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SB-197 Housing. (2021-2022)

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Senate Bill No. 197

CHAPTER 70

An act to amend Section 65589.9 of, and to add Section 65583.4 to, the Government Code, to amend Sections 50250, 50251, 50252, 50253, 50254, 50470, 50515.04, 50515.05, 50607, 50608, 50672, 50672.1, 50672.2, 50675.1.3, 50704.80, 50704.82, 50720.2, 50720.4, 50720.6, 50720.8, 50780, 50781, 50782, 50783, 50784, 50784.5, 50784.6, 50785, 50786, 50787, 50896.3, 50899.1, 50899.2, 50899.3, 50899.4, 50899.5, 50899.6, 50899.7, 53559, and 53559.1 of, to amend and renumber Section 53599.2 of, to add Section 50252.1 to, to add Chapter 12 (commencing with Section 51520) to Part 3 of Division 31 of, and to repeal Section 50784.7 of, the Health and Safety Code, and to amend Sections 8256 and 8257 of the Welfare and Institutions Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 30, 2022. Filed with Secretary of State June 30, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 197, Committee on Budget and Fiscal Review. Housing.

(1) Existing law requires the Governor to create the Homeless Coordinating and Financing Council, renamed the California Interagency Council on Homelessness, and specifies the duties of the coordinating council to include creating partnerships among state agencies and departments, local government agencies, and specified federal agencies and private entities, for the purpose of arriving at specific strategies to end homelessness. Existing law establishes the Encampment Resolution Funding program to assist cities, counties, and continuums of care in ensuring the safety and wellness of people experiencing homelessness in encampments, to provide encampment resolution grants to resolve critical encampment concerns and transition individuals into safe and stable housing, and to encourage a data-informed, coordinated approach to address encampment concerns. Existing law authorizes a continuum of care, city, or county to submit a specified application to the council for a program grant, and requires the council to prioritize funding applicants that demonstrate a commitment to cross-systems collaboration and innovative efforts to resolve encampment issues or have 50 or more individuals living in the encampment. Existing law requires the Homeless Coordinating and Financing Council to administer the program in accordance with a specified timeline, and requires the council to award initial grants by March 1, 2022. Existing law requires grant recipients to provide specified data elements, including health information, in a manner consistent with state and federal law, to their local Homeless Management Information System for tracking in the statewide Homeless Data Integration System.

This bill would specify that the provisions described above apply to funding round 1 moneys, defined to mean moneys appropriated for the program in the 2021–22 fiscal year. The bill would require additional funding round moneys, defined as moneys appropriated for the program in or after the 2021–22 fiscal year, to be used for specified purposes, including to fund projects from prior funding rounds that the council determined satisfied applicable program requirements but were not funded in the prior round, and to fund new program grants on a rolling basis, as specified. The bill would require recipients of additional funding round moneys to obligate and expend funds by certain deadlines, as specified. The bill would also require additional

information from grantees in the above-described data elements. The bill would also exempt contracts entered into to implement the program from specified contracting requirements.

Existing law requires members of the California Interagency Council on Homelessness to serve without compensation, except as specified. Existing law also requires the council to regularly seek guidance from and meet with an advisory committee, as specified. Existing law also authorizes the council to establish working groups, task forces, or other structures to assist in the council's work, as specified.

This bill would require that members of the advisory committee and any council working group receive per diem of \$100 for each day spent in attendance at advisory committee meetings, and would require those members to be reimbursed for traveling and other expenses necessarily incurred in the performance of official duties.

(2) Existing law requires agencies and departments that administer programs that were in existence prior to July 1, 2017, to collaborate with the California Interagency Council on Homelessness to revise or adopt guidelines and regulations that incorporate the core components of Housing First, except that an agency or department that administers programs that fund recovery housing are not required to do so until July 1, 2022. Until July 1, 2022, existing law requires agencies or departments that fund recovery housing to take additional actions, including requiring the program administrator to offer assistance in accessing other housing and services options to an individual who chooses to stop living in a housing setting with an abstinence focus, is discharged from the program, or is evicted from housing.

This bill would require specified programs administered by the Department of Corrections and Rehabilitation that fund recovery housing for parolees to identify ways to improve the provision of housing, to comply with the core components of Housing First, except as specified, and offer prescribed services to program participants, including, if a recovery housing program participant chooses to stop living in a housing setting with a recovery focus, is discharged from the program, or is removed from housing, offering assistance in accessing other housing and services options and identifying an alternative housing placement.

(3) Existing law establishes the California Housing Finance Fund within the State Treasury and continuously appropriates the money in the fund to the California Housing Finance Agency for specified purposes.

Existing law establishes the Building Homes and Jobs Trust Fund and requires the moneys in the fund to be appropriated either through the annual Budget Act or in accordance with a specified formula. Existing law continuously appropriates 15% of the moneys in the Building Homes and Jobs Trust Fund to the California Housing Finance Agency to create mixed income multifamily residential housing for lower to moderate-income households, as specified.

This bill would clarify that those moneys continuously appropriated to the California Housing Finance Agency from the Building Homes and Jobs Trust Fund are to be transferred into the California Housing Finance Fund.

(4) Existing law establishes the Local Government Planning Support Grants Program for the purpose of providing regions and jurisdictions with one-time funding for planning activities related to regional housing need assessments. Upon appropriation by the Legislature, the program requires the Department of Housing and Community Development to allocate \$250,000,000 in grants to regions and jurisdictions for technical assistance, preparation and adoption of planning documents, and process improvements to accelerate housing production and facilitate compliance to implement the 6th cycle of the regional housing need assessment. Existing law requires that \$125,000,000 of that amount be available to councils of governments, as defined, and other regional entities, and \$125,000,000 be available to cities and counties to assist in planning for other activities related to meeting the 6th cycle regional housing need assessment. Existing law requires each recipient of funds under the program to expend those funds no later than December 31, 2023, and requires each council of governments, other regional entity, or county that receives an allocation of funds to submit a final report on the use of the funds to the department no later than December 31, 2024. Existing law also requires, by December 31, 2022, the department, in collaboration with the Office of Planning and Research and after engaging in stakeholder participation, to develop a recommended improved regional housing need allocation process and methodology that promotes and streamlines housing development and substantially addresses California's housing shortage, and submit a report to the Legislature upon completion of that process, as specified.

This bill would instead require each recipient of funds under the program to expend those funds no later than December 31, 2024, and would require each council of governments, other regional entity, or county that receives an allocation of funds to submit a final report on the use of the funds to the department no later than December 31, 2025. By extending the length of time a recipient has to expend funds under the program, the bill would make an appropriation. This bill would also extend the deadline for the department to develop the recommended improved regional housing need allocation process and methodology from December 31, 2022, to December 31, 2023, and require the department to additionally provide an update to the Legislature on the progress made on the process by July 1, 2023.

(5) Existing law creates the Housing Rehabilitation Loan Fund and continuously appropriates moneys in that fund for, among other purposes, making deferred-payment rehabilitation loans for financing all or a portion of the cost of rehabilitating existing

housing to meet rehabilitation standards, as provided.

Existing law authorizes the department, upon appropriation, to make loans or grants, or both loans and grants, to rehabilitate, capitalize operating subsidy reserves for, and extend the long-term affordability of department-funded housing projects that have an affordability restriction that has expired, that have an affordability restriction with a remaining term of less than 5 years, or are otherwise at risk of conversion to market-rate housing. Existing law authorizes the department to establish processing or transaction fees for these loans or grants, in an amount necessary to generate sufficient revenue to cover the cost of processing loan transactions. Existing law makes the principal and accumulated interest due and payable upon completion of the term of the loan. Existing law limits the loan interest rate to 3% per annum on the unpaid principal balance. Existing law further requires that loan payments not exceed 0.42% per annum for the first 30 years of the loan's term. Existing law authorizes the department to utilize a portion of funds appropriated pursuant to these provisions as a default reserve, to be used for specified purposes, including curing or averting a default on the terms of any loan or other obligation by a financial assistance recipient.

This bill would, instead, authorize the department to make loans or grants, or both loans and grants, to rehabilitate, capitalize operating subsidy or replacement reserves for, and extend the long-term affordability of department-funded housing projects that have an affordability restriction with a remaining term of less than 10 years. The bill would authorize the department to charge a monitoring fee in lieu of required loan payments for a portion of the loan's term or the entire term. The bill would authorize the department to use the fees to ensure the financial feasibility and long-term affordability of a project and for the purposes of the default reserve. The bill would require moneys set aside for this purpose to be deposited in the Housing Rehabilitation Loan Fund, a continuously appropriated fund, thereby making an appropriation.

(6) Existing law establishes the Multifamily Housing Program administered by the Department of Housing and Community Development. Existing law requires assistance for projects under the program to be provided in the form of deferred payment loans to pay for eligible costs of specified types of development, as provided. Existing law requires that specified funds appropriated to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases be disbursed in accordance with the Multifamily Housing Program for specified uses. Existing law authorizes the department to adopt guidelines for the expenditure of funds appropriated to the department under these provisions, and, subject to any modifications set forth by those guidelines, requires the department to issue a notice of funding availability for the appropriated funding within 3 months of an appropriation.

This bill would remove the requirement on the department to issue a notice of funding availability for the appropriated funding within 3 months of an appropriation.

(7) Existing law authorizes the Department of Housing and Community Development, upon appropriation, to award a forgivable loan or grant to a qualified rental housing development to replace federal and state low-income housing credit equity, as specified, including by requiring \$50,000,000 of moneys appropriated for these purposes to be awarded to projects with an award letter from a specified program. Existing law defines "qualified rental housing development" for these purposes to mean a qualified low-income housing project that received an award letter from specified multifamily housing programs administered by the department. Existing law authorizes the department, in its sole discretion, to adjust the grant or loan amount to account for reduction of fees associated with, among other things, reasonable cost increases.

This bill would change the definition of "qualified rental housing development" to mean a rental housing development that received an award letter from any multifamily housing direct loan program administered by the department prior to July 1, 2022. The bill would also remove the requirement that \$50,000,000 of moneys appropriated for the purposes described above be awarded to projects with an award letter from the specified program. The bill would also authorize the department to adjust the grant or loan amount to account for reasonable cost increases, including unforeseeable cost overruns or gaps in financing due to changed market conditions.

(8) Existing law establishes the Excess Sites Local Government Matching Grants Program for purposes of providing selected developers with one-time grants for development activities to enable development on excess state-owned property. Existing law requires the Department of Housing and Community Development to administer the program and, among other things, to match local government contributions for predevelopment and development costs for selected developers. Existing law, for purposes of the program, defines local government to mean a city, county, city and county, or public housing authority. Existing law requires a selected developer receiving an allocation of funds under this program to use the moneys to accelerate housing production on excess state-owned property as described, including for predevelopment and development costs of housing and infrastructure, as described. Existing law also limits the maximum program contribution that a selected developer may receive to \$10,000,000 depending on the department's evaluation of the developer's application. Under existing law, moneys for the program are available upon appropriation by the Legislature.

This bill would expand the definition of local government to include a joint powers authority, among other authorities. The bill would permit predevelopment costs to include environmental remediation and mitigation, geotechnical assessment, and activities

related to the seismic retrofitting of existing improvements and would permit development costs to include improvements associated with an adaptive reuse project. The bill would authorize the department to award a program contribution to a selected developer in excess of \$10,000,000 when taking into consideration specified factors.

(9) Existing law creates the Foreclosure Intervention Housing Preservation Program, administered by the department. Existing law requires the department, upon appropriation by the Legislature, to provide eligible borrowers loans and grants 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. Existing law requires that funds be expended only for specified purposes, including authorizing up to 5 percent of the funds appropriated for the program to be expended for the costs to administer the program, as specified. Existing law requires the department to contract with one or more fund managers to manage the program until at least 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 other types of loans, as specified.

This bill would recast the provisions requiring the department to contract with one or more fund managers to manage the program to instead require the department to grant funds to one or more fund managers to implement the program. The bill would require those funds to be used for capitalized operating subsidy reserves, as defined, loans or grants awarded pursuant to the provisions described above, and administrative costs, as specified. The bill would raise the cap on funds for administering the program from 5% to 20%, and would specify that costs to administer the program include administrative costs of fund managers to implement the program pursuant to these provisions. The bill would authorize borrowers or grantees that receive funds from a loan pursuant to the program to pay operating expenses from any capitalized operating subsidy reserve.

(10) Existing law authorizes the Department of Housing and Community Development, pursuant to the Mobilehome Park Rehabilitation and Resident Ownership Program, to make loans or grants, as applicable, from the Mobilehome Park Rehabilitation and Purchase Fund, a continuously appropriated fund, to certain entities, including, but not limited to, resident organizations, individual-low income residents of mobilehome parks that have converted to resident ownership, qualified nonprofit housing sponsors, and local public entities.

Existing law authorizes these grants and loans for various purposes, including the financing of mobilehome park conversion costs, as defined; reduction of housing costs for low-income residents; acquisition or rehabilitation of a mobilehome park, as provided; acquisition and construction of a new mobilehome park to replace a mobilehome park that was destroyed by a natural disaster, as defined; and assistance for lower income homeowners to make certain repairs, upgrades, or replacements.

This bill would revise and recast those provisions to rename the program the Manufactured Housing Opportunity and Revitalization (MORE) Program, and authorize the department to make loans or grants, as applicable, for the additional purposes of reconstruction and replacement of a mobilehome park, as specified. The bill would authorize the department to make loans from the fund to mobilehome parks to correct health and safety deficiencies and to mobilehome parks that have received a notice of suspension or revocation of their permit to operate, or do not currently have a permit to operate, in order to make necessary repairs, as provided. The bill would specify additional terms and conditions for these loans and grants.

By expanding the purposes of a continuously appropriated fund, this bill would make an appropriation.

Existing law requires the department to adopt regulations for the administration and implementation of the program.

This bill would instead authorize the department to adopt, amend, or repeal guidelines for the administration and implementation of the program, and would exempt the adoption of the guidelines from the rulemaking provisions of the Administrative Procedure Act.

(11) 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 specify that certain provisions of the Infill Infrastructure Grant Program of 2019 only apply with respect to appropriations made in the Budget Act of 2019. The bill would further recast the provisions of the grant program to allow future appropriations in the annual Budget Act or other bill providing for appropriation for the purposes of the program. The bill would also expand the definition of eligible applicant to include specified governing bodies of Indian reservations or rancherias and tribally designated housing entities, as defined.

(12) Existing federal law establishes the HOME Investment Partnership Act, which allocates funds to states and local governments to, among other things, expand the supply of affordable housing. Existing law designates the Department of

Housing and Community Development as the state agency responsible for the administration of the state's allocation of HOME Investment Partnership Act (HOME) funds, the provision of technical assistance, and coordination of HOME activities.

This bill would authorize the department to adopt guidelines, rules, policies, or standards of general application to implement its allocation of HOME funds, the provision of technical assistance, and coordination of HOME activities. The bill would require the department to convene a stakeholder process to inform the development of the guidelines, rules, policies, or standards of general application no later than September 1, 2023. This bill would require the department to administer HOME funds pursuant to state regulations adopted as of January 1, 2022, until the department adopts guidelines, rules, policies, or standards of general application. The bill would require repeal of preexisting state regulations upon the adoption of the above.

Existing law, the Administrative Procedure Act, governs, among other things, the procedures for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law.

The bill would exempt the adoption and repeal of the guidelines, rules, policies, or standards of general application from the rulemaking provisions of the Administrative Procedure Act.

(13) Existing law requires the Department of Housing and Community Development to administer the California Emergency Solutions Grants Program. Existing law requires the department to make grants under the program to qualifying subrecipients to implement activities that address the needs of homeless individuals and families and assist them to regain stability in permanent housing as quickly as possible, as specified. Existing law, to the extent funds are made available by the Legislature, authorizes moneys in the Emergency Housing and Assistance Fund to be used for the purposes of the program. Existing law authorizes the department to review, adopt, amend, and repeal guidelines to implement the program and exempts adopted guidelines from the requirements of the rulemaking provisions of the Administrative Procedure Act.

This bill would, among other things, rename the program as the California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program. The bill would authorize the department to adopt guidelines to replace existing regulations, and would provide that any guideline, rule, policy, or standard of general application employed by the department in implementing the program, as well as the repeal of the previously adopted guidelines, are not subject to the requirements of the rulemaking provisions of the Administrative Procedure Act, as specified. The bill would require the department to convene a stakeholder process to inform the development of guidelines for the implementation of the program no later than September 1, 2023.

(14) Existing law establishes the California Housing Finance Agency in the Department of Housing and Community Development administered by a board of directors consisting of 13 voting members, including the Treasurer. Existing law authorizes the agency to, among other things, make loans to finance affordable housing, including residential structures, housing developments, multifamily rental housing, special needs housing, and other forms of housing, as specified.

This bill would establish the California Dream for All Program to provide shared appreciation loans, as defined, to qualified first-time homebuyers. The bill would limit the program to providing assistance to low- and moderate-income homebuyers in the purchase of owner-occupied homes. The bill would require, among other things, assistance under the program to be made available only in conjunction with first mortgage loan financing provided by the agency, as specified.

This bill would establish the California Dream for All Fund and would continuously appropriate the moneys in the fund for the purposes of the program, as prescribed. The bill would require any interest earned or other increment derived from investments made from moneys in the fund to be deposited in the fund. By creating a continuously appropriated fund and creating a mechanism for money to be deposited in the fund, the bill would make an appropriation. The bill would prohibit the state from being liable beyond the assets of the fund for any obligation in connection therewith.

This bill would also require the agency to develop a borrower education program and disclosure statement designed to provide a borrower with sufficient information to understand the terms of a shared appreciation loan provided pursuant to the program, as prescribed, and would require a participating lender to provide a borrower with information to access the borrower education program and disclosure statement before making a shared appreciation loan.

(15) Existing law, the Planning and Zoning Law, requires a county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city, and specified land outside its boundaries, that includes, among other things, a housing element. Existing law requires that the housing element include an inventory of land suitable and available for residential development. If the inventory of sites does not identify adequate sites to accommodate the need for groups of all household income levels, as provided, existing law requires that the local government rezone sites within specified time periods. Under existing law, if the local government fails to adopt a housing element that the Department of Housing and Community Development has found to be in substantial compliance with specified law within 120 days of the statutory deadline for adoption of the housing element, the local government is required to complete this rezoning no later than one year from the statutory deadline for adoption of the housing element.

This bill would, instead, grant a local government 3 years and 120 days from the statutory deadline for the adoption of its housing element to complete the above-described rezoning of sites if (A) the statutory deadline for adoption of the 6th revision of the housing element was in the 2021 calendar year, (B) the local government failed to adopt a housing element that the Department of Housing and Community Development found to be in substantial compliance with specified requirements, and (C) the local government adopts its 6th revision of the housing element that the department finds to be in substantial compliance within one year of the applicable statutory deadline. The bill would extend the deadline for completing the required rezoning by one year if the local government has completed the rezoning at densities sufficient to accommodate at least 75% of the units for low- and very low income households and if the legislative body at the conclusion of a public hearing determines, based upon substantial evidence, that one of 3 specified circumstances exist.

The Planning and Zoning law requires the department to designate jurisdictions as prohousing pursuant to emergency regulations adopted by the department, as prescribed. The law, for award cycles commenced after July 1, 2021, requires a jurisdiction that has adopted a housing element found by the department to be in substantial compliance with specified housing element provisions and that have been designated, pursuant to those emergency regulations, by the department as prohousing based on their adoption of prohousing local policies, as defined, to be awarded with additional points or preference in the scoring of applications for certain housing and infrastructure programs.

This bill would require that the emergency regulations described above remain in effect until the date that permanent regulations become effective.

(16) 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 65583.4 is added to the Government Code, to read:

65583.4. (a) Notwithstanding subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583, subdivision (c) of Section 65583.2, and subparagraph (C) of paragraph (4) of subdivision (e) of Section 65588, a local government shall have three years and 120 days from the statutory deadline in Section 65588 for adoption of the housing element to complete any rezonings required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 and subdivision (c) of Section 65583.2 if all of the following apply:

(1) The statutory deadline in Section 65588 for adoption of the sixth revision of the housing element was in the 2021 calendar year.

(2) The local government failed to adopt a sixth revision of the housing element that the department had found to be in substantial compliance with this article within 120 days of the statutory deadline in Section 65588 for adoption of the housing element.

(3) The local government adopts a sixth revision of the housing element and the department finds the adopted element to be in substantial compliance with this article within one year of the statutory deadline established pursuant to Section 65888 for adoption of the housing element.

(b) (1) The deadline for completing required rezoning pursuant to subdivision (a) shall be extended by one year if the local government has completed the rezoning at densities sufficient to accommodate at least 75 percent of the units for low- and very low income households and if the legislative body at the conclusion of a public hearing determines, based upon substantial evidence, that any of the following circumstances exist:

(A) The local government has been unable to complete the rezoning because of the action or inaction beyond the control of the local government of any other state, federal, or local agency.

(B) The local government is unable to complete the rezoning because of infrastructure deficiencies due to fiscal or regulatory constraints.

(C) The local government must undertake a major revision to its general plan in order to accommodate the housing-related policies of a sustainable communities strategy or an alternative planning strategy adopted pursuant to Section 65080.

(2) The resolution and the findings shall be transmitted to the department together with a detailed budget and schedule for preparation and adoption of the required rezonings, including plans for citizen participation and expected interim action. The schedule shall provide for adoption of the required rezoning within one year of the adoption of the resolution.

SEC. 2. Section 65589.9 of the Government Code is amended to read:

65589.9. (a) It is the intent of the Legislature to create incentives for jurisdictions that are compliant with housing element requirements and have enacted prohousing local policies. It is the intent of the Legislature that these incentives be in the form of additional points or other preference in the scoring of competitive housing and infrastructure programs. It is the intent of the Legislature that, in adopting regulations related to prohousing local policy criteria, the department shall create criteria that consider the needs of rural, suburban, and urban jurisdictions and how those criteria may differ in those areas.

(b) For award cycles commenced after July 1, 2021, jurisdictions that have adopted a housing element that has been found by the department to be in substantial compliance with the requirements of this article pursuant to Section 65585, and that have been designated prohousing pursuant to subdivision (c) based upon their adoption of prohousing local policies, shall be awarded additional points or preference in the scoring of program applications for the following programs:

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

(2) The Transformative Climate Communities Program established by Part 4 (commencing with Section 75240) of Division 44 of the Public Resources Code.

(3) The Infill Incentive Grant Program of 2007 established by Section 53545.13 of the Health and Safety Code.

(4) Additional bonus points may be awarded to other state programs when already allowable under state law.

(c) The department shall designate jurisdictions as prohousing pursuant to the emergency regulations adopted pursuant to subdivision (d) and report these designations to the Office of Planning and Research, and any other applicable agency or department, annually and upon request.

(d) (1) By July 1, 2021, the department, in collaboration with stakeholders, shall adopt emergency regulations to implement this section.

(2) Notwithstanding Section 11346.1, the emergency regulations adopted pursuant to this subdivision shall remain in effect until the date that permanent regulations to implement this section become effective.

(e) On or before January 1, 2021, and annually thereafter, the Department of Finance shall publish on its internet website the list of programs included under subdivision (b).

(f) For purposes of this section, the following definitions shall apply:

(1) "Compliant housing element" means an adopted housing element that has been found to be in substantial compliance with the requirements of this article by the department pursuant to Section 65585.

(2) "Prohousing local policies" means policies that facilitate the planning, approval, or construction of housing. These policies may include, but are not limited to, the following:

(A) Local financial incentives for housing, including, but not limited to, establishing a local housing trust fund.

(B) Reduced parking requirements for sites that are zoned for residential development.

(C) Adoption of zoning allowing for use by right for residential and mixed-use development.

(D) Zoning more sites for residential development or zoning sites at higher densities than is required to accommodate the minimum existing regional housing need allocation for the current housing element cycle.

(E) Adoption of accessory dwelling unit ordinances or other mechanisms that reduce barriers for property owners to create accessory dwelling units beyond the requirements outlined in Section 65852.2, as determined by the department.

(F) Reduction of permit processing time.

(G) Creation of objective development standards.

(H) Reduction of development impact fees.

(I) Establishment of a Workforce Housing Opportunity Zone, as defined in Section 65620, or a housing sustainability district, as defined in Section 66200.

(J) Preservation of affordable housing units through the extension of existing project-based rental assistance covenants to avoid the displacement of affected tenants and a reduction in available affordable housing units.

SEC. 3. Section 50250 of the Health and Safety Code is amended to read:

50250. For purposes of this chapter, the following definitions shall apply:

- (a) "Additional funding round moneys" means moneys appropriated for the program in or after fiscal year 2022–23.
- (b) "Agency" means the Business, Consumer Services, and Housing Agency.
- (c) "Applicant" means a continuum of care or local jurisdiction
- (d) "Continuum of care" has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations.
- (e) "Council" means the California Interagency Council on Homelessness, previously known as the Homeless Coordinating and Financing Council created pursuant to Section 8257 of the Welfare and Institutions Code.
- (f) "County" includes, but is not limited to, a city and county.
- (g) "Funding round 1 moneys" means moneys appropriated for the program in fiscal year 2021–22.
- (h) "Homeless" has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations.
- (i) "Local jurisdiction" means a city, including a charter city, a county, including a charter county, or a city and county, including a charter city and county.
- (j) "Program" means the Encampment Resolution Funding program established pursuant to this chapter.
- (k) "Recipient" means an applicant that receives grant funds from the council for the purposes of the program.
- (l) "State right-of-way" means real property held in title by the State of California.

SEC. 4. Section 50251 of the Health and Safety Code is amended to read:

50251. (a) The Encampment Resolution Funding program is hereby established to, upon appropriation by the Legislature, increase collaboration between the council, local jurisdictions, and continuums of care for the following purposes:

- (1) Assist local jurisdictions in ensuring the safety and wellness of people experiencing homelessness in encampments.
- (2) Provide encampment resolution grants to local jurisdictions and continuums of care to resolve critical encampment concerns and transition individuals into safe and stable housing.
- (3) Encourage a data-informed, coordinated approach to address encampment concerns.

(b) (1) The council shall administer the program.

- (2) Notwithstanding paragraph (1), the council may consult with and designate a state agency or department to support the administration of the program.

(c) (1) The council's decision to approve or deny an application and the determination of the amount of funding to be provided shall be final and not subject to appeal.

- (2) In determining which applications to approve, the council shall evaluate and score proposals based on all of the following criteria:

- (A) The applicant's capacity to carry out the proposal.
- (B) Whether the site selected for services aligns with the proposed service delivery model.
- (C) Whether the demographics and needs of service recipients align with the proposed service delivery model.
- (D) The applicant's ability to develop a detailed service delivery plan, including a description of how individuals will be served with permanent housing solutions.
- (E) The applicant's ability to coordinate with other systems to increase services and housing options.
- (F) The applicant's capacity to involve people with lived experience and local community partners in the implementation of its project.
- (G) The applicant's ability to recruit and deploy personnel with experience and expertise needed to support the success of their proposal.

(H) The applicant's ability to demonstrate a prudent and effective use of requested funding relative to the number of people it seeks to serve and the types of services to be provided in the proposal.

(d) The council shall maintain records of the following:

- (1) The number of applications for program grants received by the council.
- (2) The number of applications for program grants denied by the council.
- (3) The name of each recipient of a program grant.
- (4) The amount of funds allocated to each applicant.

(e) The council may adopt regulations to implement this chapter. The adoption, amendment, or repeal of a regulation authorized by this subdivision is hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 5. Section 50252 of the Health and Safety Code is amended to read:

50252. (a) The council shall distribute funding round 1 moneys in accordance with this chapter.

(b) Except as specified in subdivision (e), the council shall award the moneys appropriated as competitive grants to applicants to be used to support encampment resolution and rehousing efforts for local jurisdictions. Council staff shall develop and disseminate encampment resolution strategies, case studies, and learnings to local jurisdictions.

(c) Applicants may submit an application for a program grant to the council in a form and manner specified by the council. The application shall include, at a minimum, all of the following:

- (1) Information on the number and demographics of the individuals living in the encampment that the applicant is requesting funding to help resolve.
- (2) A description of why this specific encampment is being prioritized for resolution support.
- (3) A description of how the applicant intends to collaborate with state and local partners to mitigate risk and address safety concerns, while ensuring a pathway for individuals living in encampments to move into safe and stable housing.
- (4) A description of how the applicant intends to use these funds to connect all individuals living in the encampment to services and housing.
- (5) A description of other local resources and funding streams that will be used to ensure the ongoing availability of services and housing support for people who are moved out of encampments into permanent housing.

(d) When determining grant awards, funding shall be prioritized for:

- (1) Jurisdictions that can demonstrate a commitment to cross-systems collaboration and innovative efforts to resolve encampment issues, while focusing on protecting the health and well-being of the individuals living in those encampments.
- (2) Jurisdictions that have 50 or more individuals living in the encampment that they are seeking to support with these funds.
- (3) The intent of the council is to award grants, to the extent feasible, to a range of applicants that represent the diversity of communities across the state, including rural, urban, and suburban communities.

(e) Of the moneys available pursuant to subdivision (a), the council may expend up to 5 percent for administration of the program.

(f) This section only applies to funding round 1 moneys and does not apply to additional funding round moneys.

SEC. 6. Section 50252.1 is added to the Health and Safety Code, to read:

50252.1. (a) This section only applies to additional funding round moneys and does not apply to funding round 1 moneys.

(b) The council shall award additional funding round moneys first to fund projects from prior funding rounds that the council determined satisfied applicable program requirements but were not funded in the prior round.

(c) (1) Any funds remaining after the awards required by subdivision (b) shall be awarded on a rolling basis in accordance with this subdivision.

(2) The council shall begin accepting new applications for a program grant by five months after the appropriation in the given fiscal year is made.

(3) The council shall cease accepting new applications for a program grant by the earlier of the end of the fiscal year in which the appropriation is made or the date the funds from the appropriation have been expended.

(4) Applicants shall submit an application for a program grant to the council in a form and manner specified by the council. The application shall include, at a minimum, all of the following:

(A) Information on the number and demographics of the individuals living in the encampment that the applicant is requesting funding to help resolve.

(B) A description of why the specific encampment is being prioritized for resolution support.

(C) A description of how the applicant intends to collaborate with state and local partners to mitigate risk and address safety concerns while ensuring a pathway for individuals living in encampments to move into safe and stable housing.

(D) A description of how the applicant intends to use these funds to connect all individuals living in the encampment to services and housing.

(E) A description of other local resources and funding streams that will be used to ensure the ongoing availability of services and housing support for people who are moved out of encampments into permanent housing.

(F) A goal for the number of individuals the program will support transitioning from encampments into temporary shelters.

(G) A goal for the number of individuals the program will support transitioning from encampments into permanent housing.

(5) In awarding grants, funding shall be prioritized for both of the following:

(A) Jurisdictions that can demonstrate a commitment to cross-systems collaboration, including collaborations with state entities, and innovative efforts to resolve encampment issues, while focusing on protecting the health and well-being of the individuals living in those encampments.

(B) Applicants that represent the diversity of communities across the state, including, but not limited to, rural, urban, and suburban communities.

(d) The council may do any of the following:

(1) Monitor grantee performance.

(2) Require a grantee not meeting goals to accept technical assistance from the council.

(3) Limit the allowable uses of program funds for a grantee that is not meeting goals.

(e) The council may use up to 5 percent of money appropriated in a given fiscal year for administration of the program, including capacity building and technical assistance activities in support of program goals.

SEC. 7. Section 50253 of the Health and Safety Code is amended to read:

50253. (a) The council shall administer the funding round 1 moneys of the program in accordance with the following timelines:

(1) The council shall make a program application available no later than October 31, 2021.

(2) Applications shall be due to the council no later than December 31, 2021.

(3) The council shall make initial award determinations no later than March 1, 2022.

(4) If not all funds have been awarded after the first round of grant awards, the council may accept additional applications and make additional awards until all funds have been allocated.

(b) Recipients of funding round 1 moneys shall expend at least 50 percent of their allocation by June 30, 2023.

(1) Recipients who fail to expend their allocated funds in compliance with this subdivision shall return to the council no less than 25 percent of their total allocation amount for reallocation by the council during subsequent rounds of funding.

(c) Recipients of funding round 1 moneys shall expend all program funds no later than June 30, 2024. Any funds not expended by this date shall be returned to the council to be reallocated pursuant to Section 50252.1.

(d) (1) Recipients of additional funding round moneys pursuant to subdivision (b) of Section 50252.1 shall expend at least 50 percent of their allocation within two fiscal years of the appropriation from the Legislature. Any funds not expended by this date shall be returned to the council and reallocated pursuant to Section 50252.1.

(2) Recipients of additional funding round moneys pursuant to subdivision (b) of Section 50252.1 shall obligate 100 percent of their allocation within two fiscal years of the appropriation from the Legislature.

(3) Recipients that do not meet requirement in paragraph (2) shall submit to the council within 60 days of the end of the second fiscal year a plan for obligating 100 percent of their allocation within six months.

(4) The council may subject recipients that do not meet the requirement in paragraph (2) to additional corrective action determined by the council.

(5) Recipients of additional funding round moneys pursuant to subdivision (b) of Section 50252.1 shall expend all program funds within three fiscal years of the appropriation. Any funds not expended by this date shall revert to the fund of origin.

(e) (1) Recipients of additional funding round moneys pursuant to subdivision (c) of Section 50252.1 shall expend at least 50 percent of their allocation within two fiscal years of the appropriation from the Legislature.

(2) Recipients of additional funding round moneys pursuant to subdivision (c) of Section 50252.1 shall obligate 100 percent of their allocation within two fiscal years of the appropriation from the Legislature.

(3) Recipients that do not meet the requirement in paragraph (2) shall submit to the council within 60 days of the end of the second fiscal year a plan for obligating 100 percent of their allocation within six months.

(4) The council may subject recipients that do not meet the requirement in paragraph (2) to additional corrective action determined by the council.

(5) Recipients of additional funding round moneys pursuant to subdivision (c) of Section 50252.1 shall expend all program funds within four fiscal years of the appropriation. Any funds not expended by this date shall revert to the fund of origin.

SEC. 8. Section 50254 of the Health and Safety Code is amended to read:

50254. (a) Notwithstanding any other law, all recipients of funds pursuant to this chapter shall provide data elements, including, but not limited to, health information, in a manner consistent with state and federal law, to their local Homeless Management Information System for tracking in the statewide Homeless Data Integration System.

(b) (1) The council shall specify the form and substance of the required data elements.

(2) The council may, as required by operational necessity, amend or modify data elements, disclosure formats, or disclosure frequency.

(3) Grantees shall report individual, client-level data for persons served by grant funding to the council, in addition to any data reported through local Homeless Management Information System, as required by the council for the purposes of research and evaluation of grant performance, service pathways, and outcomes for people served.

(4) Council staff may use information reported directly from grantees and through statewide Homeless Data Integration System for the purposes of research and evaluation of grant performance, service pathways, and outcomes for people served.

(c) Any health information or personal identifying information provided to or maintained within the statewide Homeless Data Integration System pursuant to this section shall not be subject to public inspection or disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(d) For purposes of this paragraph, "health information" includes "protected health information," as defined in Part 160.103 of Title 45 of the Code of Federal Regulations, and "medical information," as defined in subdivision (j) of Section 56.05 of the Civil Code.

(e) All recipients shall provide information and products developed with grant funds on service delivery models in support of the overall program goal to mitigate risk and address safety concerns in encampments, while ensuring a pathway for individuals living in encampments to move into safe and stable housing, in a format and timeframe specified by the council.

(f) The council shall evaluate the data and outcomes reported by recipients to assess efficacy of programs and identify scalable best practices for encampment resolution that can be replicated across the state.

(g) The council shall report to the chairs of the relevant fiscal and policy committees in both houses on the outcomes, learnings, and best practice models identified through this program. The report shall be submitted in compliance with Section 9795.

(h) Contracts entered into to implement this chapter shall be exempt from all of the following:

(1) Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code.

(2) The personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(3) Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code and the State Contracting Manual.

(4) Notwithstanding Section 11546 of the Government Code, from review or approval of any division of the Department of Technology, upon approval from the Department of Finance.

(5) From the review or approval of any division of the Department of General Services.

SEC. 9. Section 50470 of the Health and Safety Code is amended to read:

50470. (a) (1) There is hereby created in the State Treasury the Building Homes and Jobs Trust Fund. All interest or other increments resulting from the investment of moneys in the fund shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code.

(2) Moneys in the Building Homes and Jobs Trust Fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except to the Surplus Money Investment Fund.

(b) Moneys in the Building Homes and Jobs Trust Fund shall be appropriated either through the annual Budget Act, or as provided in this subdivision, in accordance with the following:

(1) Moneys collected on and after January 1, 2018, and until December 31, 2018, shall, upon appropriation by the Legislature, be allocated as follows:

(A) Fifty percent of deposits into the fund shall be made available for local governments to update planning documents and zoning ordinances in order to streamline housing production, including, but not limited to, general plans, community plans, specific plans, sustainable communities strategies, and local coastal programs. Eligible uses also include new environmental analyses that eliminate the need for project-specific review and local process updates that improve and expedite local permitting.

(i) Five percent of the funds specified by this subparagraph shall be available for technical assistance to jurisdictions updating specified planning documents. Technical assistance shall be provided by the department and the Governor's Office of Planning and Research.

(ii) The funds to be allocated pursuant to this subparagraph shall be held by the department until a local government submits a request for use. The request shall include a description of the proposed use of the funds in the interest of accelerating housing production. The proposed use of these funds shall be included in the local government's funding plan and annual reports pursuant to subclauses (II) and (III) of clause (ii) of subparagraph (B) of paragraph (2). Each recipient of funds under the program shall encumber the funds by December 31, 2020, and shall expend those funds no later than December 31, 2023. Any of these funds not allocated by the department within the first two years that those funds are available shall be made available by the department for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(B) Fifty percent of deposits into the fund shall be made available to the department to assist persons experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, navigation centers, and the new construction, rehabilitation, and preservation of permanent and transitional rental housing.

(C) The department shall ensure geographic equity in the distribution and expenditure of funds allocated pursuant to this paragraph.

(2) Moneys collected on and after January 1, 2019, shall be allocated as follows:

(A) Twenty percent of all moneys in the fund shall, upon appropriation by the Legislature, be expended for affordable owner-occupied workforce housing.

(B) (i) Seventy percent of moneys deposited in the fund shall, upon appropriation by the Legislature, be made available to local governments as follows:

(I) Ninety percent of the moneys specified in this subparagraph shall be allocated based on the formula specified in Section 5306 of Title 42 of the United States Code, in accordance with the distribution of funds pursuant to that

formula for the federal Fiscal Year 2017, except that the portion allocated to nonentitlement areas pursuant to that section shall be distributed through a competitive grant program, administered by the department, as follows:

(ia) The department shall award priority points to a county that has a population of 200,000 or less within the unincorporated areas of the county, to a local government that did not receive an award based on the formula specified in Section 5306 of Title 42 of the United States Code in 2016, and to a local government that pledges to use the money awarded pursuant to a competitive grant under this subclause to assist persons experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, navigation centers, and the new construction, rehabilitation, and preservation of permanent and transitional rental housing.

(ib) Moneys awarded to a local government pursuant to the competitive grant program shall be used for the purposes specified in subparagraph (D).

(II) The remaining 10 percent of the moneys specified in this subparagraph shall be allocated equitably among local jurisdictions that are nonentitlement areas pursuant to the formula specified in Section 5306 of Title 42 of the United States Code for federal Fiscal Year 2017.

(ii) To receive moneys pursuant to this subparagraph, local governments shall document minimum standards including the following:

(I) Submit a plan to the department detailing the manner in which allocated funds will be used by the local government in a manner consistent with this paragraph and to meet the local government's unmet share of the regional housing needs allocation.

(II) Have a compliant housing element with the state and submit a current annual report pursuant to Section 65400 of the Government Code.

(III) Submit an annual report to the department that provides ongoing tracking of the uses and expenditures of any allocated funds.

(IV) Funds may be expended for the uses listed in subparagraph (D). Two or more local governments that receive an allocation pursuant to this subparagraph may expend those moneys on a joint project that is an authorized use under subparagraph (D).

(V) Prioritize investments that increase the supply of housing to households that are at or below 60 percent of area median income, adjusted for household size.

(VI) If a local government does not have a documented plan to expend the moneys allocated to it pursuant to this subparagraph within five years of that allocation, those moneys shall be exempt from the allocation requirements in this paragraph and shall revert to, and be paid and deposited in, the Housing Rehabilitation Loan Fund established pursuant to Section 50661 to be used for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)) or for technical assistance for local governments.

(VII) A local government may petition the department to return any moneys allocated to it pursuant to this subparagraph. Any moneys returned pursuant to this clause shall be used for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(C) Thirty percent of moneys deposited in the fund shall be made available to the department for use as follows:

(i) Five percent of the moneys deposited in the fund shall, upon appropriation by the Legislature, be used for state incentive programs, including loans and grants administered by the department. If the department receives insufficient funding applications for incentive programs financed pursuant to this clause, the department shall make those funds available for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(ii) (I) Subject to subclause (II), 10 percent of the moneys deposited in the fund shall, upon appropriation by the Legislature, be used to address affordable homeownership and rental housing opportunities for agricultural workers and their families.

(II) On and after January 1, 2020, housing funded pursuant to this clause shall not be rented, sold, or subleased to an agricultural employer, as defined in Section 1140.4 of the Labor Code, or its agent, or a farm labor contractor, as defined in Section 1682 of the Labor Code, or its agent, who employs at least one H-2A worker, as defined in Section 50205, until the expiration of the regulatory agreement or affordability covenant, as applicable. A person or entity who receives funds made available pursuant to this clause on or after January 1, 2020, and expends any of those funds for the purpose of funding predevelopment of, developing, or operating any housing that is rented, sold, or subleased

to an agricultural employer, as defined in Section 1140.4 of the Labor Code, or its agent, or a farm labor contractor, as defined in Section 1682 of the Labor Code, or its agent, and who employs at least one H-2A worker, as defined in Section 50205, until the expiration of the regulatory agreement or affordability covenant, as applicable, shall reimburse the department or other state agency that provided those funds, as provided in paragraph (2) of subdivision (b) of Section 50205. This subclause shall not apply to any contract entered into or any financial assistance provided pursuant to this clause prior to January 1, 2020.

(III) A person or entity who receives funds made available pursuant to this section on and after January 1, 2020, and expends any of those funds for the purpose of funding predevelopment of, developing, or operating any housing shall submit a declaration to the department declaring the following:

(ia) (Ia) The person or entity is not an agricultural employer, as defined in Section 1140.4 of the Labor Code, or its agent, or a farm labor contractor, as defined in Section 1682 of the Labor Code, or its agent, who employs at least one H-2A worker, as defined in Section 50205.

(Ib) The person or entity will not rent, sell, or sublease any housing funded pursuant to this chapter to an agricultural employer, as defined in Section 1140.4 of the Labor Code, or its agent, or a farm labor contractor, as defined in Section 1682 of the Labor Code, or its agent, who employs at least one H-2A worker, as defined in Section 50205, until the expiration of the regulatory agreement or affordability covenant, as applicable.

(ib) The declaration described in sub-subclause (ia) can be met through the inclusion in a regulatory agreement or affordability covenant, as applicable, with the department that is signed by the person or entity receiving funds pursuant to this chapter.

(iii) Fifteen percent of the moneys deposited in the fund shall, notwithstanding any other provision of this section or Section 13340 of the Government Code, be transferred to the California Housing Finance Fund and continuously appropriated to the California Housing Finance Agency for the purpose of creating mixed income multifamily residential housing for lower to moderate-income households pursuant to Chapter 6.7 (commencing with Section 51325) of Part 3.

(D) The moneys in the fund allocated to local governments may be expended for the following purposes:

(i) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low, very low, low-, and moderate-income households, including necessary operating subsidies.

(ii) Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120 percent of area median income, or 150 percent of area median income in high-cost areas.

(iii) Matching portions of funds placed into local or regional housing trust funds.

(iv) Matching portions of funds available through the Low and Moderate Income Housing Asset Fund pursuant to subdivision (d) of Section 34176 of the Health and Safety Code.

(v) Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014.

(vi) Assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.

(vii) Accessibility modifications.

(viii) Efforts to acquire and rehabilitate foreclosed or vacant homes.

(ix) Homeownership opportunities, including, but not limited to, downpayment assistance.

(x) Fiscal incentives or matching funds to local agencies that approve new housing for extremely low, very low, low-, and moderate-income households.

(3) A state or local entity that receives an appropriation or allocation pursuant to this chapter shall use no more than 5 percent of that appropriation or allocation for costs related to the administration of the housing program for which the appropriation or allocation was made.

(c) Both of the following shall be paid and deposited in the fund:

(1) Any moneys appropriated and made available by the Legislature for purposes of the fund.

(2) Any other moneys that may be made available to the department for the purposes of the fund from any other source or sources.

(d) In consultation with stakeholders, the department may adopt guidelines to implement this section, including to determine allocation methodologies. Any guideline, rule, policy, or standard of general application employed by the department in implementing this chapter shall not be subject to the requirements of the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 10. Section 50515.04 of the Health and Safety Code is amended to read:

50515.04. (a) (1) Subject to paragraph (2), a council of governments, other regional entity, or jurisdiction, as applicable, that receives an allocation of program funds pursuant to Section 50515.02 or 50515.03 shall submit a report, in the form and manner prescribed by the department, to be made publicly available on its internet website, by April 1 of the year following the receipt of those funds, and annually thereafter until those funds are expended, that contains the following information:

(A) The status of the proposed uses listed in the entity's application for funding and the corresponding impact on housing within the region or jurisdiction, as applicable, categorized based on the eligible uses specified in Section 50515.02 or 50515.03, as applicable.

(B) A summary of building permits, certificates of occupancy, or other completed entitlements issued by entities within the region or by the jurisdiction, as applicable.

(2) A city or county that receives program funds shall, in lieu of providing a separate annual report pursuant to this subdivision, provide the information required by paragraph (1) as part of its annual progress report.

(b) (1) The department shall maintain records of the following and provide that information publicly on its internet website:

(A) The name of each applicant for program funds and the status of that entity's application.

(B) The number of applications for program funding received by the department.

(C) The information described in subdivision (a) for each recipient of program funds.

(2) The department may request additional information, as needed, to meet other applicable reporting or audit requirements.

(c) (1) Each recipient of funds under the program shall expend those funds no later than December 31, 2024.

(2) No later than December 31, 2025, each council of governments, other regional entity, or county that receives an allocation of funds pursuant to Section 50515.02 shall submit a final report on the use of those funds to the department. The report required by this paragraph shall include an evaluation of jurisdiction actions taken in support of the entity's proposed uses of those funds, as specified in the entity's application, including which actions had greatest impact on housing production.

(d) The department may monitor expenditures and activities of an applicant, as the department deems necessary, to ensure compliance with program requirements.

(e) The department may, as it deems appropriate or necessary, request the repayment of funds from an applicant, or pursue any other remedies available to it by law for failure to comply with program requirements.

(f) The department may implement the program through the issuance of forms, guidelines, and one or more notices of funding availability, as the department deems necessary, to exercise the powers and perform the duties conferred on it by this chapter. Any forms, guidelines, and notices of funding availability adopted pursuant to this section are hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(g) The department's decision to approve or deny an application or request for funding pursuant to the program, and its determination of the amount of funding to be provided, shall be final.

SEC. 11. Section 50515.05 of the Health and Safety Code is amended to read:

50515.05. (a) It is the intent of the Legislature to revamp the existing regional housing need allocation process described in Sections 65584 to 65584.2, inclusive, of the Government Code in order to accomplish the following objectives:

(1) Create a fair, transparent, and objective process for identifying housing needs across the state.

(2) Strategically plan for housing growth according to statewide priorities, consistent with Section 65041.1 of the Government Code, and expected future need for housing at all income levels.

(3) Encourage increased development to address the state's housing affordability issues.

(4) Improve compliance and outcomes through incentives and enforcement.

(b) (1) By December 31, 2023, the department, in collaboration with the Office of Planning and Research and after engaging in stakeholder participation, shall develop a recommended improved regional housing need allocation process and methodology that promotes and streamlines housing development and substantially addresses California's housing shortage.

(2) In developing the recommendations required by this subdivision, the department may appoint a third-party consultant to facilitate a comprehensive review of the current regional housing need allocation process and methodology.

(c) The department shall keep the Legislature apprised of its progress in implementing this section, including providing an update to the Legislature no later than July 1, 2023. Upon completion of the process described in subdivision (b), the department shall submit a report of its findings and recommendations to the Legislature. The report required to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 12. Section 50607 of the Health and Safety Code is amended to read:

50607. (a) Upon appropriation by the Legislature for purposes of this chapter, the department may make loans or grants, or both loans and grants, to rehabilitate, capitalize operating subsidy or replacement reserves for, and extend the long-term affordability of department-funded housing projects that have an affordability restriction that has expired, that have an affordability restriction with a remaining term of less than 10 years, or are otherwise at risk for conversion.

(b) Notwithstanding any other law, if the department makes a loan or grant pursuant to this chapter to a project that has an existing loan issued by the department for a multifamily housing project, the department may additionally approve an extension of the existing loan, the reinstatement of a qualifying unpaid matured loan, the subordination of a loan made by the department to new indebtedness, or an investment of tax credit equity for purposes of funding necessary rehabilitation and extending the affordability of the project without complying with the requirements of Chapter 3.9 (commencing with Section 50560). The department may also forgive some or all of the accrued interest on the existing department loan if necessary to facilitate the department's new rehabilitation loan.

(c) The department may establish loan processing or transaction fees for loans or grants authorized by this chapter, as necessary, in an amount not to exceed the amount necessary to generate sufficient revenue to cover the cost of processing loan transactions under this chapter. However, the department may waive fees to the extent necessary for project feasibility.

(d) The department may charge a monitoring fee in lieu of the required 0.42 percent per annum loan payments required by subdivision (a) of Section 50608. The department may capitalize fees authorized by this subdivision, at its discretion, as necessary to ensure the financial feasibility and long-term affordability of the project. All moneys set aside by the department to capitalize a monitoring fee pursuant to this subdivision shall be deposited in the Housing Rehabilitation Loan Fund and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth in Section 50609.

(e) The department may adopt guidelines to implement this chapter. Any guidelines adopted pursuant to this section are hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 13. Section 50608 of the Health and Safety Code is amended to read:

50608. (a) For any loans issued pursuant to this chapter, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed 0.42 percent per annum. The department may, in its sole discretion, require a monitoring fee as authorized in Section 50607 in lieu of the required loan payment for a portion of or the full term of the loan.

(b) All moneys received by the department in repayment of loans made pursuant to this chapter, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661. Moneys deposited in that fund pursuant to this subdivision shall be used for purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(c) The department may establish maximum loan-to-value requirements for some or all of the types of projects that are eligible for funding under this chapter.

(d) The department shall establish per-unit and per-project loan limits for all project types.

SEC. 14. Section 50672 of the Health and Safety Code is amended to read:

50672. It is the intent of the Legislature in enacting this chapter to expedite the construction and production of housing developments that have received a commitment of funds from multifamily housing direct loan programs administered by the department, but are unable to proceed due to the competitiveness of tax credit and bond allocations.

SEC. 15. Section 50672.1 of the Health and Safety Code is amended to read:

50672.1. For purposes of this chapter:

(a) "Department" means the Department of Housing and Community Development.

(b) "Multifamily housing program" includes, but is not limited to, all of the following programs:

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

(2) The CalHome Program (Chapter 6 (commencing with Section 50650)).

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

(4) The Infill Incentive Grant Program of 2007 (Section 53545.13).

(5) The Infill Infrastructure Grant Program of 2019 (Part 12.5 (commencing with Section 53559)).

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

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

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

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

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

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

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

(c) "Program" means the program established under this chapter.

(d) "Rental housing development" means a "qualified low-income housing project," as defined in subsection (g) of Section 42 of the federal Internal Revenue Code (26 U.S.C. Sec. 42).

(e) "Qualified rental housing development" means a rental housing development that received an award letter from any multifamily housing direct loan program administered by the department prior to July 1, 2022.

SEC. 16. Section 50672.2 of the Health and Safety Code is amended to read:

50672.2. (a) (1) Upon appropriation by the Legislature for purposes of this chapter, the department may award a forgivable loan or grant to a qualified rental housing development to replace federal and state low-income housing credit equity contained in the application for which the development received the original award letter or, if applicable, a subsequent application to the California Tax Credit Allocation Committee.

(2) The department may, in its sole discretion, adjust the grant or loan amount to account for reduction of fees associated with tax credit syndication, reasonable cost increases, including unforeseeable cost overruns or gaps in financing due to changed market conditions, or other financing sources obtained by the sponsor of the development.

(3) If funds provided under this chapter are provided as a loan, the loan shall have an interest rate of 0 percent.

(b) (1) A rental housing development that receives a grant or loan under this chapter shall commence construction within 180 days of issuance of an award letter for funds provided pursuant to this chapter.

(2) The department may, within its sole discretion, extend the 180-day requirement based on conditions beyond the control of the development sponsor, provided the revised construction commencement date is not more than 90 days beyond the 180-day period.

(c) (1) The department shall determine the terms under which a loan or grant is subject to repayment.

(2) The terms established by the department shall include, but not be limited to, conversion of the development to market rate housing or sale or refinancing of the development with a distribution of net equity.

(3) Repayments shall be deposited into the Housing Rehabilitation Loan Fund established by Section 50661 and shall be used for the purposes of the Multifamily Housing Program established by Chapter 6.7 (commencing with Section 50675).

(d) (1) The department may establish an application fee for the program.

(2) A loan or grant awarded pursuant to this chapter shall not be subject to any annual monitoring fees, except for the monitoring fees associated with the original multifamily housing program loan or loans provided by the department.

SEC. 17. Section 50675.1.3 of the Health and Safety Code is amended to read:

50675.1.3. (a) Notwithstanding any other law, including subdivision (b) of Section 50675.1, funds appropriated to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined by this section, and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases, shall be disbursed in accordance with the Multifamily Housing Program, including as grants to cities, counties, cities and counties, and all other state, regional, and local public entities, including councils of government, metropolitan planning organizations, and regional transportation planning agencies designated in Section 29532.1 of the Government Code, as necessary, for the following uses:

(1) Acquisition or rehabilitation, or acquisition and rehabilitation, of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.

(2) Master leasing of properties for noncongregant housing.

(3) Conversion of units from nonresidential to residential.

(4) New construction of dwelling units.

(5) The purchase of affordability covenants and restrictions for units.

(6) Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.

(7) Capitalized operating subsidies for units purchased, converted, or altered with funds provided by this section.

(b) Where possible, the funds described in subdivision (a) shall be allocated by the department in a manner that takes into consideration all of the following:

(1) Need geographically across the state.

(2) The demonstrated ability of the applicant to fund ongoing operating reserves.

(3) The creation of new permanent housing options.

(4) The potential for state, federal, or local funding for capitalized operating reserves to make additional housing units financially viable through this program.

(c) Not less than 8 percent of the funds described in subdivision (a) shall be available for projects serving homeless youth, or youth at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations.

(d) Any conflict between the other requirements of the Multifamily Housing Program created by this chapter and this section shall be resolved in favor of this section, as may be set forth in the guidelines authorized by this section.

(e) The Department of Housing and Community Development may adopt guidelines for the expenditure of the funds appropriated to the department, and for the administration of this program. 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.

(f) Up to 5 percent of the funds received from the Coronavirus State Fiscal Recovery Fund established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2) and appropriated for purposes of this section may be expended for the costs to administer the program, to the extent authorized by federal law.

(g) Up to 5 percent of any General Fund moneys appropriated for purposes of this section may be expended for the costs to administer this program.

(h) The department's annual report to the Legislature submitted under Section 50408 shall include, but not be limited to, all of the following:

(1) The amount of funds expended for the uses described in this section.

(2) The location of any properties for which the funds are used.

(3) The number of usable housing units produced, or planned to be produced, using the funds.

(4) The number of individuals housed, or likely to be housed, using the funds.

(5) The number of units, and the location of those units, for which operating subsidies have been, or are planned to be, capitalized using the funds.

(6) An explanation of how funding decisions were made for acquisition, conversion, or rehabilitation projects, or for capitalized operating subsidies, including what metrics were considered in making those decisions.

(7) Any lessons learned from the use of the funds.

(8) Proposed changes to the program to address lessons learned.

(i) Any project that uses funds received for any of the purposes specified in subdivision (a) shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and any applicable coastal plan, local or otherwise, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or any other discretionary reviews or approvals.

(j) A report to be submitted pursuant to subdivision (h) shall be submitted in compliance with Section 9795 of the Government Code.

(k) Upon an appropriation by the Legislature for the purposes described in this section, the department shall administer funding according to the timeline set forth below, subject to any modifications set forth by the guidelines:

(1) The department may accept funding applications and issue awards on a continuous, over-the-counter basis until the funding has been exhausted or as otherwise required by law.

(2) Each award shall be expended on the uses authorized at subdivision (a), and in accordance with all relevant representations and descriptions in the application, within eight months of the date of the award. Applicants may ask the department for an extension of this timeframe on the grounds and according to the procedures set forth in the guidelines. The director shall have reasonable discretion to approve or deny such an extension upon conducting a full and good faith review of the applicant's extension request.

(l) For purposes of this section, "individuals and families who are homeless or who are at risk of homelessness" means persons and families that meet the qualifying definitions under Part 578.3 of Title 24 of the Code of Federal Regulations.

(m) To advance the objectives specified in Section 50675.1.1 or this section, the department may expand the population served beyond the population specified in subdivision (l) as specified by the guidelines authorized by this section.

SEC. 18. Section 50704.80 of the Health and Safety Code is amended to read:

50704.80. For purposes of this chapter, the following definitions shall apply:

(a) "Department" means the Department of Housing and Community Development.

(b) "Local government" means a city, county, city and county, public housing authority, joint powers authority, or an authority created pursuant to Section 8169.4 of the Government Code.

(c) "Program" means the Excess Sites Local Government Matching Grants Program established under to this chapter.

(d) "Selected developer" means a development partner selected under the Executive Order No. N-06-19 program to enter a ground lease with the state to create affordable housing on excess state-owned property.

SEC. 19. Section 50704.82 of the Health and Safety Code is amended to read:

50704.82. Excess sites local government matching grants shall be available to selected developers that will receive contributions from local governments in accordance with the following:

(a) The moneys appropriated under this chapter shall be allocated to selected developers that will receive contributions from a local government in support of affordable housing development on excess state-owned properties.

(b) (1) A local government and a selected developer may jointly apply for a grant pursuant to this section by submitting an application, in the form and manner prescribed by the department, that includes the following information:

(A) A budget including all sources, approved by local government resolution, demonstrating the amount of local government contribution to the selected developer for predevelopment and development costs for affordable housing on excess state-owned property, and the requested amount from the program.

(B) An explanation of how proposed amounts from local government and the program will support and accelerate housing production on excess state-owned property by the selected developer.

(C) A commitment and strategy from the local government to support the selected developer in a community outreach plan and lease up for the affordable housing development on the excess state-owned property.

(2) The department shall review an application submitted pursuant to this subdivision in an expeditious manner. Upon approval of an application for funds pursuant to this section, the department shall award the moneys for which the selected developer qualifies.

(c) A selected developer that receives an allocation of funds pursuant to this section shall use those moneys to accelerate housing production on the excess state-owned property, as follows:

(1) Allocating moneys directly to the predevelopment and development costs of housing and infrastructure that will accelerate housing production on excess state-owned property in a way that aligns with state planning priorities, housing, transportation, equity, and climate goals. Predevelopment costs may include environmental remediation and mitigation, geotechnical assessment, and activities related to the seismic retrofitting of existing improvements. Development costs may include improvements associated with an adaptive reuse project.

(2) Developing and implementing a community outreach and engagement plan, or lease-up strategy.

(3) Covering the costs of temporary staffing or consultant needs associated with the activities described in paragraphs (1) and (2).

(d) The maximum program contribution that a selected developer may receive pursuant to this subdivision shall not exceed ten million dollars (\$10,000,000). When evaluating applications and determining awards, the department shall take into consideration factors including, but not limited to, all of the following:

(1) Value of the local government contribution.

(2) Need geographically across the state.

(3) The creation of new permanent housing options.

(4) The potential for state funding for, and local contributions to make, additional housing units financially viable through this program.

(5) The availability of other replacement funding sources and the feasibility of securing such funding.

(e) Notwithstanding subdivision (d), the department may award a program contribution to a selected developer in excess of ten million dollars (\$10,000,000) when taking into consideration the factors listed in subdivision (d) and other factors, including, but not limited to, all of the following:

(1) The size, scale, and historical uses of the site.

(2) The presence and condition of existing improvements.

(3) The availability of other replacement funding sources and the feasibility of securing that funding.

SEC. 20. 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 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 of the Health and Safety Code.

(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 after December 31, 2025, shall be made available for loans authorized by Chapter 5.5 (commencing with Section 50606). 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 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, including loan principal and any interest collected, and any interest earned on the funds shall be deposited into the Housing Rehabilitation Loan Fund for purposes of the program, including, but not limited to, loans and grants to pay for repairs, maintenance, or improvements on properties acquired pursuant to the program. The funds may also be used to provide technical assistance pursuant to this chapter.

SEC. 21. Section 50720.4 of the Health and Safety Code is amended to read:

50720.4. As used in this chapter:

(a) "Capitalized operating subsidy reserve" means funds that are set aside before a property is acquired pursuant to this chapter to cover the property's operating expenses over time.

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

(c) "Foreclosure risk intervention sale" means a sale of a 1 to 25 unit residential real property that is not owner occupied and that exhibits indicators of foreclosure risk at the time of sale including, but not limited to, the following:

(1) There is a mortgage delinquency of at least 90 days.

(2) There is a delinquency on two or more property tax payments.

(3) The owner of the property is a debtor in a bankruptcy proceeding.

(4) There is tenant-initiated litigation against the owner of the property on the basis of lack of habitability.

(5) A local government body responsible for enforcing building codes has deemed the property partially or fully uninhabitable.

(6) There are other indicators that the department may prescribe in the guidelines adopted pursuant to this chapter.

(d) "Preforeclosure intervention sale" means a sale of a 1 to 25 unit residential real property that is subject to a recorded notice of default by a trustee representing a beneficiary at the time of the sale.

(e) "Program" means the Foreclosure Intervention Housing Preservation Program.

(f) "Property acquisition costs" means direct real property acquisition costs such as payment of the purchase price and any liens on eligible properties in addition to repairs required to ensure a property and its structures are in compliance with all applicable habitability, health, and safety laws.

(g) "Transaction costs" means costs related to acquiring a property, which may include property appraisal, transfer taxes, financing costs, underwriting, project management, broker fees, and legal fees.

SEC. 22. Section 50720.6 of the Health and Safety Code is amended to read:

50720.6. (a) The department shall grant funds to one or more fund managers to implement the program until June 30, 2026, which shall include funds for all of the following:

(1) Capitalized operating subsidy reserves.

(2) Loans or grants awarded pursuant to this chapter.

(3) Administrative costs authorized pursuant to paragraph (3) of subdivision (b) of Section 50720.2.

(b) A contract between the department and a fund manager to carry out the provisions of this chapter may be amended past June 30, 2026, if funds are available and if deemed appropriate by the department.

(c) The fund manager or managers shall, in compliance with the guidelines adopted pursuant to this chapter, be responsible for all of the following:

(1) Reviewing and approving loan or grant applications.

(2) Originating and servicing loans or grants, including capitalized operating subsidy reserves.

(3) Establishing terms and conditions for loan or grant applications pursuant to the guidelines adopted pursuant to this chapter.

(4) Ensuring compliance with loan or grant terms and conditions.

(d) The fund manager or managers shall meet all of the following criteria:

(1) Be a nonprofit lender with experience making real estate loans in this state, or be a housing trust fund operated by a city, a county, a city and county, or a joint powers authority as described in Article I (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code operated for the purpose of funding the development, acquisition, rehabilitation, or preservation of affordable housing for low- or moderate-income residents.

(2) Have originated and serviced loans to develop, maintain, improve, or acquire affordable housing, including at least five million dollars (\$5,000,000) in acquisition loans.

(3) Demonstrate an ability to process loans for property acquisitions in an expedient manner sufficient to deploy loans necessary to purchase real property in trustee's sales pursuant to the time constraints described in Section 2924m of the Civil Code.

(e) The department may, but is not required to, contract with one or more third-party consultants to assist with administering the program.

(1) Any third-party consultant contracted with by the department pursuant to this subdivision must demonstrate expertise in a variety of property ownership and stewardship models, such as rental housing, home ownership, community land trusts, limited-equity housing cooperatives, workforce housing cooperative trusts, or nonprofit affordable housing cooperatives.

(2) In contracting with a third-party consultant pursuant to this subdivision the department shall prioritize to third-party consultants that demonstrate a commitment to and experience in advancing racial equity.

SEC. 23. 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 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 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 sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, 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 of the Health and Safety Code.

(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. 24. Section 50780 of the Health and Safety Code is amended to read:

50780. (a) The Legislature finds and declares as follows:

(1) That manufactured housing and mobilehome parks provide a significant source of homeownership for California residents, but increasing costs of mobilehome park development and construction, combined with the costs of manufactured housing, the costs of financing and operating these parks, the low vacancy rates, and the pressures to convert mobilehome parks to other uses increasingly render mobilehome park living unaffordable, particularly to those residents most in need of affordable housing.

(2) That state government can play a role in addressing the problems confronted by mobilehome park residents with available financing that makes it possible for mobilehome park residents to acquire the mobilehome parks in which they reside and convert them to resident ownership.

(3) That a significant number of older mobilehome parks exist in California, the residents of which may collectively lack the experience or other qualifications necessary to successfully own and operate their parks; that these parks provide low-cost housing for their residents that would be difficult to replace if the parks were converted to other uses; and that these parks are more likely than other parks to be threatened by physical deterioration or conversion to other uses.

(b) Therefore, it is the intent of the Legislature, in enacting this chapter, to encourage and facilitate the conversion of mobilehome parks to resident ownership or ownership by qualified nonprofit housing sponsors or by local public entities, to protect low-income mobilehome park residents from both physical and economic displacement, to obtain a high level of private and other public financing for mobilehome park conversions, and to help establish acceptance for resident-owned, nonprofit-owned, and government-owned mobilehome parks in the private market.

SEC. 25. Section 50781 of the Health and Safety Code is amended to read:

50781. Unless the context otherwise requires, the following definitions given in this section shall control construction of this chapter:

(a) "Affordable" means that, where feasible, low-income residents should not pay more than 30 percent of their monthly income for housing costs.

(b) "Costs" includes all of the following:

(1) The cost of the acquisition, conversion, rehabilitation, reconstruction, and replacement of a mobilehome park, including costs for planning and processing, increasing space capacity, and any expenditures required by a governmental agency or lender for the project. Costs may also include funds to ensure the long-term sustainability of the mobilehome park.

(2) If the condition of a mobilehome park jeopardizes the health and safety of its residents or the mobilehome park has had its permit to operate suspended or revoked, or both, the cost of repairs necessary to restore the permit to operate or to restore the minimum health and safety standards in the park, including on-site and off-site work, as needed.

(3) In the case of individual mobilehome owners:

(A) The cost to repair, correct health and safety deficiencies, make accessibility and energy efficiency upgrades, or replace the mobilehome.

(B) In the case of individual mobilehomes or mobilehome spaces, the cost of an individual interest in the mobilehome park.

(c) "Department" means the Department of Housing and Community Development.

(d) "Fund" means the Mobilehome Park Rehabilitation and Purchase Fund created pursuant to Section 50782.

(e) "Housing costs" means the total cost of owning, occupying, and maintaining a mobilehome and a lot or space in a mobilehome park. The department's guidelines shall specify the factors included in these costs and may, for the purposes of calculating affordability, establish reasonable allowances.

(f) "Individual interest in a mobilehome park" means any interest that is fee ownership or a lesser interest that entitles the holder to occupy a lot or space in a mobilehome park for a period of not less than either 15 years or the life of the holder. Individual interests in a mobilehome park include, but are not limited to, the following:

(1) Ownership of a lot or space in a mobilehome park or subdivision.

(2) A membership or shares in a stock cooperative, as defined in Section 11003.2 of the Business and Professions Code, or a limited equity housing cooperative, as defined in Section 817 of the Civil Code.

(3) Membership in a nonprofit mutual benefit corporation that owns, operates, or owns and operates the mobilehome park.

(g) "Low-income resident" means an individual or household that is a lower income household, as defined in Section 50079.5. However, personal assets shall not be considered in the calculation of income, except to the extent that they actually generate income.

(h) "Low-income spaces" means those spaces in a mobilehome park operated by a resident organization, a qualified nonprofit housing sponsor, or a local public entity that are occupied by low-income residents.

(i) "Mobilehome park" means a mobilehome park, as defined in Section 18214, or a manufactured home subdivision created by the conversion of a mobilehome park, as defined in Section 18214, including a senior park, to resident ownership or ownership by a qualified nonprofit housing sponsor or local public entity.

(j) "Program" means the Manufactured Housing Opportunity and Revitalization (MORE) Program.

(k) "Qualified nonprofit housing sponsor" means a nonprofit public benefit corporation, as defined in Part 2 (commencing with Section 5110) of Division 2 of the Corporations Code, that (1) has received its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, (2) is not affiliated with or controlled by a for-profit organization or individual, (3) has extensive experience with the development and operation of publicly subsidized affordable housing, (4) the department determines is qualified by experience and capability to own and operate a mobilehome park that provides housing affordable to low-income households, and (5) has formal arrangements for ensuring resident participation or input in the management of the park that may include, but not be limited to, membership on the board of directors. "Qualified nonprofit housing sponsor" also means a limited partnership where all of the general partners are nonprofit mutual or public benefit corporations that meet the requirements of paragraphs (1) to (5), inclusive.

(l) "Resident organization" means a group of mobilehome park residents who have formed a nonprofit corporation, cooperative corporation, or other entity or organization for the purpose of acquiring the mobilehome park in which they reside and converting the mobilehome park to resident ownership. The membership of a resident organization shall include at least two-thirds of the households residing in the mobilehome park, or in each park of a combination of parks where the residents of two or more parks combine to form a single resident organization. The two-thirds of households in the resident organization at the time of funding the park need not be the same households that were residing in the park when the application for assistance was submitted to the department. A household's membership in the resident organization when the application was submitted to the department shall not be a requirement for that household to receive a loan or assistance under this chapter.

(m) "Resident ownership" means, depending on the context, either the ownership by a resident organization of an interest in a mobilehome park that entitles the resident organization to control the operations of the mobilehome park for a term of no less than 15 years, or the ownership of individual interests in a mobilehome park, or both.

SEC. 26. Section 50782 of the Health and Safety Code is amended to read:

50782. (a) The Mobilehome Park Rehabilitation and Purchase Fund is hereby created in the State Treasury and, notwithstanding Section 13340 of the Government Code or any other law, is continuously appropriated to the department for the purpose of providing loans pursuant to this chapter and for related administrative costs of the department. Notwithstanding Section 16305.7 of the Government Code, any moneys received by the department pursuant to this chapter, and any other sources, repayments, interest, or new appropriations, shall be deposited in the fund. Except as described in subdivision (b), moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except the Surplus Money Investment Fund. The department may require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. Notwithstanding Section 16305.7 of the Government Code, all interest, dividends, and pecuniary gains from the investments shall accrue to the fund.

(b) Notwithstanding any other law, the Controller may use the moneys in the fund for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. However, interest shall be paid on all moneys lent to the General Fund from the fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current

earning rate of the fund from which lent. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the fund was created.

SEC. 27. Section 50783 of the Health and Safety Code is amended to read:

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

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

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

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

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

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

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

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

(b) (1) Upon appropriation by the Legislature of funding for this purpose, the department may make loans from the fund to mobilehome parks to correct health and safety deficiencies and to mobilehome parks that have received a notice of revocation or suspension of their permit to operate or do not currently have a permit to operate in order to make repairs necessary to obtain or restore the permit to operate, including any on-site or off-site needs for utility connections or other essential health and safety purposes. Mobilehome parks owned by resident organizations, qualified nonprofit housing sponsors, local public entities, and private park owners shall be eligible for loans for the purposes of this subdivision. For purposes of this subdivision, the department may make loans from the fund to private mobilehome park owners if the owner owns only the mobilehome park for which they are applying for a loan and no other mobilehome park, and if the department determines both of the following:

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

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

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

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

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

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

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

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

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

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

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

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

(c) (1) The department may make loans from the fund to nonprofit corporations and local public entities for the purpose of financing the purchase or rehabilitation of mobilehomes, subject to affordability restrictions and other conditions, as specified in the guidelines.

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

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

SEC. 28. Section 50784 of the Health and Safety Code is amended to read:

50784. (a) The department may make loans from the fund to individual low-income residents of mobilehome parks to finance any individual interest in the mobilehome park. The purpose of providing loans pursuant to this section is to reduce the monthly housing costs for low-income residents to an affordable level.

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

(2) The department shall establish flexible repayment terms for loans provided pursuant to this section to reduce the monthly housing costs for low-income residents to an affordable level, provided that the terms do not represent an unacceptable risk to the security of the fund.

(3) Loans provided to low-income residents pursuant to this section shall be for the minimum amount necessary to reduce the borrower's monthly housing costs to an affordable level. All of the following shall apply to loans to finance individual interests pursuant to this section:

(A) To the extent possible, loan amounts shall not exceed 50 percent of the acquisition costs of the individual interests in the mobilehome parks. However, the loan amounts may be for up to 100 percent of the acquisition costs of the individual interests in the mobilehome parks when approved by the department.

(B) The department may grant approval to exceed 50 percent of the acquisition costs of the individual interests only if both of the following are demonstrated:

(i) That the low-income resident has made an effort to secure additional funding from other sources and these funds are not available.

(ii) That the low-income resident would be unable to purchase an individual interest without a waiver of the 50-percent financing limitation.

(C) The total indebtedness of the loan provided pursuant to this section plus any senior debt upon individual interests shall not exceed 100 percent of the value of the collateral securing the loan, plus the amount of costs incidentally, but directly, related to the acquisition, conversion, rehabilitation, reconstruction, and replacement.

(b) (1) The department may make loans or grants to a resident organization, qualified nonprofit housing sponsor, or local public entity from the fund for the purpose of assisting lower income homeowners to do any of the following:

- (A) Make repairs to their mobilehomes.
- (B) Make accessibility upgrades to their mobilehomes.
- (C) Make energy efficiency upgrades to their mobilehomes.
- (D) Replace their mobilehomes.

(2) Loans and grants made pursuant to paragraph (1) shall require the applicant entity to demonstrate sufficient organizational stability and capacity to manage a portfolio of individual loans over an extended time period. This capacity may be demonstrated by substantial successful experience performing similar activities or through other means acceptable to the department.

(3) For loans issued to an individual, lower income homeowner pursuant to this section, loan repayments, interest rates, and other terms shall be as specified in the guidelines.

(4) The department may require annual loan payments in the minimum amount necessary to cover the costs of project monitoring.

(c) The department may make loans or grants from the fund to mobilehome owners whose income is at or below 60 percent of area median income to correct health and safety conditions and make accessibility or energy efficiency upgrades, or both, to restore the condition of the mobilehome, including replacement of a mobilehome.

(1) For loans issued to an individual, lower income homeowner pursuant to this section, loan principal and accrued interest shall be forgiven over a period of time, as specified in the guidelines, provided that an eligible household remains in compliance with the loan agreement.

(2) Loans or grants pursuant to this section may be administered by a local public entity or nonprofit corporation, as approved by the department.

SEC. 29. Section 50784.5 of the Health and Safety Code is amended to read:

50784.5. (a) The department may make loans from the fund to a qualified nonprofit housing sponsor or a local public entity pursuant to subdivision (a) of Section 50783, provided the following conditions are satisfied:

(1) No less than 30 percent of residents at the time that the loan application is filed are low income.

(2) Loans may be provided pursuant to this section if either of the following applies:

(A) The park has significant outstanding violations of the Mobilehome Parks Act (Part 2.1 (commencing with Section 18200)) that threaten the long-term viability of the park and that will be remedied by the purchaser.

(B) The department determines that the loan will have a substantial benefit to low- and moderate-income homeowners and that the nonprofit housing sponsor or local public entity agrees to maintain rents at levels affordable to lower income households.

(b) If a resident organization, qualified nonprofit housing sponsor, or local public entity purchased a mobilehome park in advance of the availability of funds in order to maintain affordability of rents the cost of the purchase may be reimbursed, provided an application for funds is submitted within a timeframe deemed reasonable by the department, as further specified in the guidelines or notice of funding availability.

(c) If a resident organization, qualified nonprofit housing sponsor, or local public entity expended funds to address health and safety issues in advance of the availability of funds, the costs may be reimbursed, provided the costs would otherwise have been eligible costs under this chapter and an application for funds is submitted within a timeframe determined reasonable by the department, as further specified in the guidelines or request of notice of funding availability.

(d) All of the following shall apply to loans provided pursuant to this section:

(1) Loan amounts shall be for up to 95 percent of the costs attributable to the low-income spaces.

(2) Funds shall not be used to assist residents who are not of low income or to reduce monthly housing costs for low-income residents to less than 30 percent of their monthly income.

(e) In determining the eligibility for and amount of loans pursuant to this section, the department shall take into consideration, among other factors, all of the following:

- (1) The current health and safety conditions in the park and the likelihood that conditions would be remedied without the loan.
- (2) The degree to which the loan will benefit lower income homeowners.
- (3) The age of the park and the age of the infrastructure that will be rehabilitated with the loan proceeds.

(f) Before providing financing pursuant to this section, the department shall require provision of, and approve, at least all of the following:

- (1) Verification that either no park residents shall be involuntarily displaced as a result of the purchase or that the impacts of the displacement shall be mitigated as required under state and local law. For purposes of this requirement, compliance with Section 66427.5 of the Government Code shall be conclusively presumed to have mitigated economic displacement.
- (2) Projected costs and sources of funds for all purchase and rehabilitation activities.
- (3) Projected operating budget for the park after the purchase.
- (4) A management plan for the operation of the park.

SEC. 30. Section 50784.6 of the Health and Safety Code is amended to read:

50784.6. (a) The department may make loans from the fund to a qualified nonprofit housing sponsor, resident organization, or a local public entity for the acquisition and construction of a new mobilehome park or a part of a mobilehome park if all of the following apply:

- (1) The mobilehome park or part of the mobilehome park is to replace a mobilehome park or part of a mobilehome park that was destroyed by a natural disaster and is located on the site of the partially or wholly destroyed mobilehome park or within 20 miles from the destroyed mobilehome park.
- (2) The low-income residents of the destroyed mobilehome park that were displaced by the natural disaster are provided the right of first refusal to occupy mobilehomes in the new mobilehome park. The applicant shall provide notice to the former residents in a manner most likely to provide actual notice to the displaced residents. The right of first refusal shall be at least for a 180-day period following written notice to the former resident of their right of first refusal prior to the offering of spaces at the newly constructed mobilehome park to the public. The terms and conditions of the right of first refusal shall be subject to department approval to protect displaced residents.
- (3) The low-income residents of the new mobilehome park are provided lease or rental terms that are affordable or, to the extent possible, equivalent to those in effect at the destroyed mobilehome park.
- (4) No less than 50 percent of the spaces in the new mobilehome park will be made affordable to and occupied by households with incomes not exceeding 80 percent of the area median income of the county in which the destroyed mobilehome park was located. The department may establish more restrictive provisions in guidelines.

(b) Loans issued pursuant to this section shall be for a duration, interest rate, and other terms, as determined by the department to be equitable and necessary, as specified in the guidelines. Interest rates shall be no more than 3 percent per annum, and the department shall allow loan repayments to be deferred for the full term of the loan, with principal and accumulated interest due and payable upon completion of the term of the loan. Loan amounts shall be for an amount reasonable and necessary to ensure project feasibility as determined by the department, not to exceed 95 percent of the costs attributable to the low-income spaces.

(c) Before providing financing pursuant to this section, the department shall require verification that the qualified nonprofit housing sponsor or local public entity shall comply with all state and local laws protecting mobilehome park residents, including, but not limited to, any local rental control ordinances and Section 65863.7 of the Government Code.

(d) "Natural disaster" means a natural disaster for which a state of emergency is declared by the Governor, pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code.

SEC. 31. Section 50784.7 of the Health and Safety Code is repealed.

SEC. 32. Section 50785 of the Health and Safety Code is amended to read:

50785. (a) In determining the eligibility for and amount of loans pursuant to this chapter, the department shall take into consideration, among other factors, all of the following:

(1) The reasonableness of the costs relating to repairs, rehabilitation, construction, or other costs.

(2) Any administrative and security factors affecting the department's program operation and administration.

(3) Whether or not the projects complement the implementation of a local housing program to preserve or increase the supply of housing for persons and families of low or moderate income.

(4) Whether or not state funds are utilized in the most efficient and effective manner.

(5) In the case of a loan to a qualified nonprofit housing sponsor or to a local public entity, evidence of resident participation in the conversion and management of the park, in the form of either resident participation on the board of directors of the entity that acquires ownership of the park, or the establishment of, and consultation with, a permanent resident advisory board.

(b) To the extent consistent with requests for assistance, the department shall allocate funds available for the purposes of this chapter throughout the state in accordance with identified housing needs, including seeking to allocate not less than 20 percent to rural areas.

SEC. 33. Section 50786 of the Health and Safety Code is amended to read:

50786. (a) The department may adopt, amend, or repeal guidelines for the administration and implementation of this chapter, in consultation with stakeholders. Any guidelines adopted to implement this chapter shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(b) The department may offer one or more types of loans or activities authorized by this chapter through a notice of funding availability.

(c) The department shall obtain the best available security for loans made pursuant to this chapter. The security may include a note, deed of trust, assignment of lease, or other form of security on real or personal property that the department determines is adequate to protect the interests of the state. To the extent applicable, these documents and any regulatory provisions shall be recorded or referenced in a recorded document in the office of the county recorder of the county in which the mobilehome park is located.

(d) The degree of continuing regulatory control with respect to park operations and resident loans exercised by the department in making loans pursuant to this chapter shall be commensurate with the level of financial assistance provided and in all cases shall be adequate to protect the state's security interest and ensure the accomplishment of the purposes of the program authorized by this chapter. The regulatory requirements shall be set forth in a regulatory agreement, deed of trust, or other lien, and any violation of these requirements shall be considered a violation of a security document. If loans are made to a qualifying nonprofit housing sponsor or local public entity, a regulatory agreement shall be recorded against the mobilehome park. This regulatory agreement shall contain provisions limiting occupancy, rents, and park operation for the entire loan term. The department may release individual spaces from the regulatory agreement only if they are purchased by residents who occupy them.

(e) Before providing financing to a resident organization pursuant to subdivision (a) of Section 50783, the department shall require provision of, and approve, at least all of the following:

(1) Verification at the time of application and prior to funding that at least two-thirds of the households residing in the mobilehome park support the plans for acquisition and conversion of the park.

(2) Verification that either no park residents shall be involuntarily displaced as a result of the park conversion or the impacts of the displacement shall be mitigated as required under state and local law. For purposes of this requirement, compliance with Section 66427.5 of the Government Code shall be conclusively presumed to have mitigated economic displacement.

(3) Verification that the conversion is consistent with local zoning and land use requirements, other applicable state and local laws, and regulations and ordinances.

(4) Projected costs and sources of funds for all conversion activities.

(5) Projected operating budget for the park during and after the conversion.

(6) A management plan for the conversion and operation of the park.

(7) If necessary, a relocation plan for residents not participating that is in compliance with Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code.

(f) The department shall, to the greatest extent feasible, do all of the following:

(1) Require participation by cities and counties in loan applications submitted pursuant to this chapter.

(2) Contract with private lenders or local public entities to provide program administration and to service loans and grants made pursuant to this chapter.

(3) Give priority to applications for resident-owned parks.

(g) The department may provide technical assistance to loan applicants, or may contract with a qualified nonprofit entity to provide that technical assistance, and may include the reasonable costs of the technical assistance as a part of the loan principal.

SEC. 34. Section 50787 of the Health and Safety Code is amended to read:

50787. (a) In addition to the other uses of the fund and activities authorized by this chapter, the department may contract directly with nonprofit corporations that have significant experience working with mobilehome park residents, or acquiring, rehabilitating, and preserving affordable housing, and have statewide or regional capacity to deliver technical assistance to mobilehome park residents or community-based nonprofit corporations in order to assist them in acquiring, financing, operating, and improving mobilehome parks occupied by low- and moderate-income households, including reasonable administrative costs for the grant recipient or recipients. Notwithstanding any other provision of this chapter, moneys in the fund may be used for grants to provide services for initial terms of no more than three years.

(b) No funds provided pursuant to subdivision (a) shall be used for the purposes of taking a mobilehome park by the state, county, or city by eminent domain pursuant to Section 19 of Article I of the California Constitution.

(c) The department may contract directly with one or more nonprofit lenders to administer loans or grants authorized by this chapter.

(d) Notwithstanding any other provision of law, a contract entered into pursuant to this section shall be deemed to be for local assistance.

SEC. 35. Section 50896.3 of the Health and Safety Code is amended to read:

50896.3. (a) All HOME funds made available to the state shall be allocated by the department for the purposes specified in HOME in accordance with the following provisions:

(1) The department may allocate state HOME funds to local agencies that do not meet the threshold entitlement in an amount not to exceed the difference between the computed entitlement and the threshold.

(2) The department may allocate HOME funds, in an amount determined by the department, to any local agency that does not receive a formula allocation.

(3) The department may allocate HOME funds to housing sponsors who are eligible to participate and meet the standards required in the housing programs authorized by Part 2 (commencing with Section 50400) of this division.

(b) Notwithstanding any other law, the department may adopt guidelines, rules, policies, or standards of general application to implement this section. The adoption, amendment, or repeal of any guidelines, rules, policies, or standards of general application employed by the department in implementing this chapter is hereby exempt from the requirements of the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The department shall convene a stakeholder process to inform the development of these guidelines, rules, policies, or standards of general application for the implementation of the program pursuant to this chapter no later than September 1, 2023. Until guidelines, rules, policies, or standards of general application are adopted, the department shall administer the program pursuant to state regulations adopted as of January 1, 2022. Upon adoption of guidelines, rules, policies, or standards of general application, existing previously adopted state regulations shall be repealed. The repeal of existing state regulations pursuant to this section is hereby exempted from the requirements of the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 36. Section 50899.1 of the Health and Safety Code is amended to read:

50899.1. This chapter may be cited as the California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program.

SEC. 37. Section 50899.2 of the Health and Safety Code is amended to read:

50899.2. The California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program shall be administered by the California Department of Housing and Community Development.

SEC. 38. Section 50899.3 of the Health and Safety Code is amended to read:

50899.3. The following definitions shall apply to all activities conducted pursuant to this chapter:

- (a) "Department" means the California Department of Housing and Community Development.
- (b) "Homelessness" means the same as defined by the United States Department of Housing and Urban Development in the federal Emergency Solutions Grants Program at Section 576.2 of Title 24 of the Code of Federal Regulations.
- (c) "Continuum of care" means the same as defined by the United States Department of Housing and Urban Development at Section 586.2 of Title 24 of the Code of Federal Regulations.
- (d) "Continuum of care service area" means the entire geographic area within the boundaries of a continuum of care.
- (e) "Subrecipient" means an entity that enters into a written agreement with the department to implement activities pursuant to this chapter.
- (f) "California ESG Regulations" means the regulations set forth in Section 8400 and following of Title 25 of the California Code of Regulations, pertaining to the administration of the Federal Emergency Shelter Grants Program.
- (g) "Federal ESG Program" means collectively the California ESG Regulations, or the California ESG Guidelines adopted pursuant to this chapter, or both, and the federal laws in connection with which the California ESG Regulations were adopted, including Title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. Secs. 11371-11378, incl.), and any amendments thereto, the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 (42 U.S.C. Secs. 11302-11304, incl. and 11360-11378, incl.), and any amendments and any implementing federal regulations thereto.

SEC. 39. Section 50899.4 of the Health and Safety Code is amended to read:

50899.4. Funding for the California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program shall be made available upon appropriation to the department for the purpose of addressing the crisis of homelessness in California. In furtherance of this purpose, the department shall make grants to qualifying subrecipients throughout the state to implement activities that address the needs of homeless individuals and families and assist them to regain stability in permanent housing as quickly as possible. Funded activities may include without limitation activities eligible under the Federal ESG Program, including (a) engaging homeless individuals and families living on the street; (b) operating homeless shelters and providing essential services to shelter residents; (c) rapidly rehousing homeless individuals and families; and (d) preventing families and individuals from becoming homeless. In addition, the California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program may facilitate technical assistance activities to improve the capacity of subrecipients and the continuum of care to end homelessness. The department may accept funding for the Federal ESG Program made available by the United States Department of Housing and Urban Development pursuant to federal regulations and California guidelines.

SEC. 40. Section 50899.5 of the Health and Safety Code is amended to read:

50899.5. Any moneys appropriated and made available for the purposes of this chapter, and all moneys received by the department pursuant to this chapter, shall be used for the purposes of this chapter, including the administration of the California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program. The administrative expenses of the department in administering the California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program shall not exceed 5 percent of the funds appropriated for the purposes of this chapter. Notwithstanding any other provision of law, the department may provide an additional amount, not to exceed 5 percent of the moneys appropriated and made available for the purposes of this chapter, for technical assistance to subrecipients and continuums of care to develop, implement, carry out, or improve implementation of activities pursuant to this chapter. Notwithstanding any other provision of law, the department may also allocate an amount, not to exceed 5 percent of the funding provided to a subrecipient, for the general administration costs of those subrecipients that are cities, counties, or other political subdivisions of the State of California, in furthering the purposes of this chapter. Administrative funding for the Federal ESG Program shall be in accordance with federal regulations.

SEC. 41. Section 50899.6 of the Health and Safety Code is amended to read:

50899.6. The California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program generally will be administered by the department in a manner consistent with the Federal ESG Program. However, the department may administer the California Emergency Solutions Grants Program differently from the Federal ESG Program, and include such modifications as the department may determine are necessary to address the purposes of this chapter or to improve the

effectiveness or efficiency of the California Emergency Solutions Grants Program and the Federal Emergency Solutions Grants Program, including but not limited to:

(a) The participation of all continuum of care service areas within California, using a formula distribution that reflects the entire continuum of care service area.

(b) The modification of formula factors in the Federal ESG Program for use in the California Emergency Solutions Grants Program.

SEC. 42. Section 50899.7 of the Health and Safety Code is amended to read:

50899.7. (a) The department shall review, adopt, amend, and repeal guidelines to implement this chapter. Any guidelines adopted to implement this chapter shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. In the event of any inconsistency between such guidelines or terms and the Federal ESG Program, the guidelines shall prevail for the purposes of this chapter.

(b) Notwithstanding any other law, in order to implement this chapter, the department may adopt guidelines to replace the California ESG Regulations set forth in Subchapter 20 of Chapter 7 of Division 1 of Title 25 of the California Code of Regulations. Any guideline, rule, policy, or standard of general application employed by the department in implementing this chapter shall not be subject to the requirements of the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The department shall convene a stakeholder process to inform the development of guidelines for the implementation of the program pursuant to this chapter no later than September 1, 2023. Until guidelines are adopted, the department shall administer the program pursuant to adopted regulations.

(c) Upon adoption of guidelines, previously adopted regulations are repealed. The repeal of previously adopted regulations pursuant to this section shall not be subject to the requirements of the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 43. Chapter 12 (commencing with Section 51520) is added to Part 3 of Division 31 of the Health and Safety Code, to read:

CHAPTER 12. California Dream for All Program

51520. This chapter shall be known, and may be cited, as the California Dream for All Program.

51521. The Legislature finds and declares all of the following:

(a) Housing prices in California have risen dramatically in all parts of the state in the past decade, while the wealth gap, especially the racial wealth gap, continues to be a growing problem in California.

(b) Households who cannot afford a large down payment to offset the higher prices are increasingly locked out of homeownership. This disproportionately locks out first-time and first-generation homebuyers. This is particularly true for households of color who have faced decades of systemic racial barriers.

(c) Thriving in the middle class and building generational wealth, the California dream, starts with homeownership.

(d) Therefore, the California Dream for All Program is enacted to establish a revolving, shared appreciation model to make homeownership more attainable for eligible low- and moderate-income first-time homebuyers.

(e) In a typical example, the program could provide 20 percent toward the purchase price and the homebuyer would finance the remaining 80 percent with a traditional mortgage. This would result in the first-time homebuyer purchasing the home with a low downpayment, while also lowering monthly mortgage payments by more than thirty percent compared with existing traditional low downpayment programs, a savings of more than \$12,000 per year. Once the house is resold or refinanced, the program would be reimbursed for the 20 percent share, and the proceeds would revolve through the program to support additional first-time homebuyers.

51522. For the purposes of this chapter:

(a) "First-time homebuyer" has the same meaning as defined in Section 50068.5.

(b) "Fund" means the California Dream for All Fund.

(c) "Program" means the California Dream for All Program.

(d) "Shared appreciation loan" means a deferred-payment subordinate mortgage loan, the repayment of which is based on the amount of the subordinate loan plus the appreciation in the value of the home financed by the loan from the time of purchase to

the time the home is sold or refinanced.

51523. (a) The California Dream for All Program is hereby established to provide shared appreciation loans to qualified first-time homebuyers. The program shall be limited to providing assistance to low- and moderate-income homebuyers in the purchase of owner-occupied homes. The agency, subject to the availability of funds for the purposes of this chapter, shall implement and administer the California Dream for All Program in accordance with this chapter.

(b) (1) In implementing this part, the agency shall adopt policies, rules, and regulations by resolution of the board of directors of the agency and consistent with this part to achieve all of the following:

(A) Provide assistance to meaningfully expand access to homeownership.

(B) Expand opportunities for California households to accumulate wealth for themselves and their families. The agency shall make any necessary program adjustments consistent with the requirements of this chapter, which may include limiting the percentage of appreciation payable under the program, to ensure that design of the loan product is not an unreasonable impediment to homeowner wealth creation.

(C) Maximize the number of households assisted over time by exploring and implementing methods for selling subordinate second mortgages originated pursuant to this chapter to investors in order to generate additional funding for the program.

(D) Establish a revolving, shared appreciation first-time homebuyer program with the goal of eventually providing up to one billion dollars (\$1,000,000,000) per year for first-time homebuyers.

(E) The amount of assistance shall only be made available in conjunction with first mortgage loan financing provided by the agency, and funds available pursuant to this chapter shall also be available for interest rate buydowns and closing cost assistance for that first mortgage loan financing. Any funds made available for interest rate buydowns shall be made in conjunction with a shared appreciation loan.

(F) All repayments shall be deposited into the fund for ongoing use in the program.

(G) Sustainability for the agency without significantly adversely affecting its borrowing capacity or ability to meet other affordable housing or agency needs.

(H) Adequate consumer protection and consumer disclosure protections.

(2) Policies, rules, and regulations adopted pursuant to this part shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

51524. (a) (1) There is hereby established in the State Treasury the California Dream for All Fund.

(2) Notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the agency, without regard to fiscal years, for expenditure pursuant to this chapter and defraying administrative costs of the agency.

(3) Notwithstanding Section 16305.7 of the Government Code, any interest earned or other increment derived from investments made from moneys in the fund shall be deposited in the fund.

(b) Moneys deposited in the fund may include appropriations from the Legislature from the General Fund or other state fund, proceeds from the agency issuing revenue bonds for the purposes set forth in this chapter pursuant to Section 51350, the sale or issuance of any debt instrument secured by repayment of loans originated pursuant to this chapter, and repayments from the program.

51525. The state and the agency shall not be liable beyond the assets of the fund for any obligation in connection therewith.

51526. (a) The agency shall, on or before January 10, 2023, and annually thereafter, furnish a report to the Legislature providing details of program implementation, including, but not be limited to, the number of loans made and the characteristics of the borrowers.

(b) The report required by this section shall be submitted pursuant to Section 9795 of the Government Code.

51527. (a) (1) The agency shall develop a borrower education program and disclosure statement designed to provide a borrower with sufficient information to understand the terms of a shared appreciation loan provided pursuant to this chapter.

(2) The disclosure statement required by this subdivision shall include the specific terms of the shared appreciation loan offered to the borrower.

(b) (1) Before making a shared appreciation loan, a participating lender shall provide a borrower with information to access the borrower education program and disclosure statement developed pursuant to subdivision (a).

(2) A participating lender shall require the borrower to acknowledge the receipt of the disclosure statement developed pursuant to subdivision (a) before closing the loan.

(c) (1) The agency may use program funds to design and implement an ongoing borrower outreach program that provides regular disclosures or loan counseling services to a borrower while the borrower has a shared appreciation loan outstanding.

(2) The purpose of the ongoing borrower outreach program authorized by this subdivision shall be to encourage a borrower to satisfy the shared appreciation loan in a manner that is in the best interest of the borrower.

(d) (1) The agency may meet its obligations under this section by partnering or contracting with housing counselors, community organizations with expertise in housing and mortgage finance, or any other person with expertise in housing or mortgage finance.

(2) In exercising its authority under this subdivision, the agency shall take reasonable efforts to ensure that any person or organization that assists the agency in meeting the agency's obligations under this section is free of any conflicts of interests.

SEC. 44. 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 or 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 and for qualifying infill areas.

(c) (1) Except for funds appropriated or set aside for small jurisdictions for grants pursuant to subdivision (d), 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, 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).

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

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

(i) A demonstration that the 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 (4) of subdivision (e).

(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.

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

(5) 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) (i) "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.

(ii) A property is adjoining the side of a project site if the property is separated from the project site only by an improved public right-of-way.

(d) (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 (e).

(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.

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

(1) A 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.

(D) A qualifying infill project or qualifying infill area for which a disposition and development agreement or other project- or area-specific agreement between the developer and the local agency having jurisdiction over the project has been executed on or before the effective date of the act adding this section, shall be deemed to meet the affordability requirements of this paragraph if the agreement includes affordability covenants that subject the project or area to the production of affordable units for very low, low-, or moderate-income households.

(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.

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

(g) 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. 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.

(h) 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. 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.

(i) Notwithstanding paragraph (4) of subdivision (e), 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 (4) of subdivision (e). 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 (4) of subdivision (e). Any exception shall be for the purposes of this section only. This subdivision shall become inoperative on January 1, 2026.

SEC. 45. 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) "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) Qualifying infill project or qualifying infill area site preparation or demolition.
- (7) 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.

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

- (1) A city, county, city and county, or public housing authority that has jurisdiction over a qualifying infill area.
- (2) A nonprofit or for-profit developer of a qualifying infill project.
- (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.

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

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

(e) "Urbanized area" means an incorporated city or an urbanized area or urban cluster as defined by the United States Census Bureau. For unincorporated areas outside of an urban area or urban cluster, the area 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.

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

SEC. 46. Section 53559.5 is added to the Health and Safety Code, to read:

53559.5. (a) Unless otherwise specified in an appropriation, a notice of funding availability issued by the department shall designate funding set aside for grants pursuant to subdivision (d) of Section 53559.

(b) Of the amount of any appropriation provided for the purposes of this part, up to 5 percent of the funds shall be set aside for program administration, including state operations expenditures and technical assistance.

SEC. 47. Section 53599.2 of the Health and Safety Code is amended and renumbered to read:

53599.2. (a) For funding appropriated by the Legislature in the Budget Act of 2019, the department may expend the sum of five hundred million dollars (\$500,000,000) for the Infill Infrastructure Grant Program of 2019, as follows:

(1) Four hundred ten million dollars (\$410,000,000) shall be allocated to fund grants pursuant to subdivision (c) of Section 53559.

(2) Ninety million dollars (\$90,000,000) shall be allocated to fund grants pursuant subdivision (d) of Section 53559.

(b) Of the amount appropriated in subdivision (a), 5 percent of the funds shall be set aside for program administration, including state operations expenditures and technical assistance.

SEC. 48. Section 8256 of the Welfare and Institutions Code is amended to read:

8256. (a) Except as provided in subdivision (c), agencies and departments administering state programs created on or after July 1, 2017, shall collaborate with the California Interagency Council on Homelessness to adopt guidelines and regulations to incorporate core components of Housing First.

(b) By July 1, 2019, except as otherwise provided in subdivision (c), agencies and departments administering state programs in existence prior to July 1, 2017, shall collaborate with the council to revise or adopt guidelines and regulations that incorporate the core components of Housing First, if the existing guidelines and regulations do not already incorporate the core components of Housing First.

(c) (1) For the Returning Home Well Program, the Specialized Treatment for Optimized Programming Program, and the Long-Term Offender Reentry Recovery Program, all of which are administered by the Department of Corrections and Rehabilitation, which fund recovery housing, as defined in paragraph (3), for parolees, as defined by Section 3000 of Title 15 of the California Code of Regulations, the Department of Corrections and Rehabilitation shall do all of the following:

(A) In coordination with the California Interagency Council on Homelessness, consult with the Legislature, the Business, Consumer Services and Housing Agency, the California Health and Human Services Agency, the United States Department of Housing and Urban Development, and other stakeholders to identify ways to improve the provision of housing to individuals who receive funding from that agency or department, consistent with the applicable requirements of state law.

(B) Comply with the core components of Housing First, other than those components described in paragraphs (5) to (7), inclusive, of subdivision (b) of Section 8255.

(C) Ensure that recovery housing programs meet the following requirements:

(i) A recovery housing program participant shall sign an agreement upon entry that outlines the roles and responsibilities of both the participant and the program administrator to ensure individuals are aware of actions that could result in removal from the recovery housing program. Violations of the agreement shall not automatically result in discharge from the recovery housing program.

(ii) Efforts to link program participants to alternative housing options, including interim sheltering, permanent housing, or transitional housing, shall be documented. If a recovery housing program participant chooses to stop living in a housing setting with a recovery focus, is discharged from the program, or is removed from housing, the program administrator

shall offer assistance in accessing other housing and services options, including options operated with harm-reduction principles, and identifying an alternative housing placement. This clause does not apply to an individual who leaves the program without notifying the program administrator.

(iii) The program administrator shall offer program participants who inform the program administrator that they are leaving the program one or more of the following:

- (I) Tenant housing navigation services to permanent housing.
- (II) Connections to alternative housing providers.
- (III) Access to supportive services.
- (IV) Intake into a locally-coordinated entry system.
- (V) Warm handoff to a partner homeless services provider offering housing navigation.

(iv) The recovery housing program administrator shall track and report annually, to the program's state funding source, the housing outcome for each program participant who is discharged, including, but not limited to, the following information:

- (I) The number of homeless individuals with a housing need served by the program funds that year, as well as the demographics of the population served.
- (II) Outcome data for all individuals served through program funds, including the type of housing that the individuals were connected to, the type of housing the individuals were exited to, the percent of housing exits that were successful, and exit types of unsuccessful housing exits.

(v) The department shall make every effort to ensure that exits to homelessness are extremely rare.

(2) The Department of Corrections and Rehabilitation shall make efforts to reduce recidivism by offering participation to formerly incarcerated persons in recovery housing programs. Connections to safe and supportive housing is a critical priority for successful community reintegration.

(3) For purposes of this subdivision, "recovery housing" means sober living facilities and programs that provide housing in a recovery-focused and peer-supported community for people recovering from substance use issues. Participation is voluntary, unless that participation is pursuant to a court order or is a condition of release for individuals under the jurisdiction of a county probation department or the Department of Corrections and Rehabilitation.

(d) (1) Beginning on January 1, 2023, a grantee or entity operating any of the following state homelessness programs, as a condition of receiving state funds, shall enter the required data elements described in paragraph (8) on the individuals and families it serves into its local Homeless Management Information System, as required by the United States Department of Housing and Urban Development guidance described in paragraph (8), unless otherwise exempted by state or federal law:

- (A) The program referred to as Homekey, as described in Section 50675.1.1 of the Health and Safety Code.
- (B) The Housing for a Healthy California Program established pursuant to Part 14.2 (commencing with Section 53590) of Division 31 of the Health and Safety Code.
- (C) The No Place Like Home Program established pursuant to Part 3.9 (commencing with Section 5849.1) of Division 5.
- (D) The Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code).
- (E) The Veterans Housing and Homeless Prevention Act of 2014, as established by Article 3.2 (commencing with Section 987.001) of Chapter 6 of Division 4 of the Military and Veterans Code.
- (F) The Bringing Families Home Program, as established by Article 6 (commencing with Section 16523) of Chapter 5 of Part 4 of Division 9.
- (G) The CalWORKs Housing Support Program, as established by Article 3.3 (commencing with Section 11330) of Chapter 2 of Part 3 of Division 9.
- (H) The Housing and Disability Income Advocacy Program, as established by Chapter 17 (commencing with Section 18999) of Part 6 of Division 9.

(I) The Community Colleges Homeless and Housing Insecure Pilot Project, as established by funds appropriated by the Budget Act of 2019.

(J) The Homeless Housing, Assistance, and Prevention Program established in Chapter 6 (commencing with Section 50216) of Part 1 of Division 31 of the Health and Safety Code.

(2) Council staff, in consultation with respective administering state agencies or departments, shall specify the entry format and disclosure frequency for the programs subject to this subdivision to submit the data elements as specified in paragraph (1) to inform and meet the council's statewide objectives and goals described in Section 8257.

(3) (A) The requirements of paragraph (1) shall additionally apply to all new state homelessness programs that commence on or after July 1, 2021.

(B) New state homelessness programs and new grantees of the existing state programs described in paragraph (1) may be granted an extension of up to one year from program launch to meet the requirements of this subdivision.

(4) For purposes of this subdivision, state homelessness programs are defined as those programs that are funded, in whole or in part, by the state with the express purpose of addressing or preventing homelessness or providing services to people experiencing homelessness. This definition shall be broadly construed for the purpose of carrying out the requirements of this subdivision.

(5) The requirements of paragraphs (1) and (3) do not supplant any existing requirements imposed on a grantee or entity operating a state program described in this subdivision that require the program to report data into their local Homeless Management Information Systems before January 1, 2023.

(6) (A) Any grantee or entity operating a program described in paragraph (1) or (3) that does not already collect and enter into the local Homeless Management Information System the data elements required under this subdivision shall, upon request, receive technical assistance and guidance from council staff and, as available, from federal partners, including, but not limited to, the United States Department of Housing and Urban Development.

(B) When a grantee or entity operating a program requests technical assistance, the council shall inform the respective administering state agency or department and offer the opportunity to partner or coordinate the provision of technical assistance.

(7) Any grantee or entity operating a program described in paragraph (1) shall, upon request, be granted an extension to meet the requirements in this subdivision, provided noncompliant grantees are making good faith progress towards meeting the requirements. An extension granted under this paragraph shall not extend beyond July 1, 2023. For purposes of this paragraph, "making good faith progress" includes, but is not limited to, engaging in technical assistance offered under paragraph (6) and establishing a plan to comply with this subdivision.

(8) For purposes of this subdivision, required data elements are the Universal Data Elements (Items 3.01–3.917) and the Common Data Elements (Items 4.02–4.20 and Item W5 of the Individual Federal Partner Program Elements) drawn from the United States Department of Housing and Urban Development Homeless Management Information System Data Standards. When necessary, due to federal changes to the items indicated in this paragraph, the required data elements may be amended to maintain alignment with federal standards.

(9) Beginning January 1, 2022, council staff shall provide aggregate data summaries collected in full pursuant to this subdivision to the respective administering state agencies or departments that oversee relevant programs within 45 days of receipt. Where feasible, council staff shall notify the respective administering state agencies or departments at least 14 days before sharing, publicly using, or referencing the data, including, but not limited to, using the data for any substantive analysis, summary statistics, or other findings.

(e) The Board of State and Community Corrections Adult Reentry Grant programs that fund recovery housing subject to this chapter shall apply the requirements of this chapter prospectively beginning July 1, 2022, through any new contracts or agreements.

SEC. 49. Section 8257 of the Welfare and Institutions Code is amended to read:

8257. (a) The Governor shall create an Interagency Council on Homelessness.

(b) The council shall have all of the following goals:

(1) To oversee implementation of this chapter.

(2) To identify mainstream resources, benefits, and services that can be accessed to prevent and end homelessness in California.

(3) To create partnerships among state agencies and departments, local government agencies, participants in the United States Department of Housing and Urban Development's Continuum of Care Program, federal agencies, the United States Interagency Council on Homelessness, nonprofit entities working to end homelessness, homeless services providers, and the private sector, for the purpose of arriving at specific strategies to end homelessness.

(4) To promote systems integration to increase efficiency and effectiveness while focusing on designing systems to address the needs of people experiencing homelessness, including unaccompanied youth under 25 years of age.

(5) To coordinate existing funding and applications for competitive funding. Any action taken pursuant to this paragraph shall not restructure or change any existing allocations or allocation formulas.

(6) To make policy and procedural recommendations to legislators and other governmental entities.

(7) To identify and seek funding opportunities for state entities that have programs to end homelessness, including, but not limited to, federal and philanthropic funding opportunities, and to facilitate and coordinate those state entities' efforts to obtain that funding.

(8) To broker agreements between state agencies and departments and between state agencies and departments and local jurisdictions to align and coordinate resources, reduce administrative burdens of accessing existing resources, and foster common applications for services, operating, and capital funding.

(9) To serve as a statewide facilitator, coordinator, and policy development resource on ending homelessness in California.

(10) To report to the Governor, federal Cabinet members, and the Legislature on homelessness and work to reduce homelessness.

(11) To ensure accountability and results in meeting the strategies and goals of the council.

(12) To identify and implement strategies to fight homelessness in small communities and rural areas.

(13) To create a statewide data system or warehouse, which shall be known as the Homeless Data Integration System, that collects local data through Homeless Management Information Systems, with the ultimate goal of matching data on homelessness to programs impacting homeless recipients of state programs, such as the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9) and CalWORKs (Chapter 2 (commencing with Section 11200) of Part 3 of Division 9). Upon creation of the Homeless Data Integration System, all continuums of care, as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, that are operating in California shall provide collected data elements, including, but not limited to, health information, in a manner consistent with federal law, to the Homeless Data Integration System.

(A) Council staff shall specify the form and substance of the required data elements.

(B) Council staff may, as required by operational necessity, and in accordance with paragraph (8) of subdivision (d) of Section 8256, amend or modify data elements, disclosure formats, or disclosure frequency.

(C) To further the efforts to improve the public health, safety, and welfare of people experiencing homelessness in the state, council staff may collect data from the continuums of care as provided in this paragraph.

(D) Any health information or personal identifying information provided to, or maintained within, the Homeless Data Integration System shall not be subject to public inspection or disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).

(E) For purposes of this paragraph, "health information" includes "protected health information," as defined in Part 160.103 of Title 45 of the Code of Federal Regulations, and "medical information," as defined in subdivision (j) of Section 56.05 of the Civil Code.

(14) To set goals to prevent and end homelessness among California's youth.

(15) To improve the safety, health, and welfare of young people experiencing homelessness in the state.

(16) To increase system integration and coordinating efforts to prevent homelessness among youth who are currently or formerly involved in the child welfare system or the juvenile justice system.

(17) To lead efforts to coordinate a spectrum of funding, policy, and practice efforts related to young people experiencing homelessness.

(18) To identify best practices to ensure homeless minors who may have experienced maltreatment, as described in Section 300, are appropriately referred to, or have the ability to self-refer to, the child welfare system.

(19) To collect, compile, and make available to the public financial data provided to the council from all state-funded homelessness programs.

(c) (1) The council shall consist of the following members:

(A) The Secretary of the Business, Consumer Services and Housing Agency and the Secretary of the California Health and Human Services Agency, who both shall serve as cochair of the council.

(B) The Director of Transportation.

(C) The Director of Housing and Community Development.

(D) The Director of Social Services.

(E) The Director of the California Housing Finance Agency.

(F) The Director or the State Medicaid Director of Health Care Services.

(G) The Secretary of Veterans Affairs.

(H) The Secretary of the Department of Corrections and Rehabilitation.

(I) The Executive Director of the California Tax Credit Allocation Committee in the Treasurer's office.

(J) The State Public Health Officer.

(K) The Director of the California Department of Aging.

(L) The Director of Rehabilitation.

(M) The Director of State Hospitals.

(N) The executive director of the California Workforce Development Board.

(O) The Director of the Office of Emergency Services.

(P) A representative from the State Department of Education, who shall be appointed by the Superintendent of Public Instruction.

(Q) A representative of the state public higher education system who shall be from one of the following:

(i) The California Community Colleges.

(ii) The University of California.

(iii) The California State University.

(2) The Senate Committee on Rules and the Speaker of the Assembly shall each appoint one member to the council from two different stakeholder organizations.

(3) The council may, at its discretion, invite stakeholders, individuals who have experienced homelessness, members of philanthropic communities, and experts to participate in meetings or provide information to the council.

(4) The council shall hold public meetings at least once every quarter.

(d) The council shall regularly seek guidance from and, at least twice a year, meet with an advisory committee. The cochair of the council shall appoint members to this advisory committee that reflects racial and gender diversity, and shall include the following:

(1) A survivor of gender-based violence who formerly experienced homelessness.

(2) Representatives of local agencies or organizations that participate in the United States Department of Housing and Urban Development's Continuum of Care Program.

(3) Stakeholders with expertise in solutions to homelessness and best practices from other states.

(4) Representatives of committees on African Americans, youth, and survivors of gender-based violence.

(5) A current or formerly homeless person who lives in California.

(6) A current or formerly homeless youth who lives in California.

(7) This advisory committee shall designate one of the above-described members to participate in every quarterly council meeting to provide a report to the council on advisory committee activities.

(e) Within existing funding, the council may establish working groups, task forces, or other structures from within its membership or with outside members to assist it in its work. Working groups, task forces, or other structures established by the council shall determine their own meeting schedules.

(f) Upon request of the council, a state agency or department that administers one or more state homelessness programs, including, but not limited to, an agency or department represented on the council pursuant to subdivision (c), the agency or department shall be required to do both of the following:

(1) Participate in council workgroups, task forces, or other similar administrative structures.

(2) Provide to the council any relevant information regarding those state homelessness programs.

(g) The members of the council shall serve without compensation, except that members of the council who are, or have been, homeless may receive reimbursement for travel, per diem, or other expenses. The members of the advisory committee and any council working group shall receive a per diem of one hundred dollars (\$100) for each day spent in attendance at advisory committee meetings, and shall also be reimbursed for traveling and other expenses necessarily incurred in the performance of official duties.

(h) The appointed members of the council or committees, as described in this section, shall serve at the pleasure of their appointing authority.

(i) The Business, Consumer Services and Housing Agency shall provide staff for the council.

(j) The members of the council may enter into memoranda of understanding with other members of the council to achieve the goals set forth in this chapter, as necessary, in order to facilitate communication and cooperation between the entities the members of the council represent.

(k) There shall be an executive officer of the council under the direction of the Secretary of Business, Consumer Services and Housing.

(l) The council shall be under the direction of the executive officer and staffed by employees of the Business, Consumer Services and Housing Agency.

SEC. 50. 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.