

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 2240	Department Housing and Community Development	Priority No. 1
Budget Request Name 2240-401-BCP-BR-2016-MR		Program 1665 – DIVISION OF FINANCIAL ASSISTANCE	Subprogram N/A

Budget Request Description
 Housing and Homelessness Initiative

Budget Request Summary

The Department of Housing and Community Development (HCD) requests \$266.8 million in bond proceeds to be generated from the securitization of Proposition 63 (2004) funds and 10.4 positions to implement a competitive, multiyear, initiative to address the state's homelessness and affordable housing issues. This funding and accompanying trailer bill would enable HCD to expand housing opportunities for persons with serious mental illness who are homeless or at risk of homelessness by establishing and administering a three-part Mental Health Services Act-Supportive Housing (MHSA-SH) Program comprised of supportive housing, tenant-based rental assistance (TBRA), and direct technical assistance to localities that implement programs to address homelessness and housing instability among the target population. Additionally, to facilitate streamlined housing production and increase housing supply, proposed legislation would authorize ministerial, "by-right" land use processes for multifamily, infill housing that includes an affordable housing component.

Requires Legislation <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed Various Health and Safety, Government Code	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Dave O'Toole <i>[Signature]</i>	Date 5/11/16	Reviewed By John Hiber <i>[Signature]</i>	Date 5/11/16
Department Director Ben Metcalf <i>[Signature]</i>	Date 5/11/16	Agency Secretary Alexis Podesta <i>[Signature]</i>	Date 5/11/16

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA <i>Mary Holt</i>	Date submitted to the Legislature 5/13/16
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BCP Fiscal Detail Sheet

BCP Title: Housing and Homelessness Initiative

DP Name: 2240-401-BCP-DP-2016-MR

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	10.4	32.0	32.0	32.0	32.0
Total Positions	0.0	10.4	32.0	32.0	32.0	32.0
Salaries and Wages						
Earnings - Permanent	0	761	2,269	2,269	2,269	2,269
Total Salaries and Wages	\$0	\$761	\$2,269	\$2,269	\$2,269	\$2,269
Total Staff Benefits	0	355	1,060	1,060	1,060	1,060
Total Personal Services	\$0	\$1,116	\$3,329	\$3,329	\$3,329	\$3,329
Operating Expenses and Equipment						
5301 - General Expense	0	256	123	123	123	123
5302 - Printing	0	26	32	32	32	32
5304 - Communications	0	74	68	68	68	68
5306 - Postage	0	26	32	32	32	32
5320 - Travel: In-State	0	78	96	96	96	96
5322 - Training	0	26	32	32	32	32
5324 - Facilities Operation	0	384	183	183	183	183
5340 - Consulting and Professional Services - External	0	250	250	250	0	0
5344 - Consolidated Data Centers	0	26	32	32	32	32
5346 - Information Technology	0	149	107	107	107	107
5368 - Non-Capital Asset Purchases - Equipment	0	26	32	32	32	32
539X - Other	0	766	785	785	785	785
54XX - Special Items of Expense	0	263,640	262,000	262,000	262,000	262,000
Total Operating Expenses and Equipment	\$0	\$265,727	\$263,772	\$263,772	\$263,522	\$263,522
Total Budget Request	\$0	\$266,843	\$267,101	\$267,101	\$266,851	\$266,851

Fund Summary

Fund Source - State Operations						
0797 - Unallocated Bond Funds - Select	0	3,203	5,101	5,101	4,851	4,851
Total State Operations Expenditures	\$0	\$3,203	\$5,101	\$5,101	\$4,851	\$4,851
Fund Source - Local Assistance						
0797 - Unallocated Bond Funds - Select	0	263,640	262,000	262,000	262,000	262,000
Total Local Assistance Expenditures	\$0	\$263,640	\$262,000	\$262,000	\$262,000	\$262,000
Total All Funds	\$0	\$266,843	\$267,101	\$267,101	\$266,851	\$266,851

Program Summary

Program Funding						
1665 - Financial Assistance Program	0	266,843	267,101	267,101	266,851	266,851
9900100 - Administration	0	613	989	989	989	989
9900200 - Administration - Distributed	0	-613	-989	-989	-989	-989
Total All Programs	\$0	\$266,843	\$267,101	\$267,101	\$266,851	\$266,851

Personal Services Details

Positions	Salary Information								
	Min	Mid	Max	CY	BY	BY+1	BY+2	BY+3	BY+4
4588 - Assoc Accounting Analyst (Eff. 07-01-2017)				0.0	0.0	1.0	1.0	1.0	1.0
4800 - Staff Svcs Mgr I (Eff. 07-01-2016)				0.0	0.5	1.0	1.0	1.0	1.0
5142 - Assoc Pers Analyst (Eff. 07-01-2016)				0.0	0.5	1.0	1.0	1.0	1.0
5284 - Assoc Budget Analyst (Eff. 07-01-2016)				0.0	0.3	1.0	1.0	1.0	1.0
5393 - Assoc Govtl Program Analyst (Eff. 07-01-2016)				0.0	0.3	1.0	1.0	1.0	1.0
5742 - Research Program Spec I (Eff. 07-01-2016)				0.0	0.5	1.0	1.0	1.0	1.0
5758 - Research Program Spec II (Eff. 07-01-2016)				0.0	1.0	2.0	3.0	3.0	3.0
5778 - Atty (Eff. 07-01-2016)				0.0	1.1	3.0	3.0	3.0	3.0
5861 - Research Program Spec III (Eff. 07-01-2016)				0.0	0.5	1.0	1.0	1.0	1.0
7500 - C.E.A. (Eff. 07-01-2016)				0.0	0.5	1.0	1.0	1.0	1.0
8789 - Housing & Community Develmt Mgr I (Eff. 07-01-2016)				0.0	0.5	1.0	1.0	1.0	1.0
8962 - Housing & Community Develmt Rep II (Eff. 07-01-2016)				0.0	3.6	15.0	15.0	15.0	15.0
9033 - Housing & Community Develmt Mgr II (Eff. 07-01-2016)				0.0	0.5	1.0	1.0	1.0	1.0
9037 - Housing & Community Develmt Spec II (Eff. 07-01-2016)				0.0	0.6	2.0	1.0	1.0	1.0
Total Positions				0.0	10.4	32.0	32.0	32.0	32.0
Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4			
4588 - Assoc Accounting Analyst (Eff. 07-01-2017)	0	0	65	65	65	65			
4800 - Staff Svcs Mgr I (Eff. 07-01-2016)	0	36	71	71	71	71			
5142 - Assoc Pers Analyst (Eff. 07-01-2016)	0	31	62	62	62	62			
5284 - Assoc Budget Analyst (Eff. 07-01-2016)	0	19	62	62	62	62			
5393 - Assoc Govtl Program Analyst (Eff. 07-01-2016)	0	19	62	62	62	62			
5742 - Research Program Spec I (Eff. 07-01-2016)	0	34	68	68	68	68			
5758 - Research Program Spec II (Eff. 07-01-2016)	0	75	150	150	150	150			
5778 - Atty (Eff. 07-01-2016)	0	88	241	241	241	241			
5861 - Research Program Spec III (Eff. 07-01-2016)	0	41	82	82	82	82			
7500 - C.E.A. (Eff. 07-01-2016)	0	63	125	125	125	125			
8789 - Housing & Community Develmt Mgr I (Eff. 07-01-2016)	0	36	74	74	74	74			
8962 - Housing & Community Develmt Rep II (Eff. 07-01-2016)	0	235	979	979	979	979			
9033 - Housing & Community Develmt Mgr II (Eff. 07-01-2016)	0	39	78	78	78	78			
9037 - Housing & Community Develmt Spec II (Eff. 07-01-2016)	0	45	150	150	150	150			
Total Salaries and Wages	\$0	\$761	\$2,269	\$2,269	\$2,269	\$2,269			
Staff Benefits									
5150900 - Staff Benefits - Other	0	355	1,060	1,060	1,060	1,060			
Total Staff Benefits	\$0	\$355	\$1,060	\$1,060	\$1,060	\$1,060			
Total Personal Services	\$0	\$1,116	\$3,329	\$3,329	\$3,329	\$3,329			

A. Budget Request Summary

Summary of Request

The Department of Housing and Community Development (HCD) requests \$266.8 million in bond proceeds to be generated from the securitization of Proposition 63 (2004) funds and 10.4 positions to implement a competitive, multiyear, initiative to address the state's homelessness and affordable housing issues. This funding and accompanying trailer bill would enable HCD to expand housing opportunities for persons with serious mental illness who are homeless or at risk of homelessness by establishing and administering a three-part Mental Health Services Act-Supportive Housing (MHSA-SH) Program comprised of supportive housing, tenant-based rental assistance (TBRA), and direct technical assistance to localities who implement programs to address homelessness and housing instability among the target population. Additionally, to facilitate streamlined housing production and increase housing supply, proposed legislation would authorize ministerial, "by-right" land use processes for multifamily, infill housing that includes an affordable housing component.

Source of Problem

Housing production in California has not kept pace with employment and population growth. The lack of an adequate housing supply has contributed to California's affordability challenges and large homeless population. As measured on a single night in 2015, California had the nation's largest number of individuals experiencing homelessness (115,700 or 21 percent of the nation's homeless) with approximately one-third of the homeless population being MHSA-eligible. Additionally, California has an even greater share of the chronically homeless, with over one-third of the nation's population, which is the most costly homeless subpopulation.^[1]

Homelessness in California is both a social and economic problem. Research has shown that individuals experiencing chronic homelessness cycle among costly institutions, including inpatient hospitals, nursing homes, jails, and psychiatric treatment facilities. Some areas of the state are confronting significant increases in chronic homelessness; Los Angeles experienced a 55 percent rise in chronic homelessness from 2014 to 2015.

Housing supply is also often constrained by lengthy and discretionary entitlement review processes. Special interest groups have used these processes to stall or stop housing development even when proposed on specifically-zoned land. HCD estimates that between 2003 and 2014 housing permits (totaling 672,000) accounted for only 45 percent of projected need (1.48 million units) to meet demand. To increase the supply of overall and affordable housing, changes must be made to land-use decision processes.

Proposed Solution

To address California's homelessness situation and affordable housing shortage, the creation of a new MHSA-SH program is needed to build housing with supportive services and provide additional TBRA for individuals and families with a serious mental illness experiencing homelessness or at risk of homelessness.

To expedite permitting for needed housing, HCD proposes statutory changes to facilitate use of ministerial, "by-right" entitlement and permitting processes for multifamily housing located in infill or transit priority areas that includes an affordable housing component.

^[1] According to a 2009 study (<http://economicrt.org/publication/where-we-sleep/>), costs are significantly reduced when homeless persons are placed in supportive housing, with per person costs reduced from \$2,897 to \$605 monthly (66 percent of which are health care costs).

B. Background/History

Historically, state funding for affordable housing and homelessness has been mostly limited to one-time General Fund appropriations, general obligation bond issuances, or use of property tax increment revenue from former Redevelopment Agencies.

The Housing and Emergency Shelter Trust Fund Act of 2002 (Proposition 46) and the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) together provided \$4.95 billion in affordable housing and homelessness programs assisting in the creation of 67,000 new units.

Proposition 63 was passed by voters in 2004. The measure's principal purpose was to address serious mental illness among children, adults, and seniors, using prevention and early intervention services and supportive medical care. Proposition 63 funding has been used for a wide range of mental health related services, including homelessness mitigation, suicide prevention, and after-school programs. In May 2006, Governor Schwarzenegger signed Executive Order S-07-06 mandating establishment of the MHSA Housing program administered by the California Housing Finance Agency with the stated goal of creating an additional 10,000 units of permanent supportive housing.

Other successful evidence-based homeless interventions have included the Multifamily Housing Program, Multifamily Housing Program-Supportive Housing, Emergency Solutions Grant Program, and CalWORKs Housing Support Program. These programs target the homeless, including chronic homeless.

C. State-Level Considerations

The proposed funding will reduce mental health-related homelessness, and homelessness more broadly, throughout the state by having a MHSA-SH program target homeless populations and provide funding to local homelessness crisis response interventions through a TBRA component. Reducing homelessness through rapid rehousing and long-term rental assistance and, in particular, stabilizing homeless persons in permanent supportive housing, can reduce both public and private costs absorbed by other state and local systems of care, such as health institutions, jails/prisons, nursing homes, and psychiatric treatment facilities.

The additional housing units and services funded by this proposal would have a significant and measurable positive impact on homelessness statewide, as well as the related factors of health costs, unemployment, law enforcement, incarceration, and overall economic productivity.

D. Justification

The state's housing shortage, housing cost, and homelessness issues require both short- and long-term, governmental and market-based solutions. California's high housing costs and limited supply have created affordability challenges with over 1.5 million low-income households paying more than half their income in housing. Affordability challenges create a drag on the economy, limiting labor mobility and job creation, exacerbating poverty rates when considering housing costs, and contributing to unsustainable development patterns. Multi-prong efforts to facilitate the increase of housing supply include both land-use regulatory actions and targeted funding approaches that increase affordable rental housing and supportive housing. Targeted homelessness and housing interventions can reverse the tide on housing insecurity and homelessness, as demonstrated by the impact of

the state's veterans' homelessness intervention programs—since 2009 there has been a 37 percent reduction in veteran homelessness in California.

To this end, the expansion of housing opportunities for persons with serious mental illness who are homeless or at risk of homelessness may be accomplished through a new three-part MHSA-SH Program comprised of supportive housing, TBRA, and direct technical assistance to localities who implement programs to address homelessness and housing instability among the target population. Implementation of this proposal is contingent upon receiving an allocation from the issuance of up to \$2 billion in bond debt. The source of bond repayment would be a portion of the tax revenues deposited into the Mental Health Services Act Fund, which receives a share of personal income tax collections pursuant to Proposition 63.

Additionally, to facilitate streamlined housing production and increase housing supply, proposed legislation would authorize ministerial, "by-right" land use processes for multifamily, infill housing that includes an affordable housing component.

MHSA-SH Program

The main purposes of the program would be to:

- Reduce homelessness and chronic homelessness among persons with serious mental illness.
- Stabilize the most vulnerable persons experiencing homelessness and mental illness in affordable housing with ongoing supportive services.
- House this target population in integrated settings, consistent with community integration goals of the Americans with Disabilities Act and related federal policies.
- Maximize federal resources, including the use of four percent low-income housing tax credits to facilitate financing for larger-scale projects.
- Improve partnering with localities and housing authorities to leverage state capital funding with mainstream operational and services funding.

The program would provide capital and operating subsidies needed to provide permanent supportive housing to persons and families experiencing homelessness or at risk of being homeless. Local governments and other providers would be responsible for providing supportive services. The MHSA-SH Program would be used to leverage tax credits and other funding sources.

An additional program component would provide immediate access to housing for the target population through interim TBRA. This component would either enhance existing local programs or incentivize the creation of new, innovative local homelessness mitigation programs. The TBRA component would encourage local leveraging of other federal and state health care programs including the newly-created Whole Person Care pilot and Health Homes Initiative, overseen by the Department of Health Care Services. Funds may be provided as grants to counties to fund interim and medium to long-term rental assistance in interim or permanent housing.

Finally, a portion of the funds would be used to provide expert technical assistance to localities implementing TBRA and MHSA-SH activities, which can increase the impact of the state's investment and assist new participants and geographies in using the program. Some areas of the state, including rural areas, may struggle with meeting the basic requirements of the TBRA (e.g., point-in-time count of homeless persons, data system) or in delivering the most impactful activities (e.g., prioritizing the most vulnerable through coordinated entry, data driven performance evaluation).

Streamlined Land-Use Approval Process

Under this proposal, current state housing law would be modified to broaden eligibility for by-right, ministerial land use entitlements for multifamily infill housing if it includes long-term deed-restricted affordable units. Under the proposed legislation, a local government may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval for qualifying developments that include an affordable housing component, provided they are consistent with objective general plan and zoning standards and are, where applicable, subject to mitigating measures to address potential environmental harm.

Evaluation and Measurement

Included in this overall proposal are four positions that will further develop the state's policy efforts around reducing homelessness. These positions will address the state housing cost and supply challenges and establish data and evaluation methods to measure the outcomes as a result of these funding and regulatory changes. Additionally, this proposal includes \$250,000 in bond funds for three years to contract with professional consultants to assist HCD staff with design and implementation of the TBRA and supportive housing components.

To assist in the implementation of this effort, HCD would establish a task force comprised of experts from other entities, including the Department of Health Care Services, the California Housing Finance Agency, California Department of Corrections and Rehabilitation, Department of Social Services, Department of Veterans Affairs, Board of State and Community Corrections, and others as appropriate. This task force would seek to fully leverage this investment by working collaboratively to assemble effective and creative solutions to reduce the number of chronically homeless in California.

E. Outcomes and Accountability

With the requested funding and statutory changes, it is anticipated that this proposal would significantly reduce the number of homeless and reverse the rate of increase for all homeless, pushing it down to levels last seen in 2014 or earlier. Reducing the number of chronically homeless, which is the most costly homeless subpopulation, would reduce other costs for state and local governments. A 2009 report on Los Angeles County noted that the public costs for people in supportive housing were one-fifth the public costs for people who were homeless (\$605 versus \$2,897 per month).

HCD shall include in its annual report to the Legislature, information about characteristics of funded projects including, location, number of assisted units, rent levels, unit restrictions by income, and homeless status. HCD shall also report on individualized outcomes of tenants in MHSA housing, including tenant incomes and housing stability.

Additionally, some of the positions will be used to inform program design; develop outcomes and performance metrics; evaluate program performance, including immediate and long term outcomes; and report program performance to the Administration and Legislature.

The MHSA-SH program should include HCD's standard complement to fund program operations, specifically:

1. A five percent share for administrative expenses for positions and operating costs.
2. A four percent share for a "default reserve," used when loans face default and must be cured.

MHSA-SH loan recipients should also be subject to compliance monitoring for 20 to 55 years (depending on type of award). Once projects with loans are occupied, the building operators pay .42 percent interest annually, which is used to fund the long-term compliance monitoring by HCD.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve \$266.8 million and 10.4 positions in 2016-17 to initiate a multiyear solution to address the state's homelessness and affordable housing issues, and associated budget and trailer bill language to facilitate optimal implementation of these programs.

PRO: This alternative requires no General Fund commitment.

The proposed programs address a statewide need. If this housing need is left unaddressed, the problem and cost to state and local governments will increase and become even more difficult to address. Reducing homelessness and stabilizing homeless persons with mental health issues into permanent supportive housing can reduce both public and private costs absorbed by other state and local systems of care, such as health institutions, jails/prisons, nursing homes, and psychiatric treatment facilities.

CON: This alternative requires an ongoing commitment to fund bond payments from MHSA tax receipts.

Alternative 2: Deny this request.

PRO: This alternative requires no state funding commitment.

CON: This alternative would leave largely unaddressed the growing combined challenge of homelessness, mental health, and rental affordability.

G. Implementation Plan

Following approval and validation of the bond proposal and issuance of bonds, HCD intends to initiate the MHSA-SH Program in 2016-17. Anticipated activities include solicitations of interest, technical assistance to interested applicants, a Notice of Funding Availability (NOFA), and awards.

However, the timing of the NOFA and subsequent awards would be contingent on (1) the approval of the Proposition 63 securitization funding piece and (2) approval of a judicial validation action needed to secure approval of the bond sale. If the former does not occur this program cannot be executed. If the latter does not occur timely in 2016-17, it is possible the NOFA and awards would not occur until 2017-18 or later.

H. Supplemental Information

Attachment A: Budget Bill Language
Attachment B: Trailer Bill Language

I. Recommendation

HCD recommends Alternative 1, approve \$266.8 million and 10.4 positions in 2016-17 to initiate a multiyear solution to address the state's homelessness and affordable housing issues, and associated budget and trailer bill language to facilitate optimal implementation of these programs. HCD would implement the program with bond proceeds on a competitive basis.

Attachment A

Budget Bill Language

2240-001-XXXX—For support of Department of Housing and Community Development, payable from the xxx Fund.....3,203,000

Schedule:

(1) 1665-Financial Assistance Program3,203,000

2240-101-XXXX—For local assistance, Department of Housing and Community Development, payable from the xxx Fund..... 263,640,000

Schedule:

(1) 1665-Financial Assistance Program263,640,000

Provisions:

1. The Director of Finance may authorize an increase in this appropriation, up to the total amount of proceeds available pursuant to statute (*authorizing the bond issuance*). Any approved increase shall correspond to the level of awards anticipated by the Department of Housing and Community Development. An approval of an augmentation may be authorized not sooner than 30 days after notification is provided in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.
2. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2022. The Director of Finance may authorize an extension of the liquidation period if it is determined that an extension is needed to facilitate a project's completion. An approval may be authorized not sooner than 30 days after notification is provided in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.
3. Notwithstanding any other provision of law, funds appropriated by this item may be available for encumbrance until June 30, 2018.

Attachment B

Streamlining Affordable Housing Approvals – Trailer Bill Language

SECTION 1. Section 65400.1 is added to the Government Code, to read:

65400.1. (a) A development applicant or development proponent pursuant to Section 65913.3 of the Government Code may submit information describing the development, including, but not limited to, land use and zoning designations and requested permit(s) for the development to the Department of Housing and Community Development in a reporting format to be made available. The information submitted shall be compiled along with information pursuant to subparagraph (B) of subsection (2) of subdivision (a) of Section 65400 and Section 65588 of the Government Code as follows:

(i) Upon receipt of a local government determination regarding the development submittal, or

(ii) Issuance of a building permit for the development.

(b) The Department of Housing and Community Development shall annually review and report on its website the information that has been submitted pursuant to this section.

SEC. 2. Section 65913 of the Government Code is amended to read:

65913. (a) The Legislature finds and declares that there exists a severe shortage of affordable housing, especially for persons and families of low and moderate income, and that there is an immediate need to encourage the development of new housing, not only through the provision of financial assistance, but also through changes in law designed to do all of the following:

(1) Expedite the local and State-supported residential development process.

(2) Assure that local governments zone sufficient land at densities high enough for production of affordable housing.

(3) Assure that local governments make a diligent effort through the administration of land use and development controls and the provision of regulatory concessions and incentives to significantly reduce housing development costs and thereby facilitate the development of affordable housing, including housing for elderly persons and families, as defined by Section 50067 of the Health and Safety Code.

These changes in the law are consistent with the responsibility of local government to adopt the program required by subdivision (c) of Section 65583.

(b) The Legislature further finds and declares that the costs of new housing developments have been increased, in part, by the existing permit processes and by existing land use regulations and that vitally needed housing developments have been halted or rendered infeasible despite the benefits to the public health, safety, and welfare of those developments and despite the absence of adverse environmental impacts. It is, therefore, necessary to enact this chapter and to amend existing statutes which govern housing development so as to provide greater encouragement for local and state governments to approve needed and sound housing developments.

(c) The provisions of Section 65913.3 of the Government Code promote the attainment of Section 65580 of the Government Code and also facilitate significant

actions designed to affirmatively increase fair housing choice, furthering the objectives of the Federal Fair Housing Act, 42 U.S.C. 3601, and implementing regulations.

SEC. 3. Section 65913.3 is added to the Government Code, to read:

65913.3. (a) For the purposes of this section, the following terms shall have the following meanings:

(1) "Attached housing development" or "development" means a newly constructed structure containing two or more dwelling units that is a housing development project, as defined by subdivision (2) of subsection (h) of Section 65589.5 of the Government Code, but does not include a second unit, as defined by subdivision (4) of subsection (i) of Section 65852.2 of the Government Code, or the conversion of an existing structure to condominiums.

(2) "Designated housing sites" means sites designated to allow housing development by the general plan, a zoning ordinance, or for which a certified environmental review document includes provisions to mitigate potential harm.

(3) "Land-use authority" means any entity with state-authorized power to regulate land-use permits and entitlements conferred by local governments.

(4) "Land-use restriction" means covenants restricting the use of land, recorded regulatory agreements, or any other form of an equitable servitude.

(5) "Major transit stop" means a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a service interval frequency of 15 minutes or less during the morning and afternoon peak weekday commute periods, and offering weekend service.

(6) "Public agency" means a federal, state, or local government agency, or a local or regional housing trust fund which has been funded or chartered by a federal, state, or local government agency.

(7) "Required by law to record" means, but is not limited to, a development applicant or development proponent is required to record a land-use restriction based on any of the following:

(i) As a condition of award of funds or financing from a public agency.

(ii) As a condition of the award of tax credits.

(iii) As may be required by a contract entered into with a public agency.

(8) "Transit priority area" means an area within one-half mile of a major transit stop that is existing or planned within the adopted general plan or specific plan of a local government.

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

(b) A development that satisfies all the following criteria shall be a permitted use by right as that term is defined in subdivision (i) of Section 65583.2 of the Government Code:

(1) The development applicant or development proponent has submitted to the local government its intent to utilize this authority, and certifying under penalty of perjury that, to the best of its knowledge and belief, it conforms with all other provisions identified herein.

(2) The development is consistent with objective general plan and zoning standards in effect at the time that the subject development is submitted to the local government pursuant to this section.

(3) The development is located on a site that is either immediately adjacent to parcels that are developed with urban uses or at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(4) The development must be an attached housing development, for which the development applicant or development proponent already has recorded, or is required by law to record, a land-use restriction, which shall require all the following:

(i) A duration of at least 30 years or more.
(ii) Enforceability by a public agency or by any member of the public.
(iii) For developments within a transit priority area, a restriction of the development's real property to a level of affordability equal to or greater than either of the following:

(A) At least ten percent of the total units of a housing development for lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(B) At least five percent of the total units of a housing development for very low income households, as defined in Section 50105 of the Health and Safety Code.

(iv) For developments not within a transit priority area, a restriction of the development's real property to a level of affordability equal to or greater than at least twenty (20) percent or more of the residential units restricted to and occupied by individuals whose income is eighty (80) percent or less of area median gross income.

(5) Except for developments that are located on designated housing sites, the development is not located on a site that is any of the following:

(A) Either "prime farmland" or "farmland of statewide importance," as defined pursuant to United States Department of Agriculture land inventory and monitoring criteria, as modified for California, and designated on the maps prepared by the Farmland Mapping and Monitoring Program of the Department of Conservation.

(B) Wetlands, as defined in Section 328.3 of Title 33 of the Code of Federal Regulations.

(C) Within a very high fire hazard severity zone, as determined by the Department of Forestry and Fire Protection pursuant to Section 51178 of the Government Code, or within a high or very high fire hazard severity zone as indicated on maps adopted by the Department of Forestry and Fire Protection pursuant to Section 4202 of the Public Resources Code; however, this limitation shall not apply to sites excluded from the specified hazard zones by a local agency pursuant to subdivision (b) of Section 51179 of the Government Code or sites that have adopted sufficient fire hazard mitigation measures as may be determined by their local agency with land-use authority.

(D) Hazardous waste site that is listed pursuant to Section 65962.5 of the Government Code, or a hazardous waste site designated by the Department of Toxic Substances Control pursuant to Section 25356 of the Health and Safety Code, unless the Department of Toxic Substances Control has cleared the site for residential use or residential mixed-uses.

(E) Within a delineated earthquake fault zone as determined by the State Geologist in the official maps published thereby.

(F) Within a flood plain as determined by maps promulgated by the Federal Emergency Management Agency, unless the development has been issued a floodplain

development permit pursuant to Sections 59 and 60 of Title 44 of the Code of Federal Regulations.

(G) Within a flood way as determined by maps promulgated by the Federal Emergency Management Agency, unless the development receives a no rise certification in accordance with Section 60.3(d)(3) of Title 44 of the Code of Federal Regulations.

(c) If the applicable city, county, or city and county determines that the development is inconsistent with objective general plan and zoning standards, then it must provide the development proponent written documentation of which standard or standards the development is not consistent with, as well as explain why the development is not consistent with that standard or standards, all within thirty (30) calendar days of submittal of the development to the local government pursuant to this section. If the documentation described in this subsection fails to identify the objective standard or standards that the development is not consistent with, if it fails to provide an explanation of why it is inconsistent therewith, or if it is not provided to the development proponent within thirty (30) calendar days of submittal, then for the purposes of this section, the development shall be deemed to satisfy paragraph (2) of subdivision (b) of this section.

(d) Any design review of the development shall not exceed ninety (90) days from the submittal of the development to the local government pursuant to this section, and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section and the effect thereof.

(e) A development that satisfies subdivision (b) of this section shall not be subject to the requirements of Section 65589.5 of the Government Code in order to be accorded by right status under this section.

(f) The review of a permit, license, certificate, or any other entitlement, including, but not limited to: the enactment and amendment of zoning or design review ordinances or guidelines, the issuance of zoning variances, the issuance of conditional use permits, and the approval of tentative subdivision maps, by any public agency with land-use authority over any development that satisfies subdivision (b) of this section shall be ministerial.

(g) This section shall be enforceable pursuant to a writ of mandate issued pursuant to Section 1085 of the Code of Civil Procedure.

(h) The development applicant or development proponent may submit information describing the development pursuant to Government Code Section 65400.1(a).

(i) The Legislature finds and declares that this section shall be applicable to all cities and counties, including charter cities, because the Legislature finds that the lack of affordable housing is a matter of vital statewide importance.

(j) Any and all individuals displaced by a development that is approved through the ministerial process authorized by this section shall be accorded relocation assistance as provided in the California Relocation Assistance Act set forth in Section 7267.8 et seq.

(k) This section shall apply, notwithstanding anything to the contrary contained in this code or in any other law.