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Bill Title: Housing.

Spectrum: Committee Bill

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Assembly Bill No. 129

CHAPTER 40

An act to amend Sections 12804, 14684.3, 65589.9, 65589.11, 65852.24, 65912.114, and 65912.124 of, and to amend, repeal, and add Section 54221 of, the Government Code, to amend Sections 17036, 50199.21, 50216, 50218.6, 50218.7, 50220.8, 50704.83, 50900, and 53559 of, to add Section 17008.7 to, and to add Chapter 6.5 (commencing with Section 50230) to Part 1 of Division 31 of, the Health and Safety Code, to add Section 17131.13 to the Revenue and Taxation Code, and to amend Section 8257 of, and to add Section 8257.01 to, the Welfare and Institutions Code, relating to housing, and making an appropriation thereof, to take effect immediately, bill related to the budget.

[Approved by Governor July 10, 2023. Filed with Secretary of State July 10, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 129, Committee on Budget. Housing.

(1) Existing law establishes the Department of Housing and Community Development (HCD) in the Business, Consumer Services, and Housing Agency for purposes of carrying out state housing policies and programs, and creates in HCD the California Housing Finance Agency.

This bill would remove the California Housing Finance Agency from within HCD. This bill would continue the existence of the California Housing Finance Agency in the Business, Consumer Services, and Housing Agency.

This bill would also make technical, conforming changes and would delete obsolete references.

(2) Existing federal law authorizes the United States Secretary of Agriculture to extend financial assistance through multifamily housing direct loan and grant programs to serve very low, low-, and moderate-income households, including, among other programs, Section 515 Rural Rental Housing Loans, which are mortgages to provide affordable rental housing for very low, low-, and moderate-income families, elderly persons, and persons with disabilities.

Existing law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation, in modified conformity with federal law, of state insurance, personal income, and corporation tax credit amounts to qualified low-income housing projects that have been allocated, or qualify for, a federal low-income housing tax credit and farmworker housing. Existing law requires not less than 20% of the low-income housing tax credits available annually to be set aside for allocation to rural areas. Existing law defines "rural area" for purposes of the low-income housing tax credit program as an area, which, on January 1 of any calendar year, satisfies any number of certain criteria, including being eligible for financing under the Section 515 program, or successor program, of the United States Department of Agriculture Rural Development.

This bill would expand the above-described criteria relating to Section 515 eligibility to instead include eligibility for financing under a multifamily housing program, as specified, or successor program, of the United States Department of Agriculture Rural Development.

Existing law also includes in the definition of "rural area" an unincorporated area that adjoins a city having a population of 40,000 or less, provided that the city and its adjoining unincorporated area are not located within a census tract designated as an urbanized area by the United States Census Bureau.

This bill would revise the definition of "rural area" to include an unincorporated area that adjoins a city having a population of 40,000 or less, provided that the unincorporated area is not located within a census tract, block group, or block designated as an urban area

by the United States Census Bureau in the most recent decennial census. The bill would also include in the definition of “rural area” an unincorporated area that does not adjoin a city, provided that the unincorporated area is not located within a census tract, block group, or block designated as an urban area by the United States Census Bureau in the most recent decennial census.

(3) Existing law, the Planning and Zoning Law, requires a city or county to adopt a general plan for land use development within its boundaries that includes, among other things, a housing element. The law requires HCD to determine whether the housing element is in substantial compliance with specified provisions of that law. Existing law requires HCD to designate jurisdictions as prohousing pursuant to emergency regulations adopted by HCD, as prescribed. Existing law awards jurisdictions that are in substantial compliance with specified provisions and that are prohousing additional points or preference in the scoring of applications for specified state programs, including, among others, the Affordable Housing and Sustainable Communities Program. Existing law requires the Department of Finance to annually publish the list of programs that must award prohousing jurisdictions additional points or preferences on its internet website.

This bill would instead require HCD to publish the list of programs that must award prohousing jurisdictions additional points or preferences on its internet website.

Existing law also requires the Department of Finance to annually publish on its internet website a list of programs, if any, where eligibility for funding is contingent upon the jurisdiction having adopted a housing element that has been found to be in substantial compliance with the requirements of the Planning and Zoning Law.

This bill would instead require HCD to publish that list of programs.

(4) Existing law prescribes requirements for the disposal of surplus land by a local agency. Existing law defines terms for these purposes, including, among others, “surplus land” to mean land owned in fee simple by any local agency for which the local agency’s governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use. Existing law defines “exempt surplus land” to mean, among other things, surplus land that a local agency is exchanging for another property necessary for the agency’s use and surplus land that a local agency is transferring to another local, state, or federal agency for the agency’s use.

Existing law provides that an agency is not required to follow the requirements for disposal of surplus land for “exempt surplus land,” except as provided.

The Planning and Zoning Law requires the planning agency of a city or county to provide an annual report to HCD by April 1 of each year that includes, among other information, the city’s or county’s progress in meeting its share of regional housing needs, as described.

This bill would provide, until January 1, 2034, that land that is subject to a sectional planning area, as described, is not subject to the above-described requirements for the disposal of surplus land if specified conditions are met. The bill would require the agency to include in its annual report the status of development, as prescribed. The bill would authorize HCD to request additional information from the agency regarding land disposed of pursuant to these provisions. The bill would require a local agency, at least 30 days prior to declaring land “exempt surplus land” under these provisions, to notify HCD of its findings, as specified, and would require HCD to notify the local agency if the department has determined that the local agency is in violation. The bill would make a local agency that disposes of land in violation of these provisions liable for a civil penalty, as specified.

(5) Existing law requires the housing element of a city’s or county’s general plan to include, among other things, an inventory of land suitable and available for residential development. If the inventory of sites does not identify adequate sites to accommodate the needs of groups of all households pursuant to specified law, existing law requires the local government to rezone sites within specified time periods and that this rezoning accommodate 100% of the need for housing for very low and low-income households on sites that will be zoned to permit owner-occupied and rental multifamily residential use by right for specified developments.

Existing law, the Middle Class Housing Act of 2022, until January 1, 2033, deems a housing development project an allowable use on a parcel that is within a zone where office, retail, or parking are a principally permitted use if specified conditions are met, including requirements relating to density, public notice, comment, hearing, or other procedures, site location and size, consistency with sustainable community strategy or alternative plans, prevailing wage, and a skilled and trained workforce. Existing law authorizes a local agency to exempt a parcel from the act if the local agency makes specified written findings. The act authorizes a local agency to reallocate the residential density from an exempt parcel pursuant to these provisions only if the site or sites chosen by the local agency are suitable for residential development and are subject to an ordinance that allows for development by right.

This bill would additionally require the exempted parcel or parcels to be subject to an ordinance that allows for development by right for a local agency to reallocate the residential density from an exempt parcel pursuant to the provisions described above. The bill would additionally require all development contractors and subcontractors to be registered and the development proponent to provide notice of all contracts for the performance of the work to the Department of Industrial Relations, as specified.

(6) Existing law establishes, among various other programs intended to address homelessness in this state, the Homeless Housing, Assistance, and Prevention program for the purpose of providing jurisdictions with one-time grant funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges, as specified. Existing law provides for the allocation of funding under the program among continuums of care, cities, counties, and tribes in 4 rounds, which are to be administered by the Interagency Council on Homelessness. Existing law, in order to receive a round 3 or round 4 program allocation, requires an applicant to submit an application to the council that includes outcome goals that set definitive metrics for, among other things, reducing the number of persons experiencing homelessness, reducing the number of persons who become homeless for the first time, and increasing the number of people exiting homelessness into permanent housing. Existing law requires, except as provided, 18%, or \$180,000,000, of the funds allocated for rounds 3 and 4 of the program to be set aside for awarding bonus funds to recipients that have met their outcome goals.

This bill would require those bonus funds for rounds 3 and 4 that have not been awarded by July 1, 2023, to be reallocated for distribution under round 5 of the Homeless Housing, Assistance, and Prevention program, which the bill would establish for the purpose of creating and implementing regionally coordinated plans that organize and deploy the full array of homelessness programs and resources comprehensively and effectively. By reallocating round 3 and round 4 funding to round 5, the bill would make an appropriation.

The bill would require the council to administer round 5 of the program, as specified. The bill would require the council to leverage the programmatic and administrative expertise of relevant state departments and agencies. The bill would authorize the council to designate and reimburse a state agency or department to administer programs and related functions as it considers necessary.

To be eligible for a round 5 base program allocation, this bill would require a jurisdiction that is not a tribe to apply as part of a region and to be signatory to a regionally coordinated homelessness action plan that has been approved by the council. The bill would require the council to approve a regionally coordinated homelessness action plan when the council determines that the plan meets all of the specified requirements, including identification and analysis of the specific roles and responsibilities of each participating jurisdiction in the region, as provided. The bill would require participating jurisdictions to collaborate to complete the regionally coordinated homelessness action plan and to engage in a public stakeholder process that includes at least 3 public meetings before completing the plan. The bill would require participating jurisdictions to invite and encourage specified stakeholders to partake in the public process, including people with lived experience of homelessness. The bill would require a qualifying jurisdiction or continuum of care participating in the regionally coordinated homelessness action plan to post on its internet website the proposed, approved, and amended regionally coordinated homeless action plan.

Upon appropriation by the Legislature, the bill would require that the funds to administer the program, except as provided, be made available in the 2023–24 fiscal year for implementing round 5 of the program, as specified. The bill would prohibit a program recipient from using funding from the program to supplant existing local funds for homelessness services under penalty of disallowance or reduction, or both, of future program funds, as determined by the council. The bill would prohibit the use of more than 5% of appropriated funds to cover state administrative costs. The bill would require a program recipient to use at least 10% of the funds allocated for services for homeless youth populations and require moneys allocated pursuant to its provisions to be expended in compliance with Housing First.

The bill would require the council to make an application for round 5 base program allocations available no later than September 30, 2023, and would require applications to be due no later than 180 days from the date applications are made available. To receive a round 5 base program allocation, the bill would require an applicant to submit an application to the council in the form and manner prescribed by the council, including a regionally coordinated homelessness action plan. The bill would require the applicants from each region to submit a single, regional application from their shared region. Within 30 days of the application deadline, the bill would require the council to either approve the application or return it to the applicant with written, detailed comments and request one or more amendments, as specified.

On or before January 31, 2026, the bill would require a grantee to submit to the council an updated regionally coordinated homelessness action plan that shall include updates on the metrics and corresponding key actions carried out, as applicable. The bill would require a recipient to contractually obligate not less than 75%, and to expend not less than 50%, of the initial round 5 program allocations made to it no later than June 30, 2026. The bill would authorize the council to request additional information from applicants, as needed, to meet other applicable reporting or audit requirements and to monitor the expenditures and programmatic activities of an applicant, as the council considers necessary, to ensure compliance with round 5 program requirements. The bill would authorize the council to, as it considers appropriate or necessary, request the repayment of round 5 program funds from an applicant, or pursue any other remedies available to it by law for failure to comply with program requirements. The bill would require any remaining amounts of round 5 base program allocation funds not expended by June 30, 2028, to revert to, and be paid and deposited in, the General Fund.

The bill would declare allowable uses of round 5 base program allocation funds, including, among others, permanent housing. The bill would authorize applicants to request, in a form prescribed by the council, approval to utilize round 5 funding on allowable expenditures outside of the state's intended priorities. The bill would authorize a county to accept or deposit into the county treasury funds from any source for the purpose of administering a project, proposal, or program under this chapter.

Existing law establishes the Multifamily Housing Program administered by the Department of Housing and Community Development. Existing law requires assistance for projects under the program to be provided in the form of deferred payment loans to pay for eligible costs of specified types of development, as provided. Existing law requires that specified funds appropriated to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases be disbursed in accordance with the Multifamily Housing Program for specified uses. This disbursement scheme is referred to as Homekey.

This bill would specify that cities and counties that are eligible for round 5 are eligible, separately, for supplemental Homekey funding if they satisfy specified conditions, including having a housing element at the time program applications must be submitted.

The bill would specify the distribution of funds, upon appropriation of the Legislature, including that \$100,000,000 be made available for the 2023–24 fiscal year, as specified, and that \$260,000,000 be made available for the 2024–25 fiscal year, as specified. The bill would require the council to award supplemental program funding upon the jurisdiction receiving its round 5 base allocation award. The bill would require the council to, on or before November 1, 2024, make an application available for supplemental Homeless Housing, Assistance, and Prevention program funding.

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

The bill would, among other exemptions, exempt the council from the requirements of the Administrative Procedure Act in administering round 5 of the program.

(7) Under existing law, the Employee Housing Act requires that buildings used for human habitation, and buildings accessory thereto, comply with the building standards in the California Building Standards Code relating to employee housing, as defined. The Employee Housing Act requires HCD to adopt regulations that it determines are necessary for the administration and enforcement of the Employee Housing Act and to establish a schedule of fees to pay for the cost of administration and enforcement of the Employee Housing Act. The Employee Housing Act sets certain minimum permit fees and authorizes HCD to increase any fees in the schedule if necessary.

This bill would authorize HCD to, instead, adjust fees if necessary. Under the bill, any fee adjustment would be deemed a change in regulation for purposes of the rulemaking provisions of the Administrative Procedure Act. The bill would establish in the State Treasury the Employee Housing Regulation Fund. The bill would require HCD to deposit moneys collected pursuant to the Employee Housing Act in the fund. The bill would require moneys deposited in the fund to be available, subject to appropriation by the Legislature, to HCD for expenditure in carrying out the Employee Housing Act. The bill would require HCD to set fees with the primary objective that the aggregate revenue deposited in the fund, on an annual basis, not exceed the costs of HCD's activities mandated by the Employee Housing Act. The bill would prohibit the total money contained in the fund on June 30 of each fiscal year from exceeding the operating expenses and statewide general administrative costs that HCD needs to enforce the Employee Housing Act for one year. The bill would require HCD, if the total moneys contained in the fund exceeds this amount, to make appropriate reductions in the schedule of fees.

(8) Existing law, the Affordable Housing and High Road Jobs Act of 2022, authorizes a development proponent to submit an application for a multifamily housing development that meets specified objective standards and affordability and site criteria, including being located within a zone where office, retail, or parking are a principally permitted use, and makes the development a use by right and subject to one of 2 streamlined, ministerial review processes. Existing law authorizes a local government to exempt a parcel from these provisions before a development proponent submits a development application if specified requirements are met, including that the local government makes written findings that development of the parcel would lead to no net loss of the total potential residential density in the jurisdiction, as specified.

This bill would instead authorize a local government to exempt a parcel from the Affordable Housing and High Road Jobs Act of 2022 by an ordinance adopted to implement the act before a development proponent submits a development application and if specified requirements are met. The bill would modify the required written findings to include, among other things, that the substitution of a parcel for reclassified parcels would result in no net loss of the total realistic and demonstrated potential residential capacity, as specified, and the local government has completed all rezonings required for the 6th revision of its housing element.

(9) Existing law establishes the Department of General Services (DGS) in the Government Operations Agency for purposes of, among other things, planning, acquiring, constructing, and maintaining state buildings and property. Executive Order No. N-06-19 required DGS to create a digitized inventory of all state-owned parcels that are in excess of foreseeable needs, as provided, and required DGS, in consultation with HCD, to issue requests for proposals on individual parcels and accept proposals from certain developers of affordable housing, as provided.

Existing law requires DGS to develop, in consultation with HCD, no later than September 1, 2023, a set of criteria to consistently evaluate state-owned parcels for suitability as affordable housing sites. Existing law requires, on or before July 1, 2024, and every 4 years thereafter, DGS to, among other things, conduct a review of all state-owned property and identify state-owned parcels that are potentially viable for affordable housing based on those criteria. Existing law also requires, on or before July 1, 2024, and every 4 years thereafter, DGS to update the digitized inventory created pursuant to Executive Order No. N-06-19 of all excess state land, as defined, suitable for affordable housing identified by its review.

This bill would instead require DGS to update the digitized inventory of all excess state land suitable for affordable housing after the conclusion of its review of all state-owned property. The bill would require, on or before January 1, 2025, and annually thereafter, DGS to update the digitized inventory with any state parcels newly determined or declared excess that are suitable for affordable housing, as specified.

Existing law establishes, upon appropriation by the Legislature, the Excess Sites Local Government Matching Grants Program, to be administered by HCD. Existing law requires HCD to allocate grants of up to \$10,000,000 to development partners selected under an Executive Order No. N-06-19 program to enter a ground lease with the state to create affordable housing on excess state-owned property. Existing law requires a selected developer that receives a grant under the program to submit a report, in a form and manner prescribed by HCD, by December 31 of the year following the receipt of those funds, and annually thereafter until December 31, 2024, containing specified information, and requires a recipient of grant moneys under the program to expend their funds no later than June 30, 2024.

This bill would remove the December 31, 2024, date to extend those report provisions indefinitely. The bill would also remove the requirement that a recipient of grant moneys under the program expend their funds no later than June 30, 2024.

(10) Existing law establishes the Infill Infrastructure Grant Program of 2019, which requires HCD, upon appropriation of funds by the Legislature, to establish and administer a grant program to allocate those funds to eligible applicants, as defined, to fund capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project, qualifying infill area, or catalytic qualifying infill area, as those terms are defined, pursuant to specified requirements. Existing law requires HCD to administer a competitive application process for capital improvement projects for large jurisdictions, as defined. Existing law requires HCD, in its review and ranking of applications for the award of capital improvement project grants, to rank affected qualifying infill projects and qualifying infill areas based on specified priorities.

This bill would instead require HCD to rank only qualifying infill areas based on those specified priorities in its review and ranking of applications for the award of capital improvement project grants. The bill would make other nonsubstantive changes.

(11) Existing law requires the Governor to establish the Interagency Council on Homelessness, and requires the council to, among other things, identify mainstream resources, benefits, and services that can be accessed to prevent and end homelessness in California, and promote systems integration to increase efficiency and effectiveness while focusing on designing systems to address the needs of people experiencing homelessness. Existing law requires the council to create a data system, known as the Homeless Data Integration System, to collect local data through Homeless Management Information Systems with the ultimate goal of matching data on homelessness to programs impacting homeless recipients of state programs. Existing law prohibits a state public agency from disclosing any personal information in a manner that would link the information disclosed to the individual to whom it pertains except under specific circumstances. Existing law also exempts health information and personally identifying information in the Homeless Data Integration System from public inspection or disclosure under the California Public Records Act.

This bill would authorize the council to share Homeless Data Integration System data with a state agency or department that is a member of the council.

Existing law requires the Interagency Council on Homelessness to regularly seek guidance from and, at least twice per year, meet with an advisory committee. Existing law, the Bagley-Keene Open Meeting Act, requires a quorum of any state body that is an advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body to be in attendance at the designated primary physical meeting location and provides that members of the state body participating remotely shall not count toward establishing a quorum. Existing law requires members of the council to serve without compensation but authorizes members of the council who are, or have been, homeless to receive reimbursement for travel, per diem, or other expenses, as specified.

This bill would authorize the members of the advisory committee to participate remotely in advisory committee meetings, including meetings held with the council, and would provide that those members are not required to be present at the designated primary physical meeting location. This bill would authorize members of the council, the advisory committee, or a working group who are, or have been, homeless to receive per diem, reimbursement for travel, or other expenses, as specified.

(12) Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This bill would contain findings in compliance with this requirement.

(13) 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.

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

This bill would make legislative findings to that effect.

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

Digest Key

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

Bill Text

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

SECTION 1. Section 12804 of the Government Code is amended to read:

12804. (a) There is in the state government the Business, Consumer Services, and Housing Agency.

(b) The Business, Consumer Services, and Housing Agency shall consist of the following: the Department of Consumer Affairs, the Department of Real Estate, the Department of Housing and Community Development, the California Housing Finance Agency, the Civil Rights Department, the Department of Financial Protection and Innovation, the Department of Alcoholic Beverage Control, the Alcoholic Beverage Control Appeals Board, the California Horse Racing Board, the Department of Cannabis Control, and the Cannabis Control Appeals Panel.

(c) This section shall become operative on July 1, 2018.

SEC. 2. Section 14684.3 of the Government Code is amended to read:

14684.3. (a) Not later than September 1, 2023, the department, in consultation with the Department of Housing and Community Development, shall develop a set of criteria to consistently evaluate state-owned parcels for suitability as affordable housing sites.

(b) On or before July 1, 2024, and every four years thereafter, the department shall do all of the following:

(1) Conduct a review of all state-owned property and identify state-owned parcels that are potentially viable for affordable housing based on the established criteria developed in subdivision (a).

- (2) Following each review, contact all related state agencies to determine excess state land.
- (3) Collaborate with the Department of Housing and Community Development to prioritize excess state land for development.
- (c) (1) Upon the conclusion of each comprehensive survey conducted pursuant to subdivision (b), the department shall update the digitized inventory created pursuant to Executive Order No. N-06-19 with all excess state land suitable for affordable housing identified pursuant to subdivision (b).
- (2) (A) On or before January 1, 2025, and annually thereafter, the department shall update the digitized inventory described in paragraph (1) with any state parcels newly determined or declared excess pursuant to the requirements of Section 11011 that are suitable for affordable housing.
- (B) Not later than June 1, 2023, and annually thereafter, the department and the Department of Housing and Community Development shall evaluate and update the screening tools jointly developed pursuant to Executive Order No. N-06-19.
- (3) The department, in consultation with the Department of Housing and Community Development, shall pursue the development of affordable housing on excess state properties, including those in the digitized inventory described in paragraph (1).
- (d) (1) All state agencies shall respond to the department's request for information to satisfy the requirements of this section.
- (2) Notwithstanding any other law, all state agencies shall consider exchanging excess state land with local governments for other parcels for purposes of affordable housing development and preservation, if the exchange is appropriate and maximizes regional capacity to build and preserve affordable housing units.
- (3) All state agencies shall use all existing legal and financial authority, subject to the direction of the Governor, to expedite and prioritize the developments described in paragraph (4) of subdivision (c).
- (e) For purposes of this section, "excess state land" means state-owned parcels that are in excess of state agencies' foreseeable needs.
- (f) On or before January 1, 2024, and annually thereafter, the department shall report to the Legislature on the status of the excess state properties identified pursuant to subdivision (c), including, but not limited to, whether the property has been leased and, if so, for what purpose.

SEC. 3. Section 54221 of the Government Code is amended to read:

54221. As used in this article, the following definitions shall apply:

- (a) (1) "Local agency" means every city, whether organized under general law or by charter, county, city and county, district, including school, sewer, water, utility, and local and regional park districts of any kind or class, joint powers authority, successor agency to a former redevelopment agency, housing authority, or other political subdivision of this state and any instrumentality thereof that is empowered to acquire and hold real property.
- (2) The Legislature finds and declares that the term "district" as used in this article includes all districts within the state, including, but not limited to, all special districts, sewer, water, utility, and local and regional park districts, and any other political subdivision of this state that is a district, and therefore the changes in paragraph (1) made by the act adding this paragraph that specify that the provisions of this article apply to all districts, including school, sewer, water, utility, and local and regional park districts of any kind or class, are declaratory of, and not a change in, existing law.
- (b) (1) "Surplus land" means land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use. Land shall be declared either "surplus land" or "exempt surplus land," as supported by written findings, before a local agency may take any action to dispose of it consistent with an agency's policies or procedures. A local agency, on an annual basis, may declare multiple parcels as "surplus land" or "exempt surplus land."
- (2) "Surplus land" includes land held in the Community Redevelopment Property Trust Fund pursuant to Section 34191.4 of the Health and Safety Code and land that has been designated in the long-range property management plan approved by the Department of Finance pursuant to Section 34191.5 of the Health and Safety Code, either for sale or for future development, but does not include any specific disposal of land to an identified entity described in the plan.
- (3) Nothing in this article prevents a local agency from obtaining fair market value for the disposition of surplus land consistent with Section 54226.
- (c) (1) Except as provided in paragraph (2), "agency's use" shall include, but not be limited to, land that is being used, is planned to be used pursuant to a written plan adopted by the local agency's governing board for, or is disposed to support pursuant to subparagraph (B) of paragraph (2) agency work or operations, including, but not limited to, utility sites, watershed property, land being used for conservation purposes, land for demonstration, exhibition, or educational purposes related to greenhouse gas emissions, and buffer sites near sensitive governmental uses, including, but not limited to, wastewater treatment plants.
- (2) (A) "Agency's use" shall not include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development. Property disposed of for the sole purpose of investment or generation of revenue shall not be considered necessary for the agency's use.
- (B) In the case of a local agency that is a district, excepting those whose primary mission or purpose is to supply the public with a transportation system, "agency's use" may include commercial or industrial uses or activities, including nongovernmental retail,

entertainment, or office development or be for the sole purpose of investment or generation of revenue if the agency's governing body takes action in a public meeting declaring that the use of the site will do either of the following:

(i) Directly further the express purpose of agency work or operations.

(ii) Be expressly authorized by a statute governing the local agency, provided the district complies with Section 54233.5 where applicable.

(d) "Open-space purposes" means the use of land for public recreation, enjoyment of scenic beauty, or conservation or use of natural resources.

(e) "Persons and families of low or moderate income" has the same meaning as provided in Section 50093 of the Health and Safety Code.

(f) (1) Except as provided in paragraph (2), "exempt surplus land" means any of the following:

(A) Surplus land that is transferred pursuant to Section 25539.4 or 37364.

(B) Surplus land that is (i) less than 5,000 square feet in area, (ii) less than the minimum legal residential building lot size for the jurisdiction in which the parcel is located, or 5,000 square feet in area, whichever is less, or (iii) has no record access and is less than 10,000 square feet in area; and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes. If the surplus land is not sold to an owner of contiguous land, it is not considered exempt surplus land and is subject to this article.

(C) Surplus land that a local agency is exchanging for another property necessary for the agency's use.

(D) Surplus land that a local agency is transferring to another local, state, or federal agency for the agency's use, or to a federally recognized California Indian tribe.

(E) Surplus land that is a former street, right-of-way, or easement, and is conveyed to an owner of an adjacent property.

(F) Surplus land that is put out to open, competitive bid by a local agency, provided all entities identified in subdivision (a) of Section 54222 will be invited to participate in the competitive bid process, for either of the following purposes:

(i) A housing development, which may have ancillary commercial ground floor uses, that restricts 100 percent of the residential units to persons and families of low or moderate income, with at least 75 percent of the residential units restricted to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 or 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing, and in no event shall the maximum affordable sales price or rent level be higher than 20 percent below the median market rents or sales prices for the neighborhood in which the site is located.

(ii) A mixed-use development that is more than one acre in area, that includes not less than 300 housing units, and that restricts at least 25 percent of the residential units to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing.

(G) Surplus land that is subject to valid legal restrictions that are not imposed by the local agency and that would make housing prohibited, unless there is a feasible method to satisfactorily mitigate or avoid the prohibition on the site. An existing nonresidential land use designation on the surplus land is not a legal restriction that would make housing prohibited for purposes of this subparagraph. Nothing in this article limits a local jurisdiction's authority or discretion to approve land use, zoning, or entitlement decisions in connection with the surplus land.

(H) Surplus land that was granted by the state in trust to a local agency or that was acquired by the local agency for trust purposes by purchase or exchange, and for which disposal of the land is authorized or required subject to conditions established by statute.

(I) Land that is subject to Sections 17388, 17515, 17536, 81192, 81397, 81399, 81420, and 81422 of the Education Code and Part 14 (commencing with Section 53570) of Division 31 of the Health and Safety Code, unless compliance with this article is expressly required.

(J) Surplus land that is a former military base that was conveyed by the federal government to a local agency, and is subject to Article 8 (commencing with Section 33492.125) of Chapter 4.5 of Part 1 of Division 24 of the Health and Safety Code, provided that all of the following conditions are met:

(i) The former military base has an aggregate area greater than five acres, is expected to include a mix of residential and nonresidential uses, and is expected to include no fewer than 1,400 residential units upon completion of development or redevelopment of the former military base.

(ii) The affordability requirements for residential units shall be governed by a settlement agreement entered into prior to September 1, 2020. Furthermore, at least 25 percent of the initial 1,400 residential units developed shall be restricted to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing.

(iii) Prior to disposition of the surplus land, the agency adopts written findings that the land is exempt surplus land pursuant to this subparagraph.

(iv) Prior to the disposition of the surplus land, the recipient has negotiated a project labor agreement consistent with the local agency's project stabilization agreement resolution, as adopted on February 2, 2021, and any succeeding ordinance, resolution, or policy, regardless of the length of the agreement between the local agency and the recipient.

(v) The agency includes in the annual report required by paragraph (2) of subdivision (a) of Section 65400 the status of development of residential units on the former military base, including the total number of residential units that have been permitted and what percentage of those residential units are restricted for persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, or lower income households, as defined in Section 50079.5 of the Health and Safety Code.

A violation of this subparagraph is subject to the penalties described in Section 54230.5. Those penalties are in addition to any remedy a court may order for violation of this subparagraph or the settlement agreement.

(K) Real property that is used by a district for agency's use expressly authorized in subdivision (c).

(L) Land that has been transferred before June 30, 2019, by the state to a local agency pursuant to Section 32667 of the Streets and Highways Code and has a minimum planned residential density of at least 100 dwelling units per acre, and includes 100 or more residential units that are restricted to persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing. For purposes of this paragraph, not more than 20 percent of the affordable units may be restricted to persons and families of moderate income and at least 80 percent of the affordable units must be restricted to persons and families of lower income as defined in Section 50079.5 of the Health and Safety Code.

(M) (i) Land that meets the following conditions:

(I) Land that is subject to a sectional planning area document that meets both of the following:

(ia) The sectional planning area was adopted prior to January 1, 2019.

(ib) The sectional planning area document is consistent with county and city general plans applicable to the land.

(II) The land identified in the adopted sectional planning area document was dedicated prior to January 1, 2019

(III) On January 1, 2019, the parcels on the land met at least one of the following conditions:

(ia) The land was subject to an irrevocable offer of dedication of fee interest requiring the land to be used for a specified purpose.

(ib) The land was acquired through a land exchange subject to a land offer agreement that grants the land's original owner the right to repurchase the land acquired by the local agency pursuant to the agreement if the land will not be developed in a manner consistent with the agreement.

(ic) The land was subject to a grant deed specifying that the property shall be used for educational uses and limiting other types of uses allowed on the property.

(IV) At least 25 percent of the units are dedicated to lower income households, as defined in Section 50079.5 of the Health and Safety Code, at an affordable rent, as defined by Section 50053 of the Health and Safety Code, or an affordable housing cost, as defined by Section 50052.5 of the Health and Safety Code, and subject to a recorded deed restriction for a period of 55 years for rental units and 45 years for owner-occupied units.

(V) The land is developed at an average density of at least 10 units per acre, calculated with respect to the entire sectional planning area.

(VI) No more than 25 percent of the nonresidential square footage identified in the sectional planning area document receives its first certificate of occupancy before at least 25 percent of the residential square footage identified in the sectional planning area document has received its first certificate of occupancy.

(VII) No more than 50 percent of the nonresidential square footage identified in the sectional planning area document receives its first certificate of occupancy before at least 50 percent of the residential square footage identified in the sectional planning area document has received its first certificate of occupancy.

(VIII) No more than 75 percent of the nonresidential square footage identified in the sectional planning area document shall receive its first certificate of occupancy before at least 75 percent of the residential square footage identified in the sectional planning area document has received its first certificate of occupancy.

(ii) The local agency includes in the annual report required by paragraph (2) of subdivision (a) of Section 65400 the status of development, including the total square footage of the residential and nonresidential development, the number of residential units that have been permitted, and what percentage of those residential units are restricted for persons and families of low or moderate income, or lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(iii) The Department of Housing and Community Development may request additional information from the agency regarding land disposed of pursuant to this subparagraph.

(iv) At least 30 days prior to disposing of land declared "exempt surplus land," a local agency shall provide the Department of Housing and Community Development a written notification of its declaration and findings in a form prescribed by the Department of Housing and Community Development. Within 30 days of receipt of the written notification and findings, the department shall notify the local agency if the department has determined that the local agency is in violation of this article. A local agency that fails to submit the written notification and findings shall be liable for a civil penalty pursuant to this subparagraph. A local agency shall not be liable for the civil penalty if the Department of Housing and Community Development does not notify the agency that the agency is in violation of this article within 30 days of receiving the written notification and findings. Once the department determines that the declarations and findings comply with subclauses (I) to (IV), inclusive, of clause (i), the local agency may proceed with disposal of land pursuant to this subparagraph. This clause is declaratory of, and not a change in, existing law.

(v) If the local agency disposes of land in violation of this subparagraph, the local agency shall be liable for a civil penalty calculated as follows:

(I) For a first violation, 30 percent of the greater of the final sale price or the fair market value of the land at the time of disposition.

(II) For a second or subsequent violation, 50 percent of the greater of the final sale price or the fair market value of the land at the time of disposition.

(III) For purposes of this subparagraph, fair market value shall be determined by an independent appraisal of the land.

(IV) An action to enforce this subparagraph may be brought by any of the following:

(ia) An entity identified in subdivisions (a) to (e), inclusive, of Section 54222.

(ib) A person who would have been eligible to apply for residency in affordable housing had the agency not violated this section.

(ic) A housing organization, as that term is defined in Section 65589.5.

(id) A beneficially interested person or entity.

(ie) The Department of Housing and Community Development.

(V) A penalty assessed pursuant to this subparagraph shall, except as otherwise provided, be deposited into a local housing trust fund. The local agency may elect to instead deposit the penalty moneys into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund. Penalties shall not be paid out of funds already dedicated to affordable housing, including, but not limited to, Low and Moderate Income Housing Asset Funds, funds dedicated to housing for very low, low-, and moderate-income households, and federal HOME Investment Partnerships Program and Community Development Block Grant Program funds. The local agency shall commit and expend the penalty moneys deposited into the local housing trust fund within five years of deposit for the sole purpose of financing newly constructed housing units that are affordable to extremely low, very low, or low-income households.

(VI) Five years after deposit of the penalty moneys into the local housing trust fund, if the funds have not been expended, the funds shall revert to the state and be deposited in the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund for the sole purpose of financing newly constructed housing units located in the same jurisdiction as the surplus land and that are affordable to extremely low, very low, or low-income households. Expenditure of any penalty moneys deposited into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund pursuant to this subdivision shall be subject to appropriation by the Legislature.

(vi) For purposes of this subparagraph, the following definitions apply:

(I) "Sectional planning area" means an area composed of identifiable planning units, within which common services and facilities, a strong internal unity, and an integrated pattern of land use, circulation, and townscape planning are readily achievable.

(II) "Sectional planning area document" means a document or plan that sets forth, at minimum, a site utilization plan of the sectional planning area and development standards for each land use area and designation.

(2) Notwithstanding paragraph (1), a written notice of the availability of surplus land for open-space purposes shall be sent to the entities described in subdivision (b) of Section 54222 prior to disposing of the surplus land, provided the land does not meet the criteria in subparagraph (H) of paragraph (1), if the land is any of the following:

(A) Within a coastal zone.

(B) Adjacent to a historical unit of the State Parks System.

(C) Listed on, or determined by the State Office of Historic Preservation to be eligible for, the National Register of Historic Places.

(D) Within the Lake Tahoe region as defined in Section 66905.5.

(g) This section shall remain in effect only until January 1, 2034, and as of that date is repealed.

SEC. 4. Section 54221 is added to the Government Code, to read:

54221. (a) (1) "Local agency" means every city, whether organized under general law or by charter, county, city and county, district, including school, sewer, water, utility, and local and regional park districts of any kind or class, joint powers authority, successor agency to a former redevelopment agency, housing authority, or other political subdivision of this state and any instrumentality thereof that is empowered to acquire and hold real property.

(2) The Legislature finds and declares that the term "district" as used in this article includes all districts within the state, including, but not limited to, all special districts, sewer, water, utility, and local and regional park districts, and any other political subdivision of this state that is a district, and therefore the changes in paragraph (1) made by the act adding this paragraph that specify that the provisions of this article apply to all districts, including school, sewer, water, utility, and local and regional park districts of any kind or class, are declaratory of, and not a change in, existing law.

(b) (1) "Surplus land" means land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use. Land shall be declared either "surplus land" or "exempt surplus land," as supported by written findings, before a local agency may take any action to dispose of it consistent with an agency's policies or procedures. A local agency, on an annual basis, may declare multiple parcels as "surplus land" or "exempt surplus land."

(2) "Surplus land" includes land held in the Community Redevelopment Property Trust Fund pursuant to Section 34191.4 of the Health and Safety Code and land that has been designated in the long-range property management plan approved by the Department of Finance pursuant to Section 34191.5 of the Health and Safety Code, either for sale or for future development, but does not include any specific disposal of land to an identified entity described in the plan.

(3) Nothing in this article prevents a local agency from obtaining fair market value for the disposition of surplus land consistent with Section 54226.

(c) (1) Except as provided in paragraph (2), "agency's use" shall include, but not be limited to, land that is being used, is planned to be used pursuant to a written plan adopted by the local agency's governing board for, or is disposed to support pursuant to subparagraph (B) of paragraph (2) agency work or operations, including, but not limited to, utility sites, watershed property, land being used for conservation purposes, land for demonstration, exhibition, or educational purposes related to greenhouse gas emissions, and buffer sites near sensitive governmental uses, including, but not limited to, wastewater treatment plants.

(2) (A) "Agency's use" shall not include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development. Property disposed of for the sole purpose of investment or generation of revenue shall not be considered necessary for the agency's use.

(B) In the case of a local agency that is a district, excepting those whose primary mission or purpose is to supply the public with a transportation system, "agency's use" may include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development or be for the sole purpose of investment or generation of revenue if the agency's governing body takes action in a public meeting declaring that the use of the site will do either of the following:

(i) Directly further the express purpose of agency work or operations.

(ii) Be expressly authorized by a statute governing the local agency, provided the district complies with Section 54233.5 where applicable.

(d) "Open-space purposes" means the use of land for public recreation, enjoyment of scenic beauty, or conservation or use of natural resources.

(e) "Persons and families of low or moderate income" has the same meaning as provided in Section 50093 of the Health and Safety Code.

(f) (1) Except as provided in paragraph (2), "exempt surplus land" means any of the following:

(A) Surplus land that is transferred pursuant to Section 25539.4 or 37364.

(B) Surplus land that is (i) less than 5,000 square feet in area, (ii) less than the minimum legal residential building lot size for the jurisdiction in which the parcel is located, or 5,000 square feet in area, whichever is less, or (iii) has no record access and is less than 10,000 square feet in area; and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes. If the surplus land is not sold to an owner of contiguous land, it is not considered exempt surplus land and is subject to this article.

(C) Surplus land that a local agency is exchanging for another property necessary for the agency's use.

(D) Surplus land that a local agency is transferring to another local, state, or federal agency for the agency's use, or to a federally recognized California Indian tribe.

(E) Surplus land that is a former street, right-of-way, or easement, and is conveyed to an owner of an adjacent property.

(F) Surplus land that is put out to open, competitive bid by a local agency, provided all entities identified in subdivision (a) of Section 54222 will be invited to participate in the competitive bid process, for either of the following purposes:

(i) A housing development, which may have ancillary commercial ground floor uses, that restricts 100 percent of the residential units to persons and families of low or moderate income, with at least 75 percent of the residential units restricted to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Section 50052.5 or 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing, and in no event shall the maximum affordable sales price or rent level be higher than 20 percent below the median market rents or sales prices for the neighborhood in which the site is located.

(ii) A mixed-use development that is more than one acre in area, that includes not less than 300 housing units, and that restricts at least 25 percent of the residential units to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing.

(G) Surplus land that is subject to valid legal restrictions that are not imposed by the local agency and that would make housing prohibited, unless there is a feasible method to satisfactorily mitigate or avoid the prohibition on the site. An existing nonresidential land use designation on the surplus land is not a legal restriction that would make housing prohibited for purposes of this subparagraph. Nothing in this article limits a local jurisdiction's authority or discretion to approve land use, zoning, or entitlement decisions in connection with the surplus land.

(H) Surplus land that was granted by the state in trust to a local agency or that was acquired by the local agency for trust purposes by purchase or exchange, and for which disposal of the land is authorized or required subject to conditions established by statute.

(I) Land that is subject to Sections 17388, 17515, 17536, 81192, 81397, 81399, 81420, and 81422 of the Education Code and Part 14 (commencing with Section 53570) of Division 31 of the Health and Safety Code, unless compliance with this article is expressly required.

(J) Surplus land that is a former military base that was conveyed by the federal government to a local agency, and is subject to Article 8 (commencing with Section 33492.125) of Chapter 4.5 of Part 1 of Division 24 of the Health and Safety Code, provided that all of the following conditions are met:

(i) The former military base has an aggregate area greater than five acres, is expected to include a mix of residential and nonresidential uses, and is expected to include no fewer than 1,400 residential units upon completion of development or redevelopment of the former military base.

(ii) The affordability requirements for residential units shall be governed by a settlement agreement entered into prior to September 1, 2020. Furthermore, at least 25 percent of the initial 1,400 residential units developed shall be restricted to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing.

(iii) Prior to disposition of the surplus land, the agency adopts written findings that the land is exempt surplus land pursuant to this subparagraph.

(iv) Prior to the disposition of the surplus land, the recipient has negotiated a project labor agreement consistent with the local agency's project stabilization agreement resolution, as adopted on February 2, 2021, and any succeeding ordinance, resolution, or policy, regardless of the length of the agreement between the local agency and the recipient.

(v) The agency includes in the annual report required by paragraph (2) of subdivision (a) of Section 65400 the status of development of residential units on the former military base, including the total number of residential units that have been permitted and what percentage of those residential units are restricted for persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, or lower income households, as defined in Section 50079.5 of the Health and Safety Code.

A violation of this subparagraph is subject to the penalties described in Section 54230.5. Those penalties are in addition to any remedy a court may order for violation of this subparagraph or the settlement agreement.

(K) Real property that is used by a district for agency's use expressly authorized in subdivision (c).

(L) Land that has been transferred before June 30, 2019, by the state to a local agency pursuant to Section 32667 of the Streets and Highways Code and has a minimum planned residential density of at least 100 dwelling units per acre, and includes 100 or more residential units that are restricted to persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing. For purposes of this paragraph, not more than 20 percent of the affordable units may be restricted to persons and families of moderate income and at least 80 percent of the affordable units must be restricted to persons and families of lower income as defined in Section 50079.5 of the Health and Safety Code.

(2) Notwithstanding paragraph (1), a written notice of the availability of surplus land for open-space purposes shall be sent to the entities described in subdivision (b) of Section 54222 prior to disposing of the surplus land, provided the land does not meet the criteria in subparagraph (H) of paragraph (1), if the land is any of the following:

(A) Within a coastal zone.

(B) Adjacent to a historical unit of the state park system.

(C) Listed on, or determined by the State Office of Historic Preservation to be eligible for, the National Register of Historic Places.

(D) Within the Lake Tahoe region as defined in Section 66905.5.

(g) This section shall become operative on January 1, 2034.

SEC. 5. Section 65589.9 of the Government Code is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(F) Reduction of permit processing time.

(G) Creation of objective development standards.

(H) Reduction of development impact fees.

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

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

SEC. 6. Section 65589.11 of the Government Code is amended to read:

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

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

(c) If a jurisdiction, after the effective date of this section, is included on the list described in subdivision (a), and, on the basis of that inclusion, would be denied funding under any program that is listed pursuant to subdivision (e) and under which the jurisdiction previously applied for funding, the department shall offer the jurisdiction the opportunity for two meetings in person or via telephone to discuss the jurisdiction's failure to adopt a housing element that is found to be in substantial compliance with the requirements of this article pursuant to Section 65585, and shall provide the jurisdiction written findings regarding that failure. Meetings previously offered pursuant to subdivision (k) of Section 65585 shall satisfy the requirements of this subdivision.

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

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

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

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

SEC. 7. Section 65852.24 of the Government Code is amended to read:

65852.24. (a) (1) This section shall be known, and may be cited, as the Middle Class Housing Act of 2022.

(2) The Legislature finds and declares all of the following:

(A) Creating more affordable housing is critical to the achievement of regional housing needs assessment goals, and that housing units developed at higher densities may generate affordability by design for California residents, without the necessity of public subsidies, income eligibility, occupancy restrictions, lottery procedures, or other legal requirements applicable to deed restricted affordable housing to serve very low and low-income residents and special needs residents.

(B) The state has made historic investments in deed-restricted affordable housing. According to the Legislative Analyst's Office, the state budget provided nearly five billion dollars (\$5,000,000,000) in the 2021-22 budget year for housing-related programs. The 2022-23 budget further built on that sum by allocating nearly one billion two hundred million dollars (\$1,200,000,000) to additional affordable housing programs.

(C) There is continued need for housing development at all income levels, including missing middle housing that will provide a variety of housing options and configurations to allow every Californian to live near where they work.

(D) The Middle Class Housing Act of 2022 will unlock the development of additional housing units for middle-class Californians near job centers, subject to local inclusionary requirements that are set based on local conditions.

(b) A housing development project shall be deemed an allowable use on a parcel that is within a zone where office, retail, or parking are a principally permitted use if it complies with all of the following:

(1) The density for the housing development shall meet or exceed the applicable density deemed appropriate to accommodate housing for lower income households in that jurisdiction as specified in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2.

(2) (A) The housing development shall be subject to local zoning, parking, design, and other ordinances, local code requirements, and procedures applicable to the processing and permitting of a housing development in a zone that allows for the housing with the density described in paragraph (1).

(B) If more than one zoning designation of the local agency allows for housing with the density described in paragraph (1), the zoning standards applicable to a parcel that allows residential use pursuant to this section shall be the zoning standards that apply to the closest parcel that allows residential use at a density that meets the requirements of paragraph (1).

(C) If the existing zoning designation for the parcel, as adopted by the local government, allows residential use at a density greater than that required in paragraph (1), the existing zoning designation shall apply.

(3) The housing development shall comply with any public notice, comment, hearing, or other procedures imposed by the local agency on a housing development in the applicable zoning designation identified in paragraph (2).

(4) The project site is 20 acres or less.

(5) The housing development complies with all other objective local requirements for a parcel, other than those that prohibit residential use, or allow residential use at a lower density than provided in paragraph (1), including, but not limited to, impact fee requirements and inclusionary housing requirements.

(6) The development and the site on which it is located satisfy both of the following:

(A) It is a legal parcel or parcels that meet either of the following:

(i) It is within a city where the city boundaries include some portion of an urban area, as designated by the United States Census Bureau.

(ii) It is in an unincorporated area, and the legal parcel or parcels are wholly within the boundaries of an urban area, as designated by the United States Census Bureau.

(B) (i) It is not on a site or adjoined to any site where more than one-third of the square footage on the site is dedicated to industrial use.

(ii) For purposes of this subparagraph, parcels only separated by a street or highway shall be considered to be adjoined.

(iii) For purposes of this subparagraph, "dedicated to industrial use" means either of the following:

(I) The square footage is currently being used as an industrial use.

(II) The most recently permitted use of the square footage is an industrial use.

(III) The site was designated for industrial use in the latest version of a local government's general plan adopted before January 1, 2022.

(7) The housing development is consistent with any applicable and approved sustainable community strategy or alternative plan, as described in Section 65080.

(8) The developer has done both of the following:

(A) Certified to the local agency that either of the following is true:

(i) The entirety of the development is a public work for purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

(ii) The development is not in its entirety a public work for which prevailing wages must be paid under Article 2 (commencing with Section 1720) of Chapter 1 of Part 2 of Division 2 of the Labor Code, but all construction workers employed on construction of the development will 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. If the development is subject to this subparagraph, then for those portions of the development that are not a public work all of the following shall apply:

(I) The developer shall ensure that the prevailing wage requirement is included in all contracts for the performance of all construction work.

(II) All contractors and subcontractors shall 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.

(III) Except as provided in subclause (V), all contractors and subcontractors shall maintain and verify payroll records pursuant to Section 1776 of the Labor Code and make those records available for inspection and copying as provided therein.

(IV) Except as provided in subclause (V), the obligation of the contractors and subcontractors to pay prevailing wages may be enforced by 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 development, or by an underpaid worker through an administrative complaint or civil action, or by a joint labor-management committee through a civil action under Section 1771.2 of the Labor Code. If a civil wage and penalty

assessment is issued, 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.

(V) Subclauses (III) and (IV) shall 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. For purposes of this clause, "project labor agreement" has the same meaning as set forth in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(VI) 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 shall not apply if otherwise provided in a bona fide collective bargaining agreement covering the worker. The requirement 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.

(VII) All contractors and subcontractors shall be registered in accordance with Section 1725.5 of the Labor Code.

(VIII) The development proponent shall provide notice of all contracts for the performance of the work to the Department of Industrial Relations, in accordance with Section 1773.3 of the Labor Code.

(B) Certified to the local agency that a skilled and trained workforce will be used to perform all construction work on the development.

(i) For purposes of this section, "skilled and trained workforce" has the same meaning as provided in Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.

(ii) If the developer has certified that a skilled and trained workforce will be used to construct all work on development and the application is approved, the following shall apply:

(I) The developer shall require in all contracts for the performance of work that every contractor and subcontractor at every tier will individually use a skilled and trained workforce to construct the development.

(II) Every contractor and subcontractor shall use a skilled and trained workforce to construct the development.

(III) Except as provided in subclause (IV), the developer shall provide to the local agency, on a monthly basis while the development or contract is being performed, a report demonstrating compliance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code. A monthly report provided to the local government pursuant to this subclause 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 developer that fails to provide a monthly report demonstrating compliance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code shall be subject to a civil penalty of ten thousand dollars (\$10,000) per month for each month for which the report has not been provided. Any contractor or subcontractor 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 using the same procedures for 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. Penalties shall be paid to the State Public Works Enforcement Fund.

(IV) Subclause (III) shall not apply if all contractors and subcontractors performing work on the development are subject to a project labor agreement that requires compliance with the skilled and trained workforce requirement and provides for enforcement of that obligation through an arbitration procedure. For purposes of this subparagraph, "project labor agreement" has the same meaning as set forth in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(iii) Notwithstanding subclause (II) of clause (ii), a contractor or subcontractor shall not be in violation of the apprenticeship graduation requirements of subdivision (d) of Section 2601 of the Public Contract Code to the extent that all of the following requirements are satisfied:

(I) All contractors and subcontractors performing work on the development are subject to a project labor agreement that includes the local building and construction trades council as a party, that requires compliance with the apprenticeship graduation requirements, and that provides for enforcement of that obligation through an arbitration procedure.

(II) The project labor agreement requires the contractor or subcontractor to request the dispatch of workers for the project through a hiring hall or referral procedure.

(III) The contractor or subcontractor is unable to obtain sufficient workers to meet the apprenticeship graduation percentage requirement within 48 hours of its request, Saturdays, Sundays, and holidays excepted.

(9) Notwithstanding subparagraph (B) of paragraph (8), a contract or subcontract may be awarded without a requirement for the use of a skilled and trained workforce to the extent that all of the following requirements are satisfied:

(A) At least seven days before issuing any invitation to prequalify or bid solicitation for the project, the developer sends a notice of the invitation or solicitation that describes the project to the following entities within the jurisdiction of the proposed project site:

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

(ii) Any organization representing contractors that may perform work necessary to complete the project.

(B) The developer seeks bids containing an enforceable commitment that all contractors and subcontractors at every tier will use a skilled and trained workforce to perform work on the project that falls within an apprenticeshipable occupation in the building and construction trades.

(C) For the purpose of establishing a bidder pool of eligible contractors and subcontractors, the developer establishes a process to prequalify prime contractors and subcontractors that agree to meet skilled and trained workforce requirements.

(D) The bidding process for the project includes, but is not limited to, all of the following requirements:

(i) The prime contractor shall be required to list all subcontractors that will perform work in an amount in excess of one-half of 1 percent of the prime contractor's total bid.

(ii) The developer shall only accept bids from prime contractors that have been prequalified.

(iii) If the developer receives at least two bids from prequalified prime contractors, a skilled and trained workforce must be used by all contractors and subcontractors, except as provided in clause (vi).

(iv) If the developer receives fewer than two bids from prequalified prime contractors, the contract may be rebid and awarded without the skilled and trained workforce requirement applying to the prime contractor's scope of work.

(v) Prime contractors shall request bids from subcontractors on the prequalified list and shall only accept bids and list subcontractors from the prequalified list. If the prime contractor receives bids from at least two subcontractors in each tier listed on the prequalified list, the prime contractor shall require that the contract for that tier or scope of work will require a skilled and trained workforce.

(vi) If the prime contractor fails to receive at least two bids from subcontractors listed on the prequalified list in any tier, the prime contractor may rebid that scope of work. The prime contractor need not require that a skilled and trained workforce be used for that scope of work and may list subcontractors for that scope of work that do not appear on the prequalified list.

(E) The developer shall establish minimum requirements for prequalification of prime contractors and subcontractors that are, to the maximum extent possible, quantifiable and objective. Only criterion, and minimum thresholds for any criterion, that are reasonably necessary to ensure that any bidder awarded a project can successfully complete the proposed scope shall be used by the developer. The developer shall not impose any obstacles to prequalification that go beyond what is commercially reasonable and customary.

(F) The developer shall, within 24 hours of a request by a labor organization that represents workers in the geographic area of the project, provide all of the following information to the labor organization:

(i) The names and Contractors State License Board numbers of the prime contractors and subcontractors that have prequalified.

(ii) The names and Contractors State License Board numbers of the prime contractors that have submitted bids and their respective listed subcontractors.

(iii) The names and Contractors State License Board numbers of the prime contractor that was awarded the work and its listed subcontractors.

(G) An interested party, including a labor organization that represents workers in the geographic area of the project, may bring an action for injunctive relief against a developer or prime contractor that is proceeding with a project in violation of the bidding requirements of this paragraph applicable to developers and prime contractors. The court in such an action may issue injunctive relief to halt work on the project and to require compliance with the requirements of this subdivision. The prevailing plaintiff in such an action shall be entitled to recover its reasonable attorney's fees and costs.

(c) (1) The development proponent shall provide written notice of the pending application to each commercial tenant on the parcel when the application is submitted.

(2) The development proponent shall provide relocation assistance to each eligible commercial tenant located on the site as follows:

(A) For a commercial tenant operating on the site for at least one year but less than five years, the relocation assistance shall be equivalent to six months' rent.

(B) For a commercial tenant operating on the site for at least 5 years but less than 10 years, the relocation assistance shall be equivalent to nine months' rent.

(C) For a commercial tenant operating on the site for at least 10 years but less than 15 years, the relocation assistance shall be equivalent to 12 months' rent.

(D) For a commercial tenant operating on the site for at least 15 years but less than 20 years, the relocation assistance shall be equivalent to 15 months' rent.

- (E) For a commercial tenant operating on the site for at least 20 years, the relocation assistance shall be equivalent to 18 months' rent.
- (3) The relocation assistance shall be provided to an eligible commercial tenant upon expiration of the lease of that commercial tenant.
- (4) For purposes of this subdivision, a commercial tenant is eligible for relocation assistance if the commercial tenant meets all of the following criteria:
- (A) The commercial tenant is an independently owned and operated business with its principal office located in the county in which the property on the site that is leased by the commercial tenant is located.
 - (B) The commercial tenant's lease expired and was not renewed by the property owner.
 - (C) The commercial tenant's lease expired within the three years following the development proponent's submission of the application for a housing development pursuant to this article.
 - (D) The commercial tenant employs 20 or fewer employees and has an annual average gross receipts under one million dollars (\$1,000,000) for the three taxable year period ending with the taxable year that precedes the expiration of their lease.
 - (E) The commercial tenant is still in operation on the site at the time of the expiration of its lease.
- (5) Notwithstanding paragraph (4), for purposes of this subdivision, a commercial tenant is ineligible for relocation assistance if the commercial tenant meets both of the following criteria:
- (A) The commercial tenant entered into a lease on the site after the development proponent's submission of the application for a housing development pursuant to this article.
 - (B) The commercial tenant had not previously entered into a lease on the site.
- (6) (A) The commercial tenant shall utilize the funds provided by the development proponent to relocate the business or for costs of a new business.
- (B) Notwithstanding paragraph (2), if the commercial tenant elects not to use the funds provided as required by subparagraph (A), the development proponent shall provide only assistance equal to three months' rent, regardless of the duration of the commercial tenant's lease.
- (7) For purposes of this subdivision, monthly rent is equal to one-twelfth of the total amount of rent paid by the commercial tenant in the last 12 months.
- (d) A local agency shall require that a rental of any unit created pursuant to this section be for a term longer than 30 days.
- (e) (1) A local agency may exempt a parcel from this section if the local agency makes written findings supported by substantial evidence of either of the following:
- (A) The local agency concurrently reallocated the lost residential density to other lots so that there is no net loss in residential density in the jurisdiction.
 - (B) The lost residential density from each exempted parcel can be accommodated on a site or sites allowing residential densities at or above those specified in paragraph (2) of subdivision (b) and in excess of the acreage required to accommodate the local agency's share of housing for lower income households.
- (2) A local agency may reallocate the residential density from an exempt parcel pursuant to this subdivision only if all of the following requirements are met:
- (A) The exempt parcel or parcels are subject to an ordinance that allows for residential development by right.
 - (B) The site or sites chosen by the local agency to which the residential density is reallocated meet both of the following requirements:
 - (i) The site or sites are suitable for residential development at densities specified in paragraph (1) of subdivision (b) of Section 65852.24. For purposes of this clause, "site or sites suitable for residential development" shall have the same meaning as "land suitable for residential development," as defined in Section 65583.2.
 - (ii) The site or sites are subject to an ordinance that allows for development by right.
- (f) (1) This section does not alter or lessen the applicability of any housing, environmental, or labor law applicable to a housing development authorized by this section, including, but not limited to, the following:
- (A) The California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code).
 - (B) The California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).
 - (C) The Housing Accountability Act (Section 65589.5).
 - (D) The Density Bonus Law (Section 65915).

(E) Obligations to affirmatively further fair housing, pursuant to Section 8899.50.

(F) State or local affordable housing laws.

(G) State or local tenant protection laws.

(2) All local demolition ordinances shall apply to a project developed pursuant to this section.

(3) For purposes of the Housing Accountability Act (Section 65589.5), a proposed housing development project that is consistent with the provisions of subdivision (b) shall be deemed consistent, compliant, and in conformity with an applicable plan, program, policy, ordinance, standard, requirement, or other similar provision.

(4) Notwithstanding any other provision of this section, for purposes of the Density Bonus Law (Section 65915), an applicant for a housing development under this section may apply for a density bonus pursuant to Section 65915.

(g) Notwithstanding Section 65913.4, a project subject to this section shall not be eligible for streamlining pursuant to Section 65913.4 if it meets either of the following conditions:

(1) The site has previously been developed pursuant to Section 65913.4 with a project of 10 units or fewer.

(2) The developer of the project or any person acting in concert with the developer has previously proposed a project pursuant to Section 65913.4 of 10 units or fewer on the same or an adjacent site.

(h) A local agency may adopt an ordinance to implement the provisions of this article. An ordinance adopted to implement this section shall not be considered a "project" under Division 13 (commencing with Section 21000) of the Public Resources Code.

(i) Each local agency shall include the number of sites developed and the number of units constructed pursuant to this section in its annual progress report required pursuant to paragraph (2) of subdivision (a) of Section 65400.

(j) The department shall undertake at least two studies of the outcomes of this chapter. One study shall be completed on or before January 1, 2027, and one shall be completed on or before January 1, 2031.

(1) The studies required by this subdivision shall include, but not be limited to, the number of projects built, the number of units built, the jurisdictional and regional location of the housing, the relative wealth and access to resources of the communities in which they are built, the level of affordability, the effect on greenhouse gas emissions, and the creation of construction jobs that pay the prevailing wage.

(2) The department shall publish a report of the findings of a study required by this subdivision, post the report on its internet website, and submit the report to the Legislature pursuant to Section 9795.

(k) For purposes of this section:

(1) "Housing development project" means a project consisting of any of the following:

(A) Residential units only.

(B) Mixed-use developments consisting of residential and nonresidential retail commercial or office uses, and at least 50 percent of the square footage of the new construction associated with the project is designated for residential use. None of the square footage of any such development shall be designated for hotel, motel, bed and breakfast inn, or other transient lodging use, except for a residential hotel.

(2) "Local agency" means a city, including a charter city, county, or a city and county.

(3) "Office or retail commercial zone" means any commercial zone, except for zones where office uses and retail uses are not permitted, or are permitted only as an accessory use.

(4) "Residential hotel" has the same meaning as defined in Section 50519 of the Health and Safety Code.

(l) The Legislature finds and declares that ensuring access to affordable housing is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this section applies to all cities, including charter cities.

(m) (1) This section shall become operative on July 1, 2023.

(2) This section shall remain in effect only until January 1, 2033, and as of that date is repealed.

SEC. 8. Section 65912.114 of the Government Code is amended to read:

65912.114. (a) (1) If the local government determines that a development submitted pursuant to this article is consistent with the objective planning standards specified in this article, it shall approve the development.

(2) If a local government determines that a development submitted pursuant to this article is in conflict with any of the objective planning standards specified in this article, it 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 development proposal to the local government if the development contains 150 or fewer housing units.

(B) Within 90 days of submittal of the development proposal to the local government if the development contains more than 150 housing units.

(b) If the local government fails to provide the required documentation pursuant to subdivision (a), the development shall be deemed to satisfy the required objective planning standards.

(c) (1) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(2) For purposes of this section, a development is not in conflict with the objective planning standards solely 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 development is consistent with the objective planning standards.

(d) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a "project" as defined in Section 21065 of the Public Resources Code.

(e) Design review of the development may be conducted by the local government's planning commission or any equivalent board or commission responsible for review and approval of development projects, or the city council or board of supervisors, as appropriate. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government, and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(1) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(2) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(f) A 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.

(g) The local government shall ensure that the project satisfies the requirements specified in subdivision (d) of Section 66300, regardless of whether the development is within or not within an affected city or within or not within an affected county.

(h) If the development 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).

(i) A local government may, by ordinance adopted to implement this article, exempt a parcel from this section before a development proponent submits a development application on a parcel pursuant to this article if the local government makes written findings establishing all of the following:

(1) The local government has identified one or more parcels that meet the criteria described in subdivisions (b) through (f) of Section 65912.111.

(2) (A) If a parcel identified in paragraph (1) would not otherwise be eligible for development pursuant to this chapter, the implementing ordinance authorizes the parcel to be developed pursuant to the requirements of this chapter. A parcel reclassified for development pursuant to this subparagraph shall be suitable for residential development. For purposes of this subparagraph, a parcel suitable for residential development shall have the same meaning as "land suitable for residential development," as defined in Section 65583.2.

(B) If a parcel identified in paragraph (1) would otherwise be eligible for development pursuant to this chapter, the implementing ordinance authorizes the parcel to be developed ministerially at residential densities above the residential density required in subdivision (b) of Section 65912.113.

(3) The substitution of the parcel or parcels identified in this subdivision for parcels reclassified pursuant to paragraph (2) will result in all of the following:

(A) No net loss of the total potential residential capacity in the jurisdiction relative to the total capacity that existed in the jurisdiction through the combined effect of this chapter and local law as of the date of the adoption of the ordinance. In making the no net loss calculation specified by this subparagraph, the local government need only factor in the parcels substituted and reclassified pursuant to this subdivision.

(B) No net loss of the total potential residential capacity of housing affordable to lower income households in the jurisdiction relative to the total capacity that existed in the jurisdiction through the combined effect of this chapter and local law as of the date of the adoption of the ordinance. In making the no net loss calculation specified by this subparagraph, the local government need only factor in the parcels substituted and reclassified pursuant to this subdivision.

(C) Affirmative furthering of fair housing.

(4) A parcel or parcels reclassified for development pursuant to subparagraph (A) of paragraph (2) shall be eligible for development pursuant to this chapter notwithstanding any contrary provision of the local government's charter, general plan, or ordinances, and a parcel or parcels reclassified for development pursuant to subparagraph (B) of paragraph (2) shall be developed ministerially at the densities and heights specified in the ordinance notwithstanding any contrary provision of the local government's charter, general plan, or ordinances.

(5) The local government has completed all of the rezonings required pursuant to subdivision (c) of Section 65583 for the sixth revision of its housing element.

(j) A local government's approval of a development pursuant to this section shall, notwithstanding any other law, be subject to the expiration timeframes specified in subdivision (f) of Section 65913.4.

(k) Any proposed modifications to a development project approved pursuant to this section shall be undertaken pursuant to subdivision (g) of Section 65913.4.

(l) 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 streamlined, ministerial review pursuant to this section.

(m) A local government shall issue a subsequent permit required for a development approved under this section pursuant to paragraph (2) of subdivision (h) of Section 65913.4.

(n) A public improvement that is necessary to implement a development that is approved pursuant to this section shall be undertaken pursuant to paragraph (3) of subdivision (h) of Section 65913.4.

(o) A local government may adopt an ordinance to implement the provisions of this article. An ordinance adopted to implement this section shall not be considered a "project" under Division 13 (commencing with Section 21000) of the Public Resources Code.

SEC. 9. Section 65912.124 of the Government Code is amended to read:

65912.124. (a) (1) If the local government determines that a development submitted pursuant to this article is consistent with the objective planning standards specified in this article, it shall approve the development.

(2) If a local government determines that a development submitted pursuant to this article is in conflict with any of the objective planning standards specified in this article, it 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 development proposal to the local government if the development contains 150 or fewer housing units.

(B) Within 90 days of submittal of the development proposal to the local government if the development contains more than 150 housing units.

(b) If the local government fails to provide the required documentation pursuant to subdivision (a), the development shall be deemed to satisfy the required objective planning standards.

(c) (1) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(2) For purposes of this section, a development is not in conflict with the objective planning standards solely 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 development is consistent with the objective planning standards.

(d) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a "project" as defined in Section 21065 of the Public Resources Code.

(e) Design review of the development may be conducted by the local government's planning commission or any equivalent board or commission responsible for review and approval of development projects, or the city council or board of supervisors, as appropriate. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government, and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(1) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(2) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(f) 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, except that the project shall not use a concession to reduce a local government requirement for the provision of ground floor retail that is consistent with the allowance contained in paragraph (3) of subdivision (j) of Section 65912.123.

(g) The local government shall ensure that the project satisfies the requirements specified in subdivision (d) of Section 66300, regardless of whether the development is within or not within an affected city or within or not within an affected county.

(h) If the development 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).

(i) A local government may, by ordinance adopted to implement this article, exempt a parcel from this section before a development proponent submits a development application on a parcel pursuant to this article if the local government makes written findings establishing all of the following:

(1) The local government has identified a parcel or parcels that meet the criteria described in subdivisions (b) and (e) to (h), inclusive, of Section 65912.121.

(2) (A) If a parcel identified in paragraph (1) would not otherwise be eligible for development pursuant to this chapter, the implementing ordinance authorizes the parcel to be developed pursuant to the requirements of this chapter. A parcel reclassified for development pursuant to this subparagraph shall be suitable for residential development. For purposes of this subparagraph, a parcel suitable for residential development shall have the same meaning as "land suitable for residential development," as defined in Section 65583.2.

(B) If a parcel identified in paragraph (1) would otherwise be eligible for development pursuant to this chapter, the implementing ordinance authorizes the parcel to be developed ministerially at residential densities above the residential density required in subdivision (b) of Section 65912.123 and heights required in subdivision (c) of Section 65912.123.

(3) The substitution of the parcel or parcels identified in this subdivision for parcels reclassified pursuant to paragraph (2) will result in all of the following:

(A) No net loss of the total potential residential capacity in the jurisdiction relative to the total capacity that existed in the jurisdiction through the combined effect of local and state law as of the date of the adoption of the ordinance. In making the no net loss calculation specified by this subparagraph, the local government need only factor in the parcels substituted and reclassified pursuant to this subdivision.

(B) No net loss of the total potential residential capacity of housing affordable to lower income households in the jurisdiction relative to the total capacity that existed in the jurisdiction through the combined effect of this chapter and local law as of the date of the adoption of the ordinance. In making the no net loss calculation specified by this subparagraph, the local government need only factor in the parcels substituted and reclassified pursuant to this subdivision.

(C) Affirmative furthering of fair housing.

(4) A parcel or parcels reclassified for development pursuant to subparagraph (A) of paragraph (2) shall be eligible for development pursuant to this chapter notwithstanding any contrary provision of the local government's charter, general plan, or ordinances, and a parcel or parcels reclassified for development pursuant to subparagraph (B) of paragraph (2) shall be developed ministerially at the densities and heights specified in the ordinance notwithstanding any contrary provision of the local government's charter, general plan, or ordinances.

(5) The local government has completed all of the rezonings required pursuant to subdivision (c) of Section 65583 for the sixth revision of its housing element.

(j) A local government's approval of a development pursuant to this section shall, notwithstanding any other law, be subject to the expiration timeframes specified in subdivision (f) of Section 65913.4.

(k) Any proposed modifications to a development project approved pursuant to this section shall be undertaken pursuant to subdivision (g) of Section 65913.4.

(l) 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 streamlined, ministerial review pursuant to this section.

(m) A local government shall issue a subsequent permit required for a development approved under this section pursuant to paragraph (2) of subdivision (h) of Section 65913.4.

(n) A public improvement that is necessary to implement a development that is approved pursuant to this section shall be undertaken pursuant to paragraph (3) of subdivision (h) of Section 65913.4.

(o) A local government may adopt an ordinance to implement the provisions of this article. An ordinance adopted to implement this section shall not be considered a "project" under Division 13 (commencing with Section 21000) of the Public Resources Code.

SEC. 10. Section 17008.7 is added to the Health and Safety Code, to read:

17008.7. "Fund," as used in this part, means the Employee Housing Regulation Fund established by Section 17036.

SEC. 11. Section 17036 of the Health and Safety Code is amended to read:

17036. (a) Except as provided in Section 18930, the department shall adopt regulations that it determines are necessary for the administration and enforcement of this part. The regulations adopted, amended, or repealed shall prescribe reasonable requirements

for issuance of permits and establish procedures for suspension of permits, including appeal procedures.

(b) The department shall establish a schedule of fees to pay for the cost of administration and enforcement of this part, that includes, but is not limited to, the following minimum permit fees:

(1) A two-hundred-dollar (\$200) issuance fee for a permit to operate employee housing for each employee housing facility.

(2) A twenty-seven-dollar (\$27) permit operation fee for each employee the operator intends to house where that housing is supplied by the operator, and at least twenty-seven dollars (\$27) for each lot or site provided for parking or the placement of manufactured homes, mobilehomes, or recreational vehicles or other accommodations by employees.

(c) (1) The department may adjust the fees established pursuant to subdivision (b), if necessary, to finance the costs of administration and enforcement of this part.

(2) Any fee adjustment pursuant to paragraph (1) shall be deemed a change in regulation for purposes of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(d) The department may adopt additional regulations to facilitate the development of employee housing pursuant to Sections 17021.5 and 17021.6.

(e) There is hereby established in the State Treasury the Employee Housing Regulation Fund. Moneys collected by the department pursuant to this part and regulations adopted thereto shall be deposited in the fund. Moneys deposited in the fund shall be available, subject to appropriation by the Legislature, to the department for expenditure in carrying out this part. The department shall set the fees with the primary objective that the aggregate revenue deposited in the fund shall not, on an annual basis, exceed the costs of the department's activities mandated by this part. The total money contained in the fund on June 30 of each fiscal year shall not exceed the operating expenses and statewide general administrative costs that the department needs to enforce this part for one year. If the total money contained in the fund exceeds this amount, the department shall make appropriate reductions in the schedule of fees authorized by this section.

SEC. 12. Section 50199.21 of the Health and Safety Code is amended to read:

50199.21. (a) "Rural area" for the purpose of this chapter and Sections 17058 and 23610.5 of the Revenue and Taxation Code, means an area, which, on January 1 of any calendar year satisfies any of the following criteria:

(1) The area is eligible for financing under a multifamily housing program pursuant to Section 3560.1(a)(1) of Title 7 of the Code of Federal Regulations as it read on January 1, 2023, or successor program, of the United States Department of Agriculture Rural Development.

(2) The area is located in a nonmetropolitan area as defined in Section 50090.

(3) The area is any of the following:

(A) An incorporated city having a population of 40,000 or less as identified in the most recent Report E-1 published by the Demographic Research Unit of the Department of Finance.

(B) An unincorporated area that adjoins a city having a population of 40,000 or less, provided that the adjoining unincorporated area is not located within a census tract, block group, or block designated as an urban area by the United States Census Bureau in the most recent decennial census.

(C) An unincorporated area that does not adjoin a city and is not located within a census tract, block group, or block designated as an urban area by the United States Census Bureau in the most recent decennial census.

(b) The department shall assist in determinations of eligibility pursuant to paragraph (3) of subdivision (a) upon request. With respect to areas eligible under paragraphs (2) and (3) of subdivision (a), the committee may rely upon the recommendations made by the department. Any inconsistencies between areas eligible under subdivision (a) shall be resolved in favor of considering the area a rural area. Eligible and ineligible areas need not be established by regulation.

SEC. 13. Section 50216 of the Health and Safety Code is amended to read:

50216. For purposes of this chapter:

(a) "Agency" means the Business, Consumer Services and Housing Agency.

(b) "Applicant" means a continuum of care, city, county, or tribe.

(c) "City" means a city or city and county that is legally incorporated to provide local government services to its population. A city can be organized either under the general laws of this state or under a charter adopted by the local voters.

(d) "Continuum of care" means the same as defined by the United States Department of Housing and Urban Development at Section 578.3 of Title 24 of the Code of Federal Regulations.

(e) "Coordinated Entry System" means a centralized or coordinated process developed pursuant to Section 578.7 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019, designed to coordinate homelessness program participant intake, assessment, and provision of referrals. In order to satisfy this subdivision, a centralized or coordinated assessment system shall

cover the geographic area, be easily accessed by individuals and families seeking housing or services, be well advertised, and include a comprehensive and standardized assessment tool.

(f) "Council" means the associated staff within the Interagency Council on Homelessness, formerly known as the Homeless Coordinating and Financing Council, created pursuant to Section 8257 of the Welfare and Institutions Code.

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

(h) "Emergency shelter" has the same meaning as defined in subdivision (e) of Section 50801.

(i) "Homeless" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019.

(j) "Homeless Management Information System" means the information system designated by a continuum of care to comply with federal reporting requirements as defined in Section 578.3 of Title 24 of the Code of Federal Regulations. The term "Homeless Management Information System" also includes the use of a comparable database by a victim services provider or legal services provider that is permitted by the federal government under Part 576 of Title 24 of the Code of Federal Regulations.

(k) (1) "Homeless point-in-time count" means the 2019 homeless point-in-time count pursuant to Section 578.3 of Title 24 of the Code of Federal Regulations. A jurisdiction may elect to instead use their 2017 point-in-time count if they can demonstrate that a significant methodology change occurred between the 2017 and 2019 point-in-time counts that was based on an attempt to more closely align the count with HUD best practices and undertaken in consultation with HUD representatives. A jurisdiction shall submit documentation of this to the agency by the date by which HUD's certification of the 2019 homeless point-in-time count is finalized. The agency shall review and approve or deny a request described in the previous sentence along with a jurisdiction's application for homeless funding.

(2) For purposes of round 4 of the program described in Section 50218.7, "homeless point-in-time count" means the most recent point-in-time count that requires a sheltered and unsheltered count pursuant to Section 578.3 of Title 24 of the Code of Federal Regulations completed by all applicants.

(l) "Homeless youth" means an unaccompanied youth between 12 and 24 years of age, inclusive, who is experiencing homelessness, as defined in subsection (2) of Section 725 of the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11434a(2)). "Homeless youth" includes unaccompanied youth who are pregnant or parenting.

(m) "Housing First" has the same meaning as in Section 8255 of the Welfare and Institutions Code, including all of the core components listed therein.

(n) "Jurisdiction" means a city, city that is also a county, county, continuum of care, or tribe, as defined in this section.

(o) "Navigation center" means a Housing First, low-barrier, service-enriched shelter focused on moving homeless individuals and families into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing.

(p) "Program" means the Homeless Housing, Assistance, and Prevention program established pursuant to this chapter.

(1) "Round 1" of the program means the funding allocated under the program with moneys appropriated during the fiscal year beginning on July 1, 2019.

(2) "Round 2" of the program means the funding allocated under the program with moneys appropriated during the fiscal year beginning on July 1, 2020.

(3) "Round 3" of the program means the funding allocated under the program with moneys appropriated during the fiscal year beginning on July 1, 2021.

(4) "Round 4" of the program means the funding allocated under the program with moneys appropriated during the fiscal year beginning on July 1, 2022.

(q) "Program allocation" means the portion of program funds available to expand or develop local capacity to address immediate homelessness challenges.

(r) "Recipient" means a jurisdiction that receives funds from the council for the purposes of the program.

(s) "Tribe" or "tribal applicant" means a federally recognized tribal government pursuant to Section 4103 of Title 25 of the United States Code.

SEC. 14. Section 50218.6 of the Health and Safety Code is amended to read:

50218.6. (a) Upon appropriation by the Legislature, one billion dollars (\$1,000,000,000) of the funds administered pursuant to this chapter shall be made available in the 2021–22 fiscal year for implementing round 3 of the program, as follows:

(1) Not more than 80 percent, or eight hundred million dollars (\$800,000,000), of the funding available pursuant to this section shall be available to applicants that are cities, counties, or continuums of care, as follows:

(A) Thirty percent, or two hundred forty million dollars (\$240,000,000), of the funds described in this paragraph shall be available to continuums of care. The council shall calculate these allocations to a continuum of care based on each continuum of care's proportionate share of the state's total homeless population, based on the homeless point-in-time count. The council shall not award more than 40 percent of the allocation made pursuant to this subparagraph to a continuum of care.

(B) Forty-two percent, or three hundred thirty-six million dollars (\$336,000,000), of the funds described in this paragraph shall be available to each city, or city that is also a county, that has a population of 300,000 or more, as of January 1, 2020, according to data published on the Department of Finance's internet website. The council shall calculate the allocation to a city based on the city's proportionate share of the total homeless population of the region served by the continuum of care within which the city is located, based on the homeless point-in-time count. The council shall not award more than 45 percent of the program allocation made pursuant to this subparagraph to a city. If more than one recipient within the continuum of care meets the requirements of this subparagraph, the proportionate share of funds shall be equally allocated to those jurisdictions.

(C) Twenty-eight percent, or two hundred twenty-four million dollars (\$224,000,000), of the funds described in this paragraph shall be available to each county. The council shall calculate the allocation to a county based on the county's proportionate share of the total homeless population of the region served by the continuum of care within which the county is located, based on the homeless point-in-time count. The council shall not award more than 40 percent of the program allocation made pursuant to this subparagraph to a county.

(2) (A) Not more than 18 percent, or one hundred eighty million dollars (\$180,000,000), of the funding available pursuant to this section shall be set aside for awarding funds.

(B) Any funds described in subparagraph (A) that have not been awarded by July 1, 2023, shall be reallocated for distribution pursuant to Chapter 6.5 (commencing with Section 50230).

(3) Not more than 2 percent, or twenty million dollars (\$20,000,000), of the funding available pursuant to this section shall be available to tribal applicants. Notwithstanding any other provision of this chapter, the funds described in this paragraph shall be allocated as follows:

(A) A tribe may apply for program funds and the council shall make allocations to tribes on the basis of need. Tribes that apply for program funds pursuant to subparagraph (B) shall be allocated funds up to their requested amount, or up to a total of twenty million dollars (\$20,000,000) collectively among all tribal applicants. If the total request for funds exceeds this amount, the council shall determine an allocation methodology based on each tribal applicant's proportionate share of need relative to all tribes that submit an application for funding.

(B) A tribal applicant seeking funds pursuant to this section shall submit an application to the council, in the form and manner prescribed by the council, no later than June 30, 2022, with the following information:

(i) The amount of grant funds the tribe is requesting.

(ii) An explanation of the tribe's local need, including an estimation of the number of people who need homelessness services and the current resources that exist.

(iii) A description of what services on which the tribe plans to spend its grant funds. These activities shall be allowable pursuant to subdivision (e) of Section 50220.7.

(C) Any funds available to tribal applicants pursuant to this paragraph that are unallocated as of July 1, 2024, shall be reallocated for distribution pursuant to Chapter 6.5 (commencing with Section 50230).

(D) A tribal applicant may partner with a local continuum of care or coordinated entry system.

(b) An applicant applying for round 3 program funds pursuant to this section shall comply with the requirements set forth in Section 50220.6.

(c) A program recipient shall not use funding from the program allocated under this section to supplant existing local funds for homelessness services under penalty of disallowance or reduction, or both, of future program funds, as determined by the council.

(d) (1) No more than 5 percent, or fifty million dollars (\$50,000,000), of the funds available pursuant to subdivision (a) shall be used to cover the council's costs of administration of this section, including state operations expenditures, statewide capacity building, providing ongoing training and technical assistance to recipients, and measuring data and performance.

(2) The council may expend administrative funds until December 31, 2026, to complete grant closeout activities.

(e) A program recipient shall use at least 10 percent of the funds allocated under this section for services for homeless youth populations.

(f) Moneys allocated pursuant to this section shall be expended in compliance with Housing First.

(g) Except as provided in paragraph (2) of subdivision (d), all round 3 program funds shall be expended by June 30, 2026.

(h) The amendments made to this section by the act adding this subdivision shall become operative on July 1, 2023.

SEC. 15. Section 50218.7 of the Health and Safety Code is amended to read:

50218.7. (a) Upon appropriation by the Legislature, one billion dollars (\$1,000,000,000) of the funds administered pursuant to this chapter shall be made available in the 2022–23 fiscal year for implementing round 4 of the program, as follows:

(1) Not more than 80 percent, or eight hundred million dollars (\$800,000,000), of the funding available pursuant to this section shall be available to applicants that are cities, counties, or continuums of care, as follows:

(A) Thirty percent, or two hundred forty million dollars (\$240,000,000), of the funds described in this paragraph shall be available to continuums of care. The council shall calculate these allocations to a continuum of care based on each continuum of care's proportionate share of the state's total homeless population, based on the homeless point-in-time count. The council shall not award more than 40 percent of the allocation made pursuant to this subparagraph to a continuum of care.

(B) Forty-two percent, or three hundred thirty-six million dollars (\$336,000,000), of the funds described in this paragraph shall be available to each city, or city that is also a county, that has a population of 300,000 or more, as of January 1, 2021, according to data published on the Department of Finance's internet website. The council shall calculate the allocation to a city based on the city's proportionate share of the total homeless population of the region served by the continuum of care within which the city is located, based on the homeless point-in-time count. The council shall not award more than 45 percent of the program allocation made pursuant to this subparagraph to a city. If more than one recipient within the continuum of care meets the requirements of this subparagraph, the proportionate share of funds shall be equally allocated to those jurisdictions.

(C) Twenty-eight percent, or two hundred twenty-four million dollars (\$224,000,000), of the funds described in this paragraph shall be available to each county. The council shall calculate the allocation to a county based on the county's proportionate share of the total homeless population of the region served by the continuum of care within which the county is located, based on the homeless point-in-time count. The council shall not award more than 40 percent of the program allocation made pursuant to this subparagraph to a county.

(2) (A) Not more than 18 percent, or one hundred eighty million dollars (\$180,000,000), of the funding available pursuant to this section shall be set aside for awarding bonus funds.

(B) Any funds described in subparagraph (A) that have not been awarded by July 1, 2023, shall be reallocated for distribution pursuant to Chapter 6.5 (commencing with Section 50230).

(3) Not more than 2 percent, or twenty million dollars (\$20,000,000), of the funding available pursuant to this section shall be available to tribal applicants. Notwithstanding any other provision of this chapter, the funds described in this paragraph shall be allocated as follows:

(A) A tribe may apply for program funds and the council shall make allocations to tribes on the basis of need. Tribes that apply for program funds pursuant to subparagraph (B) shall be allocated funds up to their requested amount, or up to a total of twenty million dollars (\$20,000,000) collectively among all tribal applicants. If the total request for funds exceeds this amount, the council shall determine an allocation methodology based on each tribal applicant's proportionate share of need relative to all tribes that submit an application for funding.

(B) A tribal applicant seeking funds pursuant to this section shall submit an application to the council, in the form and manner prescribed by the council, no later than June 30, 2023, with the following information:

(i) The amount of grant funds the tribe is requesting.

(ii) An explanation of the tribe's local need, including an estimation of the number of people who need homelessness services and the current resources that exist.

(iii) A description of what services on which the tribe plans to spend its grant funds. These activities shall be allowable pursuant to subdivision (e) of Section 50220.7.

(C) Any funds available to tribal applicants pursuant to this paragraph that are unallocated as of July 1, 2025, shall be reallocated pursuant to Chapter 6.5 (commencing with Section 50230).

(D) A tribal applicant is encouraged to partner with a local continuum of care or coordinated entry system.

(b) An applicant applying for round 4 program funds pursuant to this section shall comply with the requirements set forth in Section 50220.6.

(c) A program recipient shall not use funding from the program allocated under this section to supplant existing local funds for homelessness services under penalty of disallowance or reduction, or both, of future program funds, as determined by the council.

(d) (1) No more than 5 percent, or fifty million dollars (\$50,000,000), of the funds available pursuant to subdivision (a) shall be used to cover the council's costs of administration of this section, including state operations expenditures, statewide capacity building, providing ongoing training and technical assistance to recipients, and measuring data and performance.

(2) The council may expend administrative funds until December 31, 2027, to complete grant closeout activities.

(e) A program recipient shall use at least 10 percent of the funds allocated under this section for services for homeless youth populations.

(f) Moneys allocated pursuant to this section shall be expended in compliance with Housing First.

(g) Except as provided in paragraph (2) of subdivision (d), all round 4 program funds shall be expended by June 30, 2027.

(h) The amendments made to this section by the act adding this subdivision shall become operative on July 1, 2023.

SEC. 16. Section 50220.8 of the Health and Safety Code is amended to read:

50220.8. (a) (1) The council shall make an application for round 4 program allocations available no later than September 30, 2022.

(2) Applications shall be due to the council no later than 60 days from the date the council makes those applications available pursuant to paragraph (1).

(3) Within 30 days of receiving an application pursuant to paragraph (2), the council shall either approve the application or return it to the applicant with written, detailed comments and request one or more of the following specific amendments to the application:

(A) Greater detail on any aspect of the application so that the council can ensure fidelity with the applicant's proposed use of funds and stated performance goals.

(B) Modifications or provision of additional information on the applicant's proposed funding plan to ensure alignment with evidence-based solutions to reduce homelessness.

(C) Any other modifications or provision of information that would allow the council to better monitor and evaluate the applicant's ability to meet objective performance standards in accordance with Sections 50221, 50222, and 50223.

(4) An applicant whose application has been returned pursuant to paragraph (3) shall respond to the council's requested amendments and submit a revised application within 30 days. Where the revised application differs from the council's requests, the applicant shall include an explanation of the differences and the rationale for departing from the council's requested amendments.

(5) The council shall have 30 days within which to approve the application if, as amended, it addressed the council's concerns or to provide the grantee with additional guidance and a deadline for further amending to fully address the council's concerns.

(b) To receive a round 4 program allocation, an applicant shall submit an application to the council. A complete application submitted pursuant to this section shall provide the following information, in the form and manner prescribed by the council:

(1) A local homelessness action plan that includes the following, with data updated from the local homelessness action plan included in an application for a round 3 program allocation pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 50220.7:

(A) A local landscape analysis that assesses the current number of people experiencing homelessness and existing programs and funding which address homelessness within the jurisdiction, utilizing any relevant and available data from the Homeless Data Integration System, the United States Department of Housing and Urban Development's homeless point-in-time count, continuum of care housing inventory count, longitudinal systems analysis, and Stella tools, as well as any recently conducted local needs assessments.

(B) Identification of the number of individuals and families served, including demographic information and intervention types provided, and demographic subpopulations that are underserved relative to their proportion of individuals experiencing homelessness in the jurisdiction.

(C) Identification of all funds, including state, federal and local funds, currently being used, and budgeted to be used, to provide housing and homelessness-related services to persons experiencing homelessness or at imminent risk of homelessness, how this funding serves subpopulations, and what intervention types are funded through these resources.

(2) (A) New outcome goals that are specific, ambitious, achievable, and quantifiable to prevent and reduce homelessness from July 1, 2022, through June 30, 2025, informed by the findings from the local landscape analysis described in subparagraph (A) of paragraph (1) and the jurisdiction's outcome goals specified in its application for a round 3 program allocation pursuant to subparagraph (C) of paragraph (3) of subdivision (b) of Section 50220.7. The outcome goals shall be based on the United States Department of Housing and Urban Development's system performance measures, including:

(i) Reducing the number of persons experiencing homelessness.

(ii) Reducing the number of persons who become homeless for the first time.

(iii) Increasing the number of people exiting homelessness into permanent housing.

(iv) Reducing the length of time persons remain homeless.

(v) Reducing the number of persons who return to homelessness after exiting homelessness to permanent housing.

(vi) Increasing successful placements from street outreach.

(vii) Homeless Management Information System trackable data goals related to the outcome goals listed above as they apply to underserved populations and populations disproportionately impacted by homelessness.

(B) (i) Each applicant shall determine its outcome goals that build upon prior year goals in consultation with the council, and shall not submit its final outcome goals before consulting with the council.

(ii) The council shall assess outcome goals in the application based on the information provided in the local homeless action plan and the applicant's baseline data on the performance metrics described in this paragraph and determine whether the outcome goals adequately further the objectives of reducing and preventing homelessness pursuant to this paragraph, and may request additional documentation, information, or revisions to the outcome goals.

(3) A narrative that includes the following:

(A) An outline of proposed uses of funds requested and an explanation of how the proposed use of funds will complement existing local, state, and federal funds and equitably close the gaps identified pursuant to paragraph (1).

(B) Evidence of connection with the local homeless Coordinated Entry System.

(C) An agreement to participate in a statewide Homeless Data Integration System, and to enter individuals served by this funding into the local Homeless Management Information System, in accordance with local protocols.

(D) A demonstration of how the jurisdiction has coordinated, and will continue to coordinate, with other jurisdictions, including the specific role of each applicant in relation to other applicants in the region.

(E) A demonstration of the applicant's partnership with, or plans to use funding to increase partnership with, local health, behavioral health, social services, and justice entities and with people with lived experiences of homelessness.

(F) A description of specific actions the applicant will take to ensure racial and gender equity in service delivery, housing placements, and housing retention and changes to procurement or other means of affirming racial and ethnic groups that are overrepresented among residents experiencing homelessness have equitable access to housing and services.

(G) A description of how the applicant will make progress in preventing exits to homelessness from institutional settings, include plans to leverage funding from mainstream systems for evidence-based housing and housing-based solutions to homelessness.

(H) Specific and quantifiable systems improvements that the applicant will take to improve the delivery of housing and services to people experiencing homelessness or at risk of homelessness, including, but not limited to, the following:

(i) Capacity building and workforce development for service providers within the jurisdiction, including removing barriers to contracting with culturally specific service providers and building the capacity of providers to administer culturally specific services.

(ii) Strengthening the data quality of the recipient's Homeless Management Information System.

(iii) Increasing capacity for pooling and aligning housing and services funding from existing, mainstream, and new funding.

(iv) Improving homeless point-in-time counts.

(v) Improving coordinated entry systems to eliminate racial bias or to create a youth-specific coordinated entry system.

(vi) Plans shall include strategies to meet outcome goals pursuant to paragraph (2).

(4) For city, county, and continuum of care applicants, an application pursuant to this subdivision shall be agendaized at a regular meeting by the governing body, including receiving public comment, before being submitted to the council.

(c) The council may request additional documentation and information from the applicant during consultation consistent with respect to round 4 program allocations consistent with the requirements of subdivision (b).

(d) (1) Within 30 days of receiving the final applications pursuant to subdivision (b), the council shall either approve the application and issue the notice of award to disburse 50 percent of an applicant's funding pursuant to subdivision (a) of Section 50218.7 or return it to the applicant with written, detailed comments and request one or more of the following specific amendments to the application:

(A) Greater detail on any aspect of the application so that the council can ensure fidelity with the applicant's proposed use of funds and agreed-upon measurable outcome goals.

(B) Modifications or provision of additional information on the applicant's proposed funding plan to ensure alignment with the applicant's stated measurable outcome goals and with evidence-based solutions to reduce homelessness.

(C) Any other modifications or provision of information that would allow the council to better monitor and evaluate the applicant's ability to meet objective outcome standards in accordance with Sections 50221, 50222, and 50223.

(2) Upon approval of an application pursuant to this section, the council shall disburse 50 percent of an eligible city's, county's, or continuum of care's total allocation pursuant to subdivision (a) of Section 50218.7.

(e) Except as provided in subdivision (f), a recipient of a round 4 program allocation, including tribal recipients, shall expend funds on evidence-based solutions that address and prevent homelessness among eligible populations, including any of the following:

(1) Rapid rehousing, including rental subsidies and incentives to landlords, such as security deposits and holding fees.

(2) Operating subsidies in new and existing affordable or supportive housing units, emergency shelters, and navigation centers. Operating subsidies may include operating reserves.

(3) Street outreach to assist persons experiencing homelessness to access permanent housing and services.

(4) Services coordination, which may include access to workforce, education, and training programs, or other services needed to promote housing stability in supportive housing.

(5) Systems support for activities necessary to create regional partnerships and maintain a homeless services and housing delivery system, particularly for vulnerable populations, including families and homeless youth.

- (6) Delivery of permanent housing and innovative housing solutions, such as hotel and motel conversions.
- (7) Prevention and shelter diversion to permanent housing, including rental subsidies.
- (8) Interim sheltering, limited to newly developed clinically enhanced congregate shelters, new or existing noncongregate shelters, and operations of existing navigation centers and shelters based on demonstrated need. Demonstrated need for purposes of this paragraph shall be based on the following:
- (A) The number of available shelter beds in the city, county, or region served by a continuum of care.
 - (B) The number of people experiencing unsheltered homelessness in the homeless point-in-time count.
 - (C) Shelter vacancy rate in the summer and winter months.
 - (D) Percentage of exits from emergency shelters to permanent housing solutions.
 - (E) A plan to connect residents to permanent housing.
 - (F) Any new interim sheltering funded by round 4 funds must be low-barrier, comply with Housing First as provided in Chapter 6.5 (commencing with Section 8255) of Division 8 of the Welfare and Institutions Code, and prioritize interventions other than congregate shelters.
- (9) Improvements to existing emergency shelters to lower barriers and increase privacy.
- (f) An applicant shall not use more than 7 percent of a round 4 program allocation for administrative costs incurred by the city, county, continuum of care, or tribe to administer its program allocation. For purposes of this subdivision, "administrative costs" does not include staff or other costs directly related to implementing activities funded by the program allocation.
- (g) A recipient of a round 4 program allocation shall comply with Housing First as provided in Chapter 6.5 (commencing with Section 8255) of Division 8 of the Welfare and Institutions Code.
- (h) Notwithstanding Section 27011 of the Government Code, or any other law governing the deposit of funds in the county treasury, a county may accept or deposit into the county treasury funds from any source for the purpose of administering a project, proposal, or program under this chapter.
- (i) For purposes of Section 1090 of the Government Code, a representative of a county serving on a board, committee, or body with the primary purpose of administering funds or making funding recommendations for applications pursuant to this chapter shall have no financial interest in any contract, program, or project voted on by the board, committee, or body on the basis of the receipt of compensation for holding public office or public employment as a representative of the county.
- (j) The council and recipients shall post final round 4 program applications to their respective internet websites within 30 days of disbursement to the applicant.
- (k) (1) A recipient shall contractually obligate not less than 75 percent, and shall expend not less than 50 percent, of the initial round 4 program allocations made to it pursuant to paragraph (2) of subdivision (d) no later than May 31, 2025.
- (2) Upon demonstration by a recipient city, county, or continuum of care that it has complied with the requirement to contractually obligated and expend a minimum amount of its round 4 program allocation pursuant to paragraph (1), and remains on track to meet its outcome goals, as determined by the council pursuant to Section 50223, the council shall disburse to that recipient the remaining 50 percent of its total allocation pursuant to subdivision (a) of Section 50218.7.
- (3) If less than 75 percent of a recipient's round 4 program allocation made pursuant to paragraph (2) of subdivision (d) is obligated, or less than 50 percent of that amount is expended, after May 31, 2025, the recipient shall not contractually obligate or expend any remaining portion of its round 4 program allocations, and the council shall not allocate to the recipient the remaining 50 percent of its total allocation, unless both of the following occur:
- (A) On or before June 30, 2025, the recipient submits an alternative disbursement plan that includes an explanation for the delay.
 - (B) The council approves the alternative disbursement plan submitted pursuant to subparagraph (A).
- (4) On or before December 31, 2026, a recipient shall return to the council any funds that have not been expended pursuant to an alternative disbursement plan approved pursuant to subparagraph (B) of paragraph (3), to be reallocated for distribution pursuant to Chapter 6.5 (commencing with Section 50230).
- (l) No later than June 30, 2025, recipients shall demonstrate whether they have successfully met their outcome goals pursuant to paragraph (2) of subdivision (b).
- (m) The council may request additional information from applicants, as needed, to meet other applicable reporting or audit requirements.
- (n) In addition to requirements in Section 50222, the council may monitor the expenditures and programmatic activities of an applicant, as the council deems necessary, to ensure compliance with round 4 program requirements and adequate progress towards meeting outcome goals.

(o) The council may, as it deems appropriate or necessary, request the repayment of round 4 program funds from an applicant, or pursue any other remedies available to it by law for failure to comply with program requirements.

(p) Any remaining amounts of round 4 program allocation funds, including bonus funds, not expended by June 30, 2027, shall revert to, and be paid and deposited in, the General Fund.

(q) The amendments made to this section by the act adding this subdivision shall become operative on July 1, 2023.

SEC. 17. Chapter 6.5 (commencing with Section 50230) is added to Part 1 of Division 31 of the Health and Safety Code, to read:

CHAPTER 6.5. Regionally Coordinated Homelessness Housing, Assistance, and Prevention Program

50230. For purposes of this chapter:

(a) "Agency" means the Business, Consumer Services, and Housing Agency.

(b) "Applicant" means a continuum of care, city, county, or a region for purposes of the regionally coordinated homelessness action plan requirements pursuant to this chapter.

(c) "City" means a city or city and county that is legally incorporated to provide local government services to its population. A city can be organized either under the general laws of this state or under a charter adopted by the local voters.

(d) "Continuum of care" means the same as defined by the United States Department of Housing and Urban Development in Section 578.3 of Title 24 of the Code of Federal Regulations.

(e) "Coordinated Entry System" means a centralized or coordinated process developed pursuant to Section 578.7 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019, designed to coordinate homelessness program participant intake, assessment, and provision of referrals. In order to satisfy this subdivision, a centralized or coordinated assessment system shall cover the geographic area, be easily accessed by individuals and families seeking housing or services, be well advertised, and include a comprehensive and standardized assessment tool.

(f) "Regionally coordinated homelessness action plan" means the regionally coordinated homelessness action plan described in Section 50233.

(g) "Council" means the associated staff within the Interagency Council on Homelessness, formerly known as the Homeless Coordinating and Financing Council created pursuant to Section 8257 of the Welfare and Institutions Code.

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

(i) "Emergency shelter" has the same meaning as defined in subdivision (e) of Section 50801.

(j) "Grantee" means an eligible applicant that has received its initial round 5 base allocation or total round 5 base allocation, as applicable.

(k) "Homeless" has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 10, 2019.

(l) "Homeless Management Information System" means the information system designated by a continuum of care to comply with federal reporting requirements as defined in Section 578.3 of Title 24 of the Code of Federal Regulations. The term "Homeless Management Information System" also includes the use of a comparable database by a victim services provider or legal services provider that is permitted by the federal government under Part 576 of Title 24 of the Code of Federal Regulations.

(m) "Homeless point-in-time count" means the most recently available point-in-time count data as reflected in the Annual Homeless Assessment Report released by the United States Department of Housing and Urban Development.

(n) "Homeless youth" means an unaccompanied youth between 12 and 24 years of age who is experiencing homelessness, as defined in Section 725(2) of the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11434a(2)). "Homeless youth" includes unaccompanied youth who are pregnant or parenting.

(o) "Housing First" has the same meaning as in Section 8255 of the Welfare and Institutions Code, including all of the core components listed therein.

(p) "Jurisdiction" means a city, county, continuum of care, or tribe, as defined in this section.

(q) "Memorandum of understanding" has the same meaning as defined in subdivision (f) of Section 50233.

(r) "Navigation center" means a Housing First, low-barrier, service-enriched shelter focused on moving homeless individuals and families into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to income, public benefits, health services, shelter, and housing.

(s) "Program" means round 5 of the Homeless Housing, Assistance, and Prevention program, or round 5, established pursuant to this chapter.

(t) (1) "Base program allocation" means the portion of program funds available to expand or develop local capacity to address immediate homelessness challenges pursuant to the allowable uses specified in Section 50236.

(2) "Homekey supplemental allocation" means the portion of program funds available to eligible jurisdictions as supplementary Homekey resources, as defined in Section 50237.

(u) "Recipient" means a jurisdiction that receives funds from the council for the purposes of the program.

(v) (1) Except as set forth in paragraph (2), "region" means the geographic area served by a county, including all cities and continuum of care within it. A region that has a continuum of care that serves multiple counties may submit a plan that covers multiple counties and the cities within them or the continuum of care may participate in the regionally coordinated homelessness action plan of each individual county that is part of the continuum of care along with the cities within the county.

(2) All continuums of care within the County of Los Angeles shall be considered part of a single region, along with the county and big cities within the county.

(w) "Small jurisdiction" means a city that is under 300,000 in population as of January 1, 2022, according to data published on the internet website of the Department of Finance.

(x) "Tribe" or "tribal applicant" means a federally recognized tribal government pursuant to Section 4103 of Title 25 of the United States Code that is located in California.

50231. (a) It is the intent of the Legislature for the council to administer the program with the department.

(b) In every instance in which the council is called upon to perform a task pursuant to this chapter or Chapter 6 (commencing with Section 50216), the obligation to perform that task shall be modified by the terms of this section.

(c) It is the intent of the Legislature to enact future legislation to further support the efforts of the Interagency Council on Homelessness in providing statewide policy coordination and development by transferring grants administration to the Department of Housing and Community Development.

(d) It is the further intent of the Legislature to enact statutory changes to effectuate this transfer through the Budget Act of 2024, to commence with the 2024–25 fiscal year and no later than July 1, 2024.

(e) It is the further intent of the Legislature to effectuate the transfer of grant administration from the Interagency Council on Homelessness to the Department of Housing and Community Development in a phased manner, beginning with the transfer of the administration of the Homeless Housing, Assistance, and Prevention grants beginning in the 2023–24 fiscal year. The transfer of all other grant programs and related administrative functions shall be effectuated through statutory changes enacted through the Budget Act of 2024, to commence with the 2024–25 fiscal year and no later than July 1, 2024.

(f) Notwithstanding any other provision of law, in the 2023–24 fiscal year the Department of Finance shall make the final determination of the budgetary and accounting transactions and treatments to ensure the proper implementation of the transfer of the administration of the Homeless Housing, Assistance, and Prevention grants from the Interagency Council on Homelessness to the Department of Housing and Community Development, as specified in subdivision (d).

(g) It is the intent of the Legislature to provide additional funding for the Homeless Housing, Assistance, and Prevention Program (Chapter 6 (commencing with Section 50216)) in the 2024–25 fiscal year.

50232. (a) Round 5 of the Homeless Housing, Assistance, and Prevention program is hereby established for the purpose of creating and implementing regionally coordinated plans that organize and deploy the full array of homelessness programs and resources comprehensively and effectively.

(b) Upon appropriation by the Legislature, the council shall distribute the following amounts in accordance with this chapter:

(1) One billion dollars (\$1,000,000,000) in the 2023–24 fiscal year for implementation of the program.

(2) All amounts reallocated by Chapter 6 (commencing with Section 50216) for expenditure under this chapter.

(3) Such further amounts as the Legislature may appropriate to the program in the future.

(c) (1) The council shall administer all aspects of the program in accordance with Section 50231.

(2) No more than 5 percent of the total allocation for each round of funding shall be used to cover the council's costs of administration of this chapter, including state operations expenditures and activities in support of statewide capacity building for recipients, including providing ongoing training and technical assistance, measuring data and performance, conducting research, and evaluation of funding service delivery demonstration projects.

(A) The council may utilize any unused funds from moneys set aside for program administration to augment existing allocation categories using existing allocation methodologies.

(B) Any unused funds from moneys set aside for program administration remaining by the expenditure deadline for the given appropriation shall be rolled over into the next round of appropriated funding, or will revert back to the General Fund.

(d) Contracts entered into or amended shall be exempt from all of the following:

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

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

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

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

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

(e) The council shall approve or deny an application, and the determination of the amount of funding to be provided shall be final.

(f) If the applicant identifies substantive errors or omissions in their required data submissions, the council may, at its sole discretion, allow jurisdictions to modify or resubmit their data and, if applicable, may allow applicants to modify their data accordingly.

(g) The council shall maintain and make available to the public on its internet website records of the following:

(1) The number of applications for program funding received by the council.

(2) The number of applications for program funding denied by the council.

(3) The name of each recipient of program funds.

(4) Each applicant receiving funds pursuant to this chapter who shall provide a list of all awards to subrecipients.

(5) Annual reports filed by recipients pursuant to Sections 50221, 50222, and 50223.

(h) In administering this chapter, the council shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

50233. (a) To be eligible for a round 5 base program allocation, a jurisdiction that is not a tribe must apply as part of a region and must be signatory to a regionally coordinated homelessness action plan that has been approved by the council.

(b) The council shall approve a regionally coordinated homelessness action plan when the council determines that the plan meets all of the requirements of this section.

(c) The regionally coordinated homelessness action plan shall include all of the following components:

(1) Identification and analysis of the specific roles and responsibilities of each participating jurisdiction in the region regarding outreach and site coordination, siting and use of available land, the development of shelter, interim, and permanent housing options, and the coordination and connection to the delivery of services to individuals experiencing homeless, or at risk of experiencing homelessness, within the region. The plan may also include roles and responsibilities of small jurisdictions in the region that elect to engage and collaborate on the plan.

(2) Most recent system performance metrics for the region, which shall include all of the following:

(A) The number of people experiencing homelessness.

(B) Racial and ethnic disparities in who experiences homelessness.

(C) The average length of time people experience homelessness and any racial and ethnic disparities in the average length of time people experience homelessness.

(D) The percentage of people exiting homelessness into permanent housing.

(E) The number of people who return to homelessness after exiting homelessness into permanent housing.

(F) The racial and ethnic disparities of people exiting homelessness into permanent housing.

(G) The number of people falling into homelessness for the first time and the racial or ethnic disparities of people who are falling into homelessness for the first time.

(3) A description of key actions the region intends to take to improve the performance metrics described in paragraph (2). The plan may also include key actions of small jurisdictions in the region that elect to engage and collaborate in the plan. In naming key action steps, a region will identify all of the following:

(A) The sources of federal, state, and local funding the region intends to use to achieve the action steps and objectives.

(B) The lead entity on an action step and collaborating entities partnering to achieve the key action step.

(C) A timeframe for action.

(D) The methods of measuring the success of the action step and related performance metrics.

(4) A description of key actions each participating jurisdiction will take to reduce the number of people falling into homelessness as they exit institutional settings to, including, but not limited to, jails, prisons, and hospitals.

(5) (A) An explanation of how each participating jurisdiction is utilizing local, state, and federal funding programs to end homelessness, including, but not limited to all of the following:

- (i) The Homekey program, as described in Section 50675.1.1.
- (ii) The No Place Like Home Program (Part 3.9 (commencing with Section 5849.1) of Division 5 of the Welfare and Institutions Code).
- (iii) The Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).
- (iv) The Housing for a Healthy California Program (Part 14.2 (commencing with Section 53590)).
- (v) The Homeless Housing, Assistance, and Prevention Program (Chapter 6 (commencing with Section 50216)).
- (vi) Funding distributed to local jurisdictions pursuant to subparagraph (B) of paragraph (2) of subdivision (b) of Section 50470.
- (vii) The California Emergency Solutions Grants Program (Chapter 19 (commencing with Section 50899.1) of Part 2).
- (viii) The National Housing Trust Fund established pursuant to the Housing and Economic Recovery Act of 2008 (Public Law 110-289), and implementing federal regulations.
- (ix) HOME Investment Partnerships Act (Chapter 16 (commencing with Section 50896)).
- (x) Parolee or probation programs that are intended to prevent homelessness upon release.

(B) An explanation of how the region is connecting, or will connect, individuals to wrap-around services from all eligible federal, state, and local benefit programs, including, but not limited to, housing and homelessness services and supports that are integrated with the broader social services systems and supports, including, but not limited to:

- (i) CalWORKs (Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code).
- (ii) CalFresh (Chapter 10 (commencing with Section 18900) of Part 6 of Division 9 of the Welfare and Institutions Code).
- (iii) Supplemental Security Income/State Supplemental Program (SSI/SSP) (Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code) and the Cash Assistance Program for Immigrants (CAPI) pursuant to Chapter 10.3 (commencing with Section 18937) of Chapter 10.3 of Part 6 of Division 9 of the Welfare and Institutions Code.
- (iv) In-home supportive services.
- (v) Adult protective services.
- (vi) Child welfare.
- (vii) Child care and development.
- (viii) Disability benefits advocacy.
- (ix) Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code).

(C) The plan may also include local, state, and federal funding uses of small jurisdictions in the region that elect to engage and collaborate on the plan pursuant to paragraph (4).

(6) A description of specific actions the region will take to ensure racial and gender equity in service delivery, housing placements, and housing retention and changes to procurement or other means of affirming racial and ethnic groups that are overrepresented among residents experiencing homelessness have equitable access to housing and services.

(d) Participating jurisdictions shall collaborate to complete the regionally coordinated homelessness action plan and shall engage in a public stakeholder process that includes at least three public meetings before completing the plan.

(e) The participating jurisdictions shall invite and encourage all of the following to engage in the public stakeholder process:

- (1) People with lived experience of homelessness.
- (2) Youth with lived experience of homelessness.
- (3) Local department leaders and staff of qualifying small jurisdictions, including child welfare, health care, behavioral health, justice, and education system leaders.
- (4) Homeless service and housing providers working in that region.
- (5) Each Medi-Cal Managed Care Plan contracted with the State Department of Health Care Services in the region.
- (6) Street medicine providers and other providers directly serving people experiencing homelessness or at risk of homelessness.

(f) The regionally coordinated homelessness action plan shall be reflected in a memorandum of understanding committing each signatory to participation in, and to comply with, the regionally coordinated homelessness action plan.

(g) Smaller jurisdictions in the region may also sign the memorandum of understanding and commit to participation in, and compliance with, the regionally coordinated homelessness action plan. Counties are encouraged to allocate resources from program funding to smaller jurisdictions that participate in and commit to complying with the regionally coordinated homelessness action plan.

(h) Upon receipt of a proposed regionally coordinated homelessness action plan, the council shall review it in coordination with the Department of Housing and Community Development, the State Department of Health Care Services, and the State Department of Social Services.

(i) A qualifying jurisdiction or continuum of care participating in a regionally coordinated homelessness action plan shall post on its internet website that proposed, approved, and amended regionally coordinated homelessness action plan.

(j) The council 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 by a participating jurisdiction in determining whether the regional coordinated homeless action plan substantially complies with this chapter.

50234. (a) Upon appropriation by the Legislature, the funds administered pursuant to this chapter, less the set aside funds provided for the council's costs of administration in subdivision (c) of Section 50232, shall be made available in the 2023–24 fiscal year for implementing round 5 of the program, as follows:

(1) (A) Not more than 1 percent of the funding available pursuant to this section shall be available to applicants for the purpose of planning for and preparing the regionally coordinated homelessness action plan required by Section 50233.

(B) Planning funding allocations shall be distributed consistent with the applicant's proportionate share of round 5 base funding made available pursuant to this chapter.

(C) Funding shall be provided on a reimbursement basis and made available upon the applicant receiving an approved round 5 base allocation.

(D) (i) Notwithstanding subparagraph (C), upon request of an applicant, the applicant shall receive an advance of funding made available pursuant to this paragraph.

(ii) An applicant shall apply for advance funding in a form and manner prescribed by the council.

(E) Unused funding made available pursuant to this paragraph shall at the time of round 5 base allocation awards be made available to the corresponding eligible applicant and expended consistent with the purposes of this chapter.

(2) Not more than 80 percent of the funding available pursuant to this section shall be available to cities, counties, or continuums of care, for basic program allocations, as follows:

(A) Thirty percent of the funds described in this paragraph shall be available to continuums of care. The council shall calculate these allocations to a continuum of care based on each continuum of care's proportionate share of the state's total homeless population, based on the homeless point-in-time count. The council shall not award more than 40 percent of the allocation made pursuant to this subparagraph to a continuum of care.

(B) Forty-two percent of the funds described in this paragraph shall be available to each city, or a city that is also a county, that has a population of 300,000 or more, as of January 1, 2022, according to data published on the Department of Finance's internet website. The council shall calculate the allocation to a city based on the city's proportionate share of the total homeless population of the region served by the continuum of care within which the city is located, based on the homeless point-in-time count. The council shall not award more than 45 percent of the program allocation made pursuant to this subparagraph to a city. If more than one recipient within the continuum of care meets the requirements of this subparagraph, the proportionate share of funds shall be equally allocated to those jurisdictions.

(C) Twenty-eight percent of the funds described in this paragraph shall be available to each county. The council shall calculate the allocation to a county based on the county's proportionate share of the total homeless population of the region served by the continuum of care within which the county is located, based on the homeless point-in-time count. The council shall not award more than 40 percent of the program allocation made pursuant to this subparagraph to a county.

(3) Not more than 17 percent of the funding available pursuant to this section shall be available to eligible cities and counties for the purpose of providing supplemental support for Homekey pursuant to Section 50237.

(4) Not more than 2 percent of the funding available pursuant to this section shall be available to tribal applicants. Notwithstanding any other provision of this chapter, the funds described in this paragraph shall be allocated as follows:

(A) A tribe may apply for program funds and the council shall make allocations to tribes on the basis of need. Tribes that apply for program funds pursuant to subparagraph (B) shall be allocated funds up to their requested amount, or up to a total of twenty million dollars (\$20,000,000) collectively among all tribal applicants. If the total request for funds exceeds this amount, the council shall determine an allocation methodology based on each tribal applicant's proportionate share of need relative to all tribes that submit an application for funding.

(B) A tribal applicant seeking funds pursuant to this section shall submit an application to the council, in the form and manner prescribed by the council, no later than June 30, 2024, with all of the following information:

(i) The amount of grant funds the tribe is requesting.

(ii) An explanation of the tribe's local need, including an estimation of the number of people who need homelessness services and the current resources that exist.

(iii) A description of the services on which the tribe plans to spend its grant funds. These activities shall be allowable pursuant to Section 50236.

(C) Any funds available to tribal applicants pursuant to this paragraph that are unallocated as of July 1, 2026, shall be reallocated as part of future program rounds or shall revert to the General Fund.

(D) A tribal applicant is encouraged to partner with a local continuum of care or coordinated entry system.

(b) An applicant applying for round 5 program funds pursuant to this section shall comply with the requirements set forth in Section 50220.6.

(c) A program recipient shall not use funding from the program allocated under this section to supplant existing local funds for homelessness services under penalty of disallowance or reduction, or both, of future program funds, as determined by the council.

(d) (1) No more than 5 percent of the appropriated funds shall be used to cover state administrative costs pursuant to subdivision (c) of Section 50232.

(2) The council may expend administrative funds until December 31, 2028, to complete grant closeout activities.

(e) A program recipient shall use at least 10 percent of the funds allocated under this section for services for homeless youth populations.

(f) Moneys allocated pursuant to this section shall be expended in compliance with Housing First as provided in Chapter 6.5 (commencing with Section 8255) of Division 8 of the Welfare and Institutions Code.

50235. (a) The council shall make an application for round 5 base program allocations available no later than September 30, 2023.

(b) Applications shall be due no later than 180 days from the date applications are made available pursuant to paragraph (1) of subdivision (a).

(c) (1) Applicants from each region shall submit a single, regional application from their shared region.

(2) Each applicant shall have the discretion to receive their base program allocation directly or may designate a corresponding eligible applicant in their region to serve as the fiscal agent responsible for the administration of funding made available pursuant to this chapter.

(d) Within 30 days of the application deadline pursuant to subdivision (b), the council shall either approve the application or return it to the applicant with written, detailed comments and request one or more of the following specific amendments to the application:

(1) Greater detail on any aspect of the application so the council can ensure fidelity with the applicant's proposed use of funds and stated performance goals.

(2) Modifications or provision of additional information on the applicant's proposed funding plan to ensure alignment with evidence-based solutions to reduce homelessness.

(3) Any other modifications or provision of information that would allow the council to better monitor and evaluate the region's compliance with its regionally coordinated homelessness action plan and whether it is meeting objective performance standards.

(e) (1) An applicant whose application has been returned pursuant to this section shall respond to the council's requested amendments and submit a revised application within 30 days. Where the revised application differs from the council's requests, the applicant shall include an explanation of the differences and the rationale for departing from requested amendments.

(2) The council shall have 30 days within which to approve the application if, as amended, it addressed the council's concerns or to provide the grantee with additional guidance and a deadline for further amending to fully address the council's concerns.

(f) (1) To receive a round 5 base program allocation, an applicant shall submit an application to the council. A complete application submitted pursuant to this section shall include, in the form and manner prescribed by the council, all of the following:

(A) A regionally coordinated homelessness action plan that complies with Section 50233.

(B) A detailed proposal for how the applicant intends to use the funds for which it is applying that complies with Section 50236.

(C) All other components that the council shall deem necessary to the proper administration of the program.

(2) Upon approval of an application pursuant to this section, the council shall disburse 50 percent of an eligible city's, county's, or continuum of care's total allocation pursuant to subdivision (a) of Section 50232.

(g) The council and recipients shall post final round 5 program applications to their respective internet websites within 30 days of disbursement to the applicant.

(h) (1) On or before January 31, 2026, a grantee shall submit to the council an updated regionally coordinated homelessness action plan which shall include updates on the metrics and corresponding key actions carried out pursuant Section 50233, as applicable.

(2) The council shall, within 30 days, review and provide comments on complete regionally coordinated homelessness action plans or amendments and report its findings to the participating grantee, as applicable.

(3) The council shall approve the updated plan if the plan substantially complies with the requirements of this section.

(4) The council may conditionally approve the plan and notify the participating jurisdictions in the region of specific changes needed to meet the requirements of this section. Participating jurisdictions shall accomplish these changes within 30 days of being notified by the council.

(5) The council shall have 30 days to review changes to conditionally approved plans and make a final determination of approval or rejection of the jurisdiction or regionally coordinated homelessness action plan update.

(6) (A) The council may reject the plan based on either one of the following:

(i) The region failed to submit a timely plan within 30 days from the date in paragraph (1).

(ii) The region failed to make needed changes to the plan within 30 days, if the council conditionally approved the plan.

(7) (A) The council may withhold the remaining 50 percent of funds from a jurisdiction that repeatedly failed to take action as specified in its regionally coordinated homelessness action plan, or that took actions adverse to achieving the plan objectives provided pursuant to Section 50233, until such time the jurisdiction demonstrates to the council they are in substantial compliance with the requirements of this paragraph.

(B) The council shall provide technical assistance and support of jurisdictions efforts to comply with the requirements of this paragraph.

(8) Regions are encouraged to update their memorandums of understanding to reflect their updated regionally coordinated homelessness action plan that have been approved pursuant to this subdivision.

(9) In making this determination the council may provide exceptions to the requirement if the recipient demonstrates hardship by a disaster for which a state of emergency is proclaimed by the Governor pursuant to Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code.

(10) Any proposed revision to a deemed compliant regionally coordinated action plan must be submitted to the council for review and approval. The council will have 30 days to review proposed amendments and make findings, including recommendations, until the proposed amendments are deemed compliant by the council.

(11) All proposed, approved, and amended regionally coordinated homelessness action plans should be posted on the internet website of all participating jurisdictions and continuums of care participating in the regionally coordinated homelessness action plan.

(12) The council 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 by a participating jurisdiction in determining whether the regionally coordinated homelessness action plan substantially complies with this chapter.

(i) (1) A recipient shall contractually obligate not less than 75 percent, and shall expend not less than 50 percent, of the initial round 5 program allocations made to it pursuant to paragraph (2) of subdivision (f) no later than June 30, 2026.

(2) Upon compliance with subdivision (h) and demonstration by a recipient grantee that it has complied with the requirement to contractually obligate and expend a minimum amount of its round 5 program allocation pursuant to paragraph (1), the council shall disburse to that recipient the remaining 50 percent of its total base allocation pursuant to Section 50234.

(3) (A) If the requirements of paragraph (2) are not satisfied, the council shall not allocate to the recipient the remaining 50 percent of its total allocation, unless both of the following occur:

(i) On or before June 30, 2026, the recipient submits an alternative disbursement plan that includes an explanation for the delay.

(ii) The council approves the alternative disbursement plan submitted pursuant to subparagraph (A).

(B) If a grantee does not satisfy the requirements of subparagraph (A), the council shall have the discretion to allocate the unused funding in a manner prescribed by the council.

(4) On or before December 31, 2027, a recipient shall return to the council any funds that have not been expended pursuant to an alternative disbursement plan approved pursuant to this paragraph, to be allocated as supplemental awards by the council in accordance with Section 50237.

(j) The council may request additional information from applicants, as needed, to meet other applicable reporting or audit requirements.

(k) In addition to requirements in Section 50222, the council may monitor the expenditures and programmatic activities of an applicant, as the council considers necessary, to ensure compliance with round 5 program requirements.

(l) The council may, as it considers appropriate or necessary, request the repayment of round 5 program funds from an applicant, or pursue any other remedies available to it by law for failure to comply with program requirements.

(m) Any remaining amounts of round 5 base program allocation funds not expended by June 30, 2028, shall revert to, and be paid and deposited in, the General Fund.

50236. (a) The intent of round 5 is to sustain existing federal, state, and local investments towards long-term sustainability of housing and supportive services.

(b) Applicants shall develop data-driven plans which fund the state's priorities.

(c) Provided that before proposing to use round 5 resources to fund new interim housing solutions, the applicant first demonstrates that the region has dedicated sufficient resources from other sources to long-term permanent housing solutions, including capital and operating costs, allowable uses of round 5 base program allocation funds include all of the following:

(1) Permanent housing solutions, including all of the following:

(A) Rental subsidies, including to support placement of individuals in CARE Court.

(B) Landlord incentives, such as security deposits, holding fees, funding for needed repairs, and recruitment and relationship management costs.

(C) Move-in expenses.

(D) Operating subsidies in new and existing affordable or supportive housing units serving people experiencing homelessness, including programs such as Homekey, new or existing residential care facilities, funded by the Behavioral Health Continuum Infrastructure Program or the Community Care Expansion Program. Operating subsidies may include operating reserves.

(E) Homelessness prevention through rental assistance, rapid rehousing, and other programs, so long as they prioritize households with incomes at or below 30 percent of the area median income, who pay more than 50 percent of their income in housing costs, and who meet criteria for being at highest risk of homelessness through data-informed criteria adopted by the council.

(F) Problem-solving and diversion support programs that prevent people at risk of or recently experiencing homelessness from entering unsheltered or sheltered homelessness.

(G) Services for people in permanent housing, so long as the services are trauma-informed and practice harm reduction, to include intensive case management services, assertive community treatment services, critical time intervention services, other tenancy support services, evidence-based employment services, coordinating mental health, substance use, and primary care treatment, or other evidence-based supportive services to increase housing retention.

(H) Capital for permanent housing that serves people experiencing homelessness, including conversion of underutilized buildings or existing interim or transitional housing into permanent housing.

(2) Interim housing solutions, including all of the following:

(A) Navigation centers that are low barrier, as defined in Sections 65660 and 65662 of the Government Code, to include any of the following:

(B) Operating expenses in existing congregate shelter sites.

(C) Operating expenses in new or existing noncongregate shelter sites and transitional housing for youth.

(D) Motel or hotel vouchers.

(E) Services provided to people in interim housing, to include trauma-informed and evidence-based intensive case management services, housing navigation, connecting people to substance use or mental health treatment, public benefits advocacy, and other supportive services to promote stability and referral into permanent housing.

(F) Capital funding to build new noncongregate shelter sites, including for construction, rehabilitation, and capital improvements to convert existing congregate sites into noncongregate sites.

(G) Capital funding for clinically enhanced congregate or noncongregate shelter sites.

(H) Youth-focused services in transitional housing.

(3) (A) Services for people experiencing unsheltered homelessness, including street outreach, including, but not limited to, persons experiencing homelessness from encampment sites and those transitioning out of encampment sites funded by the program known as the Encampment Resolution Grant consistent with Section 50251 to access permanent housing and services. This includes evidence-based engagement services, intensive case management services, assertive community treatment, housing navigation, harm reduction services, coordination with street-based health care services, and hygiene services for people living in encampments and unsheltered individuals.

(B) Services coordination, which may include access to workforce, education, and training programs, or other services needed to promote housing stability in supportive housing.

(C) Systems support for activities necessary to create regional partnerships and maintain a homeless services and housing delivery system, particularly for vulnerable populations, including families and homeless youth.

(D) Improvements to existing emergency shelters to lower barriers and increase privacy.

(E) Any new interim sheltering funded by round 5 funds must be low-barrier, comply with Housing First as provided in Chapter 6.5 (commencing with Section 8255) of Division 8 of the Welfare and Institutions Code, and prioritize interventions other than congregate shelters.

(4) A program recipient shall not use funding from the program allocated under this section to supplant existing Encampment Resolution Grant funds provided under Section 50251.

(d) (1) Applicants may request, in a form prescribed by the council, approval to utilize round 5 funding on allowable expenditures outside of the state's intended priorities, as enumerated in this section.

(2) The council may grant applicants preapproval to utilize program funding on allowable uses only after an applicant has demonstrated that state priorities are adequately resourced, and the applicant has exhausted all means to accomplish these priorities.

(e) An applicant shall not use more than 7 percent of a round 5 program allocation for administrative costs incurred by the city, county, continuum of care, or tribe to administer its program allocation. For purposes of this subdivision, "administrative costs" does not include staff or other costs directly related to implementing activities funded by the program allocation.

(f) (1) The council may authorize an applicant to use up to an additional 1 percent for costs related to the Homeless Management Information System. Related costs include Homeless Management Information System licenses, training, system operating costs, and costs associated with carrying out related activities.

(2) Upon agreement between the grantee and the Homeless Management Information System lead entity, the grantee shall transfer the authorized amount of funds pursuant to paragraph (1) for related costs to the Homeless Management Information System lead entity. The council shall specify the method and manner for this transfer of funds.

(g) A recipient of a round 5 program allocation shall comply with Housing First as provided in Chapter 6.5 (commencing with Section 8255) of Division 8 of the Welfare and Institutions Code.

(h) Notwithstanding Section 27011 of the Government Code, or any other law governing the deposit of funds in the county treasury, a county may accept or deposit into the county treasury funds from any source for the purpose of administering a project, proposal, or program under this chapter.

(i) For purposes of Section 1090 of the Government Code, a representative of a county serving on a board, committee, or body with the primary purpose of administering funds or making funding recommendations for applications pursuant to this chapter shall have no financial interest in any contract, program, or project voted on by the board, committee, or body on the basis of the receipt of compensation for holding public office or public employment as a representative of the county.

50237. (a) For the purposes of this section, the supplemental Homekey program shall be the same as the program set forth in Section 50675.1.3, except that the applicants are limited to those described in meeting the criteria set forth in subdivisions (b) and (c).

(b) Cities and counties that are eligible for round 5 shall be eligible, separately, for supplemental Homekey funding pursuant to this section.

(c) To be eligible for the supplemental Homekey program, a city or county must satisfy the following:

(1) Have a compliant Housing Element as defined in Section 65589.9 of the Government Code at the time program applications must be submitted.

(2) Have an approved regionally coordinated homelessness action plan pursuant to this chapter.

(d) On or before July 1, 2024, the council shall make an application available for supplemental Homekey funding.

(e) Funding allocated by this section shall consist of round 5 funding provided in paragraph (3) of subdivision (a) of Section 50234.

50238. Funding shall be distributed, upon appropriation of the Legislature, as follows:

(a) For 2023–24 fiscal year funding, one hundred million dollars (\$100,000,000) shall be made available to cities, counties, and continuums of care that are eligible for round 5 consistent with the formula funding distribution provided by this chapter and upon approval of their regionally coordinated homelessness action plan pursuant to the requirements of round 5 provided pursuant to this chapter.

(b) (1) For 2024–25 fiscal year funding, two hundred sixty million dollars (\$260,000,000) shall be made available to cities, counties, and continuums of care that are eligible for round 5, who shall be eligible, separately, for supplemental program funding pursuant to this section consistent with the formula funding distribution provided by this chapter upon satisfying all of the following, as applicable:

(A) The city, county, or continuum of care has an approved regionally coordinated homelessness action plan pursuant to this chapter.

(B) The city or county demonstrates it has a compliant housing element as defined in Section 65589.9 of the Government Code.

(2) A city or county shall not receive funding provided pursuant to this subdivision until it has satisfied subparagraph (B) of paragraph (1).

(c) The council shall award supplemental program funding available pursuant to subdivision (b) upon the jurisdiction receiving its round 5 base allocation award.

(d) On or before November 1, 2024, the council shall make an application available for supplemental program funding pursuant to subdivision (c).

SEC. 18. Section 50704.83 of the Health and Safety Code is amended to read:

50704.83. (a) (1) A selected developer that receives a grant pursuant to this chapter shall submit a report, in a form and manner prescribed by the department, by December 31 of the year following the receipt of those funds, and annually thereafter, that contains the following information:

(A) The status of the proposed expenditures and uses of the local government contribution and the grant moneys as listed in the application for funding.

(B) The corresponding impact on the affordable housing development on excess state-owned property, categorized based on the eligible uses specified in subdivision (c) of Section 50704.82.

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

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

(1) The name of each applicant for grant moneys and the status of that entity's application.

(2) The number of applications for grant moneys received by the department.

(3) The information described in subdivision (a) for each recipient of grant moneys.

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

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

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

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

(g) For development projects on property leased pursuant to this section, any requests for qualifications or requests for proposals issued shall identify the project as a public work for which prevailing wages shall be paid for purposes of Article 1 (commencing with Section 1720) of Chapter 1 of Part 7 of Division 2 of the Labor Code.

SEC. 19. Section 50900 of the Health and Safety Code is amended to read:

50900. The California Housing Finance Agency is hereby continued in existence in the Business, Consumer Services, and Housing Agency. The agency constitutes a public instrumentality and a political subdivision of the state, and the exercise by the agency of the powers conferred by this division shall be deemed and held to be the performance of an essential public function.

SEC. 20. Section 53559 of the Health and Safety Code is amended to read:

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

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

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

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

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

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

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

(D) For purposes of awarding grants pursuant to the competitive application process required by this subdivision, "qualifying infill project" means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) For a qualifying infill project located in the unincorporated area of the county, the department shall allow the applicant to meet the requirement described in clause (i) by submitting a letter of intent from a willing affordable housing developer that

has previously completed at least one comparable housing project, certifying that the developer is willing to submit an application to the county for approval by the county of a qualifying infill project within the area in the event that the funding requested pursuant to this subdivision is awarded.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(x) Streamlining provisions related to California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), including, but not limited to, establishment of streamlined, program-level California Environmental

Quality Act analysis and certification of general plans, community plans, specific plans with accompanying environmental impact reports, and related documents and streamlining proposed projects, such as enabling a by-right approval process or by utilizing statutory and categorical exemptions as authorized by applicable law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low- and moderate-income housing market. Residential units to be replaced shall not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

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

occupied by a qualified household, and shall be subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) Notwithstanding paragraph (3) of subdivision (g), a city with a population greater than 100,000 in a standard metropolitan statistical area or a population of less than 2,000,000 may petition the department for, and the department may grant, an exception to the jurisdiction's classification pursuant to subdivisions (d) to (f), inclusive, of Section 65583.2 of the Government Code, if the city believes it is unable to meet the density requirements specified in paragraph (3) of subdivision (g). The city shall submit the petition with its application and shall include the reasons why the city believes the exception is warranted. The city shall provide information supporting the need for the exception, including, but not limited to, any limitations that the city may encounter in meeting the density requirements specified in paragraph (3) of subdivision (g). Any exception shall be for the purposes of this section only. This subdivision shall become inoperative on January 1, 2026.

SEC. 21. Section 17131.13 is added to the Revenue and Taxation Code, to read:

17131.13. Gross income does not include any payment received by an individual pursuant to Section 8257 of the Welfare and Institutions Code.

SEC. 22. Section 8257 of the Welfare and Institutions Code is amended to read:

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

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

(1) To oversee implementation of this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Council staff may share Homeless Data Integration System data with a state agency or department that is a member of the council.

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

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

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

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

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

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

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

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

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

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

(B) The Director of Transportation.

- (C) The Director of Housing and Community Development.
- (D) The Director of Social Services.
- (E) The Director of the California Housing Finance Agency.
- (F) The Director or the State Medicaid Director of Health Care Services.
- (G) The Secretary of Veterans Affairs.
- (H) The Secretary of the Department of Corrections and Rehabilitation.
- (I) The Executive Director of the California Tax Credit Allocation Committee in the Treasurer's office.
- (J) The State Public Health Officer.
- (K) The Director of the California Department of Aging.
- (L) The Director of Rehabilitation.
- (M) The Director of State Hospitals.
- (N) The executive director of the California Workforce Development Board.
- (O) The Director of the Office of Emergency Services.
- (P) A representative from the State Department of Education, who shall be appointed by the Superintendent of Public Instruction.
- (Q) A representative of the state public higher education system who shall be from one of the following:
 - (i) The California Community Colleges.
 - (ii) The University of California.
 - (iii) The California State University.

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

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

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

(d) The council shall regularly seek guidance from and, at least twice a year, meet with an advisory committee. Notwithstanding Section 11123.5 of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), all members of the advisory committee may participate remotely in advisory committee meetings, including meetings held with the council, and no members are required to be present at the designated primary physical meeting location. The cochairs of the council shall appoint members to this advisory committee that reflects racial and gender diversity, and shall include the following:

- (1) A survivor of gender-based violence who formerly experienced homelessness.
- (2) Representatives of local agencies or organizations that participate in the United States Department of Housing and Urban Development's Continuum of Care Program.
- (3) Stakeholders with expertise in solutions to homelessness and best practices from other states.
- (4) Representatives of committees on African Americans, youth, and survivors of gender-based violence.
- (5) A current or formerly homeless person who lives in California.
- (6) A current or formerly homeless youth who lives in California.
- (7) A current or formerly homeless person with a developmental disability.
- (8) This advisory committee shall designate one of the above-described members to participate in every quarterly council meeting to provide a report to the council on advisory committee activities.

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

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

- (1) Participate in council workgroups, task forces, or other similar administrative structures.
 - (2) Provide to the council any relevant information regarding those state homelessness programs.
- (g) (1) The members of the council, advisory committee, or working groups who are or have been homeless may receive per diem and reimbursement for travel or other expenses as follows:
- (A) A member of the council who is or has been homeless shall receive a per diem of one hundred dollars (\$100) for each day during which that member is engaged in the performance of official duties and shall also be reimbursed for travel and other expenses necessarily incurred in the performance of official duties.
 - (B) A member of the advisory committee who is or has been homeless shall receive a per diem of one hundred dollars (\$100) for each day during which that member is engaged in the performance of official duties and shall also be reimbursed for travel and other expenses necessarily incurred in the performance of official duties.
 - (C) A member of a working group, as defined and managed by council staff, who is or has been homeless shall receive a per diem of one hundred dollars (\$100) for each day during which that member is engaged in the performance of official duties and shall also be reimbursed for travel and other expenses necessarily incurred in the performance of official duties.
- (2) (A) A per diem or reimbursement request pursuant to paragraph (1) is subject to funding availability.
- (B) Notwithstanding any other law, assistance provided pursuant to this subdivision shall not be deemed to be income for purposes of the Personal Income Tax Law (Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code) or used to determine eligibility for any state program or local program financed wholly or in part by state funds.
- (3) (A) For purposes of complying with paragraphs (1) and (2) of subdivision (a) of Section 41 of the Revenue and Taxation Code, as it pertains to this subdivision, the Legislature finds and declares as follows:
- (i) The specific goals, purposes, and objectives that the exemptions created by subparagraph (B) of paragraph (2) are as follows:
 - (I) The objective is to facilitate the participation of individuals with lived experience in order to include valuable insight from those lived experiences in shaping policy recommendations.
 - (II) The goal is to prevent members with lived homelessness experience from incurring tax liability because of their participation.
 - (III) The purpose is to enable participants with lived homelessness experience to receive the full benefit of their per diem and reimbursements.
 - (ii) The performance indicators the Legislature can use to determine if the exemption is achieving the goals, purposes, and objectives stated in clause (i) shall be as follows:
 - (I) Whether the council, advisory committee, or working group members with lived homelessness experience incur any tax liability because of their participation on the committee.
 - (II) The number of people with lived homelessness experience who serve on the council, advisory committee, and working groups.
- (B) (i) For purposes of complying with paragraph (3) of subdivision (a) of Section 41 of the Revenue and Taxation Code, as it pertains to this subdivision, the Legislative Analyst's Office shall deliver to the Legislature on or before April 1 of each year a written report that includes both of the following:
- (I) The estimated aggregate tax liability incurred by council, advisory committee, or working group members with lived homelessness experience because of their participation on the committee.
 - (II) The estimated number of people with lived homelessness experience who serve on the council, advisory committee, or working groups that excluded qualified amounts from gross income as described in paragraph (1).
- (ii) A report submitted pursuant to this subparagraph shall be submitted in compliance with Section 9795 of the Government Code.
- (iii) The reporting requirement pursuant to this subparagraph shall become inoperative on April 1, 2028, pursuant to Section 10231.5 of the Government Code.
- (4) For purposes of this subdivision, "the performance of official duties" includes, but is not limited to, attending a council, advisory, or working group meeting and reviewing agenda materials for no more than one day in preparation for each council, advisory, or working group meeting.
- (h) The appointed members of the council or committees, as described in this section, shall serve at the pleasure of their appointing authority.
- (i) The Business, Consumer Services, and Housing Agency shall provide staff for the council.

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

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

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

SEC. 23. Section 8257.01 is added to the Welfare and Institutions Code, to read:

8257.01. (a) Consistent with the authority provided in subdivision (l) of Section 8257, the council shall leverage the programmatic and administrative expertise of relevant state departments and agencies.

(b) The council may also designate and reimburse a state agency or department to administer programs and related functions as it considers necessary.

SEC. 24. The Legislature finds and declares that Section 22 of this act, which amends Section 8257 of the Welfare and Institutions Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

By excluding the advisory committee from the requirement that public meetings be conducted at a primary physical location with a quorum of members present, this act reduces travel time and costs to promote participation of advisory committee members.

SEC. 25. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.