporated nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501(a) of that code (26 U.S.C. Sec. 501(a)).

(ii) A nonprofit corporation as that term is defined in Section 50091.

(C) A limited liability company that satisfies both of the following criteria:

(i) A community land trust, as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, holds a controlling interest in the company.

(ii) A community land trust, as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code, is the managing member of the company.

(3) Up to 20 percent of the funds appropriated for this program may be expended for the costs to administer the program. Costs to administer the program include, but are not limited to, all of the following:

(A) Costs to develop the guidelines required by this chapter, which may include, but is not limited to, the following:

(i) Department staffing expenses incurred in developing the guidelines.

(ii) Contracting with one or more program fund managers to develop the guidelines.

(iii) Contracting with third-party consultants to develop guidelines.

(B) Costs to develop lending criteria.

(C) Costs to advertise the program.

(D) Costs to develop technical assistance tools to support qualified entities in navigating the requirements and processes to apply for funding including, but not limited to, the following:

(i) Training modules.

(ii) Acquisition-rehabilitation specific financing templates and guidance, such as pro formas and worksheets.

(iii) Best practice guides for engaging tenants before and after property acquisition, managing safe and accessible rehabilitation of occupied buildings, facilitating resident ownership, and any other topic deemed appropriate by the department.

(iv) Technical assistance with resident engagement and education, property assessment and due diligence, affordable housing operations management, acquisition-rehabilitation project financial assistance, construction, and property management.

(E) Administrative costs of fund managers to implement the program pursuant to Section 50720.6.

(4) Funds not committed to fund managers pursuant to Section 50720.6 as of December 31, 2025, or any funds returned from fund managers, shall be deposited into the Housing Rehabilitation Loan Fund to be made available for loans authorized by Chapter 5.5 (commencing with Section 50606) or for loans authorized by Chapter 6.7 (commencing with Section 50675). Notwithstanding the requirements of Chapter 5.5, uncommitted or returned funds made available for purposes of Chapter 5.5 may be used to assist projects funded by the department or other public entities.

(5) Not later than May 15, 2023, the department shall report to the chairs of the Assembly Committee on Budget and the Senate Committee on Budget and Fiscal Review on the implementation of this program, including the amount of funding disbursed and number, location, and cost of acquired properties, as well as the number of units acquired.

(c) All repayments of program funds to fund managers, including loan principal and any interest collected on those loans, and any interest earned on the funds held by the fund managers shall be deposited into separately maintained reuse accounts held by fund managers for purposes of the program. Fund managers shall use funds held in those reuse accounts for purposes of the program, which may include, but not be limited to, loans and grants to pay for repairs, maintenance, or improvements on properties acquired pursuant to the program.

SEC. 10. Section 50720.8 of the Health and Safety Code is amended to read:

50720.8. (a) A borrower or grantee that receives funds from a loan or grant made pursuant to the program shall only use the funds as follows:

(1) To pay for property acquisition, rehabilitation, and repair costs and associated transaction costs for real property purchased through one of the following:

(A) A trustee's sale pursuant to Section 2924m of the Civil Code.

(B) A preforeclosure intervention sale.

(C) A foreclosure risk intervention sale.

(2) To pay for transaction costs, so long as no more than 10 percent of a single loan or grant funded by the program is used toward transaction costs.

(3) To pay operating expenses from any capitalized operating subsidy reserve established pursuant to Section 50720.6.

(b) A borrower or grantee that receives funds from a loan or grant made pursuant to this program shall ensure that all vacant units are restricted in one of the following ways:

(1) By those conditions of a contract described in paragraph (10) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code.

(2) By those conditions of a contract described in paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code.

(3) (A) To persons and families of extremely low, very low, low, or moderate income, with an affordable housing cost or an affordable rent, as defined in Sections 50052.5 and 50053, respectively, for a minimum of 55 years, or a longer duration as the department may require.

(B) A property may be restricted pursuant to this paragraph by recording a lease agreement, ground lease agreement, or other recorded contractual agreement between a borrower or grantee and the residents of the property, or between a borrower or grantee and a resident-controlled corporation or association.

(C) Any agreement made between a borrower or grantee and a resident-controlled corporation or association pursuant to subparagraph (B) shall ensure that the housing units are affordable to lower income households, as defined in Section 50079.5

(c) Occupied properties having a mix of incomes among tenants or owners may seek exemption from restrictions under subdivision (b) for units with over-income occupants, only until the unit is vacated due to natural turnover and available to be rerented or resold.

SEC. 11. Chapter 13 (commencing with Section 51530) is added to Part 3 of Division 31 of the Health and Safety Code, to read:

CHAPTER 13. Accessory Dwelling Unit Program

51530. For purposes of this chapter:

(a) "Homeowner" means an owner of a single-family residential property that does not own more than three residential properties that consist of one to four, inclusive, units.

(b) "Program" means the Accessory Dwelling Unit Program administered by the agency.

(c) "Agency" means the California Housing Finance Agency.

51531. (a) The agency shall convene a working group to develop recommendations for the purposes of the program. The purpose of the program is to assist homeowners in qualifying for loans to construct accessory dwelling units and junior accessory dwelling units on their property and to increase access to capital for homeowners interested in building accessory dwelling units.

(1) The working group shall include, but not be limited to, representatives from federal mortgage agencies, private lenders, community development financial institutions, community-based organizations, local housing trust funds, joint powers authorities, regional housing finance authorities, and credit unions.

(2) The working group shall explore the feasibility of different options to increase program utilization, including, but not limited to, a loan loss reserve or other credit enhancements to encourage lending, and different loan products such as renovation loans, bridge loans, and second mortgages.

(3) The working group shall explore different opportunities to mitigate risks for lenders, including, but not limited to, loan guarantees, mortgage insurance, managed escrow, and rental income guidelines.

(4) The working group shall explore opportunities to increase outreach and education to inform homeowners about the various loan and grant products available to them.

(5) The working group shall explore expanding financing options to construction costs and factory-built accessory dwelling units, including through partnerships with local agencies and qualified nonprofits. The working group shall also explore matching fund opportunities for the grants.

(6) The working group shall explore different opportunities to ease constraints that limit the loan process for homeowners, including issues that are not controlled by the agency, including, but not limited to, federal lending standards and local practices.

(b) The working group shall finish developing recommendations by July 1, 2023, for the agency to consider in the next update of its accessory dwelling unit guidelines.

SEC. 12. Section 53559 of the Health and Safety Code is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) For purposes of awarding grants pursuant to the competitive application process required by this subdivision:

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

(B) "Qualifying infill project" means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) The department shall report the following information to the relevant fiscal and policy committees of the Legislature by January 1, 2024:

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

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

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

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

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

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

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

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

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

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

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

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low- and moderate-income housing market.

Residential units to be replaced shall not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) Notwithstanding paragraph (3) of subdivision (g), a city with a population greater than 100,000 in a standard metropolitan statistical area or a population of less than 2,000,000 may petition the department for, and the department may grant, an exception to the jurisdiction’s classification pursuant to subdivisions (d) to (f), inclusive, of Section 65583.2 of the Government Code, if the city believes it is unable to meet the density requirements specified in paragraph (3) of subdivision (g). The city shall

submit the petition with its application and shall include the reasons why the city believes the exception is warranted. The city shall provide information supporting the need for the exception, including, but not limited to, any limitations that the city may encounter in meeting the density requirements specified in paragraph (3) of subdivision (g). Any exception shall be for the purposes of this section only. This subdivision shall become inoperative on January 1, 2026.

SEC. 13. Section 53559.1 of the Health and Safety Code is amended to read:

53559.1. For the purposes of this part, the following definitions apply:

(a) “Adaptive reuse” means the repurposing of building structures for residential purposes, such as former office use, commercial use, or business parks. When referring to building structures, adaptive reuse means retrofitting and repurposing of existing buildings that create new residential rental units, and expressly excludes a project that involves rehabilitation of any construction affecting existing residential units that are, or have been, recently occupied.

(b) “Capital improvement project” means the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvement of a capital asset, as defined in subdivision (a) of Section 16727 of the Government Code, that is an integral part of, or necessary to facilitate the development of, a qualifying infill project or qualifying infill area. Capital improvement projects that may be funded under the grant program established by this part include, but are not limited to, those related to the following:

(1) The creation, development, or rehabilitation of parks or open space.

(2) Water, sewer, or other utility service improvements.

(3) Streets, roads, or transit linkages or facilities, including, but not limited to, related access plazas or pathways, bus or transit shelters, or facilities that support pedestrian or bicycle transit.

(4) Facilities that support pedestrian or bicycle transit.

(5) Traffic mitigation.

(6) Sidewalk or streetscape improvements, including, but not limited to, the reconstruction or resurfacing of sidewalks and streets or the installation of lighting, signage, or other related amenities.

(7) Adaptive reuse.

(8) Site preparation or demolition related to the capital improvement project or planned housing development used in calculating the eligible grant amount.

(c) “Catalytic qualifying infill area” means a contiguous area or multiple noncontiguous parcels located within an urbanized area that meet all of the following requirements:

(1) The contiguous area or noncontiguous parcels have been previously developed, or at least 75 percent of the perimeter of each parcel or area adjoins parcels that are developed or have been previously developed with urban uses, provided that, for small jurisdiction applicants, the perimeter requirements in clause (i) of subparagraph (A) of paragraph (4) of subdivision (e) of Section 53559 shall apply. For purposes of this paragraph, perimeters bordering navigable bodies of water and improved parks shall not be included.

(2) No parcel within or adjoining the area is classified as agricultural or natural and working lands.

(3) The area or areas constitute a large catalytic investment in land that will accommodate a mix of uses, including affordable or mixed-income housing.

(d) (1) “Disadvantaged communities” means any of the following:

(A) Concentrated areas of poverty.

(B) Areas of high segregation and poverty and areas of low to moderate access to opportunity, as identified in opportunity area maps developed by the department and the California Tax Credit Allocation Committee.

(C) Communities of concern, disadvantaged communities identified pursuant to Section 39711, and low-income communities as defined in subdivision (d) of Section 39713.

(D) Areas of high housing cost burdens.

(E) Areas with high vulnerability of displacement; areas related to tribal entities.

(F) Any other areas experiencing disproportionate impacts of California's housing and climate crisis.

(2) Applicants may propose alternative definitions to disadvantaged communities in consultation with the department.

(e) "Eligible applicant" means any of the following:

(1) A nonprofit or for-profit developer of a qualifying infill project.

(2) A city, county, city and county, or public housing authority that has jurisdiction over a qualifying infill area or catalytic qualifying infill area. A metropolitan planning organization may participate as a coapplicant.

(3) The duly constituted governing body of an Indian reservation or rancheria that has jurisdiction over a qualifying infill area or a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5 that is the developer of a qualifying infill project.

(A) A tribal entity may apply as a small jurisdiction or large jurisdiction, but may only apply as one or the other for any single qualifying infill project or qualifying infill area.

(B) The department may modify or waive requirements of this division consistent with the intent of paragraphs (1) and (2) of subdivision (p) of Section 50406 to allow tribal entities to access funding.

(f) "Locality" means a city, county, or city and county where a county means the unincorporated areas of that county.

(g) "Small jurisdiction" means a county with a population of less than 250,000 as of January 1, 2019, or any city within that county.

(h) "Large jurisdiction" means a county that is not a small jurisdiction, or any city within that county.

(i) "Urbanized area" means an incorporated city. For sites in unincorporated areas, the site must be within a designated urban service area that is designated in the local general plan for urban development and is served by the public sewer and water.

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

SEC. 14. Section 10326.3 is added to the Public Contract Code, to read:

10326.3. (a) As used in this section, "best value procurement" means a contract award determined by objective criteria related to price, features, functions, and life-cycle costs that may include the following:

(1) Total cost of ownership, including warranty, under which all repair costs are borne solely by the warranty provider, repair costs, maintenance costs, fuel consumption, and salvage value.

(2) Product performance, productivity, and safety standards.

(3) The supplier's ability to perform to the contract requirements.

(4) Environmental benefits, including reduction of greenhouse gas emissions, reduction of air pollutant emissions, or reduction of toxic or hazardous materials.

(b) The department may purchase and equip heavy mobile fleet vehicles and special equipment for use by the Department of Transportation by means of best value procurement, using specifications and criteria developed in consultation with the Department of Transportation.

(c) In addition to disclosure of the minimum requirements for qualification, the solicitation document shall specify what business performance measures in addition to price shall be given a weighted value. The department shall use a scoring method based on those factors and price in determining the successful bid. Any evaluation and scoring method shall ensure substantial weight is given to the contract price. The solicitation document shall provide for submission of sealed price information. Evaluation of all criteria other than price shall be completed before the opening of price information.

(d) Upon written request of any bidder who has submitted a bid, notice of the proposed award shall be posted in a public place in the offices of the department at least 24 hours before awarding the contract or purchase order. If, before making an award, any bidder who has submitted a bid files a protest with the department against the awarding of the contract or purchase order on the ground that their bid should have been selected in accordance with the selection criteria in the solicitation document, the contract or purchase order shall not be awarded until either the protest has been withdrawn or the department has made a final decision as to the action to be taken relative to the protest. Within 10 days after filing a protest, the protesting bidder shall file with the department a full and complete written statement specifying in detail the ground of the protest and the facts in support of the protest.

(e) By March 1, 2024, the department shall post on its internet website a report including a description of its use of the best value procurement method authorized by this section. The report shall contain, to the extent feasible, the suppliers' commitments to providing jobs that lead to economic growth, equity, prosperity, and environmental improvements. Data related to these commitments may include, but are not limited to, improvements in job quality and access for underrepresented communities, meeting the skills and profitability needs of employers, and meeting the economic, social, and environmental needs of the community.

(f) This section shall become inoperative on June 30, 2025, and as of January 1, 2026, is repealed.

SEC. 15. Section 1685 of the Vehicle Code is amended to read:

1685. (a) In order to continue improving the quality of products and services it provides to its customers, the department, in conformance with Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, may establish contracts for electronic programs that allow qualified private industry partners to join the department in providing services that include processing and payment programs for vehicle registration and titling transactions, and services related to reporting vehicle sales and producing temporary license plates pursuant to Sections 4456 and 4456.2.

(b) (1) The department may enter into contractual agreements with qualified private industry partners. There are the following three types of private industry partnerships authorized under this section:

(A) First-line business partner is an industry partner that receives data directly from the department and uses it to complete registration and titling activities for that partner's own business purposes.

(B) First-line service provider is an industry partner that receives information from the department and then transmits it to another authorized industry partner.

(C) Second-line business partner is a partner that receives information from a first-line service provider.

(2) The private industry partner contractual agreements shall include the following minimum requirements:

(A) Filing of an application and payment of an application fee, as established by the department.

(B) Submission of information, including, but not limited to, fingerprints and personal history statements, focusing on and concerning the applicant's character, honesty, integrity, and reputation as the department may consider necessary.

(C) Posting a bond in an amount consistent with Section 1815.

(3) The department shall, through regulations, establish any additional requirements for the purpose of safeguarding privacy and protecting the information authorized for release under this section.

(c) (1) The director may establish, through the adoption of regulations, the maximum amount that a qualified private industry partner may charge its customers in providing the services authorized under subdivision (a).

(2) On or before September 1, 2022, and each January 1 thereafter, the department shall adjust the amount determined pursuant to paragraph (1) in accordance with the most recent available data on growth in the California Consumer Price Index for All Urban Consumers, except the initial adjustment made on or before September 1, 2022, shall be based on growth in the California Consumer Price Index for All Urban Consumers in the period since the end of the 2021 calendar year. The amount of the fee shall be rounded to the nearest whole dollar, with amounts equal to, or greater than, fifty cents ($0.50) rounded to the next highest whole dollar.

(d) The department shall charge a three-dollar ($3) transaction fee for the information and services provided pursuant to subdivision (a). The private industry partner may pass on the transaction fee to the customer, but the total charge to a customer may not exceed the amount established by the director under subdivision (c). The department may establish, through the adoption of regulations, exemptions from the transaction fee for transactions other than an original registration or transfer of ownership.

(e) All fees collected by the department pursuant to subdivision (d) shall be deposited in the Motor Vehicle Account. On January 1 of each year, the department shall adjust the fee in accordance with the California Consumer Price Index. The amount of the fee shall be rounded to the nearest whole dollar, with amounts equal to, or greater than, fifty cents ($0.50) rounded to the next highest whole dollar.

(f) The department shall adopt regulations and procedures that ensure adequate oversight and monitoring of qualified private industry partners to protect vehicle owners from the improper use of vehicle records. These regulations and procedures shall include provisions for qualified private industry partners to periodically submit records to the department, and the department shall review those records as necessary. The regulations shall also include provisions for the dedication of department resources to

program monitoring and oversight; the protection of confidential records in the department's files and databases; and the duration and nature of the contracts with qualified private industry partners.

(g) The department shall, annually, by October 1, provide a report to the Legislature that shall include all of the following information gathered during the fiscal year immediately preceding the report date:

(1) Listing of all qualified private industry partners, including names and business addresses.

(2) Volume of transactions, by type, completed by business partners.

(3) Total amount of funds, by transaction type, collected by business partners.

(4) Total amount of funds received by the department.

(5) Description of any fraudulent activities identified by the department.

(6) Evaluation of the benefits of the program.

(7) Recommendations for any administrative or statutory changes that may be needed to improve the program.

(h) Nothing in this section impairs or limits the authority provided in Section 4610 or Section 12155 of the Insurance Code.

(i) (1) In addition to, and in accordance with, the transaction fee described in subdivision (d), the department shall charge private industry partners a one-dollar ($1) transaction fee for the implementation of the private industry partners' proportionate share of departmentwide system improvements. All fees collected by the department pursuant to this subdivision shall be deposited in the Motor Vehicle Account.

(2) (A) The fee required by this subdivision shall be discontinued when the director determines that sufficient funds have been received to pay for the system improvements as described in paragraph (1), or on December 31, 2023, whichever occurs first. If sufficient funds are received first, the director shall execute a declaration making that determination, which shall be posted on the department's internet website and retained by the director.

(B) This subdivision shall become inoperative when the declaration described in subparagraph (A) has been executed and posted, or on December 31, 2023, whichever occurs first.

SEC. 16. The Legislature finds and declares that Section 1 of this act, which adds Section 6254.36 to the Government Code, and Section 2 of this act, which adds Section 7929.011 to the Government Code, impose a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

This bill balances the interests of the California Infrastructure and Economic Development Bank in keeping certain business enterprise information confidential with the interest of the public in accessing information concerning the conduct of the people's business.

SEC. 17. 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.