AMENDED IN SENATE JUNE 18, 2020

AMENDED IN SENATE MAY 6, 2020

AMENDED IN SENATE APRIL 2, 2020

SENATE BILL No. 795

Introduced by Senators Beall, McGuire, and Portantino
(Principal coauthor: Senator Roth)
(Principal coauthor: Assembly Member Mullin)
(Coauthors: Senators Bradford, Caballero, Dodd, *Durazo,* Hueso, Stern, Wieckowski, and Wiener)
(Coauthors: Assembly Members Gloria, Kalra, and Low)

January 6, 2020

An act to add Section 50220.5 to the Health and Safety Code, relating to economic ~~development, and making an appropriation therefor.~~ *development.*

LEGISLATIVE COUNSEL'S DIGEST

SB 795, as amended, Beall. Economic development: housing: workforce development: climate change infrastructure.

Existing law establishes various housing programs administered by the Department of Housing and Community Development, including the Multifamily Housing Program, pursuant to which the department provides financial assistance in the form of deferred payment loans to pay for the eligible costs of development for specified types of housing projects. Existing law also establishes the Homeless Housing, Assistance, and Prevention program, administered by the Business, Consumer Services, and Housing Agency, for the purpose of providing jurisdictions with one-time grant funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges, as provided.

Existing law requires that the California Workforce Development Board and each local workforce development board ensure that programs and services funded by the federal Workforce Innovation and Opportunity Act of 2014 and directed to apprenticeable occupations are conducted in coordination with apprenticeship programs approved by the Division of Apprenticeship Standards, as specified.

Existing law establishes the Governor's Office of Business and Economic Development, known as "GO-Biz," within the Governor's office to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.

~~This bill would continuously appropriate the sum of $10,000,000,000 from the General Fund for expenditure over the 2020–21 fiscal year and each of the 4 following fiscal years. Of that amount,~~ *This bill, upon appropriation by the Legislature, would make up to $2,000,000,000 available in each fiscal year for the purpose of providing emergency economic recovery and development, climate change, and disaster response. Of the amount made available for any fiscal year,* the bill would require the Controller to allocate ~~for each of those fiscal years $1,805,000,000~~ *$1,808,000,000, or a proportional amount of the total available amount for the applicable fiscal year,* among various housing programs administered by the Department of Housing and Community Development, the Homeless Housing, Assistance, and Prevention program, and for distribution by the California Workforce Development Board among local agencies to participate in, invest in, or partner with new or existing preapprenticeship training programs established as described above. The bill would require the Business, Consumer Services, and Housing Agency to establish deadlines for applications and submitting final reports under the Homeless Housing, Assistance, and Prevention program with respect to moneys allocated to that program under the bill.

~~The~~ *Of the amount made available for any fiscal year under its provisions, the* bill would require the Controller ~~for each of those 5 fiscal years~~ to allocate ~~$195,000,000~~ *$192,000,000, or a proportional amount of the total available amount for the applicable fiscal year,* to GO-Biz, to be used for ~~the~~ the Climate, Sea Level, and Natural Disaster Program and the Community Economic Development Program, both of which the bill would establish in GO-Biz. The bill would require

~~GO-Biz~~ *GO-Biz, in consultation with the Office of Planning and Research or any other appropriate state agency,* to allocate ~~$100,000,000~~ *$100,000,000, or a proportional amount,* under the Climate, Sea Level, and Natural Disaster Program among specified eligible entities for the purpose of protecting communities dealing with the effects of climate change, as specified. The bill would require ~~GO-Biz~~ *GO-Biz, in consultation with the Department of Housing and Community Development and any other appropriate state agency, council, or department*, to allocate ~~$95,000,000~~ *$92,000,000, or a proportional amount,* under the Community Economic Development Program among these specified eligible entities for various purposes relating to community development. The bill would require eligible applicants to comply with specified requirements, including submitting plans for outreach to, and retention of, women, minority, disadvantaged youth, formerly incarcerated, and other underrepresented subgroups and, subject to certain exceptions, certifying that a skilled and trained workforce, as defined, will be used to complete any project funded under those programs.

By requiring the certification of certain information, thereby expanding the scope of the crime of perjury, the bill would impose a state-mandated local program.

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

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: ~~2⁄3~~ *majority*. Appropriation: ~~yes~~ *no*. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares the following:

(a) These unprecedented times call for action to help protect our most vulnerable Californians. Keeping people in their homes and building more affordable housing must be at the top of our priority list.

(b) COVID-19 illuminates what we already knew, that California’s housing crisis is staggering. There are 2,200,000 extremely low income and very low income renter households competing for only 664,000 affordable rental homes. This means more than 1,540,000 of California's lowest income households are without access to housing. With unemployment rates skyrocketing, more and more Californians are facing housing insecurity. While rent moratoriums provide a short-term reprieve, once they are lifted an even greater number of families will be pushed into homelessness.

(c) Despite significant multibillion-dollar, one-time investments as well as the establishment of penalties for negligent cities, California's homeless population rose again last year. Further, recent reports indicate housing production is slowing and we are falling even further behind annual production goals. What has been missing from these efforts is a sustainable state commitment to quickly build affordable housing units to keep up with demand.

(d) It is the intent of the Legislature that this act create a sustainable state funding source, with the sole purpose of tackling the homeless and affordable housing crisis. The Legislature further intends to provide investment in existing programs, including emergency housing programs, to quickly get local governments the funding they need to address and prevent homelessness and jumpstart the construction of affordable housing.

(e) Although a long-term investment in housing is difficult in today's fiscal climate, we cannot continue to operate business as usual. It is therefore the intent of the Legislature to invest in existing programs, including emergency housing programs, to quickly get local governments the funding they need to address and prevent homelessness and jumpstart the construction of affordable housing and related infrastructure. These strategic investments will allow cities to promote needed infrastructure and community improvements, and help communities prepare and adapt to the impacts of climate change. Furthermore, the state must make smart investments that help stimulate and boost our economy and get people back to work. By investing in the production of affordable housing, it is the intent of the Legislature to provide high-skilled job opportunities that provide livable wages.

(f) It is the intent of the Legislature that the funding appropriated by this act be allocated for the following purposes:

(1) Homelessness services.

(2) Housing production grants.

(3) Economic development and climate resiliency programs.

SEC. 2. Section 50220.5 is added to the Health and Safety Code, to read:

50220.5. (a) Notwithstanding Section 50220, the agency shall establish one or more deadlines to make award determinations for program allocations in accordance with this chapter with moneys appropriated for purposes of this chapter by the act adding this section.

(b) Notwithstanding subdivision (b) of Section 50221, the agency shall establish deadlines for each applicant that receives a program application from moneys made available by the act adding this section to submit to the agency a final report in a format provided by the agency, as well as uses of all program funds received out of those moneys.

SEC. 3. ~~Notwithstanding Section 13340 of the Government Code, the sum of ten billion dollars ($10,000,000,000) is hereby continuously appropriated, without regard to fiscal years, from the General Fund, to be expended over the 2020–21 fiscal year and each of the four subsequent fiscal years,~~ *Upon appropriation by the Legislature, up to two billion dollars ($2,000,000,000) shall be available in each fiscal year* for the purpose of providing emergency economic recovery and development and climate disaster and response, to be used as provided in Sections 4 and 5 of this act.

SEC. 4. (a) Of the amount ~~appropriated in~~ *made available pursuant to* Section 3 of this ~~act,~~ *act for any fiscal year,* the Controller shall allocate and deposit one billion eight hundred ~~five~~ *eight* million dollars ~~($1,805,000,000) in each fiscal year described in Section 3 of this act~~ *($1,808,000,000), or a proportional amount of the total amount available for the applicable fiscal year,* in the following manner:

(1) Five hundred million dollars ~~($500,000,000)~~ *($500,000,000), or a proportional amount,* to be deposited in the Housing Rehabilitation Loan Fund established pursuant to Section 50661 of the Health and Safety Code and used for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code).

(2) Three hundred million dollars ~~($300,000,000)~~ *($300,000,000), or a proportional amount,* to be allocated to the Department of Housing and Community Development and used

for the Infill Incentive Grant Program of 2007 established by Section 53545.13 of the Health and Safety Code.

(3) Two hundred million dollars ~~($200,000,000)~~ *($200,000,000), or a proportional amount,* to be deposited in the Affordable Housing Innovation Fund established pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 53545 and used, without further appropriation by the Legislature, for the Local Housing Trust Fund Matching Grant Program in accordance with Chapter 13 (commencing with Section 50842.1) of Part 2 of Division 31 of the Health and Safety Code.

(4) Seventy-five million dollars ~~($75,000,000)~~ *($75,000,000), or a proportional amount,* to be deposited in the Self-Help Housing Fund established pursuant to Section 50697.1 of the Health and Safety Code and used for the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2 of Division 31 of the Health and Safety Code).

(5) Seventy-five million dollars ~~($75,000,000)~~ *($75,000,000), or a proportional amount,* to be deposited in the Joe Serna, Jr. Farmworker Housing Grant Fund established pursuant to subdivision (b) of Section 50517.5 of the Health and Safety Code and used for the Joe Serna, Jr. Farmworker Housing Grant Program in accordance with Chapter 3.2 (commencing with Section 50517.2) of Part 2 of Division 31 of the Health and Safety Code.

(6) Six hundred fifty million dollars ~~($650,000,000)~~ *($650,000,000), or a proportional amount,* to be allocated to the Business, Consumer Services, and Housing Agency and used for the Homeless Housing, Assistance, and Prevention program in accordance with Chapter 6 (commencing with Section 50216) of Part 1 of Division 31 of the Health and Safety Code.

(7) ~~Five~~ *Eight* million dollars ~~($5,000,000)~~ *($8,000,000), or a proportional amount,* to be allocated to the California Workforce Development Board for distribution to local agencies to participate in, invest in, or partner with new or existing preapprenticeship training programs established pursuant to subdivision (e) of Section 14230 of the Unemployment Insurance Code.

(b) Projects funded under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code), the Infill Incentive Grant Program of 2007 (Section 53545.13 of the Health and Safety Code), or the Local Housing Trust Fund Matching Grant Program

(Chapter 13 (commencing with Section 50842.1) of Part 2 of Division 31 of the Health and Safety Code) shall be deemed to be public works in accordance with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

(c) (1) Notwithstanding any other law, the Department of Housing and Community Development may use up to 5 percent of the moneys allocated pursuant to each of paragraphs (1) to (5), inclusive, of subdivision (a) for the department's administrative costs incurred in allocating the moneys under each of those paragraphs. Moneys used for administrative costs under the authority of this paragraph shall be expended exclusively from the moneys allocated to the program for which those administrative costs are incurred.

(2) Notwithstanding any other law, the Business, Consumer Services, and Housing Agency may use up to 5 percent of the moneys allocated pursuant to paragraph (6) of subdivision (a) for the agency's administrative costs incurred in allocating funds under that paragraph for the Homeless Housing, Assistance, and Prevention program (Chapter 6 (commencing with Section 50216) of Part 1 of Division 31 of the Health and Safety Code).

(3) Notwithstanding any other law, the California Workforce Development Board may use up to 5 percent of the moneys allocated pursuant to paragraph (7) of subdivision (a) for the board's administrative costs incurred in distributing funds pursuant to that paragraph.

SEC. 5. (a) Of the amount ~~appropriated in~~ *made available pursuant to* Section 3 of this ~~act,~~ *act for any fiscal year,* the Controller shall allocate one hundred ~~ninety-five~~ *ninety-two* million dollars ~~($195,000,000) in each fiscal year described in Section 3 of this act~~ *($192,000,000), or a proportional amount of the total amount available for the applicable fiscal year,* to the Governor's Office of Business and Economic Development, hereinafter referred to as "the office," to be ~~used~~ *used, in consultation with appropriate state agencies,* as follows:

(1) (A) One hundred million dollars ~~($100,000,000)~~ *($100,000,000), or a proportional amount*, for the Climate, Sea Level, and Natural Disaster Program, which is hereby established within the office. Subject to the requirements of this section, *and in consultation with the Office of Planning and Research or any other appropriate state agency,* the office shall award moneys

under the program to eligible entities described in subdivision (c) for the purpose of protecting communities dealing with the effects of climate change, including, but not limited to, sea level rise, wildfires, and flood protection.

(B) Recipients may use moneys allocated under this subparagraph to finance projects for the construction, repair, replacement, and maintenance of infrastructure, including natural infrastructure, relating to protecting communities from the effects of climate change.

(C) The office may use up to 5 percent of the moneys allocated to it for purposes of this paragraph for the office's administrative costs incurred under this paragraph with respect to the Climate, Sea Level, and Natural Disaster Program.

(2) ~~Ninety-five~~ *(A) Ninety-two* million dollars ~~($95,000,000)~~ *($92,000,000), or a proportional amount,* for the Community Economic Development Program, which is hereby established within the office. Subject to the requirements of this section, *and in consultation with the Department of Housing and Community Development and any other appropriate state agency, council, or department*, the office shall award moneys under the program to eligible entities described in subdivision (c) for the following purposes:

~~(A)~~

(i) Promoting strong neighborhoods through support of local community planning and engagement efforts to revitalize and restore neighborhoods, including repairing infrastructure and parks, and rehabilitating and building housing and public facilities.

~~(B)~~

(ii) Converting vacant and underutilized commercial property into housing affordable to families earning less than 120 percent of the area median income, determined in accordance with Section 50093 of the Health and Safety Code.

~~(C)~~

(iii) Developing on-campus or off-campus housing for students, faculty, and school employees of a campus of the University of California, California State University, or California Community Colleges.

~~(D)~~

(iv) Promoting public-private partnerships.

~~(E)~~

(v) Supporting small businesses and job growth for affected residents.

(B) The office may use up to 5 percent of the moneys allocated to it for purposes of this paragraph for the office's administrative costs incurred under this paragraph with respect to the Community Economic Development Program.

(b) Consistent with the requirements of this section, the office shall adopt guidelines for the ~~the~~ allocation and use of moneys allocated pursuant to this section in accordance with 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).

(c) Subject to subdivision (d), the following entities shall be eligible to apply for funding under the programs described in subdivision (a):

(1) A city, county, or city and county.

(2) A joint powers authority formed pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code that is composed of entities that may submit a plan pursuant to this subdivision.

(3) An enhanced infrastructure financing district established pursuant to Chapter 2.99 (commencing with Section 53398.50) of Part 1 of Division 2 of Title 5 of the Government Code.

(4) An affordable housing authority established pursuant to Division 5 (commencing with Section 62250) of Title 6 of the Government Code.

(5) A community revitalization and investment authority established pursuant to Division 4 (commencing with Section 62000) of Title 6 of the Government Code.

(6) A transit village development district established pursuant to Article 8.5 (commencing with Section 65460) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(7) The University of California, the California State University, or the California Community Colleges.

(d) (1) In order to be eligible to receive funding under the programs described in subdivision (a), an applicant shall comply with all of the following requirements:

(A) If applicable, the applicant has a housing element that the Department of Housing and Community Development has determined to be in substantial compliance with Article 10.6

(commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code, pursuant to Section 65585 of the Government Code.

(B) If applicable, the applicant has not been found to have violated the Housing Accountability Act (Section 65589.5 of the Government Code) within the past five years, or on or after January 1, 2021, whichever is more recent.

(C) The applicant has not taken any of the actions described in paragraph (2).

(2) An entity described in subdivision (c) shall not be eligible for funding under the programs described in subdivision (a) if the applicant has taken any action, whether by the legislative body of the applicant or the electorate exercising its local initiative or referendum power, that has any of the following effects:

(A) Established or implemented any provision that:

(i) Limits the number of land use approvals or permits necessary for the approval and construction of housing that will be issued or allocated within all or a portion of the applicant.

(ii) Acts as a cap on the number of housing units that can be approved or constructed either annually or for some other time period.

(iii) Limits the population of the applicant.

(B) Imposes a moratorium or enforces an existing moratorium on housing development, including mixed-use development, within all or a portion of the jurisdiction of the applicant, except pursuant to a zoning ordinance that complies with the requirements of Section 65858 of the Government Code.

(C) Requires voter approval of any updates to the applicant's housing element to comply with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code, or any rezoning of sites or general plan amendment to comply with an updated housing element or Section 65863 of the Government Code.

(D) Changes the zoning of a parcel or parcels of property to a less intensive use or reduces the intensity of land use within an existing zoning district below what was allowed under the general plan land use designation and zoning ordinances of the applicant in effect on January 1, 2018. For purposes of this subparagraph, "less intensive use" includes, but is not limited to, reductions to height, density, floor area ratio, or new or increased open space or lot size requirements, for property zoned for residential use in the applicant's general plan or other planning document.

(e) An applicant for funding under the programs described in subdivision (a) shall submit to the office a plan for outreach to, and retention of, women, minority, disadvantaged youth, formerly incarcerated, and other underrepresented subgroups in coordination with the California Workforce ~~Investment~~ *Development* Board and local boards, to increase their representation and employment opportunities in the building and construction trades.

(f) (1) Except as provided in paragraph (3), an applicant for funding under the programs described in subdivision (a) shall certify that a skilled and trained workforce will be used to complete any project funded under those programs.

(2) If the applicant has certified that a skilled and trained workforce will be used to complete the project or projects and the application is approved, the following shall apply:

(A) The applicant shall require every contractor and subcontractor at every tier performing work on a project to provide the applicant with an enforceable commitment that the contractor or subcontractor will individually use a skilled and trained workforce to complete the project.

(B) Every contractor and subcontractor shall individually use a skilled and trained workforce to complete the project.

(C) The applicant shall be considered an awarding body for purposes of Section 2602 of the Public Contract Code.

(3) This subdivision shall not apply to a housing project that meets any of the following criteria:

(A) One hundred percent of the housing project's units, exclusive of any legally required manager's unit or units, are affordable to households earning 80 percent or below of the area median income, determined in accordance with Section 50093 of the Health and Safety Code.

(B) The housing project consists of 25 units or less.

(C) The housing project is located in a county with a population of 100,000 or less.

(D) With respect to the Community Economic Development Program described in paragraph (2) of subdivision (a) only, the housing project is for student or faculty housing.

(4) For purposes of this subdivision, "skilled and trained workforce" has the same meaning as set forth in Chapter 2.9

(commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.

(g) A project funded pursuant to either of the programs described in subdivision (a) shall be considered a public work and subject to the requirements of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code, regardless of whether an exemption under Section 1720 of the Labor Code applies to the project.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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