

AMENDED IN ASSEMBLY JANUARY 17, 2008

AMENDED IN ASSEMBLY APRIL 23, 2007

AMENDED IN ASSEMBLY MARCH 29, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 842

Introduced by Assembly Member Jones
(Principal coauthors: Assembly Members DeSaulnier, Hancock,
and Lieu)

February 22, 2007

An act to add Section 14522.5 to the Government Code *and*, to amend Sections ~~53545~~ 53545, 53545.13, and 53563 ~~of, and to add Section 53545.2 to,~~ of the Health and Safety Code, relating to local planning.

LEGISLATIVE COUNSEL'S DIGEST

AB 842, as amended, Jones. Regional plans: traffic reduction.

(1) Existing law authorizes the California Transportation Commission to establish guidelines for the preparation of regional transportation plans.

This bill would require the commission to update its guidelines for the preparation of regional transportation plans, including a requirement that each regional transportation plan provide for a 10% reduction in the growth increment of vehicle miles traveled.

(2) Existing law, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are required to be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and

housing-related parks. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury, requires the sum of \$850,000,000 to be deposited in the Regional Planning, Housing, and Infill Incentive Account, which the act establishes in the fund, and makes the money in the account available, upon appropriation, for infill incentive grants for capital outlay related to infill housing development and other related infill development, and for brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans, subject to the conditions and criteria that the Legislature may provide in statute. The act requires the amount of \$300,000,000 to be deposited in the Transit-Oriented Development Account, which the act establishes in the fund, for transfer to the Transit-Oriented Development Implementation Fund, for expenditure, upon appropriation by the Legislature, pursuant to the Transit-Oriented Development Implementation Program established under the act *Department of Housing and Community Development to administer the Infill Incentive Grant Program of 2007, to fund selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or a qualifying infill area, and specifies the conditions that a qualifying infill project or qualifying infill area must meet to receive a capital improvement project grant award. The department is also required to review and rank applicants for the award of capital improvement project grants based upon various priorities, including, among others, project readiness, the depth and duration of the affordability of the housing proposed for a qualifying infill project or qualifying infill area, and the proximity of housing to parks, employment or retail centers, schools, or social services.*

This bill would require an unspecified sum to be made available, upon appropriation, from the Regional Planning, Housing, and Infill Incentive Account to the Department of Housing and Community Development to fund grants to assist agencies of local government in the planning and production of infill housing.

The bill would also require an unspecified sum to be allocated from the Transit-Oriented Development Account to the Transit-Oriented Development Implementation Program, in the amount of an unspecified sum for loans and an unspecified sum for grants.

The bill would also require the department, in ranking applications received for infill housing and the Transit-Oriented Development

~~Implementation Program, to award a substantial preference to applications for projects that meet specified criteria.~~

This bill would additionally require the department to rank applicants for the award of capital improvement project grants based upon a reduction of vehicle miles traveled as a result of the project, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 14522.5 is added to the Government
2 Code, to read:

3 14522.5. The commission shall update its guidelines for the
4 preparation of regional transportation plans, including, but not
5 limited to, a requirement that each regional transportation plan
6 provide for a 10 percent reduction in the growth increment of
7 vehicle miles traveled.

8 SEC. 2. Section 53545 of the Health and Safety Code is
9 amended to read:

10 53545. The Housing and Emergency Shelter Trust Fund of
11 2006 is hereby created in the State Treasury. The Legislature
12 intends that the proceeds of bonds deposited in the fund shall be
13 used to fund the housing-related programs described in this chapter
14 over the course of the next decade. The proceeds of bonds issued
15 and sold pursuant to this part for the purposes specified in this
16 chapter shall be allocated in the following manner:

17 (a) (1) One billion five hundred million dollars (\$1,500,000,000)
18 to be deposited in the Affordable Housing Account, which is
19 hereby created in the fund. Notwithstanding Section 13340 of the
20 Government Code, the money in the account shall be continuously
21 appropriated in accordance with the following schedule:

22 (A) (i) Three hundred forty-five million dollars (\$345,000,000)
23 shall be transferred to the Housing Rehabilitation Loan Fund to
24 be expended for the Multifamily Housing Program authorized by
25 Chapter 6.7 (commencing with Section 50675) of Part 2. The
26 priorities specified in Section 50675.13 shall apply to the
27 expenditure of funds pursuant to this clause.

28 (ii) Fifty million dollars (\$50,000,000) shall be transferred to
29 the Housing Rehabilitation Loan Fund to be expended under the
30 Multifamily Housing Program authorized by Chapter 6.7

1 (commencing with Section 50675) of Part 2 for housing meeting
2 the definitions in paragraphs (2) and (3) of subdivision (e) of
3 Section 11139.3 of the Government Code. The department may
4 provide higher per-unit loan limits as necessary to achieve
5 affordable housing costs to the target population. Any funds not
6 encumbered for the purposes of this clause within 30 months of
7 availability shall revert for general use in the Multifamily Housing
8 Program.

9 (B) One hundred ninety-five million dollars (\$195,000,000)
10 shall be transferred to the Housing Rehabilitation Loan Fund to
11 be expended—~~for~~ *under* the Multifamily Housing Program
12 authorized by Chapter 6.7 (commencing with Section 50675) of
13 Part 2, to be used for supportive housing for individuals and
14 households moving from emergency shelters or transitional housing
15 or those at risk of homelessness. The Department of Housing and
16 Community Development shall provide for higher per-unit loan
17 limits as reasonably necessary to achieve housing costs affordable
18 to those individuals and households. For purposes of this
19 subparagraph, “supportive housing” means housing with no limit
20 on length of stay, that is occupied by the target population, as
21 defined in subdivision (d) of Section 53260, and that is linked to
22 onsite or offsite services that assist the tenant to retain the housing,
23 improve his or her health status, maximize his or her ability to
24 live, and, when possible, work in the community. The criteria for
25 selecting projects shall give priority to the following:

26 (i) Supportive housing for people with disabilities who would
27 otherwise be at high risk of homelessness where the applications
28 represent collaboration with programs that meet the needs of the
29 person’s disabilities.

30 (ii) Projects that demonstrate funding commitments from local
31 governments for operating subsidies or services funding, or both,
32 for five years or longer.

33 (C) One hundred thirty-five million dollars (\$135,000,000) shall
34 be transferred to the fund created by subdivision (b) of Section
35 50517.5 to be expended for the programs authorized by Chapter
36 3.2 (commencing with Section 50517.5) of Part 2.

37 (D) Three hundred million dollars (\$300,000,000) shall be
38 transferred to the Self-Help Housing Fund created by Section
39 50697.1. These funds shall be available to the Department of
40 Housing and Community Development, to be expended for the

1 purposes of enabling households to become or remain homeowners
2 pursuant to the CalHome Program authorized by Chapter 6
3 (commencing with Section 50650) of Part 2, except ten million
4 dollars (\$10,000,000) shall be expended for construction
5 management under the California Self-Help Housing Program
6 pursuant to subdivision (b) of Section 50696.

7 (E) Two hundred million dollars (\$200,000,000) shall be
8 transferred to the Self-Help Housing Fund created by Section
9 50697.1. These funds shall be available to the California Housing
10 Finance Agency, to be expended for the purposes of the California
11 Homebuyer's Downpayment Assistance Program authorized by
12 Chapter 11 (commencing with Section 51500) of Part 3. Up to one
13 hundred million dollars (\$100,000,000) of these funds may be
14 expended pursuant to subdivision (b) of Section 51504.

15 (F) One hundred million dollars (\$100,000,000) shall be
16 transferred to the Affordable Housing Innovation Fund, which is
17 hereby created in the State Treasury, to be administered by the
18 Department of Housing and Community Development. Funds shall
19 be expended for competitive grants or loans to sponsoring entities
20 that develop, own, lend, or invest in affordable housing and used
21 to create pilot programs to demonstrate innovative, cost-saving
22 approaches to creating or preserving affordable housing. Specific
23 criteria establishing eligibility for and use of the funds shall be
24 established in statute as approved by a two-thirds vote of each
25 house of the Legislature. Any funds not encumbered for the
26 purposes set forth in this subparagraph within 30 months of
27 availability shall revert to the Self-Help Housing Fund created by
28 Section 50697.1 and shall be available for the purposes described
29 in subparagraph (D).

30 (G) One hundred twenty-five million dollars (\$125,000,000)
31 shall be transferred to the Building Equity and Growth in
32 Neighborhoods Fund to be used for the Building Equity and
33 Growth in Neighborhoods (BEGIN) Program pursuant to Chapter
34 14.5 (commencing with Section 50860) of Part 1. Any funds not
35 encumbered for the purposes set forth in this subparagraph within
36 30 months of availability shall revert for general use in the
37 CalHome Program.

38 (H) Fifty million dollars (\$50,000,000) shall be transferred to
39 the Emergency Housing and Assistance Fund to be distributed in
40 the form of capital development grants under the Emergency

1 Housing and Assistance Program authorized by Chapter 11.5
2 (commencing with Section 50800) of Part 2 of Division 31. The
3 funds shall be administered by the Department of Housing and
4 Community Development in a manner consistent with the
5 restrictions and authorizations contained in Provision 3 of Item
6 2240-105-0001 of the Budget Act of 2000, except that any
7 appropriations in that item shall not apply. The competitive system
8 used by the department shall incorporate priorities set by the
9 designated local boards and their input as to the relative merits of
10 submitted applications from within the designated local board's
11 county in relation to those priorities. In addition, the funding
12 limitations contained in this section shall not apply to the
13 appropriation in that budget item.

14 (2) The Legislature may, from time to time, amend the
15 provisions of law related to programs to which funds are, or have
16 been, allocated pursuant to this subdivision for the purpose of
17 improving the efficiency and effectiveness of the program, or for
18 the purpose of furthering the goals of the program.

19 (3) The Bureau of State Audits shall conduct periodic audits to
20 ensure that bond proceeds are awarded in a timely fashion and in
21 a manner consistent with the requirements of this subdivision, and
22 that awardees of bond proceeds are using funds in compliance with
23 applicable provisions of this subdivision. The first audit shall be
24 conducted no later than one year from voter approval of this part.

25 (4) In its annual report to the Legislature, the Department of
26 Housing and Community Development shall report how funds that
27 were made available pursuant to this subdivision and allocated in
28 the prior year were expended. The department shall make the report
29 available to the public on its Internet Web site.

30 (b) Eight hundred fifty million dollars (\$850,000,000) shall be
31 deposited in the Regional Planning, Housing, and Infill Incentive
32 Account, which is hereby created in the fund. Funds in the account
33 shall be available, upon appropriation by the Legislature, and
34 subject to such other conditions and criteria as the Legislature may
35 provide in statute, for the following purposes:

36 (1) For infill incentive grants for capital outlay related to infill
37 housing development and other related infill development,
38 including, but not limited to, all of the following:

1 (A) No more than two hundred million dollars (\$200,000,000)
2 for park creation, development, or rehabilitation to encourage infill
3 development.

4 (B) Water, sewer, or other public infrastructure costs associated
5 with infill development.

6 (C) Transportation improvements related to infill development
7 projects.

8 (D) Traffic mitigation.

9 (2) For brownfield cleanup that promotes infill housing
10 development and other related infill development consistent with
11 regional and local plans.

12 (c) Three hundred million dollars (\$300,000,000) to be deposited
13 in the Transit-Oriented Development Account, which is hereby
14 created in the fund, for transfer to the Transit-Oriented
15 Development Implementation Fund, for expenditure, upon
16 appropriation by the Legislature, pursuant to the Transit-Oriented
17 Development Implementation Program authorized by Part 13
18 (commencing with Section 53560).

19 (d) Two hundred million dollars (\$200,000,000) shall be
20 deposited in the Housing Urban-Suburban-and-Rural Parks
21 Account, which is hereby created in the fund. Funds in the account
22 shall be available upon appropriation by the Legislature for
23 housing-related parks grants in urban, suburban, and rural areas,
24 subject to the conditions and criteria that the Legislature may
25 provide in statute.

26 ~~SEC. 3. Section 53545.2 is added to the Health and Safety~~
27 ~~Code, to read:~~

28 ~~53545.2. (a) Upon appropriation, the sum of _____ dollars~~
29 ~~(\$_____) shall be made available from the Regional Planning,~~
30 ~~Housing, and Infill Incentive Account established under subdivision~~
31 ~~(b) of Section 53545 to the department to fund grants to assist~~
32 ~~agencies of local government in the planning and production of~~
33 ~~infill housing. In ranking applications received pursuant to this~~
34 ~~section, the department shall award a substantial preference to both~~
35 ~~of the following:~~

36 ~~(1) Applications for projects that are located in a city, county,~~
37 ~~or city and county that has adopted a general plan that will reduce~~
38 ~~the amount of vehicle miles traveled by at least 10 percent and the~~
39 ~~project is consistent with the plan.~~

1 ~~(2) Applications for projects that are located in a region covered~~
 2 ~~by a council of governments that has adopted a transportation plan,~~
 3 ~~a regional transportation plan, a regional blueprint, or similar~~
 4 ~~document that will reduce the amount of vehicle miles traveled by~~
 5 ~~at least 10 percent and the project is consistent with the plan,~~
 6 ~~blueprint, or similar document.~~

7 ~~(b) Upon appropriation, the sum of _____ dollars (\$ _____) shall~~
 8 ~~be allocated from the Transit-Oriented Development Account~~
 9 ~~established under subdivision (c) of Section 53545 to the~~
 10 ~~Transit-Oriented Development Implementation Program authorized~~
 11 ~~under Part 13 (commencing with Section 53560), in the following~~
 12 ~~amounts, for the following purposes:~~

13 ~~(1) _____ dollars (\$ _____) for loans.~~

14 ~~(2) _____ dollars (\$ _____) for grants.~~

15 ~~SEC. 3. Section 53545.13 of the Health and Safety Code is~~
 16 ~~amended to read:~~

17 ~~53545.13. (a) The Infill Incentive Grant Program of 2007 is~~
 18 ~~hereby established to be administered by the department.~~

19 ~~(b) Upon appropriation of funds by the Legislature for the~~
 20 ~~purpose of implementing paragraph (1) of subdivision (b) of~~
 21 ~~Section 53545, the department shall establish and administer a~~
 22 ~~competitive grant program to allocate those funds to selected~~
 23 ~~capital improvement projects that are an integral part of, or~~
 24 ~~necessary to facilitate the development of, a qualifying infill project~~
 25 ~~or a qualifying infill area.~~

26 ~~(c) A qualifying infill project or qualifying infill area for which~~
 27 ~~a capital improvement project grant may be awarded shall meet~~
 28 ~~all of the following conditions:~~

29 ~~(1) Be located in a city, county, or city and county, in which~~
 30 ~~the general plan of the city, county, or city and county, has an~~
 31 ~~adopted housing element that has been found by the department,~~
 32 ~~pursuant to Section 65585 of the Government Code, to be in~~
 33 ~~compliance with the requirements of Article 10.6 (commencing~~
 34 ~~with Section 65580) of Chapter 3 of Division 1 of Title 7 of the~~
 35 ~~Government Code.~~

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

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

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

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

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

22 (D) A qualifying infill project or qualifying infill area for which
23 a disposition and development agreement or other project- or
24 area-specific agreement between the developer and the local agency
25 having jurisdiction over the project has been executed on or before
26 the effective date of the act adding this section, shall be deemed
27 to meet the affordability requirement of this paragraph (2) if the
28 agreement includes affordability covenants that subject the project
29 or area to the production of affordable units for very low, low-, or
30 moderate-income households.

31 (3) Include average residential densities on the parcels to be
32 developed that are equal to or greater than the densities described
33 in subparagraph (B) of paragraph (3) of subdivision (c) of Section
34 65583.2 of the Government Code, except that a project located in
35 a rural area as defined in Section 50199.21 shall include average
36 residential densities on the parcels to be developed of at least 10
37 units per acre.

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

- 1 (A) A general plan adopted pursuant to Section 65300 of the
2 Government Code.
- 3 (B) A project area redevelopment plan approved pursuant to
4 Section 33330.
- 5 (C) A regional blueprint plan as defined in the California
6 Regional Blueprint Planning Program administered by the
7 Business, Transportation and Housing Agency, or a regional plan
8 as defined in Section 65060.7 of the Government Code.
- 9 (5) For qualifying infill projects or qualifying infill areas located
10 in a redevelopment project area, meet the requirements contained
11 in subdivision (a) of Section 33413.
- 12 (d) In its review and ranking of applications for the award of
13 capital improvement project grants, the department shall rank the
14 affected qualifying infill projects and qualifying infill areas based
15 on the following priorities:
 - 16 (1) Project readiness, which shall include all of the following:
 - 17 (A) A demonstration that the project or area development can
18 complete environmental review and secure necessary entitlements
19 from the local jurisdiction within a reasonable period of time
20 following the submittal of a grant application.
 - 21 (B) A demonstration that the eligible applicant can secure
22 sufficient funding commitments derived from sources other than
23 this part for the timely development of a qualifying infill project
24 or development of a qualifying infill area.
 - 25 (C) A demonstration that the project or area development has
26 sufficient local support to achieve the proposed improvement.
 - 27 (2) The depth and duration of the affordability of the housing
28 proposed for a qualifying infill project or qualifying infill area.
 - 29 (3) The extent to which the average residential densities on the
30 parcels to be developed exceed the density standards contained in
31 paragraph (3) of subdivision (c).
 - 32 (4) The qualifying infill project's or qualifying infill area's
33 inclusion of, or proximity or accessibility to, a transit station or
34 major transit stop.
 - 35 (5) The proximity of housing to parks, employment or retail
36 centers, schools, or social services.
 - 37 (6) The qualifying infill project or qualifying infill area
38 location's consistency with an adopted regional blueprint plan or
39 other adopted regional growth plan intended to foster efficient land
40 use.

1 (7) *Applications for projects that are located in a city, county,*
2 *or city and county that has adopted a general plan that will reduce*
3 *the amount of vehicle miles traveled by at least 10 percent, and*
4 *the project is consistent with the plan.*

5 (8) *Applications for projects that are located in a region covered*
6 *by a council of governments that has adopted a transportation*
7 *plan, a regional transportation plan, a regional blueprint, or*
8 *similar document that will reduce the amount of vehicle miles*
9 *traveled by at least 10 percent, and the project is consistent with*
10 *the plan, blueprint, or similar document.*

11 (e) In allocating funds pursuant to this section, the department,
12 to the maximum extent feasible, shall ensure a reasonable
13 geographic distribution of funds.

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

16 (g) (1) The department shall adopt guidelines for the operation
17 of the grant program, including guidelines to ensure the tax-exempt
18 status of the bonds issued pursuant to this part, and may administer
19 the program under those guidelines.

20 (2) The guidelines shall include provisions for the reversion of
21 grant awards that are not encumbered within four years of the fiscal
22 year in which an award was made, and for the recapture of grants
23 awarded, but for which development of the related housing units
24 has not progressed in a reasonable period of time from the date of
25 the grant award, as determined by the department.

26 (3) The guidelines shall not be subject to the requirements of
27 Chapter 3.5 (commencing with Section 11340) of Division 3 of
28 Title 2 of the Government Code.

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

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

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

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

1 SEC. 4. Section 53563 of the Health and Safety Code is
2 amended to read:

3 53563. (a) In ranking applications pursuant to this part, the
4 department shall, among other criteria, consider the extent to which
5 the project or development will increase public transit ridership
6 and minimize automobile trips.

7 (b) The department shall also grant bonus points to projects or
8 developments that are in an area designated by the appropriate
9 council of governments for infill development as part of a regional
10 plan.

11 (c) In ranking applications received pursuant to this section, the
12 department shall award a substantial preference to both of the
13 following:

14 (1) Applications for projects that are located in a city, county,
15 or city and county that has adopted a general plan that will reduce
16 the amount of vehicle miles traveled by at least 10 percent and the
17 project is consistent with the plan.

18 (2) Applications for projects that are located in a region covered
19 by a council of governments that has adopted a transportation plan,
20 a regional transportation plan, a regional blueprint, or similar
21 document that will reduce the amount of vehicle miles traveled by
22 at least 10 percent and the project is consistent with the plan,
23 blueprint, or similar document.