



# Bill Text: CA AB140 | 2021-2022 | Regular Session | Chaptered California Assembly Bill 140 (**Prior Session Legislation**)

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**Bill Title:** Housing.

**Spectrum:** Committee Bill

**Status:** (Passed) 2021-07-19 - Chaptered by Secretary of State - Chapter 111, Statutes of 2021. [AB140 Detail]

**Download:** California-2021-AB140-Chaptered.html

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## Assembly Bill No. 140

## CHAPTER 111

An act to amend Section 14671.2 of, and to add Section 12334 to, the Government Code, to amend Sections 37001, 50216, 50217, 50220.6, 50221, 50675.1, and 53559 of, to add Sections 50218.6, 50218.7, 50220.7, 50220.8, 50223, 50675.1.3, and 53559.3 to, to add Chapter 7 (commencing with Section 50250) and Chapter 8 (commencing with Section 50255) to Part 1 of, to add Chapter 3.15 (commencing with Section 50515.06), Chapter 5.5 (commencing with Section 50606), Chapter 6.6 (commencing with Section 50672), Chapter 8.2 (commencing with Section 50704.80), and Chapter 8.6 (commencing with Section 50720) to Part 2 of, Division 31 of, and to add and repeal Section 50675.1.4 of, the Health and Safety Code, to add Section 1785 to the Labor Code, and to add Sections 8257.1 and 8257.2 to the Welfare and Institutions Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[ Approved by Governor July 19, 2021. Filed with Secretary of State July 19, 2021. ]

## LEGISLATIVE COUNSEL'S DIGEST

## AB 140, Committee on Budget. Housing.

(1) Existing law defines the duties of the Treasurer, which include, but are not limited to, receiving and keeping the vaults of the State Treasury, paying warrants drawn by the Controller in certain circumstances, and keeping an account of all money received and disbursed.

This bill would require the Treasurer, in consultation with other specified state agencies, to develop a framework for the California Dream For All Program, the goals of which would include, but would not be limited to, making home ownership more affordable. The bill would require the Treasurer to submit a report outlining the framework for the program to the Legislature. The bill would also state the intent of the Legislature that the program include certain elements.

(2) Existing law authorizes the Director of General Services, with the consent of the state agency concerned and the approval of the governing body of any concerned local agency, to lease state-owned real property when the Director of General Services deems that leasing serves a beneficial public purpose limited to the development of housing, including emergency shelters or park and recreation facilities. Existing law requires that at least 25% of the housing units developed on state property leased pursuant to these provisions be available for the term of the lease to persons and families of very low, low, and moderate income, as provided.

This bill would remove the above-described requirement that the leasing receive the approval of the governing body of any concerned local agency. The bill would expand the list of beneficial public purposes for which property may be leased to include permanent supportive housing and traditional housing.

This bill would instead require that a minimum of 20% of housing units developed pursuant to these provisions be made available for the term of the lease to, and occupied by, lower income households and very low income households, as provided. The bill would authorize the Director of Housing and Community Development to prescribe alternative minimum percentages in each income category in specified instances.

This bill would authorize the Director of General Services to permit commercial development on property leased pursuant to these provisions if the Director of Housing and Community Development deems the commercial development necessary for the successful delivery of housing to lower income households and deems the commercial development to provide community benefits. The bill would, upon a written formal recommendation from the Director of Housing and Community Development that it is in the best interest of the state and reasonably necessary to facilitate the development of affordable housing, authorize the Director of General Services to permit phased development, subject to specified terms and conditions, or to sell property or portions of a property that have been leased pursuant to these provisions for housing to a lessee for the purposes of affordable homeownership, consistent with specified affordability provisions.

(3) The California Constitution prohibits the development, construction, or acquisition in any manner of a low-rent housing project by any state public body, as defined, until a majority of the qualified electors of the city, town, or county in which it is proposed to develop, construct, or acquire the same, voting upon that issue, approve the project by voting in favor at an election. The California Constitution, for purposes of this prohibition, defines low-rent housing project to mean any development composed of urban or rural dwellings, apartments, or other living accommodations for persons of low income, financed in whole or in part by the federal government or a state public body or to which the federal government or a state public body extends assistance by supplying all or part of the labor, by guaranteeing the payment of liens, or otherwise. Existing law establishes exclusions from this definition of "low-rent housing project," including a development that consists of the acquisition, rehabilitation, reconstruction, alterations work, or any combination thereof, of

lodging facilities or dwelling units using moneys received from the Coronavirus Relief Fund established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

This bill would expand that exclusion to include developments that consist of new construction and developments using moneys received from the Coronavirus State Fiscal Recovery Fund established by the federal American Rescue Plan Act of 2021 (ARPA) or moneys appropriated and disbursed pursuant to specified programs or to fund the uses and to accomplish objectives under specified law, thereby excluding these developments from the scope of the above-described constitutional provision.

(4) Existing law establishes the Department of Housing and Community Development (department) in the Business, Consumer Services, and Housing Agency. The Planning and Zoning Law requires a city or county to adopt a general plan for land use development within its boundaries that includes, among other things, a housing element. That law requires the department, in consultation with each council of governments, to determine the existing and projected need for housing in each region and further requires the appropriate council of governments, or the department for cities and counties without a council of governments, to adopt a final regional housing need plan that allocates a share of the regional housing need to each city, county, or city and county, as provided.

This bill would establish the Regional Early Action Planning Grants Program of 2021 developed and administered by the department, in collaboration with the Office of Planning and Research, the Strategic Growth Council, and the State Air Resources Board, for the purpose of providing regions with funding, including grants, for transformative planning and implementation activities. The bill, upon appropriation, would require funds for the grants to be distributed in accordance with state planning priorities and considering geographic equity among regions of the state to specified entities, including councils of governments, certain regional entities, and multiagency working groups, as described, to be used for eligible transformative planning and implementation activities, as provided. The bill would specify that eligible entities shall determine the use of the funds and suballocations within their boundaries in a manner that appropriately addresses their unique housing, land use, transportation, climate change, equity and other planning priorities in compliance with eligible uses of these funds. The bill would authorize, in consultation with the department, any entity that receives an allocation of funds to suballocate moneys directly to eligible entities in the form of grants, as prescribed. The bill would require the department to set aside up to 5% of the total appropriation for program administration, as specified.

This bill would authorize, until December 31, 2022, an eligible entity to request an allocation of funds by submitting an application containing specified information, including an explanation of how the proposed uses will meet the definition of transformative planning and implementation activities and an explanation of how the proposed uses will implement and achieve the housing goals that also result in per capita vehicle miles traveled reductions. The bill would authorize, if appropriated funds remain unallocated after December 31, 2022, the department to, at its discretion, make those funds available through a subsequent notice of funding availability in which funds are offered on a competitive basis, as prescribed. The bill would authorize, commencing January 1, 2022, certain eligible entities to request up to 10% of the funding available to it in advance of a full request for funding in order to develop and accelerate the implementation of certain program requirements as described in the application.

This bill would require entities that receive funds to submit an annual report to the department, and to make that report publicly available on their internet website, containing specified information regarding the uses of funds allocated under the program. The bill would require, not later than June 30, 2025, each eligible entity that receives an allocation of funds to submit a final report on the use of those funds to the department. The bill would require the department to maintain records of specified information relating to the funds, and provide that information publicly on its internet website. The bill would require recipients of funds to post, make available and update, as appropriate on their websites, land use maps and vehicle miles traveled generation maps produced in the development of their adopted sustainable

communities strategy; collaborate, and share progress, templates, and best practices with the department and fellow recipients in implementation of funds; and to expend those funds no later than June 30, 2024.

This bill would authorize the department to monitor expenditures and activities of an applicant, as the department deems necessary; to ensure compliance with program requirements; to request the repayment of funds from an applicant, or pursue any other remedies available to it by law for failure to comply with program requirements; and in collaboration with the Office of Planning and Research, Strategic Growth Council, and the State Air Resources Board, to implement the program through the issuance of forms, guidelines, application materials, funding allocation methodologies, and one or more notices of funding availability, as provided. The bill would specify that the department's decision to approve or deny an application or request for funding pursuant to the program, and its determination of the amount of funding to be provided or request for repayment or other remedies for failure to comply with program requirements, would be final.

(5) Existing law requires the Department of Housing and Community Development to administer various housing programs, including the Multifamily Housing Program, as described below. Existing law creates the Housing Rehabilitation Loan Fund and continuously appropriates moneys in that fund for, among other purposes, making deferred-payment rehabilitation loans for financing all or a portion of the cost of rehabilitating existing housing to meet rehabilitation standards, as provided.

This bill would authorize the department, upon appropriation, to make loans or grants, or both loans and grants, to rehabilitate, capitalize operating subsidy reserves for, and extend the long-term affordability of department-funded housing projects that have affordability restriction that has expired, that have an affordability restriction with a remaining term of less than 5 years, or are otherwise at risk for conversion, as provided. The bill would authorize the department to adopt guidelines to implement this program and exempt those guidelines from the rulemaking provisions of the Administrative Procedure Act. The bill would authorize the department to establish loan processing or transaction fees for loans or grants authorized under these provisions.

This bill would authorize the department, upon appropriation, to award a forgivable loan or grant to a qualified rental housing development to replace federal and state low-income housing credit equity, as specified. The bill would define "qualified rental housing development" for these purposes to mean a qualified low-income housing project that received an award letter from specified multifamily housing programs administered by the department. The bill would require that a loan awarded under these provisions be provided with an interest rate of zero. The bill would authorize the department to determine the terms under which a loan or grant awarded under these provisions is subject to repayment. The bill would require a rental housing development that receives a grant or loan under these provisions to commence construction within 180 days of issuance of an award letter, and would authorize the department to issue a 90-day extension, as specified. The bill would authorize the department to adopt guidelines to implement this program and exempt those guidelines from the rulemaking provisions of the Administrative Procedure Act.

This bill would require any loan repayments under either of the loan programs established by the bill's provisions to be deposited in the Housing Rehabilitation Loan Fund, to be used for the purposes of the Multifamily Housing Program. By increasing the amount of money deposited in a continuously appropriated fund, this bill would make an appropriation.

(6) Existing law establishes the Multifamily Housing Program administered by the Department of Housing and Community Development. Existing law requires assistance for projects under the program to be provided in the form of deferred payment loans to pay for eligible costs of specified types of development, as provided. Existing law requires that funds appropriated in the 2020 Budget Act or an act related to the 2020 Budget Act, including specified moneys received under specified law, to provide housing for individuals and families

who are experiencing homelessness or who are at risk of homelessness and who are impacted by the COVID-19 pandemic, be disbursed in accordance with the Multifamily Housing Program for specified uses, as provided, but exempts assistance provided under these provisions from the requirement to provide assistance under that program in the form of deferred payment loans.

This bill would require that 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, and would provide that the above-described deferred payment loan requirement under the program would not apply to assistance provided pursuant to these provisions, as specified. The bill would authorize the department to adopt guidelines for the expenditure of funds appropriated to the department under these provisions. The bill would require the department to report to the Legislature on the use of the funds in the department's annual report, including, among other things, an explanation of how funding decisions were made and the number of individuals housed, or likely to be housed, using the funds.

Existing law, the California Environmental Quality Act (CEQA), requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment.

This bill would, until July 1, 2024, exempt from CEQA a project described above and funded pursuant to these provisions if certain requirements are met, including that the project proponent submits to the lead agency a letter of support from a county, city, or other local public entity for any proposed rehabilitation, construction, or major alteration work. If the lead agency determines that a project is not subject to CEQA and the lead agency determines it will approve or carry out the project, the bill would require the lead agency to file a notice of exemption, as specified.

(7) 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 informed by a best-practices framework focused on moving homeless individuals and families into permanent housing and supporting the efforts of those individuals and families to maintain their permanent housing. Existing law provides for the allocation of funding under the program among continuums of care, cities, and counties in 2 rounds, the first of which is administered by the Business, Consumer Services, and Housing Agency and the 2nd of which is administered by the Homeless Coordinating and Financing Council.

This bill would provide for the allocation of a total of \$2,000,000,000 in a 3rd and 4th round of funding under the program, to be administered by the council. Upon appropriation, the bill would require the council to distribute \$1,000,000,000 in the 2021–22 fiscal year and \$1,000,000,000 in the 2022–23 fiscal year. The bill would require the council to allocate up to 80% of the amount available for each fiscal year to cities, counties, and continuums of care, in a manner similar to existing provisions of the program and used for similar purposes, to set aside up to 18% for awarding bonus funds, as provided, and to allocate the remaining 2% to federally recognized tribal governments, as provided. Except as provided, the bill would require that all round 3 program funds be expended by June 30, 2026, and that all round 4 program funds be expended by June 30, 2027. The bill would require that any round 3 program funds not expended by June 30, 2026, be available for round 4 of the program and that any round 4 programs not expended by June 30, 2027, revert to the General Fund. The bill would require a recipient of a round 3 or round 4 program allocation, including tribal recipients, to expend funds on evidence-based solutions that address and prevent homelessness among eligible populations, as specified.

For allocations of round 3 program funds to cities, counties, and continuums of care, the bill would require the council to issue a standard agreement for applicants to apply for funding no later than September 15, 2021, and would require applicants to submit an agreement within 30 days after the date the council issues that agreement. Upon receipt of an agreement, the bill would require the council to allocate 20% of the eligible city's, county's, or continuum of care's allocation of round 3 funds, or 25% of that allocation if the city, county, or continuum of care applies jointly with a counterpart entity or entities, as provided. In order to receive the balance of its round 3 allocation, the bill would require the applicant to submit an application to the council by June 30, 2022, that includes a local homelessness action plan and specific outcome goals developed in accordance with specified requirements. The bill would require the council to either approve the application or return it to the applicant with written, detailed comments and request specified amendments to the application within 30 days. The bill would require a recipient to contractually obligate not less than 50% of round 3 program allocations no later than May 31, 2024, except that the bill would require a recipient that is a county to contractually obligate the full amount of its allocation by that date, and would require the reversion of funds not contractually obligated in accordance with this requirement, as provided. The bill would require recipients to demonstrate whether they have successfully met their outcome goals no later than June 30, 2024, and provide for the award of bonus funds to jurisdictions that have met those goals.

For allocations of round 4 program funds to cities, counties, and continuums of care, the bill would require the council to make applications available no later than September 30, 2021, and would require the applicant to submit an application to the council within 60 days after the date the council makes those applications available. The bill would require that the application include an updated local homelessness action plan and new specific outcome goals developed in accordance with specified requirements. The bill would require the council to either approve the application or return it to the applicant with written, detailed comments and request specified amendments to the application within 30 days. Upon approval of an application, the bill would require the council to disburse 50% of an eligible city's, county's, or continuum of care's total allocation of round 4 funds. The bill would require a recipient to contractually obligate not less than 75%, and to expend not less than 50%, of its initial round 4 program allocation no later than May 31, 2025, and would require the reversion of funds not contractually obligated in accordance with this requirement, as provided. Upon demonstration by a recipient city, county, or continuum of care that it has complied with the requirement to contractually obligate and expend a minimum amount of its round 4 program allocation, the bill would require the council to disburse to that recipient the remaining 50% of its total round 4 allocation. The bill would require recipients to demonstrate whether they have successfully met their outcome goals no later than June 30, 2025, and provide for the award of bonus funds to jurisdictions that have met those goals.

The bill would make various conforming changes to the Homeless Housing, Assistance, and Prevention program with respect to round 3 and round 4 of the program, as described above.

(8) Existing law requires a recipient of funds under the Homeless Housing, Assistance, and Prevention program, by January 1 of the year following receipt of the funds and annually on that date thereafter until all funds have been expended, to submit a report to the Business, Consumer Services, and Housing Agency that includes specified information, including the number of homeless individuals served by the program funds in that year. Existing law, beginning in 2021, requires applicants to provide additional information for round 1 and round 2 of program allocations, as provided. Existing law requires an applicant that receives a round 1 program allocation to submit a final report to the agency no later than January 1, 2026. Existing law requires the agency to post the information received under these provisions on its internet website and provide notice to specified committees of the Legislature.

This bill would revise these provisions to require recipients under the program to submit an annual report and a final report on round 1 program allocations to the council instead of the agency. The bill would also require the council, rather than the agency, to post this information on its internet website and provide notice to specified committees of the Legislature. The bill, beginning with round 3 of the

program, would require applicants to provide additional information for all rounds of program allocations relating to the applicant's outcome goals, as described above. The bill would require a recipient that receives a round 3 program allocation to submit a final report to the council no later than October 1, 2026, and a recipient that receives a round 4 program allocation to submit a final report to the council no later than October 1, 2027.

(9) Existing law requires the Governor to create the Homeless Coordinating and Financing Council, and specifies the duties of the coordinating council to include creating partnerships among state agencies and departments, local government agencies, and specified federal agencies and private entities, for the purpose of arriving at specific strategies to end homelessness.

This bill would establish, upon appropriation by the Legislature, the Encampment Resolution Funding program to assist cities, counties, and continuums of care in ensuring the safety and wellness of people experiencing homelessness in encampments, to provide encampment resolution grants to resolve critical encampment concerns and transition individuals into safe and stable housing, and to encourage a data-informed, coordinated approach to address encampment concerns. The bill would authorize a continuum of care, city, or county to submit a specified application to the council for a program grant, and would require the council to prioritize funding applicants that demonstrate a commitment to cross-systems collaboration and innovative efforts to resolve encampment issues or have 50 or more individuals living in the encampment. The bill would require the Homeless Coordinating and Financing Council to administer the program in accordance with a specified timeline, and would require the council to award initial grants by March 1, 2022. The bill would require grant recipients to provide specified data elements, including health information, in a manner consistent with state and federal law, to their local Homeless Management Information System for tracking in the statewide Homeless Data Integration System.

(10) Existing law specifies the duties of the Homeless Coordinating and Financing Council, including creating partnerships among state agencies and departments, local government agencies, and specified federal agencies and private entities, for the purpose of arriving at specific strategies to end homelessness.

This bill, upon appropriation by the Legislature, would require the coordinating council to conduct, or contract with an entity to conduct, a statewide assessment to, among other things, identify state programs that provide housing or services to persons experiencing homelessness or at risk of homelessness, as defined, and collect and analyze data from those programs necessary to provide a comprehensive view of the homelessness response system. The bill would authorize local governments to collaborate with the coordinating council or other entity conducting the assessment to share existing data from existing local analyses of system needs or gaps to complement other data requested. The bill would require the council to submit an interim report by July 1, 2022, and a final report by December 31, 2022, on the assessment to specified legislative committees. The bill would require a state agency with a member on the coordinating council to provide the requested data within 60 days, as specified.

(11) Existing law establishes 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. Existing law commits the administration of this program with the Homeless Coordinating and Financing Council.

This bill would create the Family Homelessness Challenge Grants and Technical Assistance Program, which would be administered by the Homeless Coordinating and Financing Council. The program would provide one-time grants and technical assistance to local jurisdictions for the purpose of addressing and ending family homelessness. The bill would prescribe various elements of the program, including when applications are required to be available, when applications are required to be submitted to the council, and when the council is required to act upon them. The bill would prescribe percentages of funds, to be available upon appropriation by the Legislature, that would be

applied to 2 rounds of competitive grants, as specified, intensive technical assistance to local jurisdictions, as specified, and administrative expenses. Among other things, the bill would require that program funds be expended by June 30, 2026, and would require funds that are not expended by this date to revert to the General Fund. The bill would exempt the administration of the program from the Administrative Procedure Act. The bill would require recipients of program funds to provide specified data to their local Homeless Management Information System for tracking in the statewide Homeless Data Integration System. The bill would authorize the council to specify the form and substance of the data, and would provide that health information would not be subject to public inspection or disclosure. The bill would require all recipients of funds to provide information and products developed with grant funds on service delivery models in support of the overall program goal to create scalable solutions to family homelessness, as specified.

(12) Existing law authorizes the Director of General Services to dispose of surplus state real property, as defined, by sale, lease, exchange, or a sale combined with an exchange, or other manner of disposition of property, subject to legislative authorization and specified requirements.

Executive Order No. N-06-19 required the Department of General Services to create a digitized inventory of all state-owned parcels that are in excess of foreseeable needs, as provided. The executive order also required the Department of General Services, in consultation with the Department of Housing and Community Development, to issue requests for proposals on individual parcels and accept proposals from certain developers of affordable housing, as provided.

This bill would, upon appropriation by the Legislature, establish the Excess Sites Local Government Matching Grants Program to be administered by the Department of Housing and Community Development. The bill would require the department 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 and that will receive contributions from a local government in support of that affordable housing. The bill would require the department to award grant moneys based on several factors, including value of the local government contribution and the creation of new permanent housing options. The bill would authorize a selected developer and a local government to submit, for expeditious review, a joint application that includes, among other things, a budget demonstrating the amount of the local government's contribution and a commitment and strategy from the local government to support the selected developer, as specified. The bill would limit the total amount of moneys awarded under the program to \$30,000,000, and would require the department to set aside up to 5% of appropriated moneys for program administration.

(13) Existing law requires the Department of Housing and Community Development to, among other things, administer various programs intended to fund the acquisition of property to develop or preserve affordable housing.

This bill would create the Foreclosure Intervention Housing Preservation Program, which would be administered by the Department of Housing and Community Development. The goal of the program would be to preserve affordable housing and promote resident ownership or nonprofit organization ownership of residential real property. The bill would also require the department to contract with one or more fund managers to manage the program until at least June 30, 2026, as specified. The bill would also authorize the department to hire one or more third-party consultants to assist with administering the program, so long as each consultant has demonstrated certain expertise. The bill would require the department to adopt guidelines for the administration of the program.

The bill would require the department, upon appropriation of funding by the Legislature, to provide eligible borrowers loans and grants to pay the acquisition costs and associated transaction costs of certain real property purchased through a trustee's sale, as specified, subject to a preforeclosure intervention sale, as defined, or subject to a foreclosure risk intervention sale. The bill would require that funds only

be expended for specified purposes and that borrowers who receive funds from a loan or grant made pursuant to the program ensure that vacant units are restricted in certain ways, including that the units are made available for rent or purchase by lower income households, as defined and specified. The bill would also allow loans made pursuant to the program to be partially or fully converted to grants if certain conditions are met. The bill would provide that any funds that are uncommitted or returned as of December 31, 2025, shall be made available for purposes of the Housing Preservation Program. The bill would provide that, notwithstanding the requirements of that program, uncommitted or returned funds may also be used to assist projects funded by the department or other public entities. The bill would require the department to report on the implementation of the Foreclosure Intervention Housing Preservation Program no later than May 15, 2023. The bill would require that loan principal and interest payments be deposited into the Housing and Rehabilitation Loan Fund, to be used for purposes of the program, including, but not limited to, loans or grants to pay for repairs, maintenance, or improvements on properties acquired pursuant to the program.

(14) Existing law establishes the Infill Infrastructure Grant Program of 2019, which requires the Department of Housing and Community Development, upon appropriation of funds by the Legislature, to establish and administer a grant program to allocate those funds to capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or qualifying infill area, as those terms are defined, pursuant to specified requirements. Existing law requires the department to administer a competitive application process for grants for selected capital improvement projects for large jurisdictions and requires the department to administer an over-the-counter application process for grants for capital improvement projects for small jurisdictions.

This bill would, upon appropriation of the Legislature, authorize the department to expend \$250,000,000 for the Infill Infrastructure Grant Program of 2019. In this regard, the bill would allocate \$160,000,000 of those funds for selected capital improvement projects for large jurisdictions under the program and \$90,000,000 for over-the-counter grants for capital improvement projects for small jurisdictions under the program. The bill would authorize up to 5% of these funds to be set aside for program administration, including state operations expenditures and technical assistance.

(15) Existing law, the Planning and Zoning Law, requires each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city, and specified lands outside its boundaries, that includes, among other mandatory elements, a housing element. Existing law requires that the housing element include, among other things, an inventory of land suitable and available for residential development. Existing law requires that this inventory of land be used to identify sites throughout the community that can be developed for housing within the planning period and that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels, as specified. Existing law specifies various densities deemed appropriate to accommodate housing for lower income levels under these provisions that vary based on a jurisdiction's classification and provides for that classification, as specified.

Existing law requires that a qualifying infill project or qualifying infill area for which a capital improvement grant may be awarded under the Infill Infrastructure Grant Program of 2019 meet specified conditions, including that the project or area include average residential densities on the parcels to be developed that are equal to or greater than the densities described in the above-described provisions of the Planning and Zoning Law or, if the project is located in a rural area, as defined, 10 units per acre. Existing law, until January 1, 2023, authorizes a city with a population of greater than 100,000 in a standard metropolitan statistical area or a population of less than 2,000,000 to petition the Department of Housing and Community Development for an exception to the jurisdiction's classification under the above-described provisions of the Planning and Zoning Law, if the city believes it is unable to meet the density requirements specified for purposes of the Infill Infrastructure Grant Program of 2019.

This bill would extend the operation of this authorization for a city to petition for an exception to its classification under these provisions from January 1, 2023, to January 1, 2026.

(16) Existing law establishes the Department of Industrial Relations within the Labor and Workforce Development Agency to, among other things, foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. Existing law requires that the department be conducted under the control of an executive officer known as the Director of Industrial Relations, who the Governor appoints subject to confirmation by the Senate. Among other things, existing law requires the director to determine the general prevailing rate of per diem wages in accordance with specified standards.

This bill would require the director to establish and maintain a strategic enforcement unit focused on construction, alteration, and repair projects. The bill would require that the unit enhance the department's enforcement of the Labor Code in construction, alteration, and repair projects, including projects funded pursuant to the provisions of the Multifamily Housing Program added by this bill, as described above, and other publicly funded residential construction projects. The bill would confer on the unit primary responsibility for enforcement of The Labor Code in construction projects subject to the provisions of the Multifamily Housing Program added by this bill. The bill would also require the unit to provide technical assistance to local public entities, as specified.

(17) This bill would make findings and declarations related to a gift of public funds.

(18) 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.

(19) 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

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## Bill Text

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

#### SECTION 1. Section 12334 is added to the Government Code, to read:

**12334.** (a) As soon as April 1, 2022, but no later than one year after the effective date of this chapter, the Treasurer, in consultation with the California Housing Finance Agency, the California Department of Housing and Community Development, and other relevant stakeholders, shall develop a framework for a program called the California Dream For All Program, in accordance with the goals and

intent of this section, and submit a report outlining the framework for the program to the Legislature in accordance with Section 9795. The report shall include, but not be limited to, the structure of the program, the administering entity, the program's financial structure, the type of financial assistance offered to homeowners, and analysis of the feasibility of establishing the program, financial risks to the State of California and the costs and benefits of the program compared to available alternatives and existing programs and how these costs and risks compare to the costs and risks to society of continuing current barriers to homeownership for working families and not combating systemic racism and inequities that have kept generations from building wealth and thriving in the middle class.

(b) The goals of the California Dream For All Program shall include, but not be limited to, all of the following:

(1) Making home ownership more affordable by reducing the cost of home ownership by up to 45 percent for lower and moderate-income Californians, including, but not limited to, Californians impacted by generational barriers to home ownership due to systemic racism, Californians that lost homes during the Great Recession and have not returned to home ownership, and Californians with substantial higher education student loan debt.

(2) Enabling homebuilders and sellers of existing homes to sell homes at a price that is ultimately affordable to lower and moderate-income Californians while also profitable for homebuilders and sellers of existing homes.

(3) Evolving the program over time to be self-sustaining utilizing private investments to create a self-sustaining model.

(4) Establishing a program to support first-time home buyers purchase a home in partnership with another entity, with the home buyer owning the majority share, with generally all the rights and responsibilities of homeownership, and the other entity owning a minority share, primarily as an investment.

(c) It is the intent of the Legislature that the California Dream For All Program include the following elements:

(1) Income limits for Californians and price limits for homes eligible for the program, both on a regional basis.

(2) Options for initial capitalization for the California Dream For All Fund.

(3) Ongoing state financial support limited to nominal administrative costs.

(4) Potential incentives to encourage private participation.

(5) An option for participating lower and moderate-income Californians with higher education student debt to mitigate the impact of the combined student debt and home mortgage debt burden.

(6) Notwithstanding any other provision of the program, a requirement that any home buyers assisted through the program be responsible for all maintenance costs, ad valorem property taxes and special taxes, and insurance requirements for the home.

(d) It is the intent of the Legislature that the California Dream For All program be enacted through statute as early as 2022 based on, but not limited to, the report required by this section.

**SEC. 2.** Section 14671.2 of the Government Code is amended to read:

**14671.2.** (a) Notwithstanding Section 14670, the director, with the consent of the state agency concerned, may let for any period of time any real property or interest in real property that belongs to the state, when the director deems the letting serves a beneficial public purpose limited to the development of housing, including permanent supportive or traditional housing and emergency shelters or park and recreation facilities.

(b) Notwithstanding subdivision (a), the director may permit commercial development on property leased pursuant to this section for affordable housing purposes if the Director of Housing and Community Development deems the commercial development necessary for the successful delivery of housing to lower income households and deems the commercial development to provide community benefits, including community-serving retail and amenities.

(c) The leases under this section shall be let in accordance with procedures prescribed by the director that facilitate development of housing or park and recreation facilities when such use is compatible with current use and foreseeable future use of the property. All proposed leases shall be reviewed by the State Public Works Board.

(d) (1) In all cases, at least 20 percent of the housing units developed on state property leased pursuant to this section shall be available for the term of the lease to, and occupied by, lower income households, of which at least 10 percent shall be available to, and occupied by, very low income households.

(2) For each lease, the minimum percentage in each income category shall be prescribed by the Director of Housing and Community Development, taking into account economic feasibility and housing need in the jurisdiction or region where the property is located. The Director of Housing and Community Development may prescribe alternative minimum percentages in each income category in instances when the alternative income mix results in a greater net gain of units affordable to lower income households and does not result in less than 20 percent of all units being affordable to lower income households and less than 10 percent of all units being affordable to very low income households.

(e) Upon a written formal recommendation from the Director of Housing and Community Development that it is in the best interest of the state and reasonably necessary to facilitate the development of affordable housing, the director may permit phased development, subject to those terms, conditions, restrictions, and financial incentives and disincentives as the director determines are necessary to ensure that commitments for subsequent phases will be fulfilled.

(f) (1) Upon a written formal recommendation from the Director of Housing and Community Development that it is in the best interest of the state and reasonably necessary to facilitate the development of affordable housing, the director may sell property or portions of a property that have been leased for housing pursuant to this section to a lessee for the purposes of affordable homeownership consistent with the affordability provisions of this section.

(2) Not less than 30 days before entering into any lease when selling portions of state property is contemplated, the director shall notify the Chairperson of the Joint Legislative Budget Committee, or the chairperson's designee, in writing of the director's intention to enter into the agreement. The notification shall include a written finding of the director's determination that the proposed sale is in the best interest of the state and is reasonably necessary to facilitate development of housing affordable to lower income households.

(g) In letting leases pursuant to this section, the director shall give preference to projects that provide for either the greatest number of units affordable to lower and very low income households, or that provide for more units affordable to lower and very low income

households than required by the Director of Housing and Community Development pursuant to subdivision (d).

(h) The director may enter into leases pursuant to this section at less than market value, provided that the cost of administering the lease is recovered. The Department of Housing and Community Development shall recommend to the director a lease amount that will enable the provision of housing for lower income households.

(i) All leases executed pursuant to this section shall contain a recital that the director has found the letting serves the required beneficial public purpose and complies with all provisions of this section, which recital shall be conclusive in favor of lessees from the state and their mortgagees.

(j) For purposes of this section:

(1) "Director" means the Director of General Services.

(2) "Lower income households" means the same as defined in Section 50079.5 of the Health and Safety Code.

(3) "Very low income households" means the same as defined in Section 50105 of the Health and Safety Code.

**SEC. 3.** Section 37001 of the Health and Safety Code is amended to read:

**37001.** The term "low-rent housing project," as defined in Section 1 of Article XXXIV of the California Constitution, does not apply to any development composed of urban or rural dwellings, apartments, or other living accommodations, that meets any one of the following criteria:

(a) (1) The development is privately owned housing, receiving no ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of Section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities; and (2) not more than 49 percent of the dwellings, apartments, or other living accommodations of the development may be occupied by persons of low income.

(b) The development is privately owned housing, is not exempt from ad valorem taxation by reason of any public ownership, and is not financed with direct long-term financing from a public body.

(c) The development is intended for owner-occupancy, which may include a limited equity housing cooperative as defined in Section 50076.5, or cooperative or condominium ownership, rather than for rental-occupancy.

(d) The development consists of newly constructed, privately owned, one-to-four family dwellings not located on adjoining sites.

(e) The development consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.

(f) The development consists of the rehabilitation, reconstruction, improvement or addition to, or replacement of, dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower income households, as defined in Section 50079.5.

(g) The development consists of the acquisition, rehabilitation, reconstruction, improvement, or any combination thereof, of a rental housing development which, prior to the date of the transaction to acquire, rehabilitate, reconstruct, improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

(h) The development consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using any of the following:

(1) Moneys received from the Coronavirus Relief Fund established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136).

(2) Moneys received from the Coronavirus State Fiscal Recovery Fund established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2).

(3) Moneys appropriated and disbursed pursuant to Chapter 5.5 (commencing with Section 50606) of Part 2 of Division 31.

(4) Moneys appropriated and disbursed pursuant to Chapter 6.6 (commencing with Section 50672) of Part 2 of Division 31.

(5) Moneys appropriated and disbursed to fund the uses and accomplish the objectives specified in Section 50675.1.1 or 50675.1.3.

**SEC. 4.** 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 Homeless Coordinating and Financing Council created pursuant to Section 8257 of the Welfare and Institutions Code.

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

(h) "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.

(i) "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.

(j) (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.

(k) "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.

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

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

(n) "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.

(o) "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.

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

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

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

**SEC. 5.** Section 50217 of the Health and Safety Code is amended to read:

**50217.** (a) The Homeless Housing, Assistance, and Prevention program is hereby established 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 informed by a best-practices framework focused on moving homeless individuals and families into permanent housing and supporting the efforts of those individuals and families to maintain their permanent housing.

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

(1) For round 1 of the program, six hundred fifty million dollars (\$650,000,000) in the 2019–20 fiscal year.

(2) For round 2 of the program, three hundred million dollars (\$300,000,000) in the 2020–21 fiscal year.

(3) For round 3 of the program, one billion dollars (\$1,000,000,000) in the 2021–22 fiscal year.

(4) For round 4 of the program, one billion dollars (\$1,000,000,000) in the 2022–23 fiscal year.

(c) The council shall administer the program. The program shall provide grant funds to cities, counties, continuums of care, and tribes.

(d) The council's decision to approve or deny an application and the determination of the amount of funding to be provided shall be final.

(e) 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 shall provide a list of all awards to subrecipients.

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

(f) 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).

**SEC. 6.** Section 50218.6 is added to the Health and Safety Code, 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) Except as otherwise provided in subparagraph (C) of paragraph (3), 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 pursuant to subdivision (g).

(B) The council shall determine bonus award allocations based on the proportionate share of the homeless population for each continuum of care, city, and county, based on the homeless point-in-time count, of each jurisdiction that is eligible for bonus funding pursuant to subdivision (g) relative to the total homeless population of all jurisdictions eligible for bonus funding, and using other factors necessary, so that the award allocation is equitable and reasonable for the mix of jurisdictions eligible for bonus funding.

(C) The council shall report to the chairs of the relevant fiscal and policy committees of both houses of the Legislature on the methodology used to determine the allocation of bonus funding within 30 days of making a determination on funding allocations. A report required to be submitted pursuant to this subparagraph shall be submitted in compliance with Section 9795 of the Government Code.

(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 allocated as bonus awards pursuant to paragraph (2).

(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 close-out 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) (1) (A) If, by July 1, 2024, a recipient has met its outcome goals, as approved by the council in the recipient's application pursuant to subparagraph (C) of paragraph (3) of subdivision (b) of Section 50220.7, that recipient shall be eligible for bonus funding.

(B) The council shall determine whether a recipient has met its outcome goals, as approved by the council in the recipient's application pursuant to subparagraph (C) of paragraph (3) of subdivision (b) of Section 50220.7, through July 1, 2024. The council shall award bonus funding pursuant to this section as soon as data becomes available, but no later than November 1, 2024.

(2) The council may provide exceptions to the requirement to meet outcome goals pursuant to subparagraph (A) of paragraph (1) 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.

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

**SEC. 7.** Section 50218.7 is added to the Health and Safety Code, 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) Except as otherwise provided in subparagraph (C) of paragraph (3), 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 pursuant to subdivision (g).

(B) The council shall determine bonus award allocations based on the proportionate share of the homeless population for each continuum of care, city, and county, based on the homeless point-in-time count, of each jurisdiction that is eligible for bonus funding pursuant to

subdivision (g) relative to the total homeless population of all jurisdictions eligible for bonus funding, and using other factors necessary, so that the award allocation is equitable and reasonable for the mix of jurisdictions eligible for bonus funding.

(C) The council shall report to the chairs of the relevant fiscal and policy committees of both houses of the Legislature on the methodology used to determine the allocation of bonus funding within 30 days of making a determination on funding allocations. A report required to be submitted pursuant to this subparagraph shall be submitted in compliance with Section 9795 of the Government Code.

(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 allocated as bonus awards pursuant to paragraph (2).

(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 close-out 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) (1) (A) If, by July 1, 2025, a recipient has met its outcome goals, as approved by the council in the recipient's application pursuant to subparagraph (B) of paragraph (2) of subdivision (b) of Section 50220.8, that recipient shall be eligible for bonus funding.

(B) The council shall determine whether a recipient has met its outcome goals, as approved by the council in the recipient's application pursuant to subparagraph (B) of paragraph (2) of subdivision (b) of Section 50220.8, through July 1, 2025. The council shall award bonus funding pursuant to this section as soon as data becomes available, but no later than November 1, 2025.

(2) The council may provide exceptions to the requirement to meet outcome goals pursuant to subparagraph (A) of paragraph (1) 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.

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

**SEC. 8.** Section 50220.6 of the Health and Safety Code is amended to read:

**50220.6.** (a) Notwithstanding any law, a recipient that enters into an agreement as set forth in paragraph (10) of subdivision (a) of Section 50219, paragraph (7) of subdivision (b) of Section 50225.5, clause (iii) of subparagraph (B) of paragraph (3) of subdivision (b) of Section 50220.7, and subparagraph (C) of paragraph (3) of subdivision (b) of Section 50220.8 shall provide data elements, including, but not limited to, health information, in a manner consistent with federal law, to the statewide Homeless Management Information System when the system becomes available.

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

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

(c) Any health information provided to, or maintained within, the statewide Homeless Management Information 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).

(d) For purposes of this paragraph, "health information" means "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.

**SEC. 9.** Section 50220.7 is added to the Health and Safety Code, to read:

**50220.7.** (a) (1) No later than September 15, 2021, the council shall issue a standard agreement for applicants to apply for round 3 program funds, which shall include, at minimum, a requirement for applicants to submit an application that includes a local homelessness action plan and specific outcome goals based on the Homeless Management Information System performance metrics as described in subdivision (b).

(2) A standard agreement from an applicant shall be due to the council no later than 30 days from the date the council issues the standard agreement pursuant to paragraph (1).

(3) If an applicant does not submit a completed standard agreement by the deadline specified in paragraph (2), the council may distribute that applicant's share of round 3 program funds to an eligible overlapping jurisdiction, as determined by the council.

(4) (A) (i) Upon receipt of a standard agreement, and except as otherwise provided in clause (ii), the council shall allocate 20 percent of an eligible city's, county's, or continuum of care's total allocation pursuant to subdivision (a) of Section 50218.6.

(ii) (I) A city, city and county, single continuum of care, or county may apply jointly with a counterpart entity or entities. An applicant that applies jointly pursuant to this paragraph shall instead be allocated 25 percent of the jointly applying jurisdictions' total allocation pursuant to subdivision (a) of Section 50218.6.

(II) A joint application submitted pursuant to this clause shall include, at minimum, evidence of collaboration between the jointly applying applicants and an explanation of how the jointly applying applicants will administer the funds allocated to them pursuant to this section.

(B) A recipient may use initial funds awarded pursuant to this paragraph to complete the local homeless action plan, required as provided pursuant to paragraph (1) and in accordance with the requirements of subparagraph (A) of paragraph (3) of subdivision (b), including paying for any technical assistance or contracted entities to support the completion of the homeless action plan.

(5) Priority for initial funds, above the costs of completing the application, shall be for systems improvement, including, but not limited to, all of the following:

(A) Capacity building and workforce development for the jurisdiction's administering staff and providers, including technical assistance to culturally specific providers.

(B) Funding existing evidence-based programs serving people experiencing homelessness.

(C) Investing in data systems to meet reporting requirements or strengthen the recipient's Homeless Management Information System.

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

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

(b) To receive the remaining balance of its round 3 program allocation, an applicant shall submit an application to the council by June 30, 2022, that includes a local homelessness action plan and specific outcome goals in accordance with the following requirements:

(1) The applicant shall engage with the council on its local plan and outcome goals before submitting a complete application.

(2) For city, county, and continuum of care applicants, local homelessness action plans pursuant to subparagraph (A) of paragraph (3) and outcome goals pursuant to subparagraph (C) of paragraph (3) shall be agendized at a regular meeting of the governing body, including receiving public comment, before being submitted to the council.

(3) A complete application submitted pursuant to this section shall provide the following information, in the form and manner prescribed by the council:

(A) A local homelessness action plan, which shall include all of the following:

(i) 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.

(ii) 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.

(iii) 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.

(iv) Applicants may submit an analysis that was completed in the last three-years if it meets the requirements of this subparagraph, with any relevant updates to the current available funding.

(B) A narrative that includes the following:

(i) An outline of proposed uses of funds requested and an explanation of how the proposed use of funds will complement the funds and equitably close the gaps identified pursuant to subparagraph (A).

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

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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 the jurisdiction's administering staff and providers, including technical assistance to culturally specific providers.

(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 subparagraph (C).

(C) (i) Applicants shall establish outcome goals that prevent and reduce homelessness over a threeyear period, informed by the findings from the local landscape analysis described in subparagraph (A) and the jurisdiction's base system performance measure from 2020 calendar year data in the Homeless Data Integration System. The outcome goals shall set definitive metrics, based on the United States Department of Housing and Urban Development's system performance measures, for achieving the following:

(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 over-represented populations disproportionately impacted by homelessness.

(ii) Each applicant shall determine its outcome goals in consultation with the council, and shall not submit its final outcome goals before consulting with the council.

(iii) 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 subparagraph and determine whether the outcome goals adequately further the objectives of reducing and preventing homelessness pursuant to this subparagraph.

(iv) Initial outcome goals should be met no later than June 30, 2024, and outcome goals shall be updated regularly, as funding continues.

(c) The council may request additional documentation and information from the applicant during consultation consistent with respect to round 3 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 allocate the remaining percent of an applicant's funding pursuant to subdivision (a) of Section 50218.6 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) An applicant whose application has been returned pursuant to paragraph (1) shall respond to the council's requested amendments and submit a revised application within 30 days of receipt of the council's detailed comments and request for specific amendments. If 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.

(3) The council shall have 30 days to approve a revised application if, as amended, it addresses the council's concerns or to provide the grantee with additional guidance and a deadline extension in the case of documented extenuating circumstance for further amending to fully address the council's concerns.

(e) Except as provided in subdivision (f), a recipient of a round 3 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 3 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 3 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 3 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 3 program applications to their respective internet websites within 30 days of disbursal to the applicant.

(k) (1) (A) Except as otherwise provided in subparagraph (B), a recipient shall contractually obligate not less than 50 percent of round 3 program allocations no later than May 31, 2024.

(B) Recipients that are counties shall contractually obligate the full amount of round 3 program allocation awarded to them by the council on or before the date specified in subparagraph (A). Any funds that are not contractually obligated by this date shall revert to the continuum of care that serves the recipient county.

(2) If less than 50 percent is obligated after May 31, 2024, recipients that are continuums of care and cities shall not expend any remaining portion of the 50 percent of round 3 program allocations required to have been obligated pursuant to subparagraph (A) of paragraph (1) unless both of the following occur:

(A) On or before June 30, 2024, 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).

(3) On or before December 31, 2024, recipients that are continuums of care and cities 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 (2), to be allocated as bonus awards by the council to eligible recipients in accordance with subdivision (g) of Section 50218.6.

(4) Recipients that do not meet the requirements of paragraph (1) shall not be eligible for bonus funding awarded pursuant to subdivision (g) of Section 50218.6.

(l) (1) No later than June 30, 2024, recipients shall demonstrate whether they have successfully met their outcome goals pursuant to subparagraph (C) of paragraph (3) of subdivision (b).

(2) Jurisdictions that meet their outcome goals shall be eligible for bonus funding, as provided in subdivision (g) of Section 50218.6.

(3) Jurisdictions that have not met their outcome goals shall not be eligible for bonus funding and shall accept technical assistance from council staff. In addition, jurisdictions that have not met their outcome goals may also be required to limit the allowable uses of these program funds, as determined by the council.

(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 3 program requirements and adequate progress towards meeting outcome goals.

(o) The council may, as it deems appropriate or necessary, request the repayment of round 3 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 3 program allocation funds not expended by June 30, 2026, shall be available for round 4 of the program pursuant to Section 50218.7.

**SEC. 10.** Section 50220.8 is added to the Health and Safety Code, 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 over a threeyear period, 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 overrepresented 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.

(C) Initial outcome goals should be met no later than June 30, 2025, and outcome goals shall be updated regularly, as funding continues.

(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 the 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 the jurisdiction's administering staff and providers, including technical assistance to culturally specific providers.

(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 agendized 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 disbursal 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 allocated as bonus awards by the council to eligible recipients in accordance with subdivision (g) of Section 50218.7.

(5) Recipients that do not meet the requirements of paragraph (1) shall not be eligible for bonus funding awarded pursuant to subdivision (g) of Section 50218.7.

(I) (1) No later than June 30, 2025, recipients shall demonstrate whether they have successfully met their outcome goals pursuant to paragraph (2) of subdivision (b).

(2) Jurisdictions that meet their outcome goals shall be eligible for bonus funding, as provided in subdivision (g) of Section 50218.7.

(3) Jurisdictions that have not met their outcome goals shall not be eligible for bonus funding and shall accept technical assistance from council staff. In addition, jurisdictions that have not met their outcome goals may also be required to limit the allowable uses of these program funds, as determined by the council.

(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.

**SEC. 11.** Section 50221 of the Health and Safety Code is amended to read:

**50221.** (a) After receiving program funds, a recipient, by January 1 of the year following receipt of the funds and annually on that date thereafter until all funds have been expended, shall submit a report to the council on a form and method provided by the council, that includes all of the following, as well as any additional information the council deems appropriate or necessary:

(1) An ongoing tracking of the specific uses and expenditures of any program funds broken out by eligible uses listed, including the current status of those funds.

(2) The number of homeless individuals served by the program funds in that year, and a total number served in all years of the program, as well the homeless population served.

(3) The types of housing assistance provided, broken out by the number of individuals.

(4) Outcome data for an individual served through program funds, including the type of housing that an individual exited to, the percent of successful housing exits, and exit types for unsuccessful housing exits.

(b) No later than January 1, 2026, each applicant that receives a round 1 program allocation shall submit to the council a final report in a format provided by the council, as well as detailed uses of all program funds.

(c) The council shall post this information to its internet website within 30 days of receipt and provide notice to the Senate Housing Committee, Assembly Housing and Community Development Committee, and the appropriate Fiscal Committees.

**SEC. 12.** Section 50223 is added to the Health and Safety Code, to read:

**50223.** (a) Beginning with round 3 of the program, in addition to the data required under Sections 50221 and 50222, applicants shall provide the following information for all rounds of program allocations through a data collection, reporting, performance monitoring, and accountability framework, as established by the council:

(1) (A) Data on the applicant's progress towards meeting their outcome goals, which shall be submitted annually on December 31 of each year through the duration of the program.

(B) If the applicant has not made significant progress toward their outcome goals, the applicant shall submit a description of barriers and possible solutions to those barriers.

(C) Applicants that do not demonstrate significant progress towards meeting outcome goals shall accept technical assistance from the council and may also be required to limit the allowable uses of these program funds, as determined by the council.

(2) (A) A quarterly fiscal report of program funds expended and obligated in each allowable budget category approved in their application for program funds.

(B) If the applicant has not made significant progress toward their outcome goals, then the applicant shall report on their outcome goals in their quarterly report.

(3) The council shall compile and post a statewide report that aggregates each applicant's outcome goals into a single statewide set of metrics.

(b) No later than October 1, 2026, each recipient that receives a round 3 program allocation shall submit to the council a final report in a format provided by the council, as well as detailed uses of all program funds.

(c) No later than October 1, 2027, each recipient that receives a round 4 program allocation shall submit to the council a final report in a format provided by the council, as well as detailed uses of all program funds.

**SEC. 13.** Chapter 7 (commencing with Section 50250) is added to Part 1 of Division 31 of the Health and Safety Code, to read:

## **CHAPTER 7. Encampment Resolution Funding Program**

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

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

(b) "Applicant" means a continuum of care or local jurisdiction

(c) "Continuum of care" has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations.

(d) "Council" means the Homeless Coordinating and Financing Council created pursuant to Section 8257 of the Welfare and Institutions Code.

(e) "County" includes, but is not limited to, a city and county.

(f) "Homeless" has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations.

(g) "Local jurisdiction" means a city, including a charter city, a county, including a charter county, or a city and county, including a charter city and county.

(h) "Program" means the Encampment Resolution Funding program established pursuant to this chapter.

(i) "Recipient" means an applicant that receives grant funds from the council for the purposes of the program.

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

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

(b) The council shall administer the program.

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

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

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

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

**50252.** (a) The council shall distribute moneys appropriated for purposes of the program in accordance with this chapter.

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

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

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

(2) A description of why this specific encampment is being prioritized for resolution support.

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

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

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

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

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

(2) Jurisdictions that have 50 or more individuals living in the encampment that they are seeking to support with these funds.

(3) The intent of the council is to award grants, to the extent feasible, to a range of applicants that represent the diversity of communities across the state, including rural, urban, and suburban communities.

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

**50253.** (a) The council shall administer the program in accordance with the following timelines:

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

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

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

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

(b) Recipients of funds shall expend at least 50 percent of their allocation by June 30, 2023.

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

(c) Recipients shall expend all program funds no later than June 30, 2024. Any funds not expended by this date shall be returned to the General Fund.

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

for tracking in the statewide Homeless Data Integration System.

- (b) (1) The council shall specify the form and substance of the required data elements.
- (2) The council may, as required by operational necessity, amend or modify data elements, disclosure formats, or disclosure frequency.
- (c) Any health information or personal identifying information provided to or maintained within the statewide Homeless Data Integration System pursuant to this section shall not be subject to public inspection or disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).
- (d) For purposes of this paragraph, "health information" includes "protected health information," as defined in Part 160.103 of Title 45 of the Code of Federal Regulations, and "medical information," as defined in subdivision (j) of Section 56.05 of the Civil Code.
- (e) All recipients shall provide information and products developed with grant funds on service delivery models in support of the overall program goal to mitigate risk and address safety concerns in encampments, while ensuring a pathway for individuals living in encampments to move into safe and stable housing, in a format and timeframe specified by the council.
- (f) The council shall evaluate the data and outcomes reported by recipients to assess efficacy of programs and identify scalable best practices for encampment resolution that can be replicated across the state.
- (g) The council shall report to the chairs of the relevant fiscal and policy committees in both houses on the outcomes, learnings, and best practice models identified through this program. The report shall be submitted in compliance with Section 9795.

**SEC. 14.** Chapter 8 (commencing with Section 50255) is added to Part 1 of Division 31 of the Health and Safety Code, to read:

## **CHAPTER 8. Family Homelessness Challenge Grants and Technical Assistance**

**50255.** For purposes of this chapter:

- (a) "Applicant" means a continuum of care, city, or county.
- (b) "Continuum of care" has the meaning provided in Section 578.3 of Title 24 of the Code of Federal Regulations as that section read on May 1, 2021.
- (c) "Council" means the Homeless Coordinating and Financing Council created pursuant to Section 8257 of the Welfare and Institutions Code.
- (d) "County" includes, but is not limited to, a city and county.
- (e) "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 May 1, 2018.
- (f) "Local jurisdiction" means a city, including a charter city, a county, including a charter county, or a city and county, including a charter city and county.

(g) "Program" means the Family Homelessness Challenge Grants and Technical Assistance Program established pursuant to this chapter.

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

**50256.** (a) The Family Homelessness Challenge Grants and Technical Assistance Program is hereby established for the purpose of providing one-time grants and technical assistance to local jurisdictions in order to address and end family homelessness.

(b) (1) Council staff shall administer the program, which shall provide grants and technical assistance. Technical assistance may be provided directly by council staff or through a contracted entity.

(2) The program shall give preference to proposals that promote rapid innovation, accelerate nascent programs, expand promising practices, and meet new demands and conditions for solutions targeted towards ending family homelessness. Program funding shall be prioritized for jurisdictions that can demonstrate cross-systems collaboration, multifunder initiatives, and innovative efforts that coordinate across funding streams and systems.

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

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

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

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

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

(4) The amount of funds allocated to each applicant.

(e) 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).

**50257.** (a) Upon appropriation by the Legislature, forty million dollars (\$40,000,000) or whatever greater or lesser sum is appropriated for purposes of the program, shall be distributed in accordance with this subdivision.

(1) Seventy-five percent of the amount appropriated shall be distributed through two rounds of competitive grants to applicants to be used to accelerate efforts by local jurisdictions to eliminate family homelessness in their communities.

(A) Fifty percent of the amount referenced in this paragraph shall be distributed through the initial round of competitive grant funding.

(B) Fifty percent of the amount referenced in this paragraph shall be distributed through a second round of competitive grant funding. Recipients of the initial round of program funds that demonstrate adequate progress towards their program goals, remain in compliance with all requirements of this program, and demonstrate the most promising and innovative practices which could be scaled and replicated to support statewide efforts to eliminate family homelessness may apply for the second round of grant funding.

(2) Twenty percent of the amount appropriated shall be set aside for intensive technical assistance to local jurisdictions to support the state's efforts to reach functional zero for family homelessness.

(3) Of the amount appropriated pursuant to this subdivision, up to 5 percent may be expended by the council for the administration of the program. The council may utilize any unused funds from moneys set aside for program administration for technical assistance or to augment existing allocations.

(b) Applications for funding shall include a full description of how the applicant intends to use program funds for rapid innovation, accelerating nascent programs, expanding promising practices, or meeting new demands and conditions where practical work occurs for solutions targeted towards ending family homelessness, and any additional fiscal and programmatic information related to this grant as determined by the council.

**50258.** (a) (1) The council shall make available an application for the first round of allocations no later than March 1, 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) Initial award determinations shall be made no more than 60 days after the deadline to submit applications.

(b) Recipients of funds shall expend at least 50 percent of their first-round allocation by June 30, 2024.

(1) Recipients who fail to expend their allocated funds in compliance with this subdivision shall repay to the council no less than 25 percent of their total allocation amount. The repayment amount shall be determined by the council based on its evaluation of the circumstances behind the failure to expend the allocated funds in compliance with this section. The repaid funds shall be reallocated by the council during the second round of funding.

(2) Any funds not distributed in the first round of awards or repaid pursuant to paragraph (1), shall be allocated in the second round of funding.

(c) (1) The council shall make available an application for the second round of allocations no later than December 31, 2023.

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

(3) Initial award determinations shall be made no more than 60 days after the deadline to submit applications.

(d) If, after the second round of awards pursuant to this section, not all funds have been awarded, the council may make additional awards or augment existing allocations until all funds have been allocated.

(e) All program funds shall be expended by June 30, 2026. Any funds that are not expended by this date shall revert to, and be paid and deposited in, the General Fund.

**50259.** (a) All recipients of funds pursuant to this chapter shall provide data elements, including, but not limited to, health information, in a manner consistent with federal law, to their local Homeless Management Information System, for tracking in the statewide Homeless

## Data Integration System.

- (b) (1) The council shall specify the form and substance of required data elements.
- (2) The council may, as required by operational necessity, amend or modify data elements, disclosure formats, or disclosure frequency.
- (c) 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).
- (d) For purposes of this paragraph, "health information" includes "protected health information," as defined in Part 160.103 of Title 45 of the Code of Federal Regulations, and "medical information," as defined in subdivision (j) of Section 56.05 of the Civil Code.
- (e) All recipients of funds shall provide information and products developed with grant funds on service delivery models in support of the overall program goal to create scalable solutions to family homelessness in a format and timeframe as specified by the council.

**SEC. 15.** Chapter 3.15 (commencing with Section 50515.06) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

## **CHAPTER 3.15. Regional Early Action Planning Grants Program of 2021**

**50515.06.** For purposes of this chapter:

- (a) "Department" means the Department of Housing and Community Development.
- (b) "Program" means the Regional Early Action Planning Grants of 2021 established pursuant to this chapter.
- (c) "Regional housing need assessment" means the existing and projected need for housing for each region, as determined by the department pursuant to Section 65584.01 of the Government Code.
- (d) "Sustainable Communities Strategy" refers to the plan prepared by each metropolitan planning organization pursuant to paragraph (2) of subdivision (b) of Section 65080 of the Government Code.
- (e) "Alternative Planning Strategy" refers to the document, if any, prepared by a metropolitan planning organization pursuant to paragraph (1) of subdivision (b) of Section 65080 of the Government Code.
- (f) (1) "Transformative planning and implementation activities" means housing, planning, infrastructure investments supporting infill housing, and other actions that enable meeting housing goals that also result in per capita vehicle miles traveled reductions, including accelerating infill development, supporting residents through realizing multimodal communities, shifting travel behavior through reducing driving, and increasing transit ridership.

(2) Transformative planning and implementation activities shall be in furtherance of all of the following:

- (A) State planning priorities, as described in Section 65041.1 of the Government Code.
- (B) Affirmatively furthering fair housing pursuant to Section 8899.50 of the Government Code.

(C) Facilitating housing element compliance for the sixth cycle regional housing needs assessment pursuant to Section 65302 of the Government Code prepared in accordance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(D) A region's sustainable community strategy, as described in paragraph (2) of subdivision (b) of Section 65080 of the Government Code, or alternative planning strategy, as described in paragraph (2) of subdivision (b) of Section 65080 of the Government Code, as applicable.

(g) "Eligible entity" means any recipient of these funds either through direct allocation from the department or through a suballocation from a recipient. For the purposes of this chapter, an eligible entity can include a metropolitan planning organization (MPO), a single or multiconty council of governments (COG), a regional transportation planning agency (RTPA), a county, a city, a city and county, a transit agency or district, a county transportation agency, or a tribal entity.

(h) "Tribal entity" means an entity formed by the duly constituted governing body of a California Native American Tribe in Chapter 905 of the Statutes of 2004, as described in Section 21073 of the Public Resources Code.

**50515.07.** (a) (1) The Regional Early Action Planning Grants Program of 2021 is hereby established for the purpose of providing regions with funding, including grants, for transformative planning and implementation activities.

(2) Upon appropriation by the Legislature for this purpose, funds shall be distributed under the program in accordance with this chapter.

(b) The department, in collaboration with the Office of Planning and Research, the Strategic Growth Council, and the State Air Resources Board, shall develop and administer the program and, consistent with the requirements of this chapter, provide grants to eligible entities for implementing planning and implementation activities. The department shall seek input from the transportation and housing coordination workgroup established through Section 50407.5.

(c) Distribution and expenditures of funds shall be made consistent with the state planning priorities, established pursuant to Section 65041.1 of the Government Code, and shall consider geographic equity among regions of the state.

(d) Of the total amount of any moneys appropriated for purposes of this chapter, the department shall set aside up to 5 percent for program administration, including state operations expenditures and technical assistance, as well as expenditures by recipients of funding pursuant to Sections 50515.08 and 50515.09.

**50515.08.** (a) The funds described in paragraph (2) of subdivision (a) of Section 50515.07 shall be available only to the following entities before any suballocation:

(1) The Metropolitan Transportation Commission, representing the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, and Sonoma, and the City and County of San Francisco.

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

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

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

(5) The Association of Monterey Bay Area Governments, representing the counties of Monterey, San Benito and Santa Cruz.

(6) The San Luis Obispo Council of Governments, the Santa Barbara County Association of Governments, the Fresno Council of Governments, the Kern Council of Governments, the Kings County Association of Government, the Madera County Transportation Commission, the Merced County Association of Governments, the San Joaquin Council of Governments, the Stanislaus Council of Governments, the Tulare County Association of Governments, the Butte County Association of Governments, Shasta County Regional Transportation Agency, and the Tahoe Regional Planning Agency created by interstate compact and ratified by Title 7.4 (commencing with Section 66800) of the Government Code. Notwithstanding any other provision of this chapter, the eligible entities described in this paragraph may apply directly to the department for funds pursuant to the program.

(7) Eligible entities in the Counties of Alpine, Amador, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Sierra, Siskiyou, Tehama, Tuolumne, and Trinity. Notwithstanding any other provision of this chapter, eligible entities within the counties listed in this paragraph or tribal entities may apply directly to the department for funds pursuant to the program. The department may approve a fiscal agent to receive funds on behalf of a consortium of entities listed in this paragraph.

(b) (1) The department shall calculate the amount of each maximum grant allocation in accordance with the methodology described in subdivision (a) of Section 50515.09.

(2) An eligible entity shall, in consultation with the department and consistent with the requirements of this chapter, determine the appropriate use of funds and suballocations within its boundaries in a manner that appropriately addresses its unique housing, land use, transportation, climate change, equity and other planning priorities.

(c) (1) Subject to paragraph (5), until December 31, 2022, an eligible entity described in subdivision (a) may request an allocation of funds pursuant to this section by submitting an application, in the form and manner prescribed by the department, developed in collaboration with the Office of Planning and Research, the Strategic Growth Council, and the State Air Resources Board, that includes all of the following information:

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

(B) The amounts retained by the eligible entity and any suballocations.

(C) An explanation of how the proposed uses will meet the definition of transformative planning and implementation activities and, as applicable, constitute high-impact and innovative projects and actions.

(D) An explanation of how the proposed uses will implement and achieve housing goals that also result in per capita vehicle miles traveled reductions in furtherance of the region's sustainable communities strategy or alternative planning strategy, as applicable.

(E) The application shall reference one or more of the following categories of allowable uses of the funds:

- (i) Accelerating infill development, including housing.
- (ii) Supporting residents through realizing multimodal communities.
- (iii) Shifting travel behavior through reducing driving.
- (iv) Increasing transit ridership.

(F) An explanation of the targeted outreach the MPO has conducted to disadvantaged and historically underserved communities and how that outreach was incorporated into the proposed uses.

(2) The department, in collaboration with the Office of Planning and Research, the Strategic Growth Council, and the State Air Resources Board, shall review an application submitted pursuant to this subdivision in an expeditious manner. Upon approval of an application for funds pursuant to this subdivision, the department shall award the moneys for which the eligible entity qualifies.

(3) Commencing January 1, 2022, an eligible entity described in paragraphs (1) to (5) of subdivision (a), inclusive, as applicable, may request up to 10 percent of the funding available to it under this section in advance of a full request for funding made pursuant to paragraph (1) to develop and accelerate the implementation of the requirements described in paragraph (1), including, but not limited to, regional engagement in the development of the full application and of an education and outreach strategy. The department shall award funds requested pursuant to this paragraph to the relevant eligible entity in an expeditious manner after receiving that request.

(4) The department may develop a streamlined application procedure that accounts for the limited resources generally among the regional entities listed in paragraph (6) of subdivision (a).

(5) If an amount of funds described in paragraph (2) of subdivision (a) of Section 50515.07 remains unallocated after December 31, 2022, the department, at its discretion, may make those funds available through a subsequent notice of funding availability in which funds are offered on a competitive basis pursuant to this chapter. An eligible entity described in subdivision (a) may request an allocation of funds made available through the subsequent notice of funding availability by submitting an application, in the form and manner prescribed by the department.

(d) In consultation with the department, any entity that receives an allocation of funds pursuant to this section shall establish priorities and use those moneys for eligible transformative planning and implementation activities that include, but are not limited to, all of the following:

- (1) Providing jurisdictions and other local agencies with technical assistance, planning, temporary staffing, or consultant needs associated with updating local planning and zoning documents and other actions that accelerate infill housing production.
- (2) Administering any programs described in this subdivision.
- (3) Covering the costs of temporary staffing or consultant needs associated with the activities described in paragraphs (1) and (2), inclusive.
- (4) Accelerating infill development, including through all of the following:

- (A) Rezoning and encouraging development by updating planning documents and zoning ordinances, including general plans, community plans, specific plans, sustainable communities strategies, and local coastal programs.
- (B) Revamping local planning processes to accelerate infill housing production and other infill development.
- (C) Completing environmental clearance to eliminate the need for project-specific review for infill development.
- (D) Establishing and funding an affordable housing catalyst fund, trust fund, or revolving loan fund for location efficient projects.
- (E) Performing infrastructure planning and investing in upgrading infrastructure, including for sewers, water systems, transit, roads, or other public facilities necessary to enable reduction in per capita vehicle miles traveled, including accelerating housing production.

(5) Supporting residents through realizing multimodal communities, including through all of the following:

- (A) Establishing and implementing a vision-zero policy and program, a safety plan, and a slow streets program.
- (B) Developing bicycle and pedestrian infrastructure plans and other multimodal plans or policies.
- (C) Investing in infrastructure projects and other programs to expand active transportation and implement bicycle or pedestrian plans.
- (D) Producing multimodal corridor studies associated with developing specific planning documents or implementation actions.

(6) Shifting travel behavior through reducing driving, including through all of the following:

- (A) Studying and implementing road pricing.
- (B) Funding the establishment of a local vehicle miles traveled impact fee or regional vehicle miles traveled mitigation bank.
- (C) Funding and implementing parking and transportation demand management programs or ordinances.
- (D) Accelerating infill housing production near jobs, transit, and resources.

(7) Increasing transit ridership, including through all of the following:

- (A) Funding and implementing actions to establish more seamless regional transit systems between and across communities, including establishing common fares, schedules, service design, and wayfinding.
- (B) Developing and implementing multimodal access plans to and from transit facilities.
- (C) Planning for additional housing near transit.

(f) (1) In consultation with the department, any entity that receives an allocation of funds pursuant to this section may suballocate moneys directly to eligible entities in the form of grants. Following awards to eligible entities, eligible entities shall award suballocations within 60 days.

(2) All suballocations pursuant to this subdivision shall consider geographic equity, including the needs of rural and urban communities, transformative and collaborative approaches, including through subregions, and the degree to which the suballocation will be in furtherance of all of the requirements of transformative planning and implementation activities described in paragraph (2) of subdivision (f) of Section 50515.06.

**50515.09.** (a) Of the amount described in paragraph (2) of subdivision (a) of Section 50515.07, 85 percent shall be available to the entities described in paragraphs (1) to (5), inclusive, of subdivision (a) of Section 50515.08 for transformative planning and implementation activities. The maximum amount that an entity may receive pursuant to this subdivision shall be determined as follows:

The maximum amount that an eligible entity may receive pursuant to this subdivision shall be based on the most recent Department of Finance P-2A County Population Projections as of July 1, 2021. Amounts shall be calculated based on aggregate 2030 projected population per each eligible applicant as a percentage of projected 2030 statewide population.

(b) Of the amount described in paragraph (2) of subdivision (a) of Section 50515.07, 5 percent shall be available to the eligible entities described in paragraph (6) of subdivision (a) of Section 50515.08 for transformative planning and implementation activities.

(c) Of the amount described in paragraph (2) of subdivision (a) of Section 50515.07, 5 percent shall be available as a competitive set aside available to all eligible entities for transformative planning and implementation activities that demonstrably exceed the requirements of this chapter and further multiple policy objectives. Scoring criteria for this competitive set aside will include, but are not limited to, the extent of acceleration of infill housing production and reduction of per capita vehicle miles traveled.

**50515.10.** (a) (1) Subject to paragraph (2), an eligible entity that receives an allocation of program funds pursuant to Section 50515.08 shall submit a report, in the form and manner prescribed by the department, to be made publicly available on its internet website, by April 1 of the year following the receipt of those funds, and annually thereafter until those funds are expended, that includes, but is not limited to, the following information:

(A) The status of the proposed uses and expenditures listed in the eligible entity's application for funding and the corresponding impact, including, but not limited to, housing units accelerated and reductions in per capita vehicle miles traveled.

(B) All status and impact reports shall be categorized based on the eligible uses specified in Section 50515.08.

(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 program funds and the status of that entity's application.

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

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

(c) A recipient of funds under this program shall post, make available, and update, as appropriate on its internet website, land use maps and vehicle miles traveled generation maps produced in the development of its adopted sustainable communities strategy.

(d) A recipient of funds under this program shall collaborate and share progress, templates, and best practices with the department and fellow recipients in implementation of funds. To the greatest extent practicable, adjacent eligible entities shall coordinate in the development of applications, consider potential for joint activities, and seek to coordinate housing and transportation planning across regions.

(e) (1) A recipient of funds under the program shall expend those funds no later than June 30, 2024.

(2) No later than June 30, 2025, each eligible entity that receives an allocation of funds pursuant to Section 50515.08 shall submit a final report on the use of those funds to the department, in the form and manner prescribed by the department. The report required by this paragraph shall include an evaluation of actions taken in support of the entity's proposed uses of those funds, as specified in the entity's application, including, but not limited to, housing units accelerated and per capita reductions in vehicle miles traveled.

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

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

(h) The department, in collaboration with the Office of Planning and Research, the Strategic Growth Council, and the State Air Resources Board, may implement the program through the issuance of forms, guidelines, application materials, funding allocation methodologies, 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, application materials, funding allocation methodologies, or notices of funding availability prepared or adopted pursuant to this section are exempt 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).

(i) The department's decision to approve or deny an application or request for funding pursuant to the program, and its determination of the amount of funding to be provided or request for repayment or other remedies for failure to comply with program requirements, shall be final.

**SEC. 16.** Chapter 5.5 (commencing with Section 50606) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

## **CHAPTER 5.5. Affordable Housing Preservation**

**50606.** (a) It is the intent of the Legislature in enacting this chapter to provide the department the flexibility necessary to maintain the supply and quality of the affordable rental housing units for which there has already been a significant public investment.

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

(1) Potential conversion of affordable housing to market rate housing is an ongoing and critical statewide problem.

(2) Additionally, loans made by the department that are reaching the end of their affordability periods are also at risk of converting to market rate rents.

(3) Lack of access to financial resources to rehabilitate and extend the affordability periods of housing projects increases the risk of conversion to market rate rents.

(4) As affordable housing converts to market rate rents, displaced tenants may be unable to obtain replacement affordable housing, which could exacerbate the state's homelessness crisis.

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

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

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

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

**50608.** (a) For any loans issued pursuant to this chapter, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed 0.42 percent per annum.

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

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

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

**50609.** (a) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to this chapter for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or

bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this chapter. The funds so designated shall be known as the "default reserve."

(b) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this chapter that was acquired to protect the department's security interest.

(c) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

**SEC. 17.** Chapter 6.6 (commencing with Section 50672) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

## **CHAPTER 6.6. Loans and Grants to Qualified Rental Housing Developments**

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

**50672.1.** For purposes of this chapter:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) "Qualified rental housing development" means a rental housing development that received an award letter from any multifamily housing program administered by the department.

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

(2) Of any moneys appropriated for purposes of this chapter, fifty million dollars (\$50,000,000) shall be awarded to projects with an award letter from the Joe Serna, Jr. Farmworker Housing Grant Program (Chapter 3.2 (commencing with Section 50515.2)).

(3) The department may, in its sole discretion, adjust the grant or loan amount to account for reduction of fees associated with tax credit syndication, reasonable cost increases, or other financing sources obtained by the sponsor of the development.

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

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

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

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

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

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

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

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

**50672.3.** In order to expedite the development of qualified rental housing developments that are ready to proceed to construction except for obtaining tax credit or bond allocations from the California Tax Credit Allocation Committee and the California Debt Limit Allocation Committee, the department may adopt guidelines to administer this chapter. Guidelines adopted pursuant to this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

**SEC. 18.** Section 50675.1 of the Health and Safety Code, as amended by Section 3 of Chapter 192 of the Statutes of 2020, is amended to read:

**50675.1.** (a) This chapter shall be known and may be cited as the Multifamily Housing Program.

(b) Assistance provided to a project pursuant to this chapter, excluding assistance provided pursuant to Section 50675.1.1 or 50675.1.3, shall be provided in the form of a deferred payment loan to pay for the eligible costs of development as hereafter described.

(c) Except as provided in paragraph (3), on and after January 1, 2008, of the total assistance provided under this chapter, the percentage that is awarded for units restricted to senior citizens, as defined in paragraph (1) of subdivision (b) of Section 51.3 of the Civil Code, shall be proportional to the percentage of lower income renter households in the state that are lower income elderly renter households, as reported by the United States Department of Housing and Urban Development on the basis of the most recent American Community Survey or successor survey conducted by the United States Census Bureau.

(1) The department shall be deemed to have met its obligation under this subdivision if the assistance awarded is not less than 1 percent below the proportional share.

(2) This subdivision does not require the department to provide loans to projects that fail to meet minimum threshold requirements under subdivision (b) of Section 50675.7.

(3) Assistance for projects funded pursuant to Section 50675.1.1 or 50675.1.3, and assistance for projects meeting the definition in paragraph (3) of subdivision (b) of Section 50675.14 shall be excluded from the total assistance calculation under this subdivision.

(4) The department shall determine the time period over which it will measure compliance with this section, but that period shall not be less than one year or two funding cycles, whichever period is longer.

(5) If, at the end of the time period determined by the department, the total amount of funding for which sponsors have submitted qualified applications is lower than the proportional share, the department may award the remaining funds to units that are not restricted to senior citizens.

(6) The department's annual report to the Legislature submitted under Section 50408 shall include a breakdown of funding awards between units restricted to senior citizens and units that are not age-restricted.

(d) This chapter shall be administered by the department and the department shall establish the terms upon which loans or grants may be made consistent with the provisions of this chapter.

(e) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

**SEC. 19.** Section 50675.1 of the Health and Safety Code, as added by Section 4 of Chapter 192 of the Statutes of 2020, is amended to read:

**50675.1.** (a) This chapter shall be known and may be cited as the Multifamily Housing Program.

(b) Assistance provided to a project pursuant to this chapter, excluding assistance provided pursuant to Section 50675.1.1 or 50675.1.3, shall be provided in the form of a deferred payment loan to pay for the eligible costs of development as hereafter described.

(c) Except as provided in paragraph (3), on and after January 1, 2008, of the total assistance provided under this chapter, the percentage that is awarded for units restricted to senior citizens, as defined in paragraph (1) of subdivision (b) of Section 51.3 of the Civil Code, shall be proportional to the percentage of lower income renter households in the state that are lower income elderly renter households, as reported by the United States Department of Housing and Urban Development on the basis of the most recent American Community Survey or successor survey conducted by the United States Census Bureau.

(1) The department shall be deemed to have met its obligation under this subdivision if the assistance awarded is not less than 1 percent below the proportional share.

(2) This subdivision does not require the department to provide loans to projects that fail to meet minimum threshold requirements under subdivision (b) of Section 50675.7.

(3) Assistance for projects funded pursuant to Section 50675.1.1 or 50675.1.3, and assistance for projects meeting the definition in paragraph (3) of subdivision (b) of Section 50675.14 shall be excluded from the total assistance calculation under this subdivision.

(4) The department shall determine the time period over which it will measure compliance with this section, but that period shall not be less than one year or two funding cycles, whichever period is longer.

(5) If, at the end of the time period determined by the department, the total amount of funding for which sponsors have submitted qualified applications is lower than the proportional share, the department may award the remaining funds to units that are not restricted to senior citizens.

(6) The department's annual report to the Legislature submitted under Section 50408 shall include a breakdown of funding awards between units restricted to senior citizens and units that are not age-restricted.

(d) This chapter shall be administered by the department and the department shall establish the terms upon which loans or grants may be made consistent with the provisions of this chapter.

(e) In any notice of funding availability offered pursuant to this chapter, or for any funding that is to be offered by using rating and ranking criteria that is consistent with the Multifamily Housing Program or the CalHome program authorized by Chapter 6 (commencing with Section 50650), the department may require applicants to specify the source and amount of funding being applied for. The requirement may be set forth in either the application materials or notice of funding availability. Any requirement imposed by the department pursuant to this subdivision shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(f) Any reference outside this chapter to rating and ranking applications in a manner consistent with the Multifamily Housing Program or CalHome Program authorized by Chapter 6 (commencing with Section 50650), or administering funds consistent with the Multifamily Housing Program or CalHome Program, shall not be interpreted to authorize funding criteria or requirements that conflict with those that are or were approved by the voters through a statewide initiative or referendum.

(g) This section shall become operative on January 1, 2022.

**SEC. 20.** Section 50675.1.3 is added to the Health and Safety Code, to read:

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

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

(2) Master leasing of properties for noncongregant housing.

(3) Conversion of units from nonresidential to residential.

(4) New construction of dwelling units.

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

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

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

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

(1) Need geographically across the state.

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

(3) The creation of new permanent housing options.

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

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

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

(e) The Department of Housing and Community Development may adopt guidelines for the expenditure of the funds appropriated to the department, and for the administration of this program. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

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

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

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

- (1) The amount of funds expended for the uses described in this section.
- (2) The location of any properties for which the funds are used.
- (3) The number of usable housing units produced, or planned to be produced, using the funds.
- (4) The number of individuals housed, or likely to be housed, using the funds.
- (5) The number of units, and the location of those units, for which operating subsidies have been, or are planned to be, capitalized using the funds.
- (6) An explanation of how funding decisions were made for acquisition, conversion, or rehabilitation projects, or for capitalized operating subsidies, including what metrics were considered in making those decisions.
- (7) Any lessons learned from the use of the funds.
- (8) Proposed changes to the program to address lessons learned.

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

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

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

(1) The department shall issue a notice of funding availability for the appropriated funding within three months of an appropriation. The department may thereafter accept funding applications and issue awards on a continuous, over-the-counter basis until the funding has been exhausted or as otherwise required by law.

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

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

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

**SEC. 21.** Section 50675.1.4 is added to the Health and Safety Code, to read:

**50675.1.4.** (a) Notwithstanding any other law, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) shall not apply to any project, including a phased project, funded pursuant to Section 50675.1.3 if all of the following requirements, if applicable, are satisfied:

(1) No units were acquired by eminent domain.

(2) The units will be in decent, safe, and sanitary condition at the time of their occupancy.

(3) The project proponent shall require all contractors and subcontractors performing work on the project to pay prevailing wages for any proposed rehabilitation, construction, or major alterations in accordance with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

(4) The project proponent obtains an enforceable commitment that all contractors and subcontractors performing work on the project will use a skilled and trained workforce for any proposed rehabilitation, construction, or major alterations in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.

(5) The project proponent submits to the lead agency a letter of support from a county, city, or other local public entity for any proposed rehabilitation, construction, or major alteration work.

(6) Any acquisition is paid for, in whole or part, with public funds.

(7) The project provides housing units for individuals and families who are experiencing homelessness or who are at risk of homelessness.

(8) Long-term covenants and restrictions require the units to be restricted to persons experiencing homelessness or who are at risk of homelessness, which may include lower income and very low income households, as defined by Section 50079.5, for no fewer than 55 years.

(9) The project does not result in an increase in the existing onsite development footprint of structure, structures, or improvements by more than 10 percent. Any increase to the existing, onsite development footprint shall be exclusively to support the provision of or conversion to housing for the designated population, including, but not limited to, both of the following:

(A) Achieving compliance with local, state, and federal requirements.

(B) Providing sufficient space for the provision of services and amenities.

(b) If the lead agency determines that a project is not subject to the California Environmental Quality Act pursuant to this section, and the lead agency determines to approve or to carry out that project, the lead agency shall file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located in the manner specified in subdivisions (b) and (c) of Section 21152 of the Public Resources Code.

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

**SEC. 22.** Chapter 8.2 (commencing with Section 50704.80) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

## **CHAPTER 8.2. Excess Site Local Government Matching Grants Program**

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

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

(b) "Local government" means a city, county, city and county, or public housing authority.

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

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

**50704.81.** (a) (1) The Excess Sites Local Government Matching Grants Program is hereby established for the purpose of providing selected developers with one-time grants for development activities to enable development on excess state-owned property.

(2) Upon appropriation by the Legislature, thirty million dollars (\$30,000,000) shall be allocated under the program in accordance with this chapter.

(b) The department shall administer the program and, consistent with the requirements of this chapter, award grants to selected developers for predevelopment and development costs to accelerate housing production on excess state-owned properties, and to match local government contributions for predevelopment and development costs for selected developers.

(c) Of the total amount of any moneys appropriated under this chapter, the department shall set aside up to 5 percent for program administration, including state operations expenditures and technical assistance.

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

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

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

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

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

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

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

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

(1) Allocating moneys directly to the predevelopment and development costs of housing and infrastructure that will accelerate housing production on excess state-owned property in a way that aligns with state planning priorities, housing, transportation, equity, and climate goals.

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

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

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

(1) Value of the local government contribution.

(2) Need geographically across the state.

- (3) The creation of new permanent housing options.
- (4) The potential for state funding for, and local contributions to make, additional housing units financially viable through this program.
- (5) The availability of other replacement funding sources and the feasibility of securing such funding.

**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 until December 31, 2024, 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) Each recipient of grant moneys under the program shall expend the funds no later than June 30, 2024.
- (d) The department may monitor expenditures and activities of an applicant and grantee, as the department deems necessary, to ensure compliance with program requirements.
- (e) The department may, as it deems appropriate or necessary, request the repayment of funds from an applicant or grantee, or pursue any other remedies available to it by law, for failure to comply with program requirements.
- (f) The department may implement the program through the issuance of forms, guidelines, and one or more notices of funding availability, as the department deems necessary, to exercise the powers and perform the duties conferred on it by this chapter. Any forms, guidelines, and notices of funding availability adopted pursuant to this section are hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).
- (g) The department's decision to approve or deny an application or request for grant moneys pursuant to the program, and its determination of the amount of funding to be provided, shall be final.
- (h) 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. 23.** Chapter 8.6 (commencing with Section 50720) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

## **CHAPTER 8.6. Foreclosure Intervention Housing Preservation Program**

**50720.** The Foreclosure Intervention Housing Preservation Program is hereby created for the purpose of preserving affordable housing and promoting resident ownership or nonprofit organization ownership of residential real property. The program shall be administered by the department and shall provide loans and grants as described in this chapter.

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

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

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

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

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

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

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

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

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

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

(ii) A nonprofit corporation as that term is defined in Section 50091 of the Health and Safety Code.

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

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

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

(3) Up to 5 percent of the funds appropriated for this program may be expended for the costs to administer the program. Costs to administer the program include, but are not limited to, all of the following:

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

- (i) Department staffing expenses incurred in developing the guidelines.
- (ii) Contracting with one or more program fund managers to develop the guidelines.
- (iii) Contracting with third-party consultants to develop guidelines.

(B) Costs to develop lending criteria.

(C) Costs to advertise the program.

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

- (i) Training modules.
- (ii) Acquisition-rehabilitation specific financing templates and guidance, such as pro formas and worksheets.
- (iii) Best practice guides for engaging tenants before and after property acquisition, managing safe and accessible rehabilitation of occupied buildings, facilitating resident ownership, and any other topic deemed appropriate by the department.
- (iv) Technical assistance with resident engagement and education, property assessment and due diligence, affordable housing operations management, acquisition-rehabilitation project financial assistance, construction, and property management.

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

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

(c) All repayments of program funds, including loan principal and any interest collected, and any interest earned on the funds shall be deposited into the Housing Rehabilitation Loan Fund for purposes of the program, including, but not limited to, loans and grants to pay for repairs, maintenance, or improvements on properties acquired pursuant to the program. The funds may also be used to provide technical assistance pursuant to this chapter.

**50720.4.** As used in this chapter:

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

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

- (1) There is a mortgage delinquency of at least 90 days.
- (2) There is a delinquency on two or more property tax payments.
- (3) The owner of the property is a debtor in a bankruptcy proceeding.
- (4) There is tenant-initiated litigation against the owner of the property on the basis of lack of habitability.
- (5) A local government body responsible for enforcing building codes has deemed the property partially or fully uninhabitable.
- (6) There are other indicators that the department may prescribe in the guidelines adopted pursuant to this chapter.

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

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

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

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

**50720.6.** (a) The department shall contract with one or more fund managers to manage the program until June 30, 2026. The contract with the fund manager or the contracts with the fund managers may be renewed past June 30, 2026, if funds are available and if deemed appropriate by the department.

(b) The fund manager or managers shall be responsible for all of the following:

- (1) Reviewing and approving loan or grant applications.
- (2) Originating and servicing loans or grants.
- (3) Establishing terms and conditions for loan or grant applications pursuant to the guidelines adopted pursuant to this chapter.

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

(1) Be a nonprofit lender with experience making real estate loans in this state, or be a housing trust fund operated by a city, a county, a city and county, or a joint powers authority as described in Article I (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1

of the Government Code operated for the purpose of funding the development, acquisition, rehabilitation, or preservation of affordable housing for low- or moderate-income residents.

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

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

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

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

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

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

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

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

(B) A preforeclosure intervention sale.

(C) A foreclosure risk intervention sale.

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

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

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

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

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

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

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

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

**50720.10.** A loan made pursuant to the program may be partially or fully converted to a grant.

**50720.12.** (a) The department shall adopt guidelines for the administration of the program. The guidelines shall comply with all of the following:

(1) 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.

(2) The guidelines shall not be subject to the requirements of Chapter 8.3 (commencing with Section 50705) of Part 2 of Division 31.

(3) The guidelines shall ensure that loan interest rates on loans made pursuant to the program are no higher than those of other loan programs for affordable housing overseen by the department.

(4) The guidelines shall ensure that a loan made pursuant to the program can be obtained within the timeline necessary for an eligible bidder in a trustee's sale pursuant to Section 2924m of the Civil Code to successfully acquire real property using a loan from the program.

(5) The guidelines shall ensure, to the extent possible, geographic equity in allocating funding across the state.

(b) The department may include in the guidelines reasonable procedures for a borrower to apply for all or a portion of its loan to be converted to a grant and to verify eligibility for such a conversion pursuant to this section.

**SEC. 24.** 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 specified in Section 53559.2, the department shall establish and administer a grant program to allocate those funds to capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or qualifying infill area, pursuant to the requirements of this section.

(c) (1) The department shall administer a competitive application process for grants funded by the allocation specified in paragraph (1) of subdivision (a) of Section 53559.2 for selected capital improvement projects for large jurisdictions pursuant to this subdivision. The department shall release a notice of funding availability no later than November 30, 2019.

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

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

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

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

(iii) A demonstration that the project or area development has sufficient local support to achieve the proposed improvement.

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

(C) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in paragraph (4) of subdivision (e).

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

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

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

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

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

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

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

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

(d) (1) The department shall administer an over-the-counter application process for grants funded by the allocation specified in paragraph (2) of subdivision (a) of Section 53559.2 for capital improvement projects for small jurisdictions, pursuant to this subdivision. A notice of funding availability shall be released no later than November 30, 2019.

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

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

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

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

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

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

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

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

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

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

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

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

(ii) The capital improvement project for which funding is requested is necessary, as documented by an environmental review or some other adopted planning document, to make the area suitable and available for residential development, or to allow the area to accommodate housing for additional income levels, and the area otherwise meets the requirements for inclusion on the inventory of land suitable and available for residential development in the housing element of the applicable city or county general plan pursuant to

paragraph (3) of subdivision (a) of Section 65583 of the Government Code. At least 50 percent of the perimeter of the area shall adjoin parcels that are developed with urban uses.

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

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

(1) 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.

(2) Be located in a city, county, or city and county that, at the time of application, has submitted its annual progress reports for 2017 through the most recently required annual progress reports.

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

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

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

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

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

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

(4) 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.

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

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

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

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

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

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

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

(g) The department shall adopt guidelines for the operation of the grant program. The guidelines shall include provisions for the reversion of grant awards that are not encumbered within two years of the date an award was made, and for the recapture of grants awarded, but for which development of the related housing units has not progressed in a reasonable period of time from the date of the grant award, as determined by the department. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(h) For each fiscal year within the duration of the grant program, the department shall include within the report to the Governor and the Legislature, required by Section 50408, information on its activities relating to the grant program. The report shall include, but is not limited to, the following information:

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

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

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

(i) Notwithstanding paragraph (4) of subdivision (e), a city with a population greater than 100,000 in a standard metropolitan statistical area or a population of less than 2,000,000 may petition the department for, and the department may grant, an exception to the jurisdiction's classification pursuant to subdivisions (d) to (f), inclusive, of Section 65583.2 of the Government Code, if the city believes it is unable to meet the density requirements specified in paragraph (4) of subdivision (e). The city shall submit the petition with its application and shall include the reasons why the city believes the exception is warranted. The city shall provide information supporting the need for the exception, including, but not limited to, any limitations that the city may encounter in meeting the density requirements specified in paragraph (4) of subdivision (e). Any exception shall be for the purposes of this section only. This subdivision shall become inoperative on January 1, 2026.

**SEC. 25.** Section 53559.3 is added to the Health and Safety Code, to read:

**53559.3.** (a) Upon appropriation by the Legislature, the department may expend the sum of two hundred fifty million dollars (\$250,000,000) for the Infill Infrastructure Grant Program of 2019, as follows:

(1) One hundred sixty million dollars (\$160,000,000) shall be allocated to fund grants pursuant to subdivision (c) of Section 53559.

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

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

**SEC. 26.** Section 1785 is added to the Labor Code, to read:

**1785.** (a) The director shall establish and maintain a strategic enforcement unit focused on construction, alteration, and repair projects. The unit shall enhance the department's enforcement of this code in construction, alteration, and repair projects, including projects funded pursuant to Section 50675.1.3 of the Health and Safety Code and other publicly funded residential construction projects. The unit shall have primary responsibility for enforcement of this code in construction projects subject to Section 50675.1.3 of the Health and Safety Code. Any funds appropriated to the department for purposes of this section shall be administered and allocated by the director.

(b) The strategic enforcement unit described in subdivision (a) shall provide technical assistance to local public entities related to both of the following:

(1) Best practices for monitoring and enforcing requirements pertaining to construction, alteration, and repair projects paid for in whole or in part out of public funds, including, but not limited to, this chapter.

(2) Outreach and engagement with workers, employers, and state certified apprenticeship programs connected to construction, alteration, and repair projects.

**SEC. 27.** Section 8257.1 is added to the Welfare and Institutions Code, to read:

**8257.1.** (a) It is the intent of the Legislature to obtain trustworthy information to connect funding allocated to prevent and end homelessness with established sheltering and housing resources and to provide state agencies with accurate information to allow for more accurate forecasting to target future investments. To advance these goals, the coordinating council shall, upon appropriation by the Legislature, do all of the following:

(1) Conduct, or contract with an entity to conduct, a statewide homelessness assessment that will do all of the following:

(A) Identify all programs a state agency funds, implements, or administers for the purpose of providing unsheltered outreach services, emergency shelter, housing or housing-based services to persons experiencing homelessness or at risk of homelessness and do all of the following:

(i) Identify homelessness interventions and service categories available statewide and in geographically diverse regions across the state.

(ii) Compile the amount of funding distributed to local jurisdictions and its stated intent by the administering entity.

(iii) Identify the intended uses for the funds identified pursuant to clause (ii) by type of intervention as stated by local jurisdictions requesting funding made available for housing- or homelessness-related services.

(iv) Identify conditions or premise of the funds identified pursuant to clause (ii) as it relates to leveraging nonstate dollars.

(v) If applicable, reasons for the unavailability of data.

(B) Obtain the following information for each program identified in subparagraph (A) to the extent that data is available in local Homeless Management Information Systems (HMIS), the Homeless Data Integration System (HDIS) or other readily available data sources:

(i) The number of permanent housing units that the program made available.

(ii) The amount of rental subsides, vouchers, or other forms of financial support intended to prevent homelessness or to rehouse individuals that the program made available.

(iii) The number of emergency shelter beds, vouchers, or units that the program made available.

(iv) The wrap around services that the program offered.

(C) Collect data, to the extent data is available, on the numbers and demographics of persons served through the identified services, including, but not limited to, a quantification of the disparities across age, race, ethnicity, and other demographics based on the following subpopulation categories to describe the homelessness population relative to the general population:

(i) Young adults.

(ii) Unaccompanied minors.

(iii) Single adults experiencing either chronic or nonchronic patterns of homelessness, or first-time homelessness.

(iv) Adults over 50 years of age.

(v) Veterans.

(vi) Families experiencing either chronic or nonchronic patterns of homelessness, or first-time homelessness.

(D) For each program identified pursuant to subparagraph (A) that provides housing or homelessness-related services, collect and analyze the following data:

(i) The number of persons served annually by service or intervention type by age, gender, and racial subgroupings.

(ii) Typical service mix use to develop portrait of the “types” of system clients to better understand the holistic needs of people experiencing homelessness and to forecast future uses and policies of resources intended to address homelessness.

(iii) The service, services, or service mixes that are associated with individuals exiting homelessness.

- (iv) The duration and frequency individuals accessed services, on average, and the length of time from program intake to the date the individual moves into permanent housing or resolves homelessness.
- (v) Each type of housing and each type of intervention provided disaggregated by age, racial, and gender characteristics of recipients.
- (vi) The number of individuals whose homelessness was prevented after accessing homelessness prevention services
- (vii) Information about the people who accessed the resources identified in subparagraph (B) and disaggregated by demographic characteristics described in subparagraph (C).
- (viii) Analyze the results of current permanent and interim housing programs by program type.
- (ix) Additional data necessary to provide a comprehensive view of the homelessness response system.

(E) Provide the reasons for lack of data availability, if applicable.

(2) (A) For purposes of collecting data to conduct the assessment pursuant to paragraph (1), evaluate available data, including, but not limited to, HDIS, data from state agencies administering homelessness funds, statewide and local homeless point-in-time counts and housing inventory counts, and available statewide information on the number or rate of persons exiting state-funded institutional settings, including, but not limited to, state prisons and, to the extent possible, local jails, into homelessness.

(B) The coordinating council may work with a technical assistance provider from the federal Department of Housing and Urban Development to complete the assessment.

(C) For purposes of collecting data pursuant to paragraph (1), a local government may collaborate with the coordinating council or the entity conducting the statewide assessment to, if available, share existing data from existing local analyses of system needs or gaps to complement other data requested.

(D) The coordinating council shall submit an interim report by July 1, 2022, to the Assembly Housing and Community Development Committee, the Assembly Committee on Budget, Senate Committee on Housing, and Senate Committee on Budget and Fiscal Review. The report submitted pursuant to this paragraph shall comply with Section 9795 of the Government Code.

(E) The council shall report on the final assessment by December 31, 2022, to the Assembly Housing and Community Development Committee, the Assembly Committee on Budget, Senate Committee on Housing, and Senate Committee on Budget and Fiscal Review. The report submitted pursuant to this paragraph shall comply with Section 9795 of the Government Code.

(b) For purposes of this section, all of the following definitions apply:

- (1) "Chronic homelessness" has the same definition as that in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2020.
- (2) "State-funded institutional settings" include, but are not limited to, justice, juvenile justice, child welfare, and health care settings.
- (3) "Young adult" means a person 18 to 24 years of age, inclusive.

(4) "Persons at risk of homelessness" means a person or family in the circumstances described in Section 11302(a)(5) of Title 42 of the United States Code.

(5) "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.

**SEC. 28.** Section 8257.2 is added to the Welfare and Institutions Code, to read:

**8257.2.** (a) Notwithstanding any other law, for purposes of designing, collecting data for, and approving the assessment described in Section 8257.1, a state agency that has a member on the coordinating council shall, within 60 days of a request for data pertaining to that state agency, provide to the council, or the entity conducting the assessment, the requested data, including, but not limited to, the number or rate of persons exiting state-funded institutional settings into homelessness. State agencies shall be granted reasonable extensions beyond 60 days as necessary to produce high quality data. The state department or agency shall remove any personally identifying data provided pursuant to this subdivision, if any.

(b) The coordinating council shall provide the local data collected pursuant to Section 8257.1 to the respective administering state agencies overseeing those programs within 45 days of receipt.

(1) The coordinating council and the state agency receiving data pursuant to this subdivision shall work in collaboration to determine the format and timing of delivery of local data collected to comply with data security and privacy practices and availability of staff to execute requests.

(2) When feasible, the coordinating council shall notify the state agency receiving data pursuant to this subdivision at least seven days prior to sharing or publicly using or referencing the data, including, but not limited to, using the data for any substantive analysis summary statistics, or other findings.

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

(1) "Personally identifying information" has the same meaning as that in Section 1798.79.8 of the Civil Code.

(2) "State-funded institutional settings" include, but are not limited to, justice, juvenile justice, child welfare, and health care settings.

**SEC. 29.** The Legislature hereby finds and declares that the grants authorized under the Excess Sites Local Government Matching Grants Program, established by Chapter 8.2 (commencing with Section 50704.80) of Part 2 of Division 31 of the Health and Safety Code and grants authorized under Chapter 8.6 (commencing with Section 50720) of Part 2 of Division 31 of the Health and Safety Code, as added by this act, serve the public purpose of increasing the availability of, or preserving, affordable housing in the state and promoting resident ownership or nonprofit organization ownership of residential real property, and do not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution.

**SEC. 30.** The Legislature finds and declares that Sections 13 and 14 of this act, which add Chapter 7 (commencing with Section 50250) and Chapter 8 (commencing with Section 50255) to Part 1 of Division 31 of the Health and Safety Code, impose a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3

of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

In order to protect the privacy of individuals' health information, it is necessary to hold any data elements in the Homeless Data Integration System provided pursuant to the Encampment Resolution Funding program confidential.

In order to ensure the privacy of medical information and other personal information of populations served by the Family Homelessness Challenge Grants and Technical Assistance Program, it is necessary to restrict access to certain information in the Homeless Data Integration System.

**SEC. 31.** 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.