AB-507 Adaptive reuse: streamlining: incentives. (2025-2026)

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Assembly Bill No. 507

CHAPTER 493

An act to amend Section 65585 of, to add Chapter 9 (commencing with Section 51299) to Part 1 of Division 1 of Title 5 of, and to add Article 11.5 (commencing with Section 65658) to Chapter 3 of Division 1 of Title 7 of, the Government Code, relating to housing.

[Approved by Governor October 10, 2025. Filed with Secretary of State October 10, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 507, Haney. Adaptive reuse: streamlining: incentives.

(1) Existing law, the Planning and Zoning Law, requires each county and city to adopt a comprehensive, long-term general plan for its physical development, and the development of certain lands outside its boundaries, that includes, among other mandatory elements, a housing element. That law allows a development proponent to submit an application for a development that is subject to a specified streamlined, ministerial approval process not subject to a conditional use permit, if the development satisfies certain objective planning standards, including that the development is a multifamily housing development that contains two or more residential units.

This bill would deem an adaptive reuse project a use by right in all zones, regardless of the zoning of the site, and subject to a streamlined, ministerial review process if the project meets specified requirements, subject to specified exceptions. In this regard, an adaptive reuse project, in order to qualify for the streamlined, ministerial review process, would be required to be proposed for an existing building or structure that is less than 50 years old or meets certain requirements regarding the preservation of historic resources, including the signing of an affidavit declaring that the project will comply with the United States Secretary of the Interior's Standards for Rehabilitation for, among other things, the preservation of exterior facades of a building or structure that face a street, or receive federal or state historic rehabilitation tax credits, as specified. The bill would require an adaptive reuse project to meet specified affordability criteria. In this regard, the bill would require an adaptive reuse project for rental housing to include either 8% of the unit for very low income households and 5% of the units for extremely low income households or 15% of the units for lower income households. For an adaptive reuse project for owner-occupied housing, the bill would require the development to offer either 30% of the units at an affordable housing cost to moderate-income households or 15% of the units at an affordable housing cost to lower income households. For an adaptive reuse project including mixed uses, the bill would require at least one-half of the square footage of the adaptive reuse project to be dedicated to residential uses.

The bill would prohibit an adaptive reuse project from being permitted in industrial zones that do not permit residential uses. The bill would provide, among other things relating to projects involving adaptive reuse, that parking is not required for the portion of a project consisting of a building subject to adaptive reuse that does not have existing onsite parking. The bill would authorize an adaptive reuse project subject to these provisions to include the development of new residential or mixed-use structures on undeveloped areas and parking areas located on the same parcel as the proposed repurposed building, or on the parcels adjacent to the proposed adaptive reuse project site if certain conditions are met. The bill would subject an adaptive reuse project

approved by a local government pursuant to these provisions to specified labor standards, including certain labor prevailing wage, apprenticeship, skilled and training workforce, and health care expenditure requirements, and would require development proponents to certify compliance with certain labor standards under penalty of perjury. By requiring certain development proponents of an adaptive reuse project to sign an affidavit regarding the preservation of historic resources and requiring development proponents to certify compliance with certain labor standards under penalty of perjury, the bill would expand the crime of perjury and therefore impose a state-mandated local program.

The bill would authorize a local government to adopt an ordinance, as specified, to, among other things, specify the process and requirements applicable to adaptive reuse projects, as specified, and would require an adaptive reuse project to comply with all objective planning standards found in the ordinance. The bill would specify that nothing in its provisions relating to adaptive reuse projects is intended to preempt the adoption and implementation of a local ordinance that provides alternative procedures and substantive requirements for adaptive reuse projects, provided that the local ordinance does not prohibit an applicant from electing to pursue an adaptive reuse project, as specified.

The bill would require a local agency that has not adopted an above-described ordinance to ministerially without discretionary review approve or disapprove applications for a permit to create or serve an adaptive reuse project, as specified. The bill would, if a local government's planning director or equivalent position determines that the adaptive reuse project submitted pursuant to these provisions is consistent with the objective planning standards, require the local government to approve the adaptive reuse project within specified timeframes. The bill would require the local government staff or relevant local planning and permitting department, upon determining that the adaptive reuse project is in conflict with any of the objective planning standards, to provide the proponent written documentation of, among other things, which standard or standards the development conflicts with within specific timeframes. The bill would prohibit a local government from imposing any local development standard on any project that is an adaptive reuse that would require alteration of the existing building envelope, except as specified, whether or not the local government has adopted an ordinance. By requiring local governments to implement the streamlined, ministerial review process for adaptive reuse projects, the bill would impose a state-mandated local program.

This bill would, except as specified, exempt an adaptive reuse project from all impact fees that are not reasonably related to the impacts resulting from the change of use of the site from nonresidential to residential or mixed use and would require any fees charged to be roughly proportional to the difference in impacts caused by the change of use.

This bill would authorize a city or county, or city and county, commencing in the 2026–27 fiscal year, to establish an adaptive reuse investment incentive program to pay adaptive reuse investment incentive funds to the proponent of an adaptive reuse project approved pursuant to the streamlined, ministerial process described above for up to 30 consecutive fiscal years, as specified. The bill would define "adaptive reuse investment incentive funds" to mean an amount up to or equal to the amount of ad valorem property tax revenue allocated to the participating local agency from the taxation of that portion of the total assessed value of the real and personal property of an adaptive reuse project property that is in excess of the qualified adaptive reuse project property's valuation at the time of the proponent's initial request for funding.

The bill would define various other terms for these purposes, and would make findings and declarations related to its provisions. The bill would make its provisions operative on July 1, 2026.

(2) Existing law, the California Environmental Quality Act (CEQA), requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment. CEQA does not apply to the approval of ministerial projects.

This bill, by establishing the streamlined, ministerial review process described above, would exempt the approval of adaptive reuse projects subject to those processes from CEQA. The bill would also exempt specified findings regarding industrial uses and ordinances adopted to implement specified provisions from CEQA.

(3) Existing law requires each 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 mandatory elements, a housing element. Existing law requires the Department of Housing and Community Development to notify a city, county, or city and county, and authorizes the department to notify the Attorney General, that a city, county, or city and county is in violation of state law if the department finds that the housing element or an amendment to that element, or any specified action or failure to act, does not substantially comply with the law as it pertains to housing elements or that any local government has taken an action in violation of certain housing laws.

This bill would make corrections to a housing law cross-reference relating to the adaptive reuse project process established by the bill, thereby making a violation of that adaptive reuse project process by a city, county, or city and county subject to the above-described notification requirements.

(4) The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

(5)This bill would incorporate additional changes to Section 65585 of the Government Code proposed by AB 650 to be operative only if this bill and AB 650 are enacted and this bill is enacted last.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.
Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

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

SECTION 1. The Legislature finds and declares all of the following:

(a) Converting vacant commercial space into residential housing, through adaptive reuse, could reduce underutilized and vacant buildings that have been decreasing in value, thereby helping to stabilize the commercial real estate market and filling those spaces with more valuable tax-generating uses.

(b) Adaptive reuse projects can increase activity and foot traffic in neighborhoods across the state, which helps support local businesses and enhance the cultural life of cities and towns.

(c) Adaptive reuse projects create new construction jobs and preserve historic structures.

(d) Adaptive reuse projects are more environmentally friendly than new construction by repurposing existing materials, reducing transportation emissions, and preserving embodied carbon.

(e) New housing construction, at all affordability levels, can help to mitigate, and eventually reverse, the statewide housing shortage.

(f) Adaptive reuse projects require construction techniques that justify labor standards that differ from new housing construction.

SEC. 2. Chapter 9 (commencing with Section 51299) is added to Part 1 of Division 1 of Title 5 of the Government Code, to read:

CHAPTER 9. Adaptive Reuse Investment Incentive Program

51299. It is the intent of the Legislature in enacting this chapter to provide cities and counties with opportunities to adaptively reuse existing buildings, such as office buildings, in order to facilitate their conversion to housing and mixed uses.

51299.1. For purposes of this chapter:

(a) “Adaptive reuse investment incentive funds” means, with respect to a qualified adaptive reuse project property for a relevant fiscal year, an amount up to or equal to the amount of ad valorem property tax revenue allocated to the participating local agency, excluding the revenue transfers required by Sections 97.2 and 97.3 of the Revenue and Taxation Code, from the taxation of that portion of the total assessed value of the real and personal property of an adaptive reuse project property that is in excess of the qualified adaptive reuse project property’s valuation at the time of the proponent’s initial request for funding.

(b) “Program” means an adaptive reuse investment incentive program established pursuant to Section 51299.2.

(c) (1) “Proponent” means a party or parties that meet all of the following criteria:

(A) The party is named in the application for a permit to construct a qualified adaptive reuse project submitted to the city or county.

(B) The party will be the fee owner of the qualified adaptive reuse project property upon the completion of that development.

(2) If a proponent that is receiving adaptive reuse investment incentive amounts subsequently leases the qualified adaptive reuse project property to another party, the lease may provide for the payment to that lessee of any portion of adaptive reuse investment incentive funds. A lessee that receives any portion of adaptive reuse investment incentive funds shall also be considered a proponent for the purposes of this chapter.

(d) “Qualified adaptive reuse project property” means an adaptive reuse project proposed pursuant to Article 11.5 (commencing with Section 65658) of Chapter 3 of Division 1 of Title 7 that is located within the city or county.

51299.2. (a) Commencing in the 2026–27 fiscal year, the governing body of a city or county, or city and county, may, by ordinance or resolution, establish an adaptive reuse investment incentive program pursuant to this chapter.

(b) (1) A city or county, or city and county, that establishes a program shall, upon the approval by a majority of the entire membership of its governing body of a written request therefor, pay adaptive reuse investment incentive funds to the proponent of a qualified adaptive reuse project property to subsidize the affordable housing units, as required pursuant to Article 11.5 (commencing with Section 65658) of Chapter 3 of Division 1 of Title 7, for up to 30 consecutive fiscal years. Nothing in this paragraph shall prohibit a city or county, or city and county, from paying adaptive reuse investment incentive funds to a proponent pursuant to this paragraph for a period of fewer than 30 years.

(2) A request for the payment of adaptive reuse investment incentive funds shall be filed by a proponent in writing with the governing body of the city or county in the time and manner established by that governing body.

(c) After a city or county, or city and county, approves a request for the payment of adaptive reuse investment incentive funds, payment of adaptive reuse investment incentive funds shall begin with the first fiscal year that commences after the qualified adaptive reuse property is issued a certificate of occupancy. If the city or county, or city and county, does not issue certificates of occupancy, the final inspection of the qualified adaptive reuse project property shall serve as the certificate of occupancy for purposes of this subdivision.

51299.3. A city or special district may pay to the city or county, or city and county, an amount equal to the amount of ad valorem property tax revenue allocated to that city or special district, but not the actual allocation, derived from the taxation of that portion of the total assessed value of that real property that is in excess of the property's valuation at the time of the proponent's initial request for funding, for the purpose of subsidizing the affordable housing units required pursuant to Article 11.5 (commencing with Section 65658) of Chapter 3 of Division 1 of Title 7.

51299.4. This chapter shall become operative on July 1, 2026.

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

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

(b) (1) (A) At least 90 days prior to adoption of a revision of its housing element pursuant to subdivision (e) of Section 65588, or at least 60 days prior to the adoption of a subsequent amendment to this element, the planning agency shall submit a draft element revision or draft amendment to the department. The local government of the planning agency shall make the first draft revision of a housing element available for public comment for at least 30 days and, if any comments are received, the local government shall take at least 10 business days after the 30-day public comment period to consider and incorporate public comments into the draft revision prior to submitting it to the department. For any subsequent draft revision, the local government shall post the draft revision on its internet website and shall email a link to the draft revision to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting the draft revision to the department.

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

(C) The department shall review the draft and report its written findings to the planning agency within 90 days of its receipt of the first draft submittal for each housing element revision pursuant to subdivision (e) of Section 65588 or within 60 days of its receipt of a subsequent draft amendment or an adopted revision or adopted amendment to an element. The department shall not review the first draft submitted for each housing element revision pursuant to subdivision (e) of Section 65588 until the local government has made the draft available for public comment for at least 30 days and, if comments were received, has taken at least 10 business days to consider and incorporate public comments pursuant to paragraph (1).

(2) (A) At least 90 days prior to the initial adoption of a revision of its housing element pursuant to subdivision (e) of Section 65588, and at least 7 days prior to any subsequent adoption submittal if changes have occurred to the inventory of sites, a local government shall do both of the following:

(i) Make a draft of its inventory of sites required pursuant to paragraph (3) of subdivision (a) of Section 65583 available to the department and the public and post the draft inventory on its internet website.

(ii) Send an email to all individuals and organizations that have previously requested notices notifying them that the inventory has been updated that includes a link to the draft inventory on its website.

(B) The requirements of this paragraph shall apply to the seventh and each subsequent revision of the housing element.

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

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

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

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

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

(B) Any change to a draft element or draft amendment pursuant to subparagraph (A) shall be completed in accordance with subdivision (b). This subparagraph does not constitute a change in, but is declaratory of, existing law.

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

(g) (1) Promptly following the adoption of its element or amendment, the planning agency shall submit a copy of the adopted element or amendment and any findings made pursuant to paragraph (2) of subdivision (f) to the department.

(2) This subdivision shall not be construed to excuse a legislative body from complying with subdivision (f). This paragraph does not constitute a change in, but is declaratory of, existing law.

(h) The department shall, within 60 days, review adopted housing elements or amendments and any findings pursuant to paragraph (2) of subdivision (f), make a finding as to whether the adopted element or amendment is in substantial compliance with this article, and report its findings to the planning agency.

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

(B) If the department finds that the city's, county's, or city and county's action or failure to act does not substantially comply with its adopted housing element or its obligations pursuant to Section 65583, there shall be a rebuttable presumption of invalidity in any legal action challenging that action or failure to act.

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

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

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

(1) Housing Accountability Act (Section 65589.5).

(2) Section 65863.

(3) Chapter 4.3 (commencing with Section 65915).

(4) Section 65008.

(5) Housing Crisis Act of 2019 (Chapter 654, Statutes of 2019, Sections 65941.1, 65943, and 66300).

(6) Section 8899.50.

(7) Section 65913.4.

(8) Article 11 (commencing with Section 65650).

(9) Article 12 (commencing with Section 65660).

(10) Section 65913.11.

(11) Section 65400.

(12) Section 65863.2.

(13) Chapter 4.1 (commencing with Section 65912.100).

(14) Section 65905.5.

(15) Chapter 13 (commencing with Section 66310).

(16) Section 65852.21.

(17) Section 65852.24.

(18) Section 66411.7.

(19) Section 65913.16.

(20) Article 2 (commencing with Section 66300.5) of Chapter 12.

(21) Section 65852.28.

(22) Section 65913.4.5.

(23) Section 66499.41.

(24) Homeless Housing, Assistance, and Prevention program (Chapter 6 (commencing with Section 50216) and Chapter 6.5 (commencing with Section 50230) of Part 1 of Division 31 of the Health and Safety Code).

(25) Encampment Resolution Funding program (Chapter 7 (commencing with Section 50250) of Part 1 of Division 31 of the Health and Safety Code).

(26) Family Homelessness Challenge Grants and Technical Assistance Program (Chapter 8 (commencing with Section 50255) of Part 1 of Division 31 of the Health and Safety Code).

(27) Article 11.5 (commencing with Section 65658).

(k) Commencing July 1, 2019, prior to the Attorney General bringing any suit for a violation of the provisions identified in subdivision (j) related to housing element compliance and seeking remedies available pursuant to this subdivision, the department shall offer the jurisdiction the opportunity for two meetings in person or via telephone to discuss the violation, and shall provide the jurisdiction written findings regarding the violation. This paragraph does not affect any action filed prior to the effective date of this section. The requirements set forth in this subdivision do not apply to any suits brought for a violation or violations of paragraphs (1) and (3) to (9), inclusive, of subdivision (j).

(l) In any action or special proceeding brought by the Attorney General relating to housing element compliance pursuant to a notice or referral under subdivision (j), the Attorney General may request, upon a finding of the court that the housing element does not substantially comply with the requirements of this article pursuant to this section, that the court issue an order or judgment directing the jurisdiction to bring its housing element into substantial compliance with the requirements of this article. The court shall retain jurisdiction to ensure that its order or judgment is carried out. If a court determines that the housing element of the jurisdiction substantially complies with this article, it shall have the same force and effect, for purposes of eligibility for any financial assistance that requires a housing element in substantial compliance and for purposes of any incentives provided under Section 65589.9, as a determination by the department that the housing element substantially complies with this article.

(1) If the jurisdiction has not complied with the order or judgment after 12 months, the court shall conduct a status conference. Following the status conference, upon a determination that the jurisdiction failed to comply with the order or judgment compelling substantial compliance with the requirements of this article, the court shall impose fines on the jurisdiction, which shall be deposited into the Building Homes and Jobs Trust Fund. Any fine levied pursuant to this paragraph shall be in a minimum amount of ten thousand dollars ($10,000) per month, but shall not exceed one hundred thousand dollars ($100,000) per month, except as provided in paragraphs (2) and (3). In the event that the jurisdiction fails to pay fines imposed by the court in full and on time, the court may require the Controller to intercept any available state and local funds and direct such funds to the Building Homes and Jobs Trust Fund to correct the jurisdiction's failure to pay. The intercept of the funds by the Controller for this purpose shall not violate any provision of the California Constitution.

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

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

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

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

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

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

(n) Nothing in this section shall limit the authority of the office of the Attorney General to bring a suit to enforce state law in an independent capacity. The office of the Attorney General may seek all remedies available under law including those set forth in this section.

(o) Notwithstanding Sections 11040 and 11042, if the Attorney General declines to represent the department in any action or special proceeding brought pursuant to a notice or referral under subdivision (j), the department may appoint or contract with other counsel for purposes of representing the department in the action or special proceeding.

(p) Notwithstanding any other provision of law, the statute of limitations set forth in subdivision (a) of Section 338 of the Code of Civil Procedure shall apply to any action or special proceeding brought by the office of the Attorney General or pursuant to a notice or referral under subdivision (j), or by the department pursuant to subdivision (o).

(q) The amendments to this section made by the act adding this subdivision shall not be construed to limit the department's ability to enforce programmatic requirements or remedies against cities, counties, and continuums of care pursuant to the Homeless Housing, Assistance, and Prevention program (Chapter 6 (commencing with Section 50216) and Chapter 6.5 (commencing with Section 50230) of Part 1 of Division 31 of the Health and Safety Code), the Encampment Resolution Funding program (Chapter 7 (commencing with Section 50250) of Part 1 of Division 31 of the Health and Safety Code), and the Family Homelessness

Challenge Grants and Technical Assistance Program (Chapter 8 (commencing with Section 50255) of Part 1 of Division 31 of the Health and Safety Code).

SEC. 3.5. Section 65585 of the Government Code is amended to read:

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

(b) (1) (A) At least 90 days prior to adoption of a revision of its housing element pursuant to subdivision (e) of Section 65588, or at least 60 days prior to the adoption of a subsequent amendment to this element, the planning agency shall submit a draft element revision or draft amendment to the department. The local government of the planning agency shall make the first draft revision of a housing element available for public comment for at least 30 days and, if any comments are received, the local government shall take at least 10 business days after the 30-day public comment period to consider and incorporate public comments into the draft revision prior to submitting it to the department. For any subsequent draft revision, the local government shall post the draft revision on its internet website and shall email a link to the draft revision to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting the draft revision to the department.

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

(C) The department shall review the draft and report its written findings to the planning agency within 90 days of its receipt of the first draft submittal for each housing element revision pursuant to subdivision (e) of Section 65588 or within 60 days of its receipt of a subsequent draft amendment or an adopted revision or adopted amendment to an element. The department shall not review the first draft submitted for each housing element revision pursuant to subdivision (e) of Section 65588 until the local government has made the draft available for public comment for at least 30 days and, if comments were received, has taken at least 10 business days to consider and incorporate public comments pursuant to paragraph (1).

(2) (A) At least 90 days prior to the initial adoption of a revision of its housing element pursuant to subdivision (e) of Section 65588, and at least 7 days prior to any subsequent adoption submittal if changes have occurred to the inventory of sites, a local government shall do both of the following:

(i) Make a draft of its inventory of sites required pursuant to paragraph (3) of subdivision (a) of Section 65583 available to the department and the public and post the draft inventory on its internet website.

(ii) Send an email to all individuals and organizations that have previously requested notices notifying them that the inventory has been updated that includes a link to the draft inventory on its website.

(B) The requirements of this paragraph shall apply to the seventh and each subsequent revision of the housing element.

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

(d) In its written findings, the department shall determine whether the draft element or draft amendment substantially complies with this article. If the department finds that the draft element or draft amendment does not substantially comply with this article, the department shall in a written communication to the planning agency do both of the following:

(1) Identify and explain the specific deficiencies in the draft element or draft amendment, including a reference to each subdivision of Section 65583 that the draft element or draft amendment does not comply with.

(2) Provide the specific analysis or text that the department expects the planning agency to include in the draft element or draft amendment to remedy the deficiencies identified in paragraph (1).

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

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

(1) (A) Include the specific analysis or text in the draft element or draft amendment to substantially comply with this article, as required by the department pursuant to subdivision (d).

(B) Any change to a draft element or draft amendment pursuant to subparagraph (A) shall be completed in accordance with subdivision (b). This subparagraph does not constitute a change in, but is declaratory of, existing law.

(2) Adopt the draft element or draft amendment without the specific analysis or text required by the department pursuant to subdivision (d). The legislative body shall include in its resolution of adoption written findings that explain the reasons the legislative body believes that the draft element or draft amendment substantially complies with this article despite the findings of, and specific analysis or text required by, the department.

(g) (1) Promptly following the adoption of its element or amendment, the planning agency shall submit a copy of the adopted element or amendment and any findings made pursuant to paragraph (2) of subdivision (f) to the department.

(2) This subdivision shall not be construed to excuse a legislative body from complying with subdivision (f). This paragraph does not constitute a change in, but is declaratory of, existing law.

(h) The department shall, within 60 days, review adopted housing elements or amendments and any findings pursuant to paragraph (2) of subdivision (f), make a finding as to whether the adopted element or amendment is in substantial compliance with this article, and report its findings to the planning agency. If the department finds that the adopted element or amendment is not in substantial compliance with this article, the department shall identify each subdivision of Section 65583 that the housing element does not substantially comply with and provide the specific analysis or text to the planning agency that, if adopted, would bring the housing element or amendment into substantial compliance.

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

(B) If the department finds that the city's, county's, or city and county's action or failure to act does not substantially comply with its adopted housing element or its obligations pursuant to Section 65583, there shall be a rebuttable presumption of invalidity in any legal action challenging that action or failure to act.

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

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

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

(1) Housing Accountability Act (Section 65589.5).

(2) Section 65863.

(3) Chapter 4.3 (commencing with Section 65915).

(4) Section 65008.

(5) Housing Crisis Act of 2019 (Chapter 654, Statutes of 2019, Sections 65941.1, 65943, and 66300).

(6) Section 8899.50.

(7) Section 65913.4.

(8) Article 11 (commencing with Section 65650).

(9) Article 12 (commencing with Section 65660).

(10) Section 65913.11.

(11) Section 65400.

(12) Section 65863.2.

(13) Chapter 4.1 (commencing with Section 65912.100).

(14) Section 65905.5.

(15) Chapter 13 (commencing with Section 66310).

(16) Section 65852.21.

(17) Section 65852.24.

(18) Section 66411.7.

(19) Section 65913.16.

(20) Article 2 (commencing with Section 66300.5) of Chapter 12.

(21) Section 65852.28.

(22) Section 65913.4.5.

(23) Section 66499.41.

(24) Homeless Housing, Assistance, and Prevention program (Chapter 6 (commencing with Section 50216) and Chapter 6.5 (commencing with Section 50230) of Part 1 of Division 31 of the Health and Safety Code).

(25) Encampment Resolution Funding program (Chapter 7 (commencing with Section 50250) of Part 1 of Division 31 of the Health and Safety Code).

(26) Family Homelessness Challenge Grants and Technical Assistance Program (Chapter 8 (commencing with Section 50255) of Part 1 of Division 31 of the Health and Safety Code).

(27) Article 11.5 (commencing with Section 65658).

(k) Commencing July 1, 2019, prior to the Attorney General bringing any suit for a violation of the provisions identified in subdivision (j) related to housing element compliance and seeking remedies available pursuant to this subdivision, the department shall offer the jurisdiction the opportunity for two meetings in person or via telephone to discuss the violation, and shall provide the jurisdiction written findings regarding the violation. This paragraph does not affect any action filed prior to the effective date of this section. The requirements set forth in this subdivision do not apply to any suits brought for a violation or violations of paragraphs (1) and (3) to (9), inclusive, of subdivision (j).

(l) In any action or special proceeding brought by the Attorney General relating to housing element compliance pursuant to a notice or referral under subdivision (j), the Attorney General may request, upon a finding of the court that the housing element does not substantially comply with the requirements of this article pursuant to this section, that the court issue an order or judgment directing the jurisdiction to bring its housing element into substantial compliance with the requirements of this article. The court shall retain jurisdiction to ensure that its order or judgment is carried out. If a court determines that the housing element of the jurisdiction substantially complies with this article, it shall have the same force and effect, for purposes of eligibility for any financial assistance that requires a housing element in substantial compliance and for purposes of any incentives provided under Section 65589.9, as a determination by the department that the housing element substantially complies with this article.

(1) If the jurisdiction has not complied with the order or judgment after 12 months, the court shall conduct a status conference. Following the status conference, upon a determination that the jurisdiction failed to comply with the order or judgment compelling substantial compliance with the requirements of this article, the court shall impose fines on the jurisdiction, which shall be deposited into the Building Homes and Jobs Trust Fund. Any fine levied pursuant to this paragraph shall be in a minimum amount of ten thousand dollars ($10,000) per month, but shall not exceed one hundred thousand dollars ($100,000) per month, except as provided in paragraphs (2) and (3). In the event that the jurisdiction fails to pay fines imposed by the court in full and on time, the court may require the Controller to intercept any available state and local funds and direct such funds to the Building Homes and Jobs Trust Fund to correct the jurisdiction’s failure to pay. The intercept of the funds by the Controller for this purpose shall not violate any provision of the California Constitution.

(2) If the jurisdiction has not complied with the order or judgment after three months following the imposition of fees described in paragraph (1), the court shall conduct a status conference. Following the status conference, if the court finds that the fees imposed pursuant to paragraph (1) are insufficient to bring the jurisdiction into compliance with the order or judgment, the court

may multiply the fine determined pursuant to paragraph (1) by a factor of three. In the event that the jurisdiction fails to pay fines imposed by the court in full and on time, the court may require the Controller to intercept any available state and local funds and direct such funds to the Building Homes and Jobs Trust Fund to correct the jurisdiction's failure to pay. The intercept of the funds by the Controller for this purpose shall not violate any provision of the California Constitution.

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

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

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

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

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

(n) Nothing in this section shall limit the authority of the office of the Attorney General to bring a suit to enforce state law in an independent capacity. The office of the Attorney General may seek all remedies available under law including those set forth in this section.

(o) Notwithstanding Sections 11040 and 11042, if the Attorney General declines to represent the department in any action or special proceeding brought pursuant to a notice or referral under subdivision (j), the department may appoint or contract with other counsel for purposes of representing the department in the action or special proceeding.

(p) Notwithstanding any other provision of law, the statute of limitations set forth in subdivision (a) of Section 338 of the Code of Civil Procedure shall apply to any action or special proceeding brought by the office of the Attorney General or pursuant to a notice or referral under subdivision (j), or by the department pursuant to subdivision (o).

(q) The amendments to this section made by the act adding this subdivision shall not be construed to limit the department's ability to enforce programmatic requirements or remedies against cities, counties, and continuums of care pursuant to the Homeless Housing, Assistance, and Prevention program (Chapter 6 (commencing with Section 50216) and Chapter 6.5 (commencing with Section 50230) of Part 1 of Division 31 of the Health and Safety Code), the Encampment Resolution Funding program (Chapter 7 (commencing with Section 50250) of Part 1 of Division 31 of the Health and Safety Code), and the Family Homelessness Challenge Grants and Technical Assistance Program (Chapter 8 (commencing with Section 50255) of Part 1 of Division 31 of the Health and Safety Code).

SEC. 4. Article 11.5 (commencing with Section 65658) is added to Chapter 3 of Division 1 of Title 7 of the Government Code, to read:

Article 11.5. Office to Housing Conversion Act

65658. This article may be cited as the Office to Housing Conversion Act.

65658.1. For purposes of this article:

(a) (1) "Adaptive reuse project" means the retrofitting and repurposing of an existing building to create new residential or mixed uses including office conversion projects.

(2) "Adaptive reuse project" shall not include any of the following:

(A) The retrofitting and repurposing of any building that is within an industrial zone that does not permit residential uses.

(B) The retrofitting and repurposing of any hotels, or any mixed-use buildings that contain hotel use, except if they have been discontinued for a minimum of five years from the date on which this article becomes operative.

(b) “Adjacent portion of the project” means the portion of the project located on a site adjacent to and attached to the proposed repurposed existing building, including on the same parcel as the proposed repurposed existing building.

(c) “Broadly applicable housing affordability requirement” means a local ordinance or other regulation that requires a minimum percentage of affordable units and that applies to a variety of housing development types or entitlement pathways.

(d) “Impact fee” means any fee imposed pursuant to Chapter 5 (commencing with Section 66000).

(e) “Industrial use” means utilities, manufacturing, transportation storage and maintenance facilities, warehousing uses, and any other use that is a source that is subject to permitting by a district, as defined in Section 39025 of the Health and Safety Code, pursuant to Division 26 (commencing with Section 39000) of the Health and Safety Code or the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.). “Industrial use” does not include any of the following:

(1) Power substations or utility conveyances such as power lines, broadband wires, and pipes.

(2) A use where the only source permitted by a district is an emergency backup generator.

(3) Self-storage for the residents of a building.

(f) “Historical resource” means the same as defined in subdivision (j) of Section 5020.1 of the Public Resources Code, or a resource listed in the California Register of Historical Resources as described in Section 5024.1 of the Public Resources Code.

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

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

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

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

(i) “Mixed use” means residential uses combined with at least one other land use, but not including any industrial use.

(j) “Office conversion project” means the conversion of a building used for office purposes or a vacant office building into residential dwelling units.

(k) “Persons and families of low or moderate income” means the same as defined in Section 50093 of the Health and Safety Code.

(l) “Phase I environmental assessment” means the same as defined in Section 78090 of the Health and Safety Code.

(m) “Preliminary endangerment assessment” means the same as defined in Section 78095 of the Health and Safety Code.

(n) “Residential uses” includes, but is not limited to, housing units, dormitories, boarding houses, group housing, and other congregate residential uses. “Residential uses” does not include prisons or jails.

(o) “Urban uses” has the same meaning as defined in Section 65912.101.

(p) “Use by right” means that the city’s or county’s review of the adaptive reuse project may not require a conditional use permit, planned unit development permit, or other discretionary city or county review or approval that would constitute a “project” for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of an adaptive reuse project shall be subject to all laws, including, but not limited to, a city or county ordinance implementing the Subdivision Map Act (Division 2 (commencing with Section 66410)).

65658.3. (a) A local government may adopt an ordinance to implement this article and specify the process and requirements applicable to adaptive reuse projects, provided that the ordinance is consistent with this article.

(b) An ordinance adopted pursuant to subdivision (a) shall not be considered a “project” under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(c) A local agency that has not adopted an ordinance governing adaptive reuse pursuant to subdivision (a) shall ministerially, without discretionary review, approve or disapprove applications the local agency receives for a permit to create or serve an adaptive reuse project pursuant to this article.

(d) Notwithstanding Section 65455, any zoning ordinance authorizing adaptive reuse projects may be adopted or amended even if it is inconsistent with the adopted specific plan, and any conflicting provisions authorizing adaptive reuse projects in the zoning ordinance shall supersede the conflicted provisions in the specific plan.

(e) Nothing in this article is intended to preempt the adoption and implementation of a local ordinance that provides alternative procedures and substantive requirements for adaptive reuse projects, provided that the local ordinance does not prohibit an applicant from electing to pursue an adaptive reuse project under this article or under any ordinance adopted to implement this article.

65658.4. The Legislature finds and declares that encouraging commercial-to-resident conversions to help address the statewide housing crisis addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this article applies to all cities, including charter cities.

65658.5. (a) (1) An adaptive reuse project that meets the requirements of subdivision (b) shall be deemed a use by right in all zones, regardless of the zoning of the site, and subject to the streamlined, ministerial review process described in Section 65658.8, except that both of the following conditions apply:

(A) Any nonresidential uses of a proposed mixed-use adaptive reuse project shall be consistent with the land uses allowed by the zoning or a continuation of an existing zoning nonconforming use.

(B) Any tourist hotel uses of a proposed adaptive reuse project shall be subject to the existing approval processes required by that local jurisdiction.

(2) Notwithstanding any other law, an adaptive reuse project shall not be permitted in industrial zones that do not permit residential uses.

(b) An adaptive reuse project shall comply with all of the following requirements:

(1) The adaptive reuse project and the site on which it is located shall satisfy both of the following:

(A) It is a legal parcel or parcels located in a city if, and only if, the city boundaries include some portion of an urbanized area, as designated by the United States Census Bureau, or, for unincorporated areas, a legal parcel or parcels wholly within the boundaries of an urbanized area, as designated by the United States Census Bureau.

(B) At least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses. For the purposes of this section, parcels that are separated by a street, highway, or any other right-of-way shall be considered to be adjoined.

(2) The adaptive reuse project is proposed for any of the following, as applicable:

(A) The project is proposed for an existing building or structure that is less than 50 years old.

(B) The project is proposed for an existing building or structure that is listed on a local, state, or federal register of historic resources and the adaptive reuse project proponent complies with Section 65658.7.

(C) The project is proposed for an existing building that is more than 50 years old and the local government has evaluated the site through a preliminary application or equivalent local process submitted pursuant to subdivision (a) of Section 65658.7 and either of the following is satisfied:

(i) The local government determines that the building or structure is a historic resource and the adaptive reuse project proponent complies with Section 65658.7.

(ii) The local government determines that the building or structure is not a historic resource.

(3) The adaptive reuse project meets the following affordability criteria, as applicable:

(A) (i) An adaptive reuse project for rental housing shall include either of the following:

(I) Eight percent of the units for very low income households and 5 percent of the units for extremely low income households.

(II) Fifteen percent of the units for lower income households.

(ii) The development proponent shall agree to, and the local government shall require, the continued affordability of all affordable rental units included pursuant to this subdivision through a recorded affordability restriction for a period of 55 years. Rents shall be set at an affordable rent, as defined in Section 50053 of the Health and Safety Code.

(B) (i) An adaptive reuse project for owner-occupied housing shall comply with either of the following:

(I) Thirty percent of the units shall be offered at an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, to moderate-income households.

(II) Fifteen percent of the units shall be offered at an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, to lower income households.

(ii) The development proponent shall agree to, and the local government shall require, the continued affordability of all affordable ownership units through a recorded affordability restriction for a period of 45 years.

(C) If the local government has a local affordable housing requirement, the housing development project shall comply with all of the following:

(i) The development project shall include the percentage of affordable units required by this section or the local requirement, whichever is higher.

(ii) The development project shall meet the lowest income targeting required by either this section or the local requirement.

(iii) If the local affordable housing requirement requires greater than 15 percent of the units to be dedicated for lower income households and does not require the inclusion of units affordable to very low and extremely low income households, then the rental housing development shall do both of the following:

(I) Include 8 percent of the units for very low income households and 5 percent of the units for extremely low income households.

(II) Fifteen percent of units affordable to lower income households shall be subtracted from the percentage of units required by the local policy at the highest required affordability level.

(D) Affordable units in the development project shall have the same bedroom and bathroom count ratio as the market rate units, be equitably distributed within the project, and have the same type or quality of appliances, fixtures, and finishes.

(4) If the adaptive reuse project includes mixed uses, at least one-half of the square footage of the adaptive reuse project shall be dedicated to residential uses. For purposes of this subparagraph, square footage of the project does not include underground space, including basements or underground parking garages.

(5) (A) The local government shall, as a condition of approval of the development, require the development proponent to complete a Phase I environmental assessment.

(B) If a recognized environmental condition is found, the development proponent shall undertake a preliminary endangerment assessment, as defined in Section 78095 of the Health and Safety Code, prepared by an environmental assessor to determine the existence of any release of a hazardous substance on the site and to determine the potential for exposure of future occupants to significant health hazards from any nearby property or activity.

(i) (I) If a release of a hazardous substance is found to exist on the site, before the local government issues a certificate of occupancy, the release shall be removed, or any significant effects of the release shall be mitigated to a level of insignificance in compliance with current state and federal requirements.

(II) If a potential for exposure to significant hazards from surrounding properties or activities is found to exist, before the local government issues a certificate of occupancy, the effects of the potential exposure shall be mitigated to a level of insignificance in compliance with current state and federal requirements.

(ii) If the city or county, or city and county, does not issue certificates of occupancy, the final inspection of the adaptive reuse project shall serve as the certificate of occupancy for purposes of clause (i).

(6) (A) The adaptive reuse project complies with all objective planning standards found in an ordinance adopted pursuant to Section 65658.3.

(B) A local government shall not impose any local development standard on any project that is an adaptive reuse project pursuant to this article that would require alteration of the existing building envelope, except if required by any applicable local building code, regardless of whether the local government has adopted an ordinance pursuant to Section 65658.3.

(7) The acreage of the project site is 20 acres or less.

(c) An adaptive reuse project that meets all the requirements of subdivision (b) may include rooftop structures that exceed any applicable height limitation imposed by the local government, provided that the rooftop structure does not exceed one story and is used for shared amenities or equipment, including, but not limited to, shared cooking facilities, exercise facilities, common area lounges, or mechanical and stair penthouse facilities.

(d) (1) Parking shall not be required for the portion of a project consisting of a building subject to adaptive reuse that does not have existing onsite parking.

(2) This article shall not reduce, eliminate, or preclude the enforcement of any requirement imposed on a new multifamily residential or nonresidential development to provide bicycle parking, if feasible.

(3) This article shall not reduce, eliminate, or preclude the enforcement of any requirement imposed on a project that includes existing onsite parking to provide electric vehicle supply equipment, installed parking spaces, or parking spaces that are accessible to persons with disabilities that would have otherwise applied to the development if this section did not apply.

(e) An adaptive reuse project shall not violate the terms of any conservation easement applicable to the site.

(f) (1) A housing development proposed pursuant to this article shall be eligible for a density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios pursuant to Section 65915.

(2) For the purpose of calculating a density bonus for a project proposed pursuant to this article, the base density of an adaptive reuse project shall be the density proposed by the developer, including the portion of a project consisting of a building with a proposed change in use and any adjacent portion of the project, notwithstanding any general plan density limit as described in paragraph (6) of subdivision (o) of Section 65915.

(3) The affordability criteria described in paragraph (3) of subdivision (b) shall apply to the base density of the project, and shall not apply to any bonus units proposed pursuant to Section 65915.

(g) A housing development proposed to adaptively reuse a building shall not be eligible for a density bonus waiver or incentive that has the effect of increasing the height of the adaptively reused building above what is allowed under subdivision (c).

65658.6. (a) An adaptive reuse project that satisfies the requirements of Section 65658.5 may include the development of new residential or mixed-use structures on undeveloped areas and parking areas located on the same parcel as the proposed repurposed building, or on the parcels adjacent to the proposed adaptive reuse project site if all of the following requirements are met:

(1) The adjacent portion of the project complies with the requirements of any of the following:

(A) The requirements of paragraphs (5) and (8) of subdivision (a) of Section 65913.4.

(B) The requirements of the Affordable Housing and High Road Jobs Act of 2022 (Chapter 4.1 (commencing with Section 65912.100)), including the labor standards for construction workers in the act.

(C) The requirements of the Middle Class Housing Act of 2022 (Section 65852.24), including the labor standards for construction workers in the act.

(2) The adjacent portion of the project is located on a parcel that satisfies the requirements specified in subparagraphs (A) and (B) of paragraph (2) of subdivision (a) of Section 65913.4.

(3) The adjacent portion of the project is located on a parcel that satisfies the requirements specified in paragraph (6) of subdivision (a) of Section 65913.4, exclusive of clause (iv) of subparagraph (A) of that paragraph.

(4) The adjacent portion of the project is located on a parcel that satisfies the requirements specified in paragraph (7) of subdivision (a) of Section 65913.4.

(5) The applicant and local agency comply with the requirements of subdivision (b) of Section 65913.4.

(6) Any existing open space on the proposed project site is not a historic resource.

(b) The adjacent portion of the project shall be eligible for a density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios pursuant to Section 65915.

65658.7. (a) (1) (A) Before submitting an application for an adaptive reuse project pursuant to Section 65658.5 for a structure that is more than 50 years old and not listed on a local, state, or federal register of historic resources, the development proponent shall submit to the local government a notice of its intent to submit an application.

(B) The notice of intent described in subparagraph (A) shall be in the form of a preliminary application that includes all of the information described in Section 65941.1. A local government may use an existing historic resource determination process in lieu of the preliminary application.

(2) Upon receipt of a notice of intent to submit an application described in subdivision (a), the local government shall evaluate the project site for historical resources. The local government shall make a historic resource significance determination within 90 days of submission of the notice of intent for purposes of paragraph (1) of subdivision (b) of Section 65658.5.

(3) Submission of a notice of intent pursuant to this section does not constitute owner consent for determination of eligibility for the California Register of Historical Resources or National Register of Historic Places. Any historic resource determination made pursuant to this subdivision shall apply only for the purposes of this article and shall not affect or be applicable to any other law.

(b) If the adaptive reuse project is proposed for an existing building or structure that is listed on a local, state, or federal register of historic resources or if the local government has determined that the project site is a historic resource pursuant to subdivision (a), the adaptive reuse project proponent shall sign an affidavit declaring that the project will only move forward if it complies with either of the following:

(1) (A) The United States Secretary of the Interior's Standards for Rehabilitation, as found in Part 67 of Title 36 of the Code of Federal Regulations, for the preservation of exterior facades of a building or structure that face a street, interior facades of a building or structure that face a courtyard, and interior spaces of a building or structure that are publicly accessible and character defining, including ground floor lobbies. Exterior facades that do not face a street, interior facades that do not face a courtyard, and interior spaces that are not publicly accessible and character defining may be modified without regard to the United States Secretary of the Interior's Standards for Rehabilitation.

(B) The local agency shall determine any compliance with the United States Secretary of the Interior's Standards for Rehabilitation described in subparagraph (A).

(2) The project is awarded federal historic rehabilitation tax credits pursuant to Section 47 of the Internal Revenue Code, or state historic rehabilitation tax credits pursuant to Section 17053.91 or 23691 of the Revenue and Taxation Code.

(c) (1) (A) Notwithstanding subdivision (b), if the adaptive reuse project is proposed for a site that is listed on a local, state, or federal historic register and the adaptive reuse project proponent does not sign an affidavit pursuant to subdivision (b), the local government shall process the adaptive reuse project pursuant to Section 65658.8, but the local government may deny or conditionally approve the project if the local government makes a finding, based upon a preponderance of evidence in the record, that the project will cause a significant adverse impact to historic resources.

(B) A local agency may impose conditions of approval to mitigate impacts to historic resources and to comply with the United States Secretary of the Interior's Standards for Rehabilitation, as found in Part 67 of Title 36 of the Code of Federal Regulations, for the preservation of exterior facades of a building or structure that face a street and interior spaces of a building or structure that are publicly accessible and character defining, including ground floor lobbies, but shall not impose other conditions of approval. Exterior facades that do not face a street and interior spaces that are not publicly accessible and character defining shall not be required to be preserved according to the United States Secretary of the Interior's Standards for Rehabilitation.

(2) An adaptive reuse project pursuant to this section shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.

(d) For the purposes of this article, a local government's evaluation of a site for historical resources and review of an adaptive reuse project for consistency with the United States Secretary of the Interior's Standards for Rehabilitation shall be conducted by a person who meets the United States Secretary of the Interior's Professional Qualifications Standards, as published in Part 67 (commencing with Section 67.1) of Title 36 of the Code of Federal Regulations. Any revised professional qualifications standards adopted by the Secretary of the Interior that supersede the standards described in this paragraph shall apply.

65658.8. (a) (1) Notwithstanding any local law, if a local government's planning director or equivalent position determines that an adaptive reuse project submitted pursuant to this article is consistent with the objective planning standards specified in Section 65658.5 and Section 65658.6, if applicable, the local government shall approve the adaptive reuse project within the following timeframes:

(A) Within 60 days of the date that the project has been deemed consistent pursuant to this paragraph and paragraph (2), if the project contains 150 or fewer housing units.

(B) Within 90 days of the date that the project has been deemed consistent pursuant to this paragraph and paragraph (2), if the project contains more than 150 housing units.

(2) Upon a determination that an adaptive reuse project submitted pursuant to this section is in conflict with any of the objective planning standards specified in Section 65658.5 or Section 65658.6, if applicable, the local government staff or relevant local planning and permitting department that made the determination shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards within the following timeframes:

(A) Within 60 days of submittal of the adaptive reuse project to the local government pursuant to this section if the project contains 150 or fewer housing units.

(B) Within 90 days of submittal of the adaptive reuse project to the local government pursuant to this section if the project contains more than 150 housing units.

(C) Within 30 days of submittal of any adaptive reuse project that was resubmitted to the local government following a determination of a conflict with one or more objective planning standards pursuant to this paragraph.

(3) If the local government's planning director or equivalent position fails to provide the required documentation pursuant to paragraph (2), the adaptive reuse project shall be deemed to satisfy the objective planning standards specified in Section 65658.5 and Section 65658.6, if applicable.

(4) For purposes of this section, an adaptive reuse project is consistent with the objective planning standards specified in Section 65658.5 and Section 65658.6, if applicable, if there is substantial evidence that would allow a reasonable person to conclude that the project is consistent with the objective planning standards. The local government shall not determine that an adaptive reuse project, including an application for a modification under subdivision (f), is in conflict with the objective planning standards on the basis that application materials are not included, if the application contains substantial evidence that would allow a reasonable person to conclude that the project is consistent with the objective planning standards.

(5) Upon submittal of an application for streamlined, ministerial approval pursuant to this section to the local government, all departments of the local government that are required to issue an approval of the adaptive reuse project before the granting of an entitlement shall comply with the requirements of this section within the time periods specified in paragraphs (1) and (2).

(b) (1) (A) Any design review of the project may be conducted by the local government's planning commission or any equivalent board or commission responsible for design review. That design review shall be objective and be strictly focused on assessing compliance with the criteria required for streamlined projects. That design review shall not in any way inhibit, chill, or preclude the ministerial approval provided by this article.

(B) Any design review for the adjacent portion of the project shall be objective and be strictly focused on assessing compliance with the objective criteria required for streamlined projects, including, as applicable, those for new exterior additions to historic buildings described in Preservation Brief 14: New Exterior Additions to Historic Buildings: Preservation Concerns released by the National Park Service within the United States Department of the Interior.

(2) If the adaptive reuse project is consistent with the requirements of Section 65658.5 and Section 65658.6, if applicable, and is consistent with all objective subdivision standards in the local subdivision ordinance, an application for a subdivision pursuant to the Subdivision Map Act (Division 2 (commencing with Section 66410)) shall be exempt from the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and shall be subject to the public oversight timelines set forth in paragraph (1) of subdivision (a).

(c) (1) Notwithstanding any law, a local government, whether or not it has adopted an ordinance governing automobile parking requirements in multifamily developments, shall not impose automobile parking standards for an adjacent portion of the project that was approved pursuant to this article in any of the following instances:

(A) The adjacent portion of the project is located within one-half mile of public transit.

(B) The adjacent portion of the project is located within an architecturally and historically significant historic district.

(C) When on-street parking permits are required but not offered to the occupants of the adjacent portion of the project.

(D) When there is a car share vehicle located within one block of the adjacent portion of the project.

(2) If the adjacent portion of the project does not fall within any of the categories described in paragraph (1), the local government shall not impose automobile parking requirements for the adjacent portion of the project approved pursuant to this article that exceed one parking space per unit.

(d) Notwithstanding any other law, a local government shall not require any of the following prior to approving an adaptive reuse project that meets the requirements of this article:

(1) Studies, information, or other materials that do not pertain directly to determining whether the adaptive reuse project is consistent with the objective planning standards applicable to the development.

(2) (A) Compliance with any standards necessary to receive a postentitlement permit.

(B) This paragraph does not prohibit a local agency from requiring compliance with any standards necessary to receive a postentitlement permit after a permit has been issued pursuant to this section.

(C) For purposes of this paragraph, “postentitlement permit” has the same meaning as provided in subparagraph (A) of paragraph (3) of subdivision (j) of Section 65913.3.

(e) (1) If a local government approves an adaptive reuse project pursuant to this article, then, notwithstanding any other law, that approval shall not expire if the project satisfies both of the following requirements:

(A) The project includes public investment in housing affordability, beyond tax credits.

(B) At least 20 percent of the units are affordable to households making at or below 80 percent of the area median income.

(2) (A) If a local government approves an adaptive reuse project pursuant to this article, and the project does not satisfy the requirements of subparagraphs (A) and (B) of paragraph (1), that approval shall remain valid for three years from the date of the final action establishing that approval, or if litigation is filed challenging that approval, from the date of the final judgment upholding that approval. Approval shall remain valid for a project provided construction activity, including demolition and grading activity, on the development site has begun pursuant to a permit issued by the local jurisdiction and is in progress. For purposes of this subdivision, “in progress” means one of the following:

(i) Construction has begun and has not ceased for more than 365 days.

(ii) If the project requires multiple building permits, an initial phase has been completed, and the project proponent has applied for and is diligently pursuing a building permit for a subsequent phase, provided that once it has been issued, the building permit for the subsequent phase does not lapse.

(B) Notwithstanding subparagraph (A), a local government may grant a project a one-time, one-year extension if the project proponent can provide documentation that there has been significant progress toward getting the adaptive reuse project construction ready, such as filing a building permit application.

(3) If the qualified adaptive reuse project proponent requests a modification pursuant to subdivision (f), then the time during which the approval shall remain valid shall be extended for the number of days between the submittal of a modification request and the date of its final approval, plus an additional 180 days to allow time to obtain a building permit. If litigation is filed relating to the modification request, the time shall be further extended during the pendency of the litigation. The extension required by this paragraph shall only apply to the first request for a modification submitted by the development proponent.

(f) (1) (A) A development proponent may request a modification to a qualified adaptive reuse project that has been approved under the streamlined approval process provided in this article if that request is submitted to the local government before the issuance of the final building permit required for construction of the adaptive reuse project.

(B) Except as provided in paragraph (3), the local government shall approve a modification if it determines that the modification is consistent with the objective planning standards specified in subdivision (a) that were in effect when the original adaptive reuse project application was first submitted.

(C) The local government shall evaluate any modifications requested pursuant to this subdivision for consistency with the objective planning standards using the same assumptions and analytical methodology that the local government originally used to assess consistency for the adaptive reuse project that was approved for streamlined, ministerial approval pursuant to subdivision (a).

(2) Upon receipt of the adaptive reuse project proponent's application requesting a modification, the local government shall determine if the requested modification is consistent with the objective planning standard and either approve or deny the modification request within 60 days after submission of the modification, or within 90 days if design review is required.

(3) Notwithstanding paragraph (1), the local government may apply objective planning standards to an adjacent portion of the project adopted after the project application was first submitted to the requested modification in any of the following instances:

(A) The adjacent portion of the project is revised such that the total number of residential units or total square footage of construction changes by 15 percent or more. The calculation of the square footage of construction changes shall not include underground space.

(B) The adjacent portion of the project is revised such that the total number of residential units or total square footage of construction changes by 5 percent or more and it is necessary to subject the project to an objective standard beyond those in effect when the project application was submitted in order to mitigate or avoid a specific, adverse impact, as that term is defined in subparagraph (A) of paragraph (1) of subdivision (j) of Section 65589.5, upon the public health or safety and there is no feasible alternative method to satisfactorily mitigate or avoid the adverse impact. The calculation of the square footage of construction changes shall not include underground space.

(C) Objective building standards contained in the California Building Standards Code (Title 24 of the California Code of Regulations) or the California Historical Building Code (Part 8 of Title 24 of the California Code of Regulations), including, but not limited to, building plumbing, electrical, fire, and grading codes, may be applied to all modification applications that are submitted prior to the first building permit application. Those standards may be applied to modification applications submitted after the first building permit application if agreed to by the development proponent.

(4) The local government's review of a modification request pursuant to this subdivision shall be strictly limited to determining whether the modification, including any modification to previously approved density bonus concessions or waivers, renders the project inconsistent with the applicable objective planning standards and shall not reconsider prior determinations that are not affected by the modification.

65658.9. (a) A local government shall issue a subsequent permit required for an adaptive reuse project approved under this article if the application substantially complies with the project as it was approved pursuant to Section 65658.8. Upon receipt of an application for a subsequent permit, the local government shall process the permit without unreasonable delay and shall not impose any procedure or requirement that is not imposed on projects that are not approved pursuant to this article. The local government shall consider the application for subsequent permits based upon the applicable objective standards specified in any state or local laws that were in effect when the original adaptive reuse project application was submitted, unless the proponent agrees to a change in objective standards. Issuance of subsequent permits shall implement the approved project, and review of the permit application shall not inhibit, chill, or preclude the adaptive reuse project. For purposes of this paragraph, a "subsequent permit" means a permit required subsequent to receiving approval under subdivision (a) of Section 65658.8, and includes, but is not limited to, demolition, grading, encroachment, and building permits and final maps.

(b) (1) If a public improvement is necessary to implement a project subject to this article, including, but not limited to, a bicycle lane, sidewalk or walkway, public transit stop, driveway, street paving or overlay, a curb or gutter, a modified intersection, a street sign or street light, landscape or hardscape, an aboveground or underground utility connection, a water line, fire hydrant, storm or sanitary sewer connection, retaining wall, and any related work, and that public improvement is located on land owned by the local government, to the extent that the public improvement requires approval from the local government, the local government shall not exercise its discretion over any approval relating to the public improvement in a manner that would inhibit, chill, or preclude the project.

(2) If an application for a public improvement described in paragraph (1) is submitted to a local government, the local government shall do all of the following:

(A) Consider the application based upon any objective standards specified in any state or local laws that were in effect when the original adaptive reuse project application was submitted.

(B) Conduct its review and approval in the same manner as it would evaluate the public improvement if required by a project that is not eligible to receive ministerial or streamlined approval pursuant to this section.

(3) If an application for a public improvement described in paragraph (1) is submitted to a local government, the local government shall not do either of the following:

(A) Adopt or impose any requirement that applies to a project solely or partially on the basis that the project is eligible to receive ministerial or streamlined approval pursuant to this article.

(B) Unreasonably delay in its consideration, review, or approval of the application.

(c) Nothing in this article shall be interpreted to limit the applicability of Section 65913.3.

65658.10. (a) A local government shall not adopt or impose any requirement, including, but not limited to, increased fees or inclusionary housing requirements, that applies to a project solely or partially on the basis that the project is eligible to receive ministerial or streamlined approval pursuant to this article.

(b) This article shall not affect a project proponent's ability to use any alternative streamlined by right permit processing adopted by a local government.

(c) Any project that qualifies as an adaptive reuse project pursuant to this article shall also qualify as a housing development project entitled to the protections of Section 65589.5.

(d) Alterations to an existing building necessary to comply with local code, the California Building Standards Code (Title 24 of the California Code of Regulations), or the California Historical Building Code (Part 8 of Title 24 of the California Code of Regulations) shall not disqualify a qualified adaptive reuse project from the streamlined, ministerial review process established under this article.

65658.11. (a) Notwithstanding any other law, an adaptive reuse project shall be exempt from all impact fees that are not reasonably related to the impacts resulting from the change of use of the site from nonresidential to residential or mixed use. Any fees charged shall be roughly proportional to the difference in impacts caused by the change of use.

(b) This section shall not apply to any adjacent portion of the project.

65658.12. Notwithstanding any law, and in addition to any other applicable labor standards provided in this article, any adaptive reuse project approved by a local government pursuant to this article shall be subject to all of the following labor standard provisions:

(a) Except as provided in subdivisions (b) and (c), the labor standards of Section 65912.130 shall apply.

(b) Notwithstanding subdivision (a), and except as provided in subdivision (c), for an adaptive reuse project comprising 50 or more housing units, the labor standards of Section 65912.131 shall apply in addition to those in Section 65912.130.

(c) Notwithstanding subdivisions (a) and (b), for an adaptive reuse project involving buildings over 85 feet in height above grade, the labor standards of paragraph (8) of subdivision (a) of Section 65913.4 shall apply.

65658.13. Notwithstanding any law, and in addition to any other applicable labor standards provided in this article, any adaptive reuse project approved by a local government pursuant to this article shall meet all of the following labor standards:

(a) The development proponent shall require in contracts with construction contractors, and shall certify to the local government, that the standards specified in this section will be met in project construction.

(b) A development that is not in its entirety a public work for purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code and approved by a local government pursuant to Sections 65658.8 and 65658.9 shall be subject to all of the following:

(1) All construction workers employed in the execution of the development shall be paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.

(2) The development proponent shall ensure that the prevailing wage requirement is included in all contracts for the performance of the work for those portions of the development that are not a public work.

(3) All contractors and subcontractors for those portions of the development that are not a public work shall comply with both of the following:

(A) Pay to all construction workers employed in the execution of the work at least the general prevailing rate of per diem wages, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.

(B) Maintain and verify payroll records pursuant to Section 1776 of the Labor Code and make those records available for inspection and copying as provided in that section. This subparagraph does not apply if all contractors and subcontractors

performing work on the development are subject to a project labor agreement that requires the payment of prevailing wages to all construction workers employed in the execution of the development and provides for enforcement of that obligation through an arbitration procedure.

(c) (1) The obligation of the contractors and subcontractors to pay prevailing wages pursuant to this section may be enforced by any of the following:

(A) The Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Section 1741 of the Labor Code, which may be reviewed pursuant to Section 1742 of the Labor Code, within 18 months after the completion of the project.

(B) An underpaid worker through an administrative complaint or civil action.

(C) A joint labor-management committee through a civil action under Section 1771.2 of the Labor Code.

(2) If a civil wage and penalty assessment is issued pursuant to this section, the contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Section 1742.1 of the Labor Code.

(3) This subdivision does not apply if all contractors and subcontractors performing work on the development are subject to a project labor agreement that requires the payment of prevailing wages to all construction workers employed in the execution of the development and provides for enforcement of that obligation through an arbitration procedure.

(d) Notwithstanding subdivision (c) of Section 1773.1 of the Labor Code, the requirement that employer payments not reduce the obligation to pay the hourly straight time or overtime wages found to be prevailing does not apply to those portions of development that are not a public work if otherwise provided in a bona fide collective bargaining agreement covering the worker.

(e) The requirement of this section to pay at least the general prevailing rate of per diem wages does not preclude use of an alternative workweek schedule adopted pursuant to Section 511 or 514 of the Labor Code on developments and portions of developments that are not a public work.

65658.14. In addition to any other applicable labor standards provided in this article, any development project for an adaptive reuse project approved by a local government pursuant to this article that includes 40 or more housing units and does not include a building of more than four stories in height shall be subject to all of the following:

(a) The development proponent shall require in contracts with construction contractors and shall certify to the local government that each contractor of any tier who will employ construction craft employees or will let subcontracts for at least 1,000 hours shall satisfy the requirements in subdivisions (b) and (c). A construction contractor is deemed in compliance with subdivisions (b) and (c) if it is signatory to a valid collective bargaining agreement or project labor agreement that requires utilization of registered apprentices and expenditures on health care for employees and dependents.

(b) A contractor with construction craft employees shall either participate in an apprenticeship program approved by the Division of Apprenticeship Standards pursuant to Section 3075 of the Labor Code, or request the dispatch of apprentices from a state-approved apprenticeship program under the terms and conditions set forth in Section 1777.5 of the Labor Code. A contractor without construction craft employees shall show a contractual obligation that its subcontractors comply with this subdivision.

(c) Each contractor with construction craft employees shall make health care expenditures for each employee in an amount per hour worked on the development equivalent to at least the hourly pro rata cost of a Covered California Platinum level plan for two 40-year-old adults and two dependents 0 to 14 years of age for the Covered California rating area in which the development is located. A contractor without construction craft employees shall show a contractual obligation that its subcontractors comply with this subdivision. Qualifying expenditures shall be credited toward compliance with prevailing wage payment requirements set forth in Section 65658.13.

(d) (1) The development proponent shall provide to the local government, on a monthly basis while its construction contracts on the development are being performed, a report demonstrating compliance with subdivisions (b) and (c). The reports shall be considered public records under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), and shall be open to public inspection.

(2) A development proponent that fails to provide the monthly report shall be subject to a civil penalty for each month for which the report has not been provided, in the amount of 10 percent of the dollar value of construction work performed by that contractor on the development in the month in question, up to a maximum of ten thousand dollars ($10,000). Any contractor or subcontractor that fails to comply with subdivision (b) or (c) shall be subject to a civil penalty of two hundred dollars ($200) per day for each worker employed in contravention of subdivision (b) or (c).

(3) Penalties may be assessed by the Labor Commissioner within 18 months of completion of the development using the procedures for issuance of civil wage and penalty assessments specified in Section 1741 of the Labor Code, and may be reviewed pursuant to Section 1742 of the Labor Code. Penalties shall be deposited into the State Public Works Enforcement Fund established pursuant to Section 1771.3 of the Labor Code.

(e) Each construction contractor shall maintain and verify payroll records pursuant to Section 1776 of the Labor Code. Each construction contractor shall submit payroll records directly to the Labor Commissioner at least monthly in a format prescribed by the Labor Commissioner in accordance with subparagraph (A) of paragraph (3) of subdivision (a) of Section 1771.4 of the Labor Code. The records shall include a statement of fringe benefits. Upon request by a joint labor-management cooperation committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a), the records shall be provided pursuant to subdivision (e) of Section 1776 of the Labor Code.

(f) All construction contractors shall report any change in apprenticeship program participation or health care expenditures to the local government within 10 business days, and shall reflect those changes on the monthly report. The reports shall be considered public records pursuant to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) and shall be open to public inspection.

(g) A joint labor-management cooperation committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall have standing to sue a construction contractor for failure to make health care expenditures pursuant to subdivision (c) in accordance with Section 218.7 or 218.8 of the Labor Code.

65658.15. In addition to any other applicable labor standards provided in this article, any development project for an adaptive reuse project that includes 40 or more housing units and that includes a building of more than four stories in height shall be subject to all of the following skilled and trained workforce provisions:

(a) Except as specified in subdivision (b), the project applicant shall enter into construction contracts with prime contractors only if all of the following conditions are satisfied:

(1) The contract contains an enforceable commitment that the prime contractor and subcontractors at every tier will use a skilled and trained workforce, as defined in Section 2601 of the Public Contract Code, to perform work on the development project that falls within an apprenticeable occupation in the building and construction trades. However, this enforceable commitment requirement shall not apply to any scopes of work where new bids are accepted pursuant to subdivision (b).

(2) The project applicant or prime contractor shall establish minimum bidding requirements for subcontractors that are objective to the maximum extent possible. The project applicant or prime contractor shall not impose any obstacles in the bid process for subcontractors that go beyond what is reasonable and commercially customary. The project applicant or prime contractor shall accept bids submitted by any bidder that meets the minimum criteria set forth in the bid solicitation.

(3) The prime contractor has provided an affidavit under penalty of perjury that, in compliance with this section, it will use a skilled and trained workforce and will obtain from its subcontractors an enforceable commitment to use a skilled and trained workforce for each scope of work in which it receives at least three bids attesting to satisfaction of the skilled and trained workforce requirements.

(4) When a prime contractor or subcontractor is required to provide an enforceable commitment that a skilled and trained workforce will be used to complete a contract or development project, the commitment shall be made in an enforceable agreement with the developer that provides the following:

(A) The prime contractor and subcontractors at every tier will comply with this section.

(B) The prime contractor will provide the project applicant, on a monthly basis while the project or contract is being performed, a report demonstrating compliance by the prime contractor.

(C) The prime contractor shall provide the project applicant, on a monthly basis while the development project or contract is being performed, the monthly reports demonstrating compliance submitted to the prime contractor by the affected subcontractors.

(b) If a prime contractor fails to receive at least three bids in a scope of construction work from subcontractors that attest to satisfying the skilled and trained workforce requirements as described in this section, the prime contractor may accept new bids for that scope of work. The prime contractor need not require that a skilled and trained workforce be used by the subcontractors for that scope of work.

(c) If the skilled and trained workforce requirements of this section apply, the prime contractor shall require subcontractors to provide, and subcontractors on the development project shall provide, both of the following to the prime contractor:

(1) An affidavit signed under penalty of perjury that a skilled and trained workforce shall be employed on the development project.

(2) Reports on a monthly basis, while the development project or contract is being performed, demonstrating compliance with this section.

(d) Upon issuing any invitation or bid solicitation for the development project, but no fewer than 14 business days before the bid is due, the project applicant or prime contractor shall send a notice of the invitation or solicitation that describes the development project to the following entities within the jurisdiction of the proposed development project site:

(1) Any bona fide labor organization representing workers in the building and construction trades who may perform work necessary to complete the development project and the local building and construction trades council.

(2) Any organization representing contractors that may perform work necessary to complete the development project, including any contractors' association or regional builders' exchange.

(e) The project applicant or prime contractor shall, within three business days of a request by a joint labor-management cooperation committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a), provide both of the following:

(1) The names and Contractors State License Board numbers of the prime contractor and any subcontractors that submitted a proposal or bid for the development project.

(2) The names and Contractors State License Board numbers of contractors and subcontractors that are under contract to perform construction work.

(f) (1) The project applicant shall provide to the locality, on a monthly basis while the development project or contract is being performed, a report demonstrating that the self-performing prime contractor and all nonexempt subcontractors used a skilled and trained workforce. A monthly report provided to the locality pursuant to this subdivision shall be a public record under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) and shall be open to public inspection. A project applicant that fails to provide a complete monthly report shall be subject to a civil penalty of 10 percent of the dollar value of construction work performed by that contractor on the development project in the month in question, up to a maximum of ten thousand dollars ($10,000) per month for each month for which the report has not been provided.

(2) Any subcontractor or prime contractor self-performing work subject to the skilled and trained workforce requirements under this section that fails to use a skilled and trained workforce shall be subject to a civil penalty of two hundred dollars ($200) per day for each worker employed in contravention of the skilled and trained workforce requirement. Penalties may be assessed by the Labor Commissioner within 18 months of completion of the development project using the same issuance of civil wage and penalty assessments pursuant to Section 1741 of the Labor Code and may be reviewed pursuant to the same procedures in Section 1742 of the Labor Code. The prime contractor shall not be jointly liable for violations of this paragraph by subcontractors. Penalties shall be paid to the State Public Works Enforcement Fund, the locality, or the labor standards enforcement agency of the locality, depending on the lead entity performing the enforcement work.

(3) Any provision of a contract or agreement of any kind between a project applicant and a prime contractor that purports to delegate, transfer, or assign to a prime contractor any obligations of or penalties incurred by a project applicant shall be deemed contrary to public policy and shall be void and unenforceable.

(g) The requirements of this section shall not apply if all contractors, subcontractors, and craft unions performing work on the development project are subject to a multicraft project labor agreement that requires the use of a skilled and trained workforce. The multicraft project labor agreement shall include all construction crafts with applicable coverage determinations for the specified scopes of work on the development project pursuant to Section 1773 of the Labor Code and shall be executed by all applicable labor organizations regardless of affiliation.

(h) The locality shall have standing to take administrative action against or sue a construction contractor for failure to comply with this section. A prevailing lead agency shall distribute any wages and penalties to workers in accordance with law and retain any fees, additional penalties, or assessments.

65658.16. This article shall become operative on July 1, 2026.

SEC. 5. Section 3.5 of this bill incorporates amendments to Section 65585 of the Government Code proposed by both this bill and Assembly Bill 650. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2026, (2) each bill amends Section 65585 of the Government Code, and (3) this bill is enacted after Assembly Bill 650, in which case Section 3 of this bill shall not become operative.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.