REGULAR MEETING
BOARD OF DIRECTORS

North Bay Conference Room (Room 145)
Sunnyvale City Hall
456 W. Olive Avenue
Sunnyvale, CA 94086

AUGUST 14, 2025
7:00 PM

Meeting Information:

- *Board meetings are open to the public at the location shown above.*
- *Members of the public* may use the information below to join the webinar:

  Webinar ID: 835 1075 6481

  Passcode: 519682
- *Meeting also livestreamed on YouTube:* ***https://www.youtube.com/@citiesassoc***
- *More information on public comment and accessibility is given at the end of the agenda.*

Mayor Matthew Hudes will attend via teleconference from 350 Pleasant Valley Way, West Orange, NJ 07052. This teleconference location is open to the public and any member of the public may address the Board of Directors members from the teleconference location.

WELCOME & CALL TO ORDER – (Klein)

ROLL CALL (Sirkay)

ORAL COMMUNICATIONS FROM THE PUBLIC ON NONAGENDIZED ITEMS

This portion of the meeting is reserved for persons wishing to address the Board on any matter not on the agenda. State law prohibits the Board from discussing and/or acting on nonagendized items.

AGENDA

1. Consent Agenda (Klein)
    a. Approve minutes from Board of Directors meeting on May 8, 2025
    b. Approve minutes from Board of Directors special meeting on June 12, 2025
2. President Update(Klein)
3. Website Committee Update: Discussion and Possible Action (Klein)
4. Fiscal Year 2024 Audit: Discussion and Possible Action (Scozzola & Sirkay)
5. Reports from Regional Appointed Representatives
    a. Neysa Fligor, Association of Bay Area Governments (ABAG)
6. Santa Clara County Update (Preminger)
7. Legislative Action Committee Update: Discussion and Possible Action (Fruen)
    Potential list of bills for consideration by the Board of Directors, including, but not limited to, the following:
    a. AB 736 (Wicks) – Affordable Housing Bond Act of 2026
    b. SB 326 (Becker) – California Wildfire Mitigation Strategic Planning Act
    c. AB 632 (Hart) – Administrative fines and penalties – judgments
    d. AB 906 (Gonzalez) – Housing Elements – affirmatively furthering fair housing – zoning
    e. AB 66 (Tangipa) – CEQA exemption for fire safety egress route projects
8. Santa Clara County City Managers Association Update (Kirby)
9. Executive Director Update (Sirkay)
10. Joys and Challenges (All)

ADJOURN (Klein)

PUBLIC PARTICIPATION OPTIONS

Online Participation:

Members of the public may also attend online. However, the Cities Association of Santa Clara County cannot guarantee uninterrupted access to online technology. Technical difficulties may occur from time to time. The meeting will continue even if technical difficulties prevent online participation.

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1. Email comments to shali@citiesassociation.org
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2. Provide oral public comments in-person during the meeting

3. Provide oral public comments virtually during the meeting
    - When the President/Chair announces the item on which you wish to speak, click the "raise hand" feature in Zoom. Speakers will be notified shortly before they are called to speak.
    - When called to speak, please limit your comments to the time allotted (up to 3 minutes, at the discretion of the Chair).
    - Phone participants:
      *6 - Toggle mute/unmute
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ACCESSIBILITY

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REGULAR MEETING
BOARD OF DIRECTORS

North Bay Conference Room (Room 145)
Sunnyvale City Hall
456 W. Olive Avenue
Sunnyvale, CA 94086

MAY 8, 2025
7:00 PM

AGENDA IN BLACK/MINUTES IN RED

Meeting Information:

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  Webinar ID: 835 1075 6481

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Mayor Pro Tem Marilyn Librers will attend via teleconference from 2228 Brega Court, Morgan Hill CA 95037. This teleconference location is open to the public and any member of the public may address the Board of Directors members from the teleconference location.

WELCOME & CALL TO ORDER – (KLEIN)

Meeting called to order at 7:09 PM

ROLL CALL (SIRKAY)

Board Members Present (11):

Campbell	Anne Bybee
Los Altos	Neysa Fligor
Los Altos Hills	Rajiv Bhatia
Los Gatos	Matthew Hudes
Milpitas	Carmen Montano
Monte Sereno	Javed Ellahie
Mountain View	Emily Ramos* Ellen Kamei replaced Ramos at 7:25 PM
Palo Alto	Ed Lauing
San Jose	Rosemary Kamei
Saratoga	Tina Walia
Sunnyvale	Larry Klein

Board Members Absent: (4)

Cupertino	Kitty Moore
Gilroy	Greg Bozzo
Morgan Hill	Marilyn Librers*
Santa Clara	Kelly Cox

*Alternate

Staff Present (1):

Shali Sirkay	Executive Director
Tim Kirby	City Manager, Sunnyvale

Members of the Public Present (9):

J.R. Fruen	Councilmember, Cupertino
Victoria Ketell	City Manager's Office, Sunnyvale
Steve Preminger	Director, Community & Civic Engagement for SCC
Jannie Quinn	CASCC Co-Legal Counsel, Renne Public Law Group

ORAL COMMUNICATIONS FROM THE PUBLIC ON NONAGENDIZED ITEMS

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None

AGENDA

1. **Consent Agenda (KLEIN)**
    a. Approve Minutes from Board of Directors meeting on March 13, 2025

Motion to *approve the consent agenda as presented* by Walia

Second by Montano

AYES: 11

NAYS: 0

ABSTAIN: 0

ABSENT: 4 (K. Moore, Bozzo, Librers, Cox)

Motion passes 11-0-0-4

2. **President Update (KLEIN)**
3. **Regional Early Action Planning Grant 2024 (REAP 2.0) and Planning Collaborative Update (KLEIN)**
    a. David Driskell, Principal, Community Planning Collaborative
    b. Samantha Dolgoff, Project Manager, Community Planning Collaborative
4. **County Supervisor Update: Discussion (KLEIN)**
    a. Margaret Abe-Koga, District 5 Santa Clara County Supervisor
5. **Agreements with City of Sunnyvale (QUINN)**
    a. Authorize General Counsel to negotiate agreements with the City of Sunnyvale regarding room rental and fiscal agent services within the parameters approved at the April 10, 2025 meeting.
    b. Authorize the President to execute agreements with the City of Sunnyvale regarding room rental and fiscal agent within the parameters approved at the April 10, 2025 meeting.

Motion to:

1. *Authorize the Executive Director and General Counsel to negotiate an Agreement with the City of Sunnyvale to serve as Fiscal Agent for the Cities Association within the parameters approved by the Board of Directors.*
2. *Authorize the President to execute an Agreement with the City of Sunnyvale to serve as Fiscal Agent for the Cities Association on behalf of the JPA not to exceed $10,000 per year.*

With the friendly amendment to change "Authorize the President" to "Authorize the First Vice President" by R. Kamei
Second by Bhatia
AYES: 11

NAYS: 0

ABSTAIN: 0

ABSENT: 4 (K. Moore, Bozzo, Librers, Cox)

Motion passes 11-0-0-4

6. **Possible Sponsorship of Silicon Valley Clean Energy Event Sponsorship: Discussion and Possible Action (KLEIN)**

   Motion to *co-sponsor the Silicon Valley Clean Energy Event "2025 Local Energy Codes: Maintaining Momentum in Uncertain Times" on May 29, 2025* by Walia

   Second by Fligor

   AYES: 11

   NAYS: 0

   ABSTAIN: 0

   ABSENT: 4 (K. Moore, Bozzo, Librers, Cox)

   Motion passes 11-0-0-4

7. **Reports from Regional Appointed Representatives: Discussion (KLEIN)**

   Emergency Operational Area Council (EAOC) Update & Roles of Councilmembers During Emergencies

   a. Tina Walia, Santa Clara County Emergency Operational Area Council (EOAC)
   b. Tom Chin, Deputy Director, Santa Clara County Emergency Operational Area Council

8. **Legislative Action Committee Update: Discussion and Possible Action (FRUEN)**

   Potential list of bills for the Board of Directors consideration, including, but not limited to, the following:

   a. AB 650 (Papan) re: Housing Element process reform
   b. SB 79 (Wiener) re: Transit-oriented development
   c. SB 753 (Cortese) re: Local authority on shopping cart retrieval and fines
   d. SB 457 (Becker) re: Misuse of Builder's Remedy

9. **Santa Clara County Update (PREMINGER)**
10. **Santa Clara County City Managers Association Update (KIRBY)**
11. **Executive Director Update (SIRKAY)**
12. **Joys and Challenges (All)**

ADJOURN (KLEIN)

Meeting adjourned at 9:33 PM

Respectfully submitted on August 14, 2025,

Vaishali Sirkay

Vaishali Sirkay
Executive Director
Cities Association of Santa Clara County

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SPECIAL MEETING
BOARD OF DIRECTORS

CITIES ASSOCIATION OF SANTA CLARA COUNTY

North Bay Conference Room (Room 145)
Sunnyvale City Hall
456 W. Olive Avenue
Sunnyvale, CA 94086

JUNE 12, 2025
6:15 PM

Meeting Information:

- *Board meetings are open to the public at the location shown above.*
- *More information on public comment and accessibility is given at the end of the agenda.*

AGENDA IN BLACK/MINUTES IN RED

WELCOME & CALL TO ORDER – (KLEIN)

Meeting called to order at 6:23 PM

ROLL CALL (SIRKAY)

Board Members Present (13):

Campbell	Terry Hines*
Cupertino	Kitty Moore
Gilroy	Greg Bozzo
Los Altos	Neysa Fligor
Los Altos Hills	Kavita Tankha
Los Gatos	Matthew Hudes
Monte Sereno	Javed Ellahie
Morgan Hill	Marilyn Librers*
Mountain View	Ellen Kamei (arrived 6:47 PM)
Palo Alto	Ed Lauing
San Jose	Rosemary Kamei
Saratoga	Tina Walia
Sunnyvale	Larry Klein

*Alternate

Board Members Absent: (2)

Milpitas	Carmen Montano
Santa Clara	Kelly Cox

Staff Present (1):

Shali Sirkay	Executive Director

ORAL COMMUNICATIONS FROM THE PUBLIC ON NONAGENDIZED ITEMS

This portion of the meeting is reserved for persons wishing to address the Board on any matter not on the agenda. State law prohibits the Board from discussing and/or acting on nonagendized items.

None

AGENDA

1. Governance Discussion and Presentation: *The Fruits of Good Governance: How Cities & Towns Can Achieve the Most Effective Relationships Amongst Councils, City Staff & Colleagues*

ADJOURN (KLEIN)

Meeting adjourned at 8:52 PM

Respectfully submitted on August 14, 2025,

Vaishali Sirkay
Executive Director
Cities Association of Santa Clara County

PUBLIC COMMENT

Members of the public wishing to comment on an item on the agenda may do so in the following ways:

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Agenda Item No: _____4______
Meeting Date: August 14, 2025

Cities Association of Santa Clara County Agenda Report

To: BOARD OF DIRECTORS

Prepared by: Shali Sirkay, Executive Director

TOPIC: **Fiscal Year 2023-2024 Annual Audit for the Cities Association of Santa Clara County Joint Powers Agency**
SUBJECT: **Acceptance of Audit Results**

RECOMMENDATION:
Staff recommends that the Board of Directors consider accepting the audit results for February through June 2024 and direct staff to file the audit with the appropriate entities.

BACKGROUND:
The Cities Association of Santa Clara County (CASCC) became a joint powers authority (JPA) on February 1, 2024. Section 16.5 of the JPA Agreement requires the JPA to contract with a Certified Public Accountant to conduct an annual financial audit that conforms with state law requirements. At its March 14, 2024 board meeting, the CASCC board voted to authorize the Board President to execute an agreement with Moss, Levy and Hartzheim LLP (MLH) to perform annual audits for FY 23-24 (FY24) and FY 24-25 (FY25) in an amount not to exceed $12,000.00 for both audits. The initial MLH auditor explained to staff that the audit for FY24 would be due 12 months from the end of FY24 (therefore, the audit would be need to be completed by June 30, 2025).

The FY24 audit has now been completed and is attached to this staff report along with correspondence from the auditor, please see Attachments 1-3.

SUMMARY AND EXPLANATION OF AUDIT FINDINGS:
(1) Please refer to the "COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT" document.

MLH listed/noted three "adjustments to journal entry" ("AJE"; *journal entries* refers to QuickBooks Online accounting system). They are explained as follows:

AJE #1 - To recognize expense incurred for the period February 1 through June 30, 2024 and paid in FY 24-25

The CASCC bookkeeper incorrectly categorized the dollar amount, $59,300, in this fiscal year for two invoices that were received by CASCC before June 30, 2024. Since the services were provided from February - June 2024 and paid after June 30, 2024, this amount should have been accounted for in the financial statements as an expense to "Contractors" and a liability in Accounts Payable. Because these invoices were not included until after June 30, 2024, the financial statements didn't show the full amount of money that the Agency owed as of June 30, 2024.

AJE #2 - To remove Reserve for Operations account

The Reserve for Operations account is not a separately held group of funds. Staff asked the bookkeeper what this line item referred to, since the bookkeeper's services and institutional knowledge predates those of the Executive Director. As seen in the QuickBooks Online journal entry below, this classification was created in June 1998 and there has not been any activity since 2007. The bookkeeper does not know what the Reserve for Operations refers to, stating only, "This is the history of that account. Any changes there should have come on the advice of the Tax accountant."

DATE	TRANSACTION TYPE	NUM	ADJ	NAME	MEMO/DESCRIPTION	ACCOUNT	SPLIT	AMOUNT
Reserves								
Reserve for Operations								
06/30/1998	Journal Entry		No			3014 Reserves:Reserve for Oper...	-Split-	45,000.00
06/30/2002	Journal Entry	reclass	No			3014 Reserves:Reserve for Oper...	-Split-	-10,000.00
06/30/2003	Journal Entry	adj reserve	No			3014 Reserves:Reserve for Oper...	-Split-	6,000.00
06/30/2007	Journal Entry		No		Adjust fixed assets to match audi...	3014 Reserves:Reserve for Oper...	-Split-	-6,000.00
Total for Reserve for Operations								$35,000.00
Total for Reserves								$35,000.00
TOTAL								$35,000.00

The auditor recommended that we remove this designation.

AJE #3 - To record depreciation expense for the period February 1, 2024 through June 30, 2024

The auditor included depreciation for assets owned by the CASCC. The CASCC owns 2 MacBook laptops and 1 printer. These were purchased before the Executive Director joined the CASCC in July 2022, and no receipts or other documentation have been located to show the cost of these 3 items. The auditor estimated the value and subsequent depreciation values.

(2) Please refer to the attached *CASCCJPA Communication of Significant Deficiencies*. In this document, MLH identified 2 deficiencies:

Services Rendered for the Period Ended June 30, 2024 not Properly Accrued to Accounts Payable

This was explained above under AJE#1.

Lack of Appropriate Backup for Credit Card Statements

The CASCC credit card is only used to pay for recurring expenses, such as its Zoom account and Adobe Acrobat license. These recurring charges were set up by previous staff/executive directors to be automatically paid in full through the CASCC bank account. Each month, the Executive Director reviews the *paper* bills to check for fraudulent charges. The auditor asked for invoices to support the recurring charges. However, the recurring charges utilize paperless billing. Unfortunately, at the time of the audit, access to the online accounts was not available to the Executive Director as it had been set up by a prior Executive Director. Therefore, invoices to support the recurring charges could not be provided to the auditor. So even though all the credit card statements were provided to the auditor for this time period, it is still considered a significant deficiency because there is no supporting documentation for the recurring charges. This issue has been resolved and access is now available so this problem should not arise again during future audits.

On a separate note, the charges incurred on the credit card have all been reviewed and verified by the Executive Director to insure no fraudulent or otherwise incorrect charges were incurred on the credit card.

ATTACHMENTS:

1. Communication With those Charged With Governance at the Conclusion of the Audit
2. CASCCJPA Communication of Significant Deficiencies
3. CASCCJPA Audited Financial Statements

Moss, Levy & Hartzheim LLP
Certified Public Accountants

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT

June 30, 2025

To the Board of Directors
Cites Association of Santa Clara County
Joint Powers Agency

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and the aggregate remaining fund information of the Cities Association of Santa Clara County Joint Powers Agency (the Agency) for the period from February 1, 2024 through June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the Period. We noted no transactions entered into by the Agency during the period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was:

> Investments -- Management's estimate of the LAIF Investments is carried at fair value based on the value of each participating dollar of its pooled share. We evaluated the methods, assumptions, and data used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

AJE #1 - To recognize expense incurred for the period February 1 through June 30, 2024 and paid in FY 24-25			
Account	Description	Debit	Credit
6153	OFFICE PERSONNEL_CONSULTANTS: Contractors	59,300	-
2000	Accounts Payable	-	59,300
		$ 59,300	$ 59,300

AJE #2 - To remove Reserve for Operations account			
Account	Description	Debit	Credit
3014	Reserves: Reserve for Operations	35,000	-
1110	Unrestricted Fund Balance	-	35,000
		$ 35,000	$ 35,000

AJE #3 - To record depreciation expense for the period February 1, 2024 through June 30, 2024			
Account	Description	Debit	Credit
MLH #1	Depreciation Expense	276.82	-
1700	Accumulated Depreciation	-	276.82
		$ 276.82	$ 276.82
	GRAND TOTAL	$ 94,576.82	$ 94,576.82

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 24, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Very truly yours,

Moss, Levy & Hartzheim, LLP

Moss, Levy & Hartzheim, LLP

Moss, Levy & Hartzheim LLP
Certified Public Accountants

To the Board of Directors
Cities Association of Santa Clara County
Joint Powers Agency

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cities Association of Santa Clara County (the Agency) as of and for the period February 1, 2024 through June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

1. *Services Rendered for the Period Ended June 30, 2024 not Properly Accrued to Accounts Payable* – For the period ended June 30, 2024, we identified a material expense related to services received before period-end that was not recorded in the general ledger as of June 30, 2024. Specifically, two invoices totaling $59,300 were not accrued in accounts payable, resulting in a material understatement of both expenditures and liabilities in the Agency's financial statements. The misstatement was corrected as part of the audit through a proposed audit adjustment.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

1. *Lack of Appropriate Backup for Credit Card Statements* – The Agency provided all credit card statements requested for the period ended June 30, 2024. While the charges on these statements were recurring in nature, supporting documentation such as itemized receipts or invoices were not available for review. To promote transparency and ensure appropriate spending, internal controls over disbursements should include procedures to ensure all credit card transactions are supported by adequate documentation for all charges.

This communication is intended solely for the information and use of the Board of Directors, and others within the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss, Levy & Hartzheim LLP

Santa Maria, California
June 30, 2025

Cities Association of Santa Clara County
Joint Powers Agency

Audited Financial Statements

For the Period February 1, 2024 through June 30, 2024

Cities Association of Santa Clara County
Joint Powers Agency

Table of Contents

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cities Association of Santa Clara County
Joint Powers Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cities Association of Santa Clara County Joint Powers Agency (the Agency) as of and for the period from February 1, 2024 through June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Cities Association of Santa Clara County Joint Powers Agency, as of June 30, 2024, and the respective changes in financial position thereof, for the period then ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

2400 Professional Parkway, Suite 205 Santa Maria, CA 93455 Tel 805.925.2579 Fax 805.925.2147 mlhcpas.com
BEVERLY HILLS - CULVER CITY - SANTA MARIA

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, on our consideration of the Cities Association of Santa Clara County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, CA
June 30, 2025

Cities Association of Santa Clara County Joint Powers Agency
Statement of Financial Position
June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash and cash equivalents	$ 168,093	$ -	$ 168,093
Investments	26,244		26,244
Accounts receivable	21,415		21,415
Total cash and cash equivalents	215,752	-	215,752
Total assets	$ 215,752	$ -	$ 215,752
Liabilities and Net Assets			
Current liabilities			
Accounts payable	$ 102,403	$ -	$ 102,403
Line of credit	389		389
Total current liabilities	102,792	-	102,792
Net assets			
Without donor restrictions	112,960		112,960
Total net assets	112,960	-	112,960
Total liabilities and net assets	$ 215,752	$ -	$ 215,752

The accompanying notes are an integral part of these financial statements.

Cities Association of Santa Clara County Joint Powers Agency
Statement of Activities
For the Period February 1, 2024 through June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Special item — Government combination	$ 173,368	$ -	$ 173,368
Planning collaborative	75,763		75,763
Investment income	765		765
Miscellaneous	8,701		8,701
Total revenue	258,597	-	258,597
Expenses			
Contracted services	59,300		59,300
Professional fees	38,169		38,169
SCSC refunds	36,706		36,706
Bank service charges	304		304
Insurance	3,976		3,976
Dues and subscriptions	1,200		1,200
Postage and delivery	246		246
Software licenses	1,670		1,670
Charitable contributions	300		300
Depreciation	277		277
Hospitality	607		607
Miscellanous	2,882		2,882
Total operating expenses	145,637	-	145,637
Increase (decrease) in net assets	112,960		112,960
Net assets at February 1, 2024	-	-	-
Net assets at June 30, 2024	$ 112,960	$ -	$ 112,960

The accompanying notes are an integral part of these financial statements.

Cities Association of Santa Clara County Joint Powers Agency
Statement of Cash Flows
For the Period February 1, 2024 through June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities			
Increase (decrease) in net assets	$ 112,960	$ -	$ 112,960
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	(277)		(277)
Investment income	(765)		(765)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts Receivable	(21,415)		(21,415)
Increase (decrease) in:			
Accounts payable	102,403		102,403
Net cash provided (used) by operating activities	192,906	-	192,906
Cash flows from investing activities:			
Transfer to LAIF investments	(25,202)		(25,202)
Net cash (used) by investing activities	(25,202)		(25,202)
Cash flows from financing activities:			
Proceeds from line of credit	1,903		1,903
Repayment on line of credit	(1,514)		(1,514)
Net cash provided by investing activities	389		389
Net increase in cash and equivalents	168,093	-	168,093
Cash and cash equivalents at February 1, 2024	-	-	-
Cash and cash equivalents at June 30, 2024	$ 168,093	$ -	$ 168,093

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

A. Organization

The Cities Association of Santa Clara County Joint Powers Agency is an association of all 15 cities within the county of Santa Clara. The Agency was organized February 1, 2024 pursuant to the provisions of California Government Code Section 6500 et seq. through a Joint Powers Agreement entered into by the cities within Santa Clara County. The Agency was formed to facilitate inter-city collaboration on regional matters affecting cities in Santa Clara County. Each participating city is a voting member of the Agency.

B. Governance

The Agency is governed by a Board of Directors composed of one representative from each member city. The board is responsible for approving the annual budget, setting member contributions, establishing organizational policies, and coordinating inter-city collaboration.

C. Reporting Entity

Cities Association of Santa Clara County Joint Powers Agency is a separate legal entity from its member cities. It does not meet the criteria to be reported as a component unit of any individual city under the standards established by GASB Statement No. 14, as amended by GASB Statements No. 39 and No. 61. The Agency has its own governing board, maintains independent operations and financial records, is not financially accountable to, or controlled by any single city and is therefore fiscally independent.

The period ended June 30, 2024 represents the initial reporting period for Cities Association of Santa Clara County following its formation on February 1, 2024. These financial statements cover the partial period from February 1, 2024 through June 30, 2024, and as such, do not represent a full fiscal year of operations.

Future financial statements will reflect a full twelve-month fiscal year beginning July 1 and ending June 30.

D. Basis of Accounting

The financial statements of Cities Association of Santa Clara County have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities for its governmental fund statements.

E. Measurement Focus

The governmental fund is reported using the current financial resources measurement focus. Revenues are recognized when they become measurable and available. Expenditures are recognized when the related fund liability is incurred.

F. Budgets and Budgetary Accounting

The Agency adopts an annual budget on or before June 30. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations.

G. Fund Structure

The Agency uses a single General Fund to account for all of its financial activities.

H. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from those estimated amounts.

Note 1: Summary of Significant Accounting Policies (Continued)

I. **Revenue Recognition**

The Cities Association of Santa Clara County Joint Powers Agency is funded primarily through annual membership contributions from its member cities. These contributions are assessed according to a formula determined by the Board of Directors. Memebership dues for the period ending June 30, 2024, were collected by a predecessor entity prior to he formation of the Agency and are not included in these financial statements.

J. **Cash and Cash Equivalents**

Cash and cash equivalents include all monies in banks and temporary investments which are readily convertible into cash within ninety (90) days of purchase.

K. **Investments**

Local Agency Investment Fund:

LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF. The fair value of the Agency's position in LAIF is the same as the value of its pooled share. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices.

L. **Concentration of Credit Risk**

Credit risk is the failure of another party to perform in accordance with the contract terms. Financial instruments which potentially subject Cities Association of Santa Clara County Joint Powers Agency to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and receivables.

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The Agency deposits its cash with high quality financial institutions, and management believes the Agencyn is not exposed to significant credit risk on these amounts. The Agency is required by ASC 825-50, *Financial Instruments, Concentrations of Credit Risk of All Financial Instruments,* to disclose significant concentrations of credit risk regardless of the degree of risk.

With respect to receivables, the Agency routinely assesses the financial strength of its debtors and believes that the receivables credit risk exposure is limited.

Note 2: Membership and Contributions

As of June 30, 2024, Cities Association of Santa Clara County Joint Powers Agency consisted of 14 member cities. Each member contributes annual dues, which are the primary revenue source for the Agency. The dues are assessed based on a Board-approved formula. Members may withdraw from the Agency with 180 days written notice of withdrawal to the Agency, but remain liable for their proportionate share of obligations incurred during their period of participation.

During the initial reporting period from February 1, 2024 through June 30, 2024, the Agency did not receive any member contributions. Membership dues for the period were collected prior to the Agency's formal formation date and are not included as revenue in this financial report.

Future financial statements will reflect membership contributions as reveue in the fiscal year in which they are assessed and earned.

Note 3: Cash and Investments

As of June 30, 2024, the Cities Association of Santa Clara County Joint Powers Agency had the following cash and investments on hand:

Financial Assets	
Cash and cash equivalents	$ 168,093
Investments	26,244
Amounts available for expenditure within one year	194,337

The Agency maintains a checking account with a U.S. Bank, a financial institution insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2024, none of the Agency's cash balances exceeded the FDIC threshold of $250,000 at U.S. Bank.

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency did not have investments that are measured under Level 1, Level 2, or Level 3.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

		Remaining Maturity (in Months)			
Investments Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
LAIF	$ 26,244	$ 26,244	$ -	$ -	$ -
Total	$ 26,244	$ 26,244	$ -	$ -	$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented on the following page is the minimum rating required by the California Government Code, and the actual rating as of fiscal year end for each investment type.

				Rating as of Fiscal Year End		
Investment Type	Carrying Amount	Minimum Legal Rating	Exempt from Disclosure	AAA	Aa	Not Rated
LAIF	$ 26,244	N/A	$ -	$ -	$ -	$ 26,244

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Agency investments.

Note 4: Line of Credit

The Agency has a line of credit with First National Bank of Omaha. The line carries a variable rate of interest. As of June 30, 2024, the Agency had a balance in the line of credit in the amount of $389.

Note 5: Risk Management

The Agency maintains liability coverage provided through Special District Risk Management Authority, and the Agency has not experienced any settlements exceeding coverage since its formation and as of June 30, 2024.

Note 6: Special item – Goverenment Contribution

On February 1, 2024, the Cities Association of Santa Clara County Joint Powers Agency was formed, assuming the operations and certain assets and liabilities of the Cities Association of Santa Clara County, an unincorporated association, as part of a governmental restructuring approved by the governing bodies. This transfer was completed without consideration and resulted in a one-time contribution to the JPA.

The contribution is reported as a special item in accordance with Governmental Accounting Standards Board Statement No. 34, as the transaction is both unusual in nature and infrequent in occurrence.

The total net value of assets and liabilities assumed was $176,368, and included:

Assets		
Cash and investments	$	153,578
Accounts receivable		39,631
Liabilities		
Accounts payable		(19,459)
Line of credit		(382)
Total:	$	173,368

This governmental contribution represents a non-exchange transaction and is reported separately on the Statement of Activities to highlight its nature as a one-time event.

Note 7: Commitments and Contingencies

As of June 30, 2024, the Organization has no outstanding contracts, commitments, or litigation.

Note 8: Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available for issuance which is June 30, 2025.

AMENDED IN ASSEMBLY APRIL 10, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL No. 736

Introduced by Assembly Members Wicks, Haney, and Quirk-Silva
(Principal coauthor: Assembly Member Ransom)
(Principal coauthors: Senators Arreguín, Becker, Blakespear, Cabaldon, and Wiener)
(Coauthors: Assembly Members Alvarez, Ávila Farías, Bennett, Berman, *Caloza,* Connolly, Mark González, Harabedian, Jackson, Kalra, Krell, McKinnor, Muratsuchi, Nguyen, Schiavo, Schultz, Soria, Ward, Wilson, and Zbur)
(Coauthors: Senators Ashby, Grayson, Pérez, ~~Umberg, and Wahab)~~ *and Umberg)*

February 18, 2025

An act to add Part 16.1 (commencing with Section 54050) to Division 31 of the Health and Safety Code, relating to housing, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 736, as amended, Wicks. The Affordable Housing Bond Act of 2026.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Affordable Housing Bond Act of 2026, which, if adopted, would authorize the issuance of bonds in the amount of $10,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance programs to fund affordable rental housing and home ownership programs, including, among others, the Multifamily Housing Program, the CalHome Program, and the Joe Serna, Jr. Farmworker Housing Grant Program.

This bill would provide for submission of the bond act to the voters at the June 2, 2026, statewide primary election, in accordance with specified law.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ⅔. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

SECTION 1. Part 16.1 (commencing with Section 54050) is added to Division 31 of the Health and Safety Code, to read:

PART 16.1. AFFORDABLE HOUSING BOND ACT OF 2026

CHAPTER 1. GENERAL PROVISIONS

54050. This part shall be known as the Affordable Housing Bond Act of 2026.

54051. This part shall only become operative upon adoption by the voters at the June 2, 2026, statewide ~~general~~ *primary* election.

54052. For purposes of this part, “fund” means the Affordable Housing Bond Act Trust Fund of 2026 created pursuant to Section 54054.

Chapter 2. Affordable Housing Bond Act Trust Fund of 2026 and Program

54054. (a) The Affordable Housing Bond Act Trust Fund of 2026 is hereby created within the State Treasury. It is the intent of the Legislature that the proceeds of bonds, exclusive of refunding bonds issued pursuant to Section 54076, be deposited in the fund and used to fund affordable rental housing and home ownership programs.

(b) The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(1) Five billion ~~two hundred fifty million dollars ($5,250,000,000)~~ *dollars ($5,000,000,000),* to be deposited in the Housing Rehabilitation Loan Fund established pursuant to Section 50661 to be used for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. At least 10 percent of assisted units in each development receiving these funds shall be affordable to extremely low income households.

(2) One billion seven hundred ~~fifty~~ million dollars ~~($1,750,000,000)~~ *($1,700,000,000),* to be deposited in the Housing Rehabilitation Loan Fund established pursuant to Section 50661 to be used for supportive housing, as described in Section 50675.14, pursuant to the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. The department shall offer capitalized operating subsidy reserves for supportive housing units in developments receiving these funds.

(3) Eight hundred million dollars ($800,000,000), to be appropriated by the Legislature, to the program commonly known as the Portfolio Reinvestment Program established pursuant to Chapter 5.5 (commencing with Section 50606) of Part 2.

(4) Five hundred million dollars ($500,000,000), to be appropriated by the Legislature, to a program, to be administered by the Department of Housing and Community Development, to fund the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions on the housing units, while safeguarding against the displacement of current residents. It is the intent of the Legislature that the specific criteria

establishing eligibility for, and use of, the funds shall be established in statute.

~~(5) Two hundred million dollars ($200,000,000), to be appropriated by the Legislature, to the Energy Efficiency Low-Income Weatherization Program established pursuant to Section 12087.5 of the Government Code.~~

~~(6)~~

(5) One billion dollars ($1,000,000,000), to be appropriated by the Legislature, to provide home ownership opportunities through the following programs:

(A) The CalHome Program established pursuant to Chapter 6 (commencing with Section 50650) of Part 2.

(B) The home purchase assistance program established pursuant to Chapter 6.8 (commencing with Section 51341) of Part 3.

~~(7) Two~~

(6) Three hundred fifty million dollars ~~($250,000,000),~~ *($350,000,000),* to be appropriated by the Legislature, to the Joe Serna, Jr. Farmworker Housing Grant Program pursuant to Chapter 3.2 (commencing with Section 50515.2) of Part 2.

~~(8)~~

(7) Two hundred fifty million dollars ($250,000,000), to be appropriated by the Legislature, to a dedicated, flexible, and comprehensive state program designed for, and in consultation with, tribes, that shall be administered by the Department of Housing and Community Development, to finance housing and housing-related activities that will enable tribes to rebuild and reconstitute their communities. It is the intent of the Legislature that the specific criteria establishing eligibility for and use of the funds shall be established in statute.

(8) Four hundred million dollars ($400,000,000) for the Infill Infrastructure Grant Program of 2019 established pursuant to Section 53559 of the Health and Safety Code.

54056. (a) The Legislature may, from time to time, amend any law related to programs to which funds are, or have been, allocated pursuant to this chapter for the purposes of improving the efficiency and effectiveness of those programs or to further the goals of those programs.

(b) The Legislature may amend this chapter in order to reallocate the proceeds of bonds issued and sold pursuant to this part among the programs to which funds are to be allocated pursuant to this chapter as necessary to effectively promote the development of affordable housing in this state.

(c) The Department of Housing and Community Development may disburse any funds made available to housing development projects pursuant to this chapter during the construction period.

Chapter 3. Fiscal Provisions

54060. Bonds in the total amount of ten billion dollars ($10,000,000,000), exclusive of refunding bonds issued pursuant to Section 54076, or so much thereof as is necessary as determined by the committee, are hereby authorized to be issued and sold for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. All bonds herein authorized that have been duly issued, sold, and delivered as provided herein shall constitute valid and binding general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal of, and interest on, those bonds when due.

54062. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), except subdivisions (a) and (b) of Section 16727 of the Government Code, and all of the provisions of that law as amended from time to time apply to the bonds and to this part, except as provided in Section 54078, and are hereby incorporated in this part as though set forth in full in this part.

54064. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this part, the committee is continued in existence. For the purposes of this part, the Housing Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law.

(b) For the purposes of the State General Obligation Bond Law, the Department of Housing and Community Development is designated the "board" for programs administered by the department, and the California Housing Finance Agency is the "board" for programs administered by the agency.

54066. Upon request of the board stating that funds are needed for purposes of this part, the committee shall determine whether or not it is necessary or desirable to issue bonds, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and are not required to be sold at any one time. Bonds may bear interest subject to federal income tax.

54068. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collections of state revenues to do or perform each and every act that is necessary to collect that additional sum.

54070. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for the purposes of this part, an amount that will equal the total of both of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this part, as the principal and interest become due and payable.

(b) The sum that is necessary to carry out Section 54074, appropriated without regard to fiscal years.

54072. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this part. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54076, for purposes of this part, less any amount loaned pursuant to this section and not yet repaid and any amount withdrawn from the General Fund pursuant to Section 54074 and not yet returned to the General Fund. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated in accordance with this part.

54074. For purposes of carrying out this part, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54076, for purposes of this part, less any amount loaned pursuant to Section 54072 and not yet repaid and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund. Any amounts withdrawn shall be deposited in the fund to be allocated in accordance with this part. Any moneys made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from moneys received from the sale of bonds that would otherwise be deposited in that fund.

54076. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. Approval by the electors of this act shall constitute approval of any refunding bonds issued to refund bonds issued pursuant to this part, including any prior issued refunding bonds. A bond refunded with the proceeds of a refunding bond as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

54078. Notwithstanding any provisions in the State General Obligation Bond Law, the maturity date of bonds authorized by this part shall not be later than 35 years from the date of each bond. The maturity of each series shall be calculated from the date of issuance of each bond.

54080. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this part are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

54082. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this part that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, may order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of tax-exempt bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

54084. (a) Subject to subdivision (b), all moneys derived from premiums and accrued interest on bonds sold pursuant to this part shall be transferred to the General Fund as a credit to expenditures for bond interest.

(b) Amounts derived from premiums may be reserved and used to pay the costs of bond issuance before transfer to the General Fund.

SEC. 2. Section 1 of this act shall become operative upon the adoption by the voters of the Affordable Housing Bond Act of 2026.

SEC. 3. Section 1 of this act shall be submitted to the voters at the June 2, 2026, statewide *primary* election, in accordance with provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to maximize the time available for the analysis and preparation of the proposed issuance of bonds pursuant to this act, it is necessary that this act take effect immediately.

O

ASSEMBLY THIRD READING
AB 736 (Wicks, et al.)
As Amended April 10, 2025
2/3 vote. Urgency

SUMMARY

Authorizes the Affordable Housing Bond Act of 2026 to place a $10 billion housing bond on the March 2, 2026 primary ballot to fund production of affordable housing and supportive housing.

Major Provisions

1) Authorizes $10 billion in general obligation bonds to fund the following programs:

    a) $5 billion to the Multifamily Housing Program (MHP). At least 10% of units in an MHP development must be available for extremely low-income households.

    b) $1.7 billion to supportive housing administered through the MHP program. Requires the Department of Housing and Community Development (HCD) to offer capitalized operating subsidy reserves for supportive housing developments receiving funding.

    c) $800 million for the Portfolio Reinvestment Program

    d) $500 million for a program to be created by the Legislature that funds acquisition and rehabilitation of unrestricted housing units and the attachment of long-term affordability restrictions to the units, while safeguarding against the displacement of current residents

    e) $1 billion to the CalHOME Program and the My Home down payment assistance program administered by the California Housing Finance Agency (CalHFA).

    f) $350 million to the Joe Serna, Jr. Farmworker Housing Program.

    g) $250 million to a dedicated, flexible, and comprehensive state program designed for, and in consultation with, tribes, administered by HCD, to finance housing and housing-related activities that will enable tribes to rebuild and reconstitute their communities.

    h) $400 million for the Infill Infrastructure Grant Program of 2019.

2) Authorizes the Legislature to amend any law related to programs funded by this measure to improve the efficiency and effectiveness of those programs and to reallocate funds authorized by the bond to effectively promote affordable housing in the state.

3) Authorizes HCD to disburse funds made available through the bond to housing development projects during the construction period.

4) Authorizes HCD to disperse funds made available through the bond to housing developments during the construction period.

5) Includes the following definitions:

    a) "Board" means HCD for programs administered by the department and CalHFA for programs administered by the agency;

b) "Committee" means the Housing Finance Committee;

c) "Fund" means the Affordable Housing Bond Act of 2026;

6) Authorizes the committee, upon a request by the board, to determine whether or not it is necessary and desirable to issue bonds, upon a request by the board, and if so the bonds will be issued and sold.

7) Authorizes the board to request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account to support the bond.

8) Includes an urgency clause.

COMMENTS

Affordable Housing Need: According to the 2022 Statewide Housing Plan, to meet California's unmet housing needs, the state needs an additional 2.5 million housing units, including 1.2 million for lower-income households. Decades of underbuilding have led to a lack of housing overall, particularly housing that is affordable to lower-income households. The state needs an additional 180,000 new units of housing a year to keep up with demand – including about 80,000 units of housing affordable to lower-income households. By contrast, production in the past decade has been under 100,000 units per year – including less than 20,000 units of affordable housing per year.

Furthermore, the state's homelessness crisis is driven by the lack of affordable rental housing for lower income people. According to the California Housing Partnership's (CHP's) Housing Need Dashboard, in the current market, over 2 million extremely low-income and very low-income renter households are competing for roughly 750,000 available and affordable rental units in the state. Over three-quarters of the state's extremely low-income households and over half of the state's very low-income households are severely rent burdened, paying more than 50% of their income toward rent each month.

Despite recent investments over the last few years, state and local governments have not significantly invested in affordable housing production in decades, leading to a lack of supply. In addition, local governments have failed to adequately zone or plan for affordable housing for decades. In the last eight years, the state has taken major steps to increase the supply of housing by requiring local governments to plan and zone for 2.5 million new housing units, holding local governments accountable for approving housing, and streamlining both affordable housing and mixed-income housing.

Affordable Housing Funding: Developing housing that is affordable to very low- and low-income families requires some amount of public investment. Due to the high cost of land and construction materials and significant regulatory barriers, the private market does not build housing that is affordable for lower income households. The state provides public subsidy to non-profit and for-profit developers to build affordable housing that is deed restricted for 55 years. It is important to note that a single affordable housing unit serves more than one individual over the course of its 55-year affordability term. Most affordable housing units will serve 17.5 people over the term. Historically the state has funded affordable housing production through voter-approved bonds and low-income housing tax credits (LIHTC). Only in the last few years have the Legislature and Governor allocated General Fund dollars to affordable housing.

Beginning in 2019, an unprecedented $8 billion in General Fund has gone to a variety of affordable housing programs. According to the Legislative Analyst's Office, while the budget picture is fair for the upcoming year, the outlook suggests that the state faces double-digit operating deficits in the years to come. The last voter-approved bond, the Veterans and Affordable Housing Bond Act of 2018, authorized $3 billion to fund state affordable housing programs and $1 billion for the CalVet program, which provides mortgages to veterans. All of the funding from the bond, including $1.5 billion for the state's flagship affordable multi-family rental housing program – MHP – has been fully allocated.

In addition to bond proceeds and the General Fund, the federal and state government both subsidize affordable housing through LIHTC. The federal government offers two forms of tax credits, a 9% and a 4% credit. The 9% credit equates to approximately $109 million in annual subsidy. The 4% credits are unlimited but must be paired with private activity bonds (PABs), which are capped. Since 1986, the state has offered a state LIHTC that generally equates to about $100 million each year. In 2019, AB 101 (Budget Committee), Chapter 159, Statutes of 2019 was signed into law, providing an additional $500 million in "enhanced" state LIHTCs in 2020 and future years, subject to appropriation. Twenty-five million of the $500 million in enhanced LIHTC is available for farmworker housing developments. The enhanced LIHTC must be paired with 4 percent federal credits in an effort to capitalize on the unlimited nature of those credits and to leverage PABs. The Governor did not include any funding for affordable housing in his January budget, including zeroing out the $500 million in enhanced state LIHTC that has been allocated since 2019.

Without some form of additional subsidy either through General Obligation bonds, a General Fund appropriation, or more state LIHTC, no more than a trickle of affordable housing projects will have enough subsidy to move forward beyond 2025 given the existing limited resources of state and federal LIHTC.

Other Funding for Affordable Housing: In 2017, the Legislature passed SB 2 (Atkins), Chapter 364, Statutes of 2017 which created a permanent funding source for affordable housing through a $75 recording fee on real estate documents, excluding those recorded at the time of sale of a property. The fee generates between $300 million and $500 million each year. Seventy percent of the funds must go directly to counties to spend on housing priorities. The remaining 30% is split between the CalHFA Mixed Income Housing program, the Joe Serna, Jr. Farmworker Housing Program, and funds for state incentive programs.

The Affordable Housing and Sustainable Communities (AHSC) Program is one of the state's few affordable housing program that receives ongoing funds. The program is funded by a continuous appropriation of 20% of funds from the Greenhouse Gas Reduction Fund (GGRF), funded by proceeds of the cap-and-trade system. Because AHSC is a GHG reduction program, applicants who receive awards are responsible for monitoring and reporting their projects' emissions reductions using a quantification methodology certified by the California Air Resources Board. Since 2015, AHSC has made ten rounds of funding, invested $2.5 billion in affordable housing to produce 15,324 affordable housing units and reduced 4.4 million tons of CO2E.

Supportive Housing: Supportive housing combines non-time-limited affordable housing assistance with wrap-around supportive services for people experiencing homelessness, as well as other people with disabilities. The state has funded supportive housing through MHP and the No Place Like Home Program (NPLH). NPLH authorized the state to issue $2 billion in General

Obligations bonds against revenues from the Mental Health Services Act – a 1% tax on millionaires in the state. Those funds supported the construction of over 7,000 supportive housing units and the funds are now exhausted. The voters passed Proposition 1 in March of 2024 to strengthen California's behavioral health system by funding mental health treatment, substance use disorder services, and supportive housing for veterans and individuals facing homelessness. The Proposition 1 bond included $1.98 billion for supportive, with $1.065 billion designated for veterans and $922 million for other people experiencing or at risk of homelessness with behavioral health challenges. AB 736 would provide $1.75 billion to supportive housing for people at risk or experiencing homelessness. In addition, the bond would require that 10% of any units created through MHP go to people who are extremely low-income (at or below 30% of area median income), who may be at greater risk of homelessness.

Other Programs: AB 736 would require a portion of the bond proceeds to go toward a program to finance housing and housing-related activities that will enable tribes to rebuild and reconstitute their communities. SB 1187 (McGuire), Chapter 295, Statutes of 2024 created the Tribal Housing Grant Program (THGP) at HCD for the construction and rehabilitation of rental and for-sale housing. AB 736 also references funding for a program to be created by the Legislature that funds acquisition and rehabilitation of unrestricted housing units and attachment of long-term affordability restrictions to the units. SB 490 (Caballero) of 2022 and SB 225 (Caballero) of 2024 would have created such a program, but both bills were held at various stages during the legislative process.

Funding Infrastructure: Funding for infrastructure was significantly reduced with the loss of redevelopment over a decade ago. The Legislature has prioritized policies and funding for infrastructure for mixed income and affordable housing. The Infrastructure Grant (IIG) Program was created in 2007 to provide funding for infrastructure that supports higher-density affordable and mixed-income housing in locations designated as infill. Under the program, developers and local governments can partner to apply for infrastructure funding, including the development or rehabilitation of parks or open space; water, sewer, or other utility service improvements; streets; roads; sidewalks; and environmental remediation. Originally, bond funding was provided for the program through the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C) and the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1). Since 2019-20, the budget included $775 million General Fund for the IIG Program. The IIG program was changed in 2019 to include funding for small jurisdictions, ensuring that funds were allocated across the state. The program includes a 10% set-aside in rural areas and allows a local government to apply for funding without a developer partner. The funds can be used in areas where developers are not building because the infrastructure is not adequate to support development.

In 2022, through the budget process the state created an IIG Catalytic program with the goal of providing financial assistance for Capital Improvement Projects (CIPs or Projects) that are necessary to facilitate the development of Catalytic Qualifying Infill Areas. Sites and parcels that make up Catalytic Qualifying Infill Areas must have been either previously developed (within the last ten years) or largely surrounded by sites developed with Urban Uses. IIG does not directly fund the construction of housing units, but is estimated to have supported the creation of 10,628 homes between 2019-20 and 2022-23.

According to the Author
"Housing affordability is the number one issue for lower income Californians. The Affordable Housing Bond of 2026 will help produce and preserve tens of thousands of affordable housing

units over several years, serving hundreds of thousands of lower income households over the following decades. And because every $1 spent by the state is matched by $4 from federal tax credits, local grants, and rent payments from the residents, the Affordable Housing Bond of 2026 is a smart investment."

Arguments in Support
According to a coalition of supporters, "these resources will facilitate the construction of almost 35,000 new units of deeply affordable housing, help preserve or rehabilitate 42,000 homes and make homeownership possible for more than 13,000 low-income households. The new construction rental housing funds will be leveraged with private, federal, and local funds at a ratio of more than 4:1."

Arguments in Opposition
The California Association of Realtors are opposed to this bill unless it is amended to do the following: prohibit the bond funds from being used to purchase single family homes (i.e., 1-4 units); require 20% of the money generated by the bond to be dedicated to the state's equity sharing downpayment assistance programs, known as California's Dream for All; and define "long-term affordability restrictions" to mean 45 years for homeownership.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

1) *Bond Costs*. Estimated total principal and interest costs of approximately $19 billion ($10 billion in principal and $9 billion in interest). General Fund (GF) debt service payments of approximately $630 million annually when all bonds are sold. This assumes an interest rate of 4.88% (the rate secured by the Treasurer for new 30-year bonds at the most recent sale) and a 30-year maturity. Actual costs would depend on the interest rate and the timing of the sales.

2) *Administrative Costs.* The Department of Housing and Community Development (HCD) would incur significant increased staffing and operating costs to administer the various housing programs, and to create two new housing programs funded by the bond act. Consistent with previous housing bond measures (Proposition 1C from 2009, Proposition 1 from 2018, and Proposition 2 also from 2018), HCD expects to utilize up to 5% of bond proceeds for administrative purposes. HCD indicates final staffing estimates would fall within these parameters and it does not anticipate a GF impact.

3) *Ballot Costs.* Estimated one-time GF costs to the Secretary of State (SOS) in the range of $984,000 to $1.23 million for printing and mailing costs to place the measure on the ballot in the January 2, 2026, statewide election. This estimate assumes an average per-page cost of $123,000 and the addition of eight to 10 pages in the Voter Information Guide.

VOTES

ASM HOUSING AND COMMUNITY DEVELOPMENT: 10-1-1
YES: Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Wicks, Wilson
NO: Gallagher

ABS, ABST OR NV: Ta

ASM APPROPRIATIONS: 11-2-2
YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache
NO: Dixon, Tangipa
ABS, ABST OR NV: Sanchez, Ta

UPDATED

VERSION: April 10, 2025

CONSULTANT: Lisa Engel / H. & C.D. / (916) 319-2085 FN: 0000591

AMENDED IN ASSEMBLY JULY 9, 2025

AMENDED IN ASSEMBLY JULY 1, 2025

AMENDED IN ASSEMBLY JUNE 23, 2025

SENATE BILL No. 326

Introduced by Senators Becker and Laird
(Principal coauthor: Senator Stern)
(Coauthor: Assembly Member Pellerin)

February 11, 2025

An act to add Sections 51182.1 and 51182.2 to, and to add Part 7.4 (commencing with Section 15480) to Division 3 of Title 2 of, the Government Code, to amend Section 13108.5 of the Health and Safety Code, and to amend Sections ~~4124.5~~ *4124*, *4124.5*, and 4291 of the Public Resources Code, relating to wildfire safety.

LEGISLATIVE COUNSEL'S DIGEST

SB 326, as amended, Becker. Wildfire safety: fire protection building standards: defensible space requirements: The California Wildfire Mitigation Strategic Planning Act.

(1) Existing law establishes the Office of the State Fire Marshal in the Department of Forestry and Fire Protection and establishes the Deputy Director of Community Wildfire Preparedness and Mitigation within the office. Existing law makes the deputy director responsible for fire preparedness and mitigation missions of the department, as provided. *Existing law requires the department to establish a local assistance grant program for fire prevention and home hardening education activities in California and specifies eligible activities under the local assistance grant program, as provided. Under existing law,*

funding for this local assistance grant program is contingent upon an appropriation by the Legislature.

This bill would require the deputy director, on or before January 1, 2027, and every 3 years thereafter, in consultation with the state hazard mitigation officer, as defined, to prepare a Wildfire Risk Mitigation Planning Framework sufficient to quantitatively evaluate wildfire risk mitigation actions, as provided. The bill would require the framework to allow for geospatial evaluation and comparison of wildfire risk mitigation actions, as defined, sufficient to direct coordinated mitigation efforts and long-term collaborative mitigation planning. The bill would require the deputy director to, each year the framework is completed, submit a copy of the framework to the Legislature, the Office of Energy Infrastructure Safety, and the Public Utilities Commission for review and consideration.

This bill would require the deputy director, on or before April 1, 2027, and every 3 years thereafter, in consultation with the state hazard mitigation officer, to prepare a Wildfire Risk Baseline and Forecast for the state delineated on a statewide level and by county, as provided. The bill would require the forecast to include geographic specificity as determined by the deputy director to be sufficient to evaluate targeted wildfire risk mitigation actions, and to accomplish specific things, including establishing key risk metrics for wildfire risk for the state as a whole, by county, and by geographic location. The bill would require the deputy director to, each year the forecast is completed, submit a copy of the forecast to the Legislature, the Office of Energy Infrastructure Safety, and the Public Utilities Commission for review and consideration.

This bill would require the deputy director, on or before August 1, 2027, in consultation with the state hazard mitigation officer, to prepare a Wildfire Mitigation Scenarios Report, to be updated annually. The bill would require the report to contain specified information, including identification of a reasonable range of possible scenarios for overall wildfire risk mitigation spending, as provided.

This bill would authorize the deputy director to contract with a private consultant or a public university with special expertise in quantitative assessment of wildfire risk and risk mitigation to conduct quantitative wildfire and community risk modeling and for preparation of reports to accomplish the purposes of this act.

This bill would, contingent upon an annual appropriation by the Legislature in the annual Budget Act, ~~authorize~~ *require* the department, beginning in the 2029–30 fiscal year and extending to the 2044–45 fiscal year, inclusive, to ~~allocate~~ *make* funds *available through the local assistance grant program* for programs to be implemented by local governments to achieve wildfire risk reduction in a cost-effective manner that is maximally consistent with the Wildfire Risk Mitigation Planning Framework.

(2) Existing law requires the State Fire Marshal to identify areas in the state as moderate, high, and very high fire hazard severity zones based on consistent statewide criteria and the severity of the fire hazard. Existing law requires a person who owns, leases, controls, operates, or maintains (1) an occupied dwelling or structure within a very high fire hazard severity zone as designated by a local agency, or (2) a building or structure in the state responsibility area, to maintain a defensible space of 100 feet from each side and from the front and rear of the structure, as specified. Under existing law, one of these defensible space requirements is the requirement to create an ember-resistant zone within 5 feet of the structure, based on regulations promulgated by the State Board of Forestry and Fire Protection, as provided. Executive Order No. N-18-25 directs the board to complete the formal rulemaking process applicable to these ember-resistant zone requirements no later than December 31, 2025. Under existing law, the requirement for an ember-resistant zone does not take effect for new structures until the board updates the applicable regulations and guidance document, as specified, and does not take effect for existing structures until 3 years after the effective date for the new structures. A violation of these requirements is a crime.

This bill would move up the effective date of the ember-resistant zone requirement for certain existing structures in the state responsibility area, as provided. By expanding the scope of a crime, the bill would impose a state-mandated local program.

This bill would revise and recast the local assistance grant program by, among other things, authorizing funding from the program to be used for projects to plan and carry out risk-targeted wildfire prevention work within a local government's jurisdiction, including costs necessary to use the above-described Wildfire Risk Mitigation Planning Framework to select, plan, and implement projects, and to implement activities consistent with early adoption of the ember-resistant zone rules, as provided.

This bill would, upon an annual appropriation by the Legislature in the annual Budget Act, ~~authorize~~ *require* the Department of Forestry and Fire ~~Protection~~ *Protection, during the 2025–26 to 2028–29 fiscal years, inclusive,* to ~~allocate~~ *make* funds ~~during the 2025–26 to 2028–29 fiscal years, inclusive,~~ *available through the local assistance grant program* for programs to be implemented by local agencies to ~~facilitate early implementation of the ember-resistant zone rules for existing commercial and residential structures. The bill would, among other things, authorize funds from this appropriation to be used to (A)~~ fund wildfire inspector positions sufficient to conduct inspections in very high fire hazard severity zones, ~~(B) provide grants to homeowners to assist with costs associated with early compliance with ember-resistant zone regulations within very high fire hazard severity zones, and (C) improve community safety, forest health, and wildfire resilience,~~ *in order to facilitate early implementation of the ember-resistant zone rules for existing commercial and residential structures,* as provided. As a condition of receiving funds, the bill would require local agencies to adopt the ember-resistant zone regulations, and related civil fine authority, applicable to very high fire hazard severity zones, as provided.

~~(3) Existing law requires the Department of Forestry and Fire Protection to establish a local assistance grant program for fire prevention and home hardening education activities in California and specifies eligible activities under the local assistance grant program, as provided. Under existing law, funding for this local assistance grant program is contingent upon an appropriation by the Legislature.~~

~~This bill would also authorize funding from the local assistance grant program to be used for projects to plan and carry out risk-targeted wildfire prevention work within a local government's jurisdiction, including costs necessary to use the above-described Wildfire Risk Mitigation Planning Framework to select, plan, and implement projects, and to implement activities consistent with early adoption of the ember-resistant zone rules, as provided.~~

~~(4)~~

(3) Under existing law, any building standard adopted or proposed by state agencies is required to be submitted to, and approved or adopted by, the California Building Standards Commission prior to codification. Existing law requires the State Fire Marshal to propose, pursuant to that process, fire protection building standards applicable to buildings in fire hazard severity zones, as provided. Existing law also applies fire protection building standards adopted pursuant to this process to buildings located in urban wildland interface communities, defined as

communities identified by the Department of Forestry and Fire Protection pursuant to a specified process.

This bill would require the State Fire Marshal, on or before July 1, 2026, and pursuant to the above-described process, to propose to extend the applicability of the above-described fire protection building standards to all reconstruction of all buildings destroyed within the perimeters of wildfires that occur on or after July 1, 2026.

~~(5)~~

(4) 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: majority. Appropriation: 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 all of the following:

(a) Wildfires have caused unacceptable catastrophic losses to local communities, the state, and its residents over the past decade.

(b) Increased wildfire risk is being driven by climate change, drought, and the accumulation of fuels due to historic wildfire suppression.

(c) The California Wildfire and Forest Resilience Task Force has found that more frequent, larger, high-severity wildfires threaten a broad range of communities throughout the state, contributing to the loss of human life and property damage.

(d) Smoke from unplanned wildfires has a detrimental impact on human health and poses an elevated risk to vulnerable populations, such as the elderly, children, pregnant women, those with certain underlying health conditions, and outdoor workers.

(e) Since many of the state's ecosystems are fire adapted, uncharacteristic fire regimes created by historic fire suppression policies threaten ecological health, hinder the ability of ecosystems to support biodiversity and vital ecosystem services, and contribute to soil erosion, diminished water quality, and impeded forest regeneration.

(f) Actions taken by homeowners, communities, and by private and public landowners can reduce the risk of catastrophic fires.

(g) Governor Gavin Newsom and the Legislature have identified the urgent need for utilities to invest in safe and reliable service while minimizing ratepayer impacts and protecting energy affordability.

(h) The Natural Resources Agency, the United States Forest Service, and the United States Bureau of Land Management have identified the urgent need for land managers to invest in stewardship of forests and landscapes to improve wildfire resilience in the face of climate change.

(i) The Department of Insurance and the Insurance Institute for Business and Home Safety have both identified actions that homeowners can take to substantially reduce the risk of home ignition both by reducing the ignition probability of homes and better managing fuels risks posed by gardens during ember-driven wildfire spread.

(j) The January 2021 report from the California Wildfire and Forest Resilience Task Force identified the need for greater landscape-scale treatments to reduce the risk of catastrophic wildfire and recognized the importance of building and maintaining regional approaches to wildfire resilience, reflective of the state's diverse ecosystems and built environment.

(k) The State of California recognizes the unprecedented challenges posed by wildfires and has responded with historic investments to address landscape-scale wildfire resilience since 2017.

(*l*) Current investments by electric utilities to avoid utility ignitions are much larger than even the recent historic investments in wildfire and forest resilience by the state and federal governments.

(m) Governor Newsom, in Executive Order No. N-18-25, directed the State Board of Forestry and Fire Protection to issue regulations requiring creation of an ember-resistant zone, known as zone zero, as required by Assembly Bill 3074 of the 2019–20 Regular Session, no later than December 31, 2025. These regulations will not apply to existing structures until December 31, 2028, despite the fact that existing structures are the most vulnerable to wildfire.

(n) Implementation of zone zero for existing structures is considered by the insurance industry to be one of, if not the most important risk reduction measures that can be taken to reduce the chances of urban conflagration such as what occurred on January 7, 2025, in Pacific Palisades and Altadena, but will be challenging and require enhanced authority and resources for implementing agencies to conduct education and enforcement activities as well as resources for some property owners.

(o) Early implementation of zone zero for existing structures where practicable is therefore an important step not only to lower the risks of urban conflagration but also to help restore a more healthy insurance market for all Californians.

(p) Wildfire models, including those used to develop the Fire Hazard Severity Zone maps by the Fire and Resource Assessment Program of the Department of Forestry and Fire Protection, are imperfect and may sometimes underestimate risk to structures, as indicated by the destruction by wildfire of large numbers of structures that are not included in those maps.

(q) Therefore, meeting the complex challenges presented by the modern wildfire crisis necessitates greater collaboration and coordination between the various entities tasked with managing wildfire risk and resilience in California in planning for and targeting, removing barriers to, and coordinating wildfire risk mitigation investments.

SEC. 2. Part 7.4 (commencing with Section 15480) is added to Division 3 of Title 2 of the Government Code, to read:

PART 7.4. THE CALIFORNIA WILDFIRE MITIGATION STRATEGIC PLANNING ACT

15480. Unless the context otherwise requires, the following definitions govern construction of this part:

(a) "Deputy director" means the Deputy Director of Community Wildfire Preparedness and Mitigation within the Office of the State Fire Marshal.

(b) "Forecast" means the Wildfire Risk Baseline and Forecast prepared pursuant to Section 15482.

(c) "Framework" means the Wildfire Risk Mitigation Planning Framework prepared pursuant to Section 15481.

(d) “Report” means the Wildfire Mitigation Scenarios Report prepared pursuant to Section 15483.

(e) “Risk to spend efficiency” means the net present value of monetized reduction in wildfire consequences per dollar of risk mitigation expenditure.

(f) “State hazard mitigation officer” means the person designated by the Director of the Office of Emergency Services to serve as the primary point of contact with the Federal Emergency Management Agency, other federal agencies, and local governments in mitigation planning and implementation of mitigation programs and activities required under Chapter 68 of Title 42 of the United State Code.

(g) “Wildfire mitigation plan” means a plan prepared pursuant to Section 8386 of the Public Utilities Code.

(h) “Wildfire risk mitigation action” means an action undertaken by a private or public actor with the stated purpose of reducing either the chances of a wildfire ignition or the consequences of a wildfire ignition after one occurs, excluding fire suppression activities.

15481. (a) On or before January 1, 2027, and every three years thereafter, the deputy director, in consultation with the state hazard mitigation officer, shall prepare a Wildfire Risk Mitigation Planning Framework sufficient to quantitatively evaluate wildfire risk mitigation actions as determined by the deputy director.

(b) The framework shall be updated in conjunction with the forecast pursuant to Section 15482.

(c) The framework shall allow for geospatial evaluation and comparison of wildfire risk mitigation actions sufficient to direct coordinated mitigation efforts and long-term collaborative mitigation planning.

(d) The framework may incorporate, for each wildfire mitigation action, including near-term and long-term estimates and projections, as determined to be appropriate by the deputy director, all of the following:

(1) The entity or entities responsible for the wildfire risk mitigation action.

(2) Risk events and consequences targeted, including cost and other appropriate metrics of unmitigated damages.

(3) Cost of the wildfire risk mitigation action.

(4) Methodologies for evaluating, and estimates of risk to spend efficiency and cost-effectiveness of, the wildfire risk mitigation action.

(5) Geographic areas to which the wildfire risk mitigation action applies.

(6) Interactions, cobenefits, and joint impacts with other wildfire risk mitigation activities.

(7) Interactions and joint impacts with climate change, drought, past wildfires, and other environmental factors and environmental metrics, as appropriate.

(8) Effects on stakeholders and other affected parties.

(9) Personnel requirements to effectuate the wildfire risk mitigation action.

(10) Other factors as determined to be appropriate by the deputy director.

(e) The deputy director shall make the framework available as a planning tool for all entities included in the report pursuant to paragraph (2) of subdivision (b) of Section 15483.

(f) The deputy director shall, each year the framework is completed, submit a copy of the framework to the Legislature notwithstanding Section 10231.5 and in compliance with Section 9795, the Office of Energy Infrastructure Safety, and the Public Utilities Commission for review and consideration.

(g) To the maximum extent possible, the deputy director shall make the factual and analytical basis for the framework available to the public on its internet website.

15482. (a) On or before April 1, 2027, and every three years thereafter, the deputy director, in consultation with the state hazard mitigation officer, shall prepare a Wildfire Risk Baseline and Forecast for the State of California delineated on a statewide level and by county, and shall include geographic specificity as determined by the deputy director to be sufficient to evaluate targeted wildfire risk mitigation actions.

(b) The forecast shall be prepared in coordination with the wildfire mitigation plan and local hazard mitigation plans.

(c) The forecast shall accomplish all of the following:

(1) Contain, at a minimum, estimates of current ignition risk and an evaluation of the consequences of potential ignitions to human life and safety, structures and critical infrastructure, cultural and historic resources, public health, ecosystems and ecosystem

services, and any other material consequences as determined by the deputy director.

(2) Establish key risk metrics for wildfire risk for the state as a whole, by county, and by geographic location.

(3) Establish reasonable levels of unmitigated planned risk for the state to assume and manage through fire suppression.

(4) Include an estimated wildfire risk and consequence, in 1-year, 3-year, and 10-year projections, assuming implementation and extension of current wildfire risk mitigation actions.

(5) Include targets for wildfire risk reduction for the State of California in 1, 3, and 10 years.

(6) Beginning January 1, 2030, evaluate current wildfire risk relative to targets established according to paragraph (5) in the most recent prior forecast.

(d) The forecast may take into account the contribution to wildfire risk and consequence created by all of the following factors:

(1) Weather.

(2) Fuel type and fuel loading.

(3) Historic fire regimes and changing fire patterns.

(4) Climate change.

(5) Human population and population density.

(6) Development patterns.

(7) Electric infrastructure.

(8) Other factors as determined to be relevant by the deputy director.

(e) The deputy director shall provide recommendations in the report on how to achieve better coordination, risk to spend efficiency, and overall cost-effectiveness, in specific regions and statewide, between utility-related wildfire mitigation investments made pursuant to a wildfire mitigation plan and nonutility wildfire mitigation investments.

(f) The deputy director shall, each year the forecast is completed, submit a copy of the forecast to the Legislature notwithstanding Section 10231.5 and in compliance with Section 9795, the Office of Energy Infrastructure Safety, and the Public Utilities Commission for review and consideration.

(g) To the maximum extent practicable, the deputy director shall make available to the public on its internet website the factual and analytical bases for the wildfire risk and consequence estimates included in the forecast.

15483. (a) On or before August 1, 2027, the deputy director, in consultation with the state hazard mitigation officer, shall prepare a Wildfire Mitigation Scenarios Report, to be updated annually.

(b) The report shall contain all of the following information:

(1) Identification of a reasonable range of possible scenarios for overall wildfire risk mitigation spending over the next one-year and three-year periods.

(2) Planned and likely statewide wildfire risk mitigation actions by all of the following entities:

(A) State agencies.

(B) Federal agencies.

(C) Electric utilities.

(D) Municipalities and local governments.

(E) Nongovernmental organizations and private actors seeking state funding.

(F) Other stakeholders as determined appropriate by the deputy director.

(3) A quantification of the overall risk reduction achieved via implementation of all planned and potential wildfire risk mitigation actions relative to the baseline level of unmitigated risk contained in the most recent forecast.

(4) A quantification of the risk-spend efficiency of all planned wildfire risk mitigation actions using the framework.

(5) Using the framework, identification and description, in detail, of one or more cost-effective statewide wildfire risk reduction strategies that are approximately equal in cost to planned spending by all entities identified in the report and that achieve maximum estimated reduction in overall wildfire risk and consequence for the State of California.

(6) Recommendations on how to achieve better coordination, risk to spend efficiency, and overall cost-effectiveness, in specific regions and statewide, between utility-related wildfire mitigation investments made pursuant to a wildfire mitigation plan and nonutility wildfire mitigation investments.

(c) The deputy director shall, each year upon its completion, submit a copy of the report to the Legislature notwithstanding

Section 10231.5 and in compliance with Section 9795, and to the Public Utilities Commission, for review and consideration.

(d) To the maximum extent practicable, the deputy director shall make available to the public on its internet website the factual and analytical bases for the report.

15484. The deputy director may contract with a private consultant or a public university with special expertise in the quantitative assessment of wildfire risk and risk mitigation to conduct quantitative wildfire and community risk modeling and for preparation of reports in order to accomplish the purposes of Sections 15481, 15482, and 15483.

15484.5. Contingent upon an annual appropriation by the Legislature in the annual Budget ~~Act for the purposes described in this section,~~ *Act,* beginning in the 2029–30 fiscal year and extending to the 2044–45 fiscal year, inclusive, the Department of Forestry and Fire Protection shall ~~allocate~~ *make* funds *available through the local assistance grant program pursuant to Section 4124.5 of the Public Resources Code* for programs to be implemented by local governments to achieve wildfire risk reduction in a cost-effective manner that is maximally consistent with the framework.

SEC. 3. Section 51182.1 is added to the Government Code, to read:

51182.1. (a) For purposes of this section, the following definitions apply:

(1) "Deputy director" means the Deputy Director of Community Wildfire Preparedness and Mitigation within the Office of the State Fire Marshal, as described in Section 4209 of the Public Resources Code.

(2) "Early compliance with zone zero regulations" means compliance before the effective date described in subparagraph (B) of paragraph (2) of subdivision (b) of Section 51186.

(3) "Zone zero regulations" means the regulations adopted by the State Board of Forestry and Fire Protection, pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 51182, related to an ember-resistant zone required within 5 feet of a structure.

(b) For fiscal years 2025–26 to 2028–29, inclusive, a local agency ~~may submit an application to the deputy director~~ *may, in order to support early compliance with zone zero regulations,* *apply for grant funds through the local assistance grant program pursuant to Section 4124.5 of the Public Resources Code* to fund wildfire inspector positions sufficient to conduct inspections in very high fire hazard severity zones. As a condition of receiving funds, the local agency shall adopt, by an ordinance that is applicable to existing structures in very high fire hazard severity zones, the zone zero regulations, in a manner that is consistent with this chapter. Funding pursuant to this section shall be allocated from the appropriation described in Section 51182.2, contingent upon an appropriation being made by the Legislature as described in that section.

(c) As a condition of receiving funding pursuant to subdivision (b), the local agency shall adopt, by ordinance, a civil fine authority for violations of defensible space regulations, including zone zero regulations applicable to very high fire hazard severity zones.

(d) Funding pursuant to subdivision (b) shall be limited to funds that are necessary to fund incremental inspector positions at the fully burdened rate plus any vehicles, uniforms, technological resources, and other equipment necessary to carry out inspections. Funding pursuant to subdivision (b) shall not extend to administrative costs, personnel, or equipment to perform activities beyond parcel inspections.

(e) A local agency receiving funding pursuant to subdivision (b) shall submit an annual report to the deputy director that includes all of the following information:

(1) The baseline number of inspections conducted in the prior fiscal year in very high fire hazard severity zones.

(2) The number of additional inspections conducted within very high fire hazard severity zones during the prior fiscal year.

(3) The number of unique parcels inspected during the prior fiscal year.

(4) The number of inspected homes that are fully compliant with defensible space regulations, including zone zero regulations, by the end of the prior fiscal year.

(5) The number of homes and disposition of homes inspected but not compliant by the end of the prior fiscal year.

(f) The deputy director shall post all reports received pursuant to subdivision (e) on the internet website of the Office of the State Fire Marshal within six months of the end of each fiscal year.

(g) The deputy director shall prepare a report evaluating the data collected from local agencies pursuant to subdivision (e), which shall include an examination of the best performing local agencies for each year, and shall post this report on the internet website of the Office of the State Fire Marshal within six months of the end of each fiscal year.

~~(h) In addition to funds for wildfire inspectors, a local agency that complies with subdivisions (b) and (c) may request additional funds, from the appropriation described in Section 51182.2, to provide grants to homeowners to assist with costs associated with early compliance with zone zero regulations within high or very high fire hazard severity zones subject to the discretion of the deputy director.~~

~~(i) If there are additional funds available from the appropriation made pursuant to Section 51182.2, beyond those needed to implement subdivisions (b) to (h), inclusive, of this section, these additional funds shall be used to improve community safety, forest health, and wildfire resilience, consistent with paragraph (12) of subdivision (c) of Section 4124.5 of the Public Resources Code. These funds shall only be available to a local agency that complies with subdivisions (b) and (c).~~

SEC. 4. Section 51182.2 is added to the Government Code, to read:

51182.2. Contingent upon an appropriation by the Legislature in the annual Budget ~~Act for the purposes described in this section,~~ *Act,* beginning in the 2025–26 fiscal year and extending to the 2028–29 fiscal year, inclusive, the Department of Forestry and Fire Protection shall ~~allocate~~ *make* funds *available through the local assistance grant program described in Section 4124.5 of the Public Resources Code* to facilitate early implementation of zone zero regulations for existing commercial and residential structures consistent with Section 51182.1, and for other allowable purposes described in Section 51182.1.

SEC. 5. Section 13108.5 of the Health and Safety Code is amended to read:

13108.5. (a) The State Fire Marshal, in consultation with the Director of Forestry and Fire Protection and the Director of Housing and Community Development, shall, pursuant to Section 18930, propose fire protection building standards for roofs, exterior walls, structure projections, including, but not limited to, porches, decks, balconies, and eaves, and structure openings, including, but not limited to, attic and eave vents and windows of buildings in fire hazard severity zones, including very high fire hazard severity zones designated by the State Fire Marshal pursuant to Article 9 (commencing with Section 4201) of Chapter 1 of Part 2 of Division 4 of the Public Resources Code.

(b) (1) Building standards adopted pursuant to this section shall also apply to buildings located in very high fire hazard severity zones designated pursuant to Chapter 6.8 (commencing with Section 51175) of Part 1 of Division 1 of Title 5 of the Government Code, and other areas designated by a local agency following a finding supported by substantial evidence in the record that the requirements of the building standards adopted pursuant to this section are necessary for effective fire protection within the area.

(2) Upon identification by the Director of Forestry and Fire Protection pursuant to Section 51178 of the Government Code of high fire hazard severity zones and by a local agency pursuant to Section 51179 of the Government Code, the Office of the State Fire Marshal and the Department of Housing and Community Development shall propose, and the California Building Standards Commission shall adopt, expanded application of the building standards adopted pursuant to this section to high fire hazard severity zones during the next triennially occurring code adoption cycle.

(3) The State Fire Marshal and the Department of Housing and Community Development shall, after consulting with interested stakeholders, including local fire officials, consider if it is appropriate to expand application of the building standards adopted pursuant to this section to moderate fire hazard severity zones. If it is found appropriate, the State Fire Marshal and the Department of Housing and Community Development shall, pursuant to Section 18930, recommend expanding the application of the building standards adopted pursuant to this section to moderate fire hazard severity zones.

(c) Building standards adopted pursuant to this section shall also apply to buildings located in urban wildland interface communities. A local agency may, at its discretion, include in or exclude from the requirements of these building standards any area in its jurisdiction following a finding supported by substantial evidence in the record at a public hearing that the requirements of these building standards are necessary or not necessary, respectively, for effective fire protection within the area. Changes made by a local agency to an urban wildland interface community area following a finding supported by substantial evidence in the record shall be final and shall not be rebuttable.

(d) For purposes of subdivision (c), "urban wildland interface community" means a community listed in "Communities at Risk from Wild Fires," produced by the California Department of Forestry and Fire Protection, Fire and Resource Assessment Program, pursuant to the National Fire Plan, federal Fiscal Year 2001 Department of the Interior and Related Agencies Appropriations Act (Public Law 106-291).

(e) The State Fire Marshal shall, pursuant to Section 18930, and on or before July 1, 2026, propose to extend the applicability of the building standards adopted pursuant to this section to all reconstruction of all buildings destroyed within the perimeters of a wildfire that occurs on or after July 1, 2026.

SEC. 6. Section 4124 of the Public Resources Code is amended to read:

4124. For the purposes of this article, "fire prevention activities" means those lawful activities that reduce the risk of wildfire in California, including, but not limited to, mechanical vegetation management, prescribed grazing, prescribed burns, creation of defensible space, *wildfire risk reduction projects included in the Wildfire Risk Mitigation Planning Framework prepared pursuant to Section 15481 of the Government Code, defensible space inspections pursuant to Section 51182.1 of the Government Code,* and retrofitting of structures to increase fire resistance.

~~SEC. 6.~~

SEC. 7. Section 4124.5 of the Public Resources Code is amended to read:

4124.5. (a) The department shall establish a local assistance grant program for fire prevention and home hardening education activities in California. Groups eligible for grants shall include, but are not limited to, local agencies, resource conservation districts, fire safe councils, the California Conservation Corps, certified community conservation corps as defined in Section 14507.5, University of California Cooperative Extension, the Board of Commissioners under CaliforniaVolunteers described in Section

8411 of the Government Code, Native American tribes, and qualified nonprofit organizations. The department may establish a cost-share requirement for one or more categories of projects.

(b) (1) The local assistance grant program shall establish a robust year-round fire prevention effort in and near fire-threatened communities that focuses on increasing the protection of people, structures, and communities. To the maximum extent practicable, the grants shall be designed to be durable and adaptively managed so that while improving resiliency to wildfire, the projects, when on forest land, retain a mixture of species and sizes of trees to protect habitat values. The department shall prioritize, to the extent feasible, projects that are multiyear efforts.

(2) For purposes of this subdivision, "fire-threatened communities" means those communities in high and very high fire hazard severity zones, identified by the State Fire Marshal pursuant to Section 51178 of the Government Code, or Article 9 (commencing with Section 4201) of this code, or on the "Fire Risk Reduction Community" list maintained by the board pursuant to Section 4290.1.

(c) Eligible activities shall include, but not be limited to, all of the following:

(1) Development and implementation of public education and outreach programs. Programs may include technical assistance, new technologies, game elements to enhance and accelerate the education of property owners, workforce recruitment and training, and equipment purchases.

(2) Fire prevention activities as defined in Section 4124.

(3) Projects to improve compliance with defensible space requirements as required by Section 4291 through increased inspections, assessments, and assistance for residents with relevant socioeconomic characteristics, as defined in Section 8654.7 of the Government Code.

(4) Technical assistance to local agencies to improve fire prevention and reduce fire hazards.

(5) Creation of additional "Firewise USA" communities in the state or other community planning or certification programs deemed as appropriate by the department.

(6) Projects to improve public safety, including, but not limited to, access to emergency equipment and improvements to public evacuation routes.

(7) Vegetation management along roadways and driveways to reduce fire risk. Where appropriate, the Department of Transportation shall be consulted if state infrastructure will be affected. Those projects shall remain consistent with paragraph (1) of subdivision (b).

(8) Public education outreach regarding making homes and communities more wildfire resilient, including training on defensible space and prescribed grazing.

(9) Projects to reduce the flammability of structures and communities to prevent their ignition from wind-driven embers.

(10) Development of a risk reduction checklist for communities that includes defensible space criteria, structural vulnerability potential, and personal evacuation plans.

(11) (A) Projects involving the application of prescribed grazing, which may include the installation of fencing or watering improvements.

(B) Watering improvements described in subparagraph (A) shall not include the creation of a well or replacement of well infrastructure.

(12) Projects to plan and carry out risk-targeted wildfire prevention work within a local government's jurisdiction. Costs for these projects may include the following:

(A) Costs necessary to use the risk targeting framework established pursuant to Part 7.4 (commencing with Section 15480) of Division 3 of Title 2 of the Government Code, once available, to select, plan, and implement projects for both of the following purposes:

(i) Maximum cost-effective wildfire risk reduction value within and near to communities.

(ii) Maximum cost-effective wildfire risk reduction value to wildlands within the state.

(B) Implementation of activities consistent with early zone zero implementation as described in Section 51182.1 of the Government Code, for fiscal years 2025–26 to 2028–29, inclusive.

(d) The department may consider the fire risk of an area, the geographic balance of projects, and whether the project is complementary to other fire prevention or forest health activities when awarding local assistance grants.

(e) When reviewing applications for the grant program created pursuant to this section, the department shall give priority to any local governmental entity qualified to perform defensible space assessments pursuant to Section 4291.5 in very high and high fire hazard severity zones, as identified by the State Fire Marshal pursuant to Section 51178 of the Government Code or Article 9 (commencing with Section 4201) of this chapter or by a local agency pursuant to Section 51179 of the Government Code, for using the common reporting platform created pursuant to subdivision (c) of Section 4291.5 to report that information.

(f) (1) The director may authorize advance payments from a grant awarded pursuant to this section. The advance payment shall not exceed 25 percent of the total grant award. The director may authorize a greater amount, not to exceed 50 percent of either the total grant award or the cost of equipment or supplies, whichever amount is less, for the purpose of purchasing necessary equipment or supplies.

(2) The grantee shall expend the funds from the advance payment within six months of receipt, unless the department waives this requirement.

(3) The grantee shall file an accountability report with the department no later than six months from the date of receiving the funds and no later than every six months thereafter.

(g) Until July 1, 2025, the department may authorize advance payments on a grant awarded under this section in accordance with subdivision (d) of Section 11019.1 of the Government Code.

(h) The department may expand or amend an existing grant program to meet the requirements of this section.

(i) Funding for the local assistance grant program created pursuant to this section shall be made upon appropriation by the Legislature.

~~SEC. 7.~~

SEC. 8. Section 4291 of the Public Resources Code is amended to read:

4291. (a) A person who owns, leases, controls, operates, or maintains a building or structure in the state responsibility area shall at all times do all of the following:

(1) (A) Maintain defensible space of 100 feet from each side and from the front and rear of the structure, but not beyond the property line, except as provided in subparagraph (B). The amount of fuel modification necessary shall consider the flammability of the structure as affected by building material, building standards,

location, and type of vegetation. Fuels shall be maintained and spaced in a condition so that a wildfire would be unlikely to ignite the structure. This subparagraph does not apply to single specimens of trees or other vegetation that are well-pruned and maintained so as to effectively manage fuels and not form a means of rapidly transmitting fire from other nearby vegetation to a structure or from a structure to other nearby vegetation or to interrupt the advance of embers toward a structure. The intensity of fuels management may vary within the 100-foot perimeter of the structure, with more intense fuel reductions being utilized between 5 and 30 feet around the structure, and an ember-resistant zone being required within 5 feet of the structure, based on regulations promulgated by the board, in consultation with the department, to consider the elimination of materials in the ember-resistant zone that would likely be ignited by embers. The regulations may also alter the fuel reduction required between 5 and 30 feet to integrate the ember-resistant zone into the requirements of this section. Consistent with fuels management objectives, steps should be taken to minimize erosion, soil disturbance, and the spread of flammable nonnative grasses and weeds. For purposes of this subparagraph, "fuel" means any combustible material, including petroleum-based products, cultivated landscape plants, grasses, and weeds, and wildland vegetation.

(B) A greater distance than that required under subparagraph (A) may be required by state law, local ordinance, rule, or regulation. Fuel modification beyond the property line may only be required by state law, local ordinance, rule, or regulation in order to maintain 100 feet of defensible space from a structure. Fuel modification on adjacent property shall only be conducted following written consent by the adjacent landowner. Any local ordinance related to fuel modification shall be in compliance with all applicable state laws, regulations, and policies. Any local ordinance may include provisions to allocate costs for any fuel modification beyond the property line.

(C) An insurance company that insures an occupied dwelling or occupied structure may require a greater distance than that required under subparagraph (A) if a fire expert, designated by the director, provides findings that the fuel modification is necessary to significantly reduce the risk of transmission of flame or heat sufficient to ignite the structure, and there is no other feasible mitigation measure possible to reduce the risk of ignition or spread of wildfire to the structure. The greater distance may not be beyond the property line unless allowed by state law, local ordinance, rule, or regulation.

(2) Remove that portion of a tree that extends within 10 feet of the outlet of a chimney or stovepipe.

(3) Maintain a tree, shrub, or other plant adjacent to or overhanging a building free of dead or dying wood.

(4) Maintain the roof of a structure free of leaves, needles, or other vegetative materials.

(5) Before constructing a new building or structure or rebuilding a building or structure damaged by a fire in an area subject to this section, the construction or rebuilding of which requires a building permit, the owner shall obtain a certification from the local building official that the dwelling or structure, as proposed to be built, complies with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the certification, upon request, to the insurer providing course of construction insurance coverage for the building or structure. Upon completion of the construction or rebuilding, the owner shall obtain from the local building official, a copy of the final inspection report that demonstrates that the dwelling or structure was constructed in compliance with all applicable state and local building standards, including those described in subdivision (b) of Section 51189 of the Government Code, and shall provide a copy of the report, upon request, to the property insurance carrier that insures the dwelling or structure.

(b) A person is not required under this section to manage fuels on land if that person does not have the legal right to manage fuels, nor is a person required to enter upon or to alter property that is owned by any other person without the consent of the owner of the property.

(c) (1) Except as provided in Section 18930 of the Health and Safety Code, the State Fire Marshal may adopt regulations exempting a structure with an exterior constructed entirely of nonflammable materials, or, conditioned upon the contents and composition of the structure, the director may vary the requirements respecting the removing or clearing away of flammable vegetation or other combustible growth with respect to the area surrounding those structures.

(2) An exemption or variance under paragraph (1) shall not apply unless and until the occupant of the structure, or if there is not an occupant, the owner of the structure, files with the State Fire Marshal, in a form as the State Fire Marshal shall prescribe, a written consent to the inspection of the interior and contents of the structure to ascertain whether this section and the regulations adopted under this section are complied with at all times.

(d) The State Fire Marshal may authorize the removal of vegetation that is not consistent with the standards of this section. The State Fire Marshal may prescribe a procedure for the removal of that vegetation and make the expense a lien upon the building, structure, or grounds, in the same manner that is applicable to a legislative body under Section 51186 of the Government Code.

(e) (1) The board, in consultation with the State Fire Marshal, shall develop, periodically update, and post on its internet website a guidance document on fuels management pursuant to this chapter. The guidance document shall include, but not be limited to, regionally appropriate vegetation management suggestions that preserve and restore native species that are fire resistant or drought tolerant, or both, minimize erosion, minimize water consumption, and permit trees near homes for shade, aesthetics, and habitat; and suggestions to minimize or eliminate the risk of flammability of nonvegetative sources of combustion, such as woodpiles, propane tanks, decks, outdoor furniture, barbecue equipment, and outdoor fire pits.

(2) On or before January 1, 2023, the board, in consultation with the State Fire Marshal, shall update the guidance document to include suggestions for creating an ember-resistant zone within five feet of a structure, based on regulations promulgated by the board, in consultation with the department, to consider the elimination of materials in the ember-resistant zone that would likely be ignited by embers. Existing and new structures shall meet the same standard for the ember-resistant zone, but regulations shall allow the staging of work for existing structures to support implementation of the ember-resistant zone and address the costs of compliance.

(f) The State Fire Marshal shall do both of the following:

(1) Recommend to the board the types of vegetation or fuel that are to be excluded from an ember-resistant zone based on the probability that vegetation and fuel will lead to ignition by ember of a structure as a part of the update to the guidance document pursuant to paragraph (2) of subdivision (e).

(2) Make reasonable efforts to provide notice to affected residents describing the requirements added by the amendments to paragraph (1) of subdivision (a) made in Assembly Bill 3074 of the 2019–20 Regular Session before the imposition of penalties for violating those requirements.

(g) (1) The requirement for an ember-resistant zone pursuant to paragraph (1) of subdivision (a) shall not take effect for a new structure until the board updates the regulations, pursuant to paragraph (1) of subdivision (a), and the guidance document, pursuant to paragraph (2) of subdivision (e).

(2) (A) The requirement for an ember-resistant zone pursuant to paragraph (1) of subdivision (a) shall take effect for an existing structure three years after the effective date for a new structure, as described in paragraph (1).

(B) Notwithstanding subparagraph (A), for existing structures described in this subparagraph, the requirement for an ember-resistant zone pursuant to paragraph (1) of subdivision (a) shall take effect as follows:

(i) For an existing structure for sale that is not used as a rental property, once the requirement for an ember-resistant zone pursuant to paragraph (1) of subdivision (a) takes effect for new structures, the requirement for an ember-resistant zone pursuant to paragraph (1) of subdivision (a) shall apply either upon the sale of the existing structure or three years after the effective date for a new structure, described in paragraph (1), whichever comes first.

(ii) For an existing structure that is used as a rental property, the requirement for an ember-resistant zone pursuant to paragraph (1) of subdivision (a) shall take effect upon the effective date for a new structure, described in paragraph (1).

(h) The department shall not change defensible space inspection practices and forms or enforcement to implement the requirement for an ember-resistant zone until the State Fire Marshal makes a written finding, which the State Fire Marshal shall post on the department's internet website, that the Legislature has appropriated sufficient resources to do so.

(i) For purposes of this section, a structure for the purpose of an ember-resistant zone shall include any attached deck. This section does not limit the authority of the board or the department to require the removal of fuel or vegetation on top of or underneath a deck pursuant to this section.

(j) As used in this section, “person” means a private individual, organization, partnership, limited liability company, or corporation.

~~SEC. 8.~~

SEC. 9. 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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Date of Hearing: July 7, 2025

ASSEMBLY COMMITTEE ON NATURAL RESOURCES
Isaac G. Bryan, Chair
SB 326 (Becker) – As Amended July 1, 2025

SENATE VOTE: 39-0

SUBJECT: Wildfire safety: fire protection building standards: defensible space requirements: The California Wildfire Mitigation Strategic Planning Act

SUMMARY: Requires the deputy director of Community Wildfire Preparedness within the Department of Forestry and Fire Protection (CAL FIRE) to prepare a Wildfire Risk Mitigation Planning Framework (Framework), a Wildfire Risk Baseline and Forecast (Forecast), and a Wildfire Mitigation Scenarios Report (Report). Requires, contingent upon an appropriation, CAL FIRE to provide local assistance to local governments to achieve wildfire risk reduction consistent with the aforementioned plans, for defensible space inspections, and to facilitate compliance with forthcoming ember-resistant zone (known as zone o) regulations.

EXISTING LAW:

1) Establishes the State Fire Marshal (SFM) as an entity within CAL FIRE to foster, promote, and develop ways and means of protecting life and property against fire and panic. (Health & Safety Code (HSC) 13100 – 13100.1)

2) Requires the SFM, by regulation, to designate fire hazard severity zones (FHSZs) and assign to each zone a rating reflecting the degree of severity of fire hazard that is expected to prevail in the zone. Provides that no designation of a zone and assignment of a rating shall be adopted by the SFM until the proposed regulation has been transmitted to the board of supervisors of the county in which the zone is located at least 45 days before the adoption of the proposed regulation and a public hearing has been held in that county during that 45-day period. (Public Resources Code (PRC) 4203)

3) Establishes the Board of Forestry and Fire Protection (Board) to determine, establish, and maintain an adequate forest policy for the state, and protect all wildland forest resources in California that are not under federal jurisdiction. (PRC 740)

4) Defines the state responsibility area (SRA) as areas of the state in which the financial responsibility of preventing and suppressing fires has been determined by the Board to be primarily the responsibility of the state. (PRC 4102)

5) Requires the Board to adopt regulations implementing minimum fire safety standards related to defensible space that are applicable to SRA lands under the authority of CAL FIRE, and to lands classified and designated as very high fire hazard severity zones (VHFHSZs). (PRC 4290)

6) Requires a person who owns, leases, controls, operates, or maintains a building or structure in, upon, or adjoining a mountainous area, forest-covered lands, shrub-covered lands, grass-covered lands, or land that is covered with flammable material, to at all times maintain a

defensible space of 100 feet from each side and from the front and rear of the structure, as provided. (PRC 4291.5)

7) Requires a person who owns, leases, controls, operates, or maintains an occupied dwelling or occupied structure in, upon, or adjoining a mountainous area, forest-covered land, shrub-covered land, grass-covered land, or land that is covered with flammable material, which area or land is within a VHFHSZ designated by the local agency to, at all times, maintain a defensible space of 100 feet from each side and from the front and rear of the structure, as provided. Requires the Board to adopt regulations for an ember-resistant zone for the elimination of materials that would likely be ignited by embers. (Government Code (GC) 51182)

8) Requires the SFM to identify areas in the state as moderate, high, and very high FHSZs based on consistent statewide criteria and based on the severity of fire hazard that is expected to prevail in those areas. Requires FHSZs to be based on fuel loading, slope, fire weather, and other relevant factors including areas where winds have been identified by the Office of the SFM as a major cause of wildfire spread. (GC 51178)

9) Requires an ember-resistant zone to be required within five feet of a structure, known as zone 0, based on regulations promulgated by the Board, in consultation with CAL FIRE, to consider the elimination of materials in the ember-resistant zone that would likely be ignited by embers. (PRC 4291 (a)(1)(A))

10) Prohibits the ember-resistant zone pursuant from taking effect for new structures until the Board updates the regulations and the corresponding guidance document. (PRC 4291 (g)(1))

11) Requires the SFM, in consultation with CAL FIRE and the Director of Housing and Community Development, to propose fire protection building standards for roofs, exterior walls, structure projections, such as porches, decks, balconies, and eaves, and structure openings, including, but not limited to, attic and eave vents and windows of buildings in FHSZs designated by the SFM. Provides that adopted building standards also apply to buildings located in urban wildland interface communities (Health and Safety Code 13108.5)

12) Requires CAL FIRE to establish a local assistance grant program for fire prevention and home hardening education activities in California to establish a robust year-round fire prevention effort in and near fire-threatened communities that focuses on increasing the protection of people, structures, and communities. Specifies eligible grant-funded activities. (PRC 4124.5)

13) Requires, on and after July 1, 2021, a seller of a real property that is located in a high or VHFHSZ in the SRA and local responsibility areas (LRA), to provide to the buyer documentation stating that the property is in compliance with defensible space requirements. (Civil Code 1102.19)

14) Requires each electrical corporation to annually prepare and submit a wildfire mitigation plan (WMP) to the Wildfire Safety Division for review and approval. Defines 23 variables a WMP is required to contain, including a description of the preventive strategies and programs to be adopted by the electrical corporation to minimize the risk of its electrical lines and equipment causing catastrophic wildfires, including consideration of dynamic climate change risks. (Public Utilities Code 8386)

THIS BILL:

1) Establishes the California Wildfire Mitigation Strategic Planning Act.

2) Defines the following terms:

   a) "Deputy director" means the deputy director of Community Wildfire Preparedness and Mitigation within the Office of SFM;

   b) "Risk to spend efficiency" means the net present value of monetized reduction in wildfire consequences per dollar of risk mitigation expenditure;

   c) "State hazard mitigation officer" as the person designated by the Director of the Office of Emergency Services to serve as the primary point of contact with the Federal Emergency Management Agency, other federal agencies, and local governments in mitigation planning and implementation of mitigation programs and activities required under Chapter 68 of Title 42 of the United State Code; and,

   d) "Wildfire risk mitigation action" means an action undertaken by a private or public actor with the stated purpose of reducing either the chances of a wildfire ignition or the consequences of a wildfire ignition after one occurs, excluding fire suppression activities.

3) Requires, on or before January 1, 2027, and every three years thereafter, the deputy director, in consultation with the state hazard mitigation officer, to prepare a Framework sufficient to quantitatively evaluate wildfire risk mitigation actions as determined by the deputy director.

4) Requires the Framework to be updated in conjunction with the Forecast.

5) Requires the Framework to allow for geospatial evaluation and comparison of wildfire risk mitigation actions sufficient to direct coordinated mitigation efforts and long-term collaborative mitigation planning.

6) Authorizes the Framework to incorporate, for each wildfire mitigation action, including near-term and long-term estimates and projections, as determined to be appropriate by the deputy director, all of the following:

   a) The entity or entities responsible for the wildfire risk mitigation action;

   b) Risk events and consequences targeted, including cost and other appropriate metrics of unmitigated damages;

   c) Cost of the wildfire risk mitigation action;

   d) Methodologies for evaluating, and estimates of risk to spend efficiency and cost-effectiveness of, the wildfire risk mitigation action;

   e) Geographic areas to which the wildfire risk mitigation action applies;

   f) Interactions, cobenefits, and joint impacts with other wildfire risk mitigation activities;

g) Interactions and joint impacts with climate change, drought, past wildfires, and other environmental factors and environmental metrics, as appropriate;

h) Effects on stakeholders and other affected parties;

i) Personnel requirements to effectuate the wildfire risk mitigation action; and,

j) Other factors as determined to be appropriate by the deputy director.

7) Requires the deputy director to make the Framework available as a planning tool for all entities included in the Report.

8) Requires the deputy director, each year the Framework is completed, to submit a copy of the Framework to the Legislature, the Office of Energy Infrastructure Safety (OEIS), and the Public Utilities Commission (CPUC) for review and consideration.

9) Requires the deputy director, to the maximum extent possible, to make the factual and analytical basis for the Framework available to the public on its internet website.

10) Requires, on or before April 1, 2027, and every three years thereafter, the deputy director, in consultation with the state hazard mitigation officer, to prepare a Baseline and Forecast for the State of California delineated on a statewide level and by county, and to include geographic specificity as determined by the deputy director to be sufficient to evaluate targeted wildfire risk mitigation actions.

11) Requires the Forecast to be prepared in coordination with the wildfire mitigation plan.

12) Requires the Forecast to accomplish all of the following:

a) Contain, at a minimum, estimates of current ignition risk and an evaluation of the consequences of potential ignitions to human life and safety, structures and critical infrastructure, cultural and historic resources, public health, ecosystems and ecosystem services, and any other material consequences as determined by the deputy director;

b) Establish key risk metrics for wildfire risk for the state as a whole, by county, and by geographic location;

c) Establish reasonable levels of unmitigated planned risk for the state to assume and manage through fire suppression;

d) Include an estimated wildfire risk and consequence, in 1-year, 3-year, and 10-year projections, assuming implementation and extension of current wildfire risk mitigation actions;

e) Include targets for wildfire risk reduction for the State of California in 1, 3, and 10 years; and,

f) Beginning January 1, 2030, evaluate current wildfire risk relative to targets in the most recent prior Forecast.

13) Authroizes the Forecast to take into account the contribution to wildfire risk and consequence created by all of the following factors:

    a) Weather;

    b) Fuel type and fuel loading;

    c) Historic fire regimes and changing fire patterns;

    d) Climate change;

    e) Human population and population density;

    f) Development patterns;

    g) Electric infrastructure; and,

    h) Other factors as determined to be relevant by the deputy director.

14) Requires the deputy director to provide recommendations in the Report on how to achieve better coordination, risk to spend efficiency, and overall cost-effectiveness, in specific regions and statewide, between utility-related wildfire mitigation investments made pursuant to a wildfire mitigation plan and nonutility wildfire mitigation investments.

15) Requires the deputy director, each year the Forecast is completed, to submit a copy of the Forecast to the Legislature, the OIES, and the CPUC for review and consideration.

16) Requires, to the maximum extent practicable, the deputy director to make available to the public on its internet website the factual and analytical bases for the wildfire risk and consequence estimates included in the Forecast.

17) Requires, on or before August 1, 2027, the deputy director, in consultation with the state hazard mitigation officer, to prepare a Wildfire Mitigation Scenarios Report, to be updated annually.

18) Requires the Report to contain all of the following information:

    a) Identification of a reasonable range of possible scenarios for overall wildfire risk mitigation spending over the next one-year and three-year periods;

    b) Planned and likely statewide wildfire risk mitigation actions by all of the following entities:

        i) State agencies;

        ii) Federal agencies;

        iii) Electric utilities;

        iv) Municipalities and local governments;

v) Nongovernmental organizations and private actors seeking state funding; and,

vi) Other stakeholders as determined appropriate by the deputy director.

c) A quantification of the overall risk reduction achieved via implementation of all planned and potential wildfire risk mitigation actions relative to the baseline level of unmitigated risk contained in the most recent Forecast;

d) A quantification of the risk-spend efficiency of all planned wildfire risk mitigation actions using the Framework.

e) Using the Framework, identification and description, in detail, of one or more cost-effective statewide wildfire risk reduction strategies that are approximately equal in cost to planned spending by all entities identified in the Report and that achieve maximum estimated reduction in overall wildfire risk and consequence for the State of California; and,

f) Recommendations on how to achieve better coordination, risk to spend efficiency, and overall cost-effectiveness, in specific regions and statewide, between utility-related wildfire mitigation investments made pursuant to a wildfire mitigation plan and nonutility wildfire mitigation investments.

19) Requires the deputy director, each year upon its completion, to submit a copy of the Report to the Legislature, and to the CPUC, for review and consideration.

20) Requires, to the maximum extent practicable, the deputy director to make available to the public on its internet website the factual and analytical bases for the Report.

21) Authorizes the deputy director to contract with a private consultant or a public university with special expertise in the quantitative assessment of wildfire risk and risk mitigation to conduct quantitative wildfire and community risk modeling and for preparation of the reports.

22) Requires, contingent upon an annual appropriation by the Legislature in the annual Budget Act for the purposes of the Framework, Forecast, and Report, beginning in the 2029–30 fiscal year and extending to the 2044-45 fiscal year, inclusive, CAL FIRE to allocate funds for programs to be implemented by local governments to achieve wildfire risk reduction in a cost-effective manner that is maximally consistent with the Framework.

23) Authorizes, for fiscal years 2025–2026 to 2028–2029, inclusive, a local agency to submit an application to the deputy director to fund wildfire inspector positions sufficient to conduct inspections in VHFHSZs. As a condition of receiving funds, requires a local agency to adopt, by an ordinance that is applicable to existing structures in VHFHSZs, the zone 0 regulations.

24) Requires, as a condition of receiving funding, the local agency to adopt, by ordinance, a civil fine authority for violations of defensible space regulations, including zone 0 regulations applicable to very high FHSZs.

25) Limits funds to those that are necessary to fund incremental inspector positions at the fully burdened rate plus any vehicles, uniforms, technological resources, and other equipment necessary to carry out inspections.

26) Prohibits funding from covering administrative costs, personnel, or equipment to perform activities beyond parcel inspections.

27) Requires a local agency receiving funding to submit an annual report to deputy director that includes all of the following information:

    a) The baseline number of inspections conducted in the prior fiscal year in VHFHSZs;

    b) The number of additional inspections conducted within VHFHSZs during the prior fiscal year;

    c) The number of unique parcels inspected during the prior fiscal year;

    d) The number of inspected homes that are fully compliant with defensible space regulations, including zone 0 regulations, by the end of the prior fiscal year; and,

    e) The number of homes and disposition of homes inspected but not compliant by the end of the prior fiscal year.

28) Requires the deputy director to post all reports on the internet website of the SFM within six months of the end of each fiscal year.

29) Requires the deputy director to prepare a report evaluating the data collected from local agencies, which shall include an examination of the best performing local agencies for each year, and shall post this Report on the internet website of the OSFM within six months of the end of each fiscal year.

30) In addition to funds for wildfire inspectors, a local agency that complies may request additional funds to provide grants to homeowners to assist with costs associated with early compliance with zone 0 regulations within VHFHSZs subject to the discretion of the deputy director.

31) Requires, if there are additional funds available from the appropriation, those funds to be used to improve community safety, forest health, and wildfire resilience.

32) Requires, contingent upon an appropriation by the Legislature, in the annual Budget Act, beginning in the 2025–26 fiscal year and extending to the 2028–29 fiscal year, inclusive, CAL FIRE to allocate funds to facilitate early implementation of zone 0 regulations for existing commercial and residential structures, and for other allowable purposes.

33) Requires the SFM to propose to extend the applicability of the building standards adopted pursuant to this section to all reconstruction of all buildings destroyed within the perimeters of a wildfire that occurs on and after July 1, 2026.

34) Expands the eligible activities under CAL FIRE's local assistance grant program to include:

a) Projects to plan and carry out risk-targeted wildfire prevention work within a local government's jurisdiction. Provides that costs for these projects may include the following:

i) Costs necessary to use the risk targeting Framework once available, to select, plan, and implement projects for both of the following purposes:

(1) Maximum cost-effective wildfire risk reduction value within and near to communities.

(2) Maximum cost-effective wildfire risk reduction value to wildlands within the state.

ii) Implementation of activities consistent with early zone 0 implementation for fiscal years 2025–2026 to 2028–2029, inclusive.

35) Requires the application of the ember-resistant zone regulation to take effect as follows:

a) For an existing structure not used as a rental property, the requirement for an ember-resistant zone applies either upon the sale of that structure or three years after the regulatory effective date for a new structure, whichever comes first.

b) For an existing structure that is used as a rental property, the requirement for an ember-resistant zone applies on the same date as the effective date for a new structure.

36) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution.

FISCAL EFFECT: Unknown

COMMENTS:

1) **Author's statement**:

> Preventing catastrophic wildfire requires strong coordination between all of our investments, Building on current efforts, this bill would create a planning structure to maximize the effectiveness of California's work to reduce the impacts of wildfire. As California spends more to prevent catastrophic wildfire, we should also make sure that these investments go as far as possible in keeping residents safe. This bill creates a planning structure that does just that and ensures that all our efforts are well coordinated.

2) **Wildfire prevention**. Wildfires have been growing in size, duration, and destructivity over the past 20 years. Over just the last two years, more than 17,000 fires consumed nearly 7 million acres of California – an area the size of the state of Massachusetts. These fires decimated mountain communities including Grizzly Flats, Greenville, and Berry Creek and forced more than a quarter of a million people to evacuate. These figures do not include the

recent destruction of the Palisades and Eaton Fires in Los Angeles, which burned an area nearly the size of Washington, D.C.

3) **Wildfire risk mitigation**. In 2019, the Legislature enacted SB 209 (Dodd), Chapter 405, Statutes of 2019, to establish the state's Wildfire Forecast and Threat Intelligence Integration Center (Center), which requires Office of Emergency Services and CAL FIRE to jointly establish a first-of-its-kind center focused on wildfire forecasting; wildfire risk, hazard, and threat assessments; fire weather and fire behavior; and, intelligence gathering, analysis, and dissemination. The Center began operations on July 1, 2022, and is developing a statewide Wildfire Forecast and threat intelligence strategy to improve how wildfire threats are identical, understood, and shared in order to reduce threats to residents, businesses, and governments.

   AB 9 (Wood), Chapter 225, Statutes of 2021, created the Community Wildfire Preparedness and Mitigation Division within the OSFM. The deputy director is responsible for fire preparedness and mitigation missions of CAL FIRE, including oversight of the Fire Prevention Grants Program, defensible space requirements, the California wildfire mitigation financial assistance program, the establishment of fire hazard severity zones, consultation with the OEIS regarding wildfire mitigation plans, general plan safety element review, wildland building code standards, and implementation of the minimum fire safety standards.

   To further wildfire risk reduction strategies, this bill requires the deputy director to prepare three coordinated efforts:

   1) A Wildfire Risk Mitigation Planning Framework sufficient to quantitatively evaluate wildfire risk mitigation actions. It will be required to allow for geospatial evaluation and comparison of wildfire risk mitigation actions sufficient to direct coordinated mitigation efforts and long-term collaborative mitigation planning.

   2) A Wildfire Risk Baseline and Forecast for the state that delineates on a statewide level and by county, and include geographic specificity to sufficiently evaluate targeted wildfire risk mitigation actions. The Forecast will contain, at a minimum, estimates of current ignition risk and an evaluation of the consequences of potential ignitions to human life and safety, structures and critical infrastructure, cultural and historic resources, public health, ecosystems and ecosystem services, and any other material consequences, among other things.

   3) A Wildfire Mitigation Scenarios Report to identify a reasonable range of possible scenarios for overall wildfire risk mitigation spending over the next one-year and three-year periods, quantify the overall risk reduction achieved via implementation of all planned and potential wildfire risk mitigation actions relative to the baseline level of unmitigated risk contained in the most recent Forecast, and quantify the risk-spend efficiency of all planned wildfire risk mitigation actions using the Framework.

   The Los Angeles County Fire Department writes that SB 326 aligns with the County's wildfire prevention initiatives, promoting a coordinated approach to risk mitigation and states, "establishing clear expectations for risk assessment and mitigation planning will maximize the impact of statewide investments in wildfire preparedness."

4) **Wildfire Mitigation Plans**. Electrical infrastructure is a common ignition point for wildfires. Other common sources of ignition include arson, campfires, equipment use, lightning, and vehicles. While high winds can blow vegetation into utility lines from far distances, removing vegetation in contact with utility lines has been found effective in reducing fire starts. A dozen fires that ripped through Northern California in October 2017 were sparked by downed power lines owned by PG&E, according to CAL FIRE. The fires burned across Napa, Sonoma, Humboldt, Butte, and Mendocino counties and killed 19 people. A year later, the Camp Fire was sparked in Butte County by faulty electrical equipment operated by PG&E. The fire decimated several communities, including the town of Paradise. In total, 85 people died in the fire, making it the deadliest blaze in the state's history. In 2019, 10% of wildfires and 65% of acres burned were caused by electrical equipment. In 2021, the Dixie Fire ignited after a Douglas fir tree fell and struck energized conductors owned and operated by PG&E.

   Electric utilities are required to implement WMPs assessing their level of wildfire risk and providing plans for wildfire risk reduction. The six investor owned utilities currently employ an enhanced sensor technology that can sense a disturbance on an energized distribution line and turn the circuit off. If an object makes contact with an energized line, such as a tree that falls on a line as a result of high winds, or an animal chews through the line, the sensor trips the line off.

   Pacific Forest Trust notes that while recent years have brought substantial investments in fire mitigation, there has not been systematic coordination between state and federal government, electric utilities, and other parties.

   More recently, the California Wildfire and Forest Resilience Task Force, a multi-agency effort to identify needs and develop strategies to better manage wildfires, has produced plans to better manage wildfire risk. Wildfire prevention funding is derived from multiple sources. At the state level, Investor Owned Utilities (IOUs) spend more than $10 billion per year. The state is investing around $2.7 billion over five years, plus $200 million Greenhouse Gas Reduction Fund annually. Additionally, the U.S. Forest Service is spending approximately $930 million towards these efforts. In other words, IOUs are annually spending nearly 10 times the combined state and federal expenditures. No framework exists to evaluate how these multiple wildfire prevention programs interact and can best be coordinated to maximize their success and cost-effectiveness for wildfire risk reduction.

   This bill requires the deputy director, in consultation with the state hazard mitigation officer, to prepare the Forecast in coordination with WMPs and local hazard mitigation plans. Further, the bill requires the deputy director to provide recommendations in the Report on how to achieve better coordination, risk to spend efficiency, and overall cost-effectiveness, in specific regions and statewide, between utility-related wildfire mitigation investments made pursuant to a WMP and nonutility wildfire mitigation investments.

5) **Fire Hazard Severity Zones**. FHSZs are categorized as moderate, high, and very high based on consistent statewide criteria and based on the severity of fire hazard that is expected to prevail in those areas. FHSZ maps evaluate "hazard" based on the physical conditions that create a likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, defensible space, vegetation management, or fuel reduction efforts.

CAL FIRE mapped the three tiered FHSZs for the SRA and the VHFHSZ for the lands managed locally in the LRA, which includes incorporated cities, urban regions, agriculture lands, and portions of the desert where the local government is responsible for wildfire protection. This is typically provided by city fire departments, fire protection districts, counties, and by CAL FIRE under contract.

SB 63 (Stern), Chapter 382, Statutes of 2021, requires CAL FIRE to adopt of all three FHSZs in the LRA. On March 10, CAL FIRE released maps that added thousands of acres of lands within FHSZs across 15 Central Valley counties that previously had no acres zoned for fire hazard. New maps for Southern California were released March 24.

CAL FIRE uses the same modeling data that are used to map the SRA to develop the FHSZs in the LRA. Creating maps is a laborious process that requires scrutinizing detailed data across the state, including small pockets of potentially flammable wildlands within cities, and then coordinating with hundreds of local jurisdictions for validation of the mapping.

6) **Defensible space.** The defensible space requirements for all structures within the SRA and VHFHSZs in the LRA is 100 feet. CAL FIRE additionally requires the removal of all dead plants, grass, and weeds, and the removal of dry leaves and pine needles within 30 feet of a structure. In addition, tree branches must be 10 feet away from a chimney and other trees within that same 30 feet surrounding a structure.

   AB 3074 (Friedman), Chapter 259, Statutes of 2020, required the Board to adopt regulations, by January 1, 2023, to create an ember-resistant zone (i.e., zone 0). The Board has not yet promulgated regulations effectuating that defensible space requirement for an ember resistant zone. On February 6, Governor Newsom signed executive order N-18-25 directing the Board to adopt the final ember-resistant zone regulations by December 31, 2025.

   AB 38 (Wood), Chapter 391, Statutes of 2019, requires defensible space inspections upon the sale of a home in areas designated high and VHFHSZs. The ember-resistant zone regulations will be verified under that law once the regulations are in effect.

   This bill would authorize a local agency to apply for funding from CAL FIRE to fund wildfire inspections in VHFHSZs, and require, as a condition of receiving funds, the local agency to adopt an ordinance applying the ember-resistance regulations in VHFHSZs and adopted a civil penalty for noncompliance.

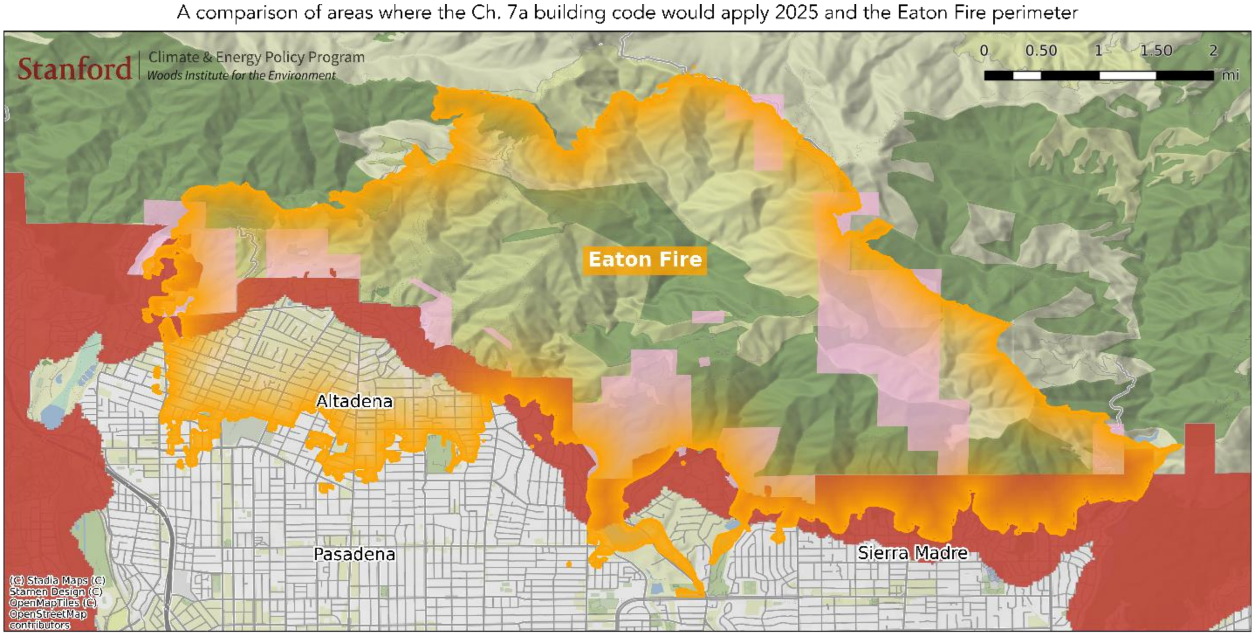
   Local governments are not required to adopt regulations to effectuate defensible space requirements locally, though some have. Los Angeles County adopted County Fire Code 327.1 to require defensible space compliance consistent with PRC 4291.5 and authorizes administrative fines, noncompliance fees, and/or possible liens for noncompliant parcels. The intent with this bill is to encourage local governments to apply for funding and push them to adopt ordinances to enforce the defensible space requirements.

7) **Building standards**. Applicable to all new developments located in the SRA and the VHFHSZs in LRAs, California's Building Code Chapter 7A establishes building standards for building materials used to resist the intrusion of flames or embers projected by a wildfire. It can be applied to new construction or for retrofitting an older home. California's wildfire building code went into effect in 2008 and mandates fire-resistant siding, tempered glass, vegetation management, and ignition-resistant roofs, standards for vents, decks, under eves,

siding, windows, gutters, vents for attics and crawlspaces designed to resist embers and flames. These standards, which are periodically updated, have been shown to work. An analysis by the Sacramento Bee showed that approximately 51% of the 350 single-family homes built after 2008 in the path of the Camp Fire were undamaged. By contrast, only 18% of the 12,100 homes built prior to 2008 escaped damage. Existing structures are not mandated to be retrofitted to the Chapter 7A standard. Property owners and tenants are highly encouraged to adopt best management practices to harden a home from wildfire. CAL FIRE recently created a low cost retrofit list with a number of home retrofits that can be completed at relatively minimal cost.

This bill requires the SFM, and on or before July 1, 2026, to propose to extend the applicability of the home hardening building standards to all reconstruction of all buildings destroyed within the perimeters of a wildfire that occurs on or after July 1, 2026. Provided by the Standard University Climate & Energy Program, the map below shows the current (expanded in 2024/2025) areas where CAL FIRE mapping will require implementation of Chapter 7a building standards compared to the area that burned in Altadena during the Eaton Fire. Everywhere not in the CAL FIRE VHHSZ in the LRA will not be required to rebuild to the Chapter 7a code.

A comparison of areas where the Ch. 7a building code would apply 2025 and the Eaton Fire perimeter



LRA Very High | SRA Very High | Eaton Fire Perimeter

8) **Existing structures**. Current law requires the ember-resident zone regulations to take effect for existing structures three years after the effective date for the new structures. This bill modifies the effective dates for existing structures in the SRA to discern between primary residences and rental properties. For an existing structure not used as a rental property, the requirement for an ember-resistant zone applies either upon the sale of that structure (consistent with AB 38) or three years after the regulatory effective date for a new structure, whichever comes first. For an existing structure that is used as a rental property, the requirement for an ember-resistant zone applies on the same date as the effective date for a new structure.

9) **Inspections.** Current law requires CAL FIRE to maintain a defensible space training program for qualified entities (PRC 4291.5). That statute currently only applies to defensible space education and outreach in the SRA. It is worth noting the legislature is also currently considering SB 514 (Cabaldon) to expand the training program to do inspections and outreach in the LRA. The author may wish to coordinate efforts.

10) **CAL FIRE grants**. This bill requires CAL FIRE, upon appropriation, to make grant funding available to local governments to implement fire reduction efforts consistent with the Framework and for conducting zone 0 inspections. CAL FIRE administers an existing local assistance grant program for fire prevention and home hardening education activities in California to establish a robust year-round fire prevention effort in and near fire-threatened communities that focuses on increasing the protection of people, structures, and communities. The grant-funded opportunities in this bill could be more efficiently provided through that local assistance grant program, or another program at CAL FIRE.

11) **Double referral**. This bill was heard in the Assembly Emergency Management Committee on June 30 and approved 5-0.

12) **Committee amendments**: The *Committee may wish to amend the bill* to require the opportunities for local grants in the bill to be administered through an existing local assistance grant program at CAL FIRE.

13) **Related legislation**:

    a) AB 1455 (Bryan) clarifies the Board's authority to adopt regulations to implement defensible space requirements for an ember-resistant zone in the LRA and authorizes adoption of the regulations for the SRA and LRA as emergency regulations. This bill is referred to the Senate Natural Resources & Water Committee.

    b) SB 514 (Cabaldon) deletes the sunset date on the statewide program to allow qualified entities to support and augment CAL FIRE in its defensible space and home hardening assessment; adds nonprofit entities focused on wildfire resiliency and contractors who conduct specified wildfire resiliency activities to the list of qualified entities; and, authorizes qualified entities to additionally assess compliance with defensible space requirements applicable to LRA. This bill is referred to the Assembly Natural Resources Committee.

    c) SB 629 (Durazo) requires the SFM to map areas of the state previous burned by a wildfire and requires the application of specified wildfire risk mitigation regulations to those mapped areas. This bill is referred to the Assembly Natural Resources Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Environmental Voters
County of Los Angeles Board of Supervisors
Independent Insurance Agents & Brokers of California, INC.
James Hardie
League of California Cities

Marin Clean Energy
San Mateo; County of
USGBC California
Vibrant Planet, a Public Benefit Corporation

Opposition

None on file

Analysis Prepared by: Paige Brokaw / NAT. RES. /

AMENDED IN ASSEMBLY MAY 7, 2025

AMENDED IN ASSEMBLY APRIL 21, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL No. 632

Introduced by Assembly Member Hart
(Coauthors: Assembly Members Pacheco and Papan)

February 13, 2025

An act to amend Section 53069.4 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 632, as amended, Hart. Local ordinances: administrative fines or penalties.

Existing law authorizes the legislative body of a local agency, as defined, to, by ordinance, make any violation of an ordinance subject to an administrative fine or penalty. Existing law requires a local agency to set forth, by ordinance, the administrative procedures that govern the imposition, enforcement, collection, and administrative review of those administrative fines or penalties, as specified.

This bill would, for specified administrative fines or penalties, authorize a local agency to file a certified copy of a final administrative order or decision that directs payment of the administrative fine or penalty with the clerk of the superior court of any county, as specified, and require the clerk to enter judgment immediately in conformity with the decision or order. The bill would also authorize a local agency to, by ordinance, establish a procedure to collect administrative fines or penalties by lien upon the parcel of land on which the violation occurred if the ordinance requires service of a specified notice. The bill would specify that the remedies or penalties provided by these provisions are cumulative of the remedies or penalty available under any other law.

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

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

SECTION 1. Section 53069.4 of the Government Code is amended to read:

53069.4. (a) (1) The legislative body of a local agency, as the term "local agency" is defined in Section 54951, may by ordinance make any violation of any ordinance enacted by the local agency subject to an administrative fine or penalty. The local agency shall set forth by ordinance the administrative procedures that shall govern the imposition, enforcement, collection, and administrative review by the local agency of those administrative fines or penalties. Where the violation would otherwise be an infraction, the administrative fine or penalty shall not exceed the maximum fine or penalty amounts for infractions set forth in Section 25132 and subdivision (b) of Section 36900.

(2) (A) The administrative procedures set forth by ordinance adopted by the local agency pursuant to this subdivision shall provide for a reasonable period of time, as specified in the ordinance, for a person responsible for a continuing violation to correct or otherwise remedy the violation prior to the imposition of administrative fines or penalties, when the violation pertains to building, plumbing, electrical, or other similar structural or zoning issues, that do not create an immediate danger to health or safety.

(B) Notwithstanding subparagraph (A), the ordinance adopted by the local agency pursuant to this subdivision may declare commercial cannabis activity undertaken without a license as required by Division 10 (commencing with Section 26000) of the Business and Professions Code to be a public nuisance and provide for the immediate imposition of administrative fines or penalties for the violation of local zoning restrictions or building, plumbing, electrical, or other similar structural, or health and safety requirements if the violation exists as a result of, or to facilitate, the unlicensed cultivation, manufacturing, processing, distribution, or retail sale of cannabis for which a license is required. This subparagraph shall not be construed to apply to cannabis cultivation or activity that is lawfully undertaken pursuant to Section 11362.1 or 11362.5 of the Health and Safety Code, to commercial cannabis activity undertaken pursuant to a license under Division 10 (commencing with Section 26000) of the Business and Professions Code and applicable state regulations, or to a person exempt from licensure pursuant to Section 26033 of the Business and Professions Code.

(C) If a local agency adopts an ordinance that provides for the immediate imposition of administrative fines or penalties as allowed in subparagraph (B), that ordinance may impose the administrative fines and penalties upon the property owner and upon each owner of the occupant business entity engaging in unlicensed commercial cannabis activity and may hold them jointly and severally liable for the administrative fines and penalties.

(D) Administrative fines or penalties that are immediately imposed pursuant to an ordinance adopted under subparagraph (B) shall not exceed one thousand dollars ($1,000) per violation and shall not exceed ten thousand dollars ($10,000) per day. This subparagraph shall not be construed to limit the immediate imposition of larger fines that are otherwise authorized by applicable law and shall not be construed to limit administrative fines or penalties that are imposed after notice and a reasonable time to correct pursuant to subparagraph (A).

(E) An ordinance adopted pursuant to subparagraph (B) shall provide for a reasonable period of time for the correction or remedy of the violation prior to the imposition of administrative fines or penalties as required in subparagraph (A) if all of the following are true:

(i) A tenant is in possession of the property that is the subject of the administrative action.

(ii) The rental property owner or agent can provide evidence that the rental or lease agreement prohibits the commercial cannabis activity.

(iii) The rental property owner or agent did not know the tenant was engaging in unlicensed commercial cannabis activity for which a license was required and no complaint, property inspection, or other information caused the rental property owner or agent to have actual notice of the unlicensed commercial cannabis activity.

(F) A local agency that passes an ordinance pursuant to subparagraph (B) may refer cases involving unlicensed commercial cannabis activity to the Attorney General to undertake civil enforcement action pursuant to Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of, or Section 26038 of, the Business and Professions Code or any other applicable law.

(b) (1) Notwithstanding Section 1094.5 or 1094.6 of the Code of Civil Procedure, within 20 days after service of the final administrative order or decision of the local agency is made pursuant to an ordinance enacted in accordance with this section regarding the imposition, enforcement, or collection of the administrative fines or penalties, a person contesting that final administrative order or decision may seek review by filing an appeal to be heard by the superior court, where the same shall be heard de novo, except that the contents of the local agency's file in the case shall be received in evidence. A proceeding under this subdivision is a limited civil case. A copy of the document or instrument of the local agency providing notice of the violation and imposition of the administrative fine or penalty shall be admitted into evidence as prima facie evidence of the facts stated therein. A copy of the notice of appeal shall be served in person or by first-class mail upon the local agency by the contestant.

(2) The fee for filing the notice of appeal shall be as specified in Section 70615. The court shall request that the local agency's file on the case be forwarded to the court, to be received within 15 days of the request. The court shall retain the fee specified in Section 70615 regardless of the outcome of the appeal. If the court finds in favor of the contestant, the amount of the fee shall be reimbursed to the contestant by the local agency. Any deposit of the fine or penalty shall be refunded by the local agency in accordance with the judgment of the court.

(3) The conduct of the appeal under this section is a subordinate judicial duty that may be performed by traffic trial commissioners and other subordinate judicial officials at the direction of the presiding judge of the court.

(c) If no notice of appeal of the local agency's final administrative order or decision is filed within the period set forth in this section, the order or decision shall be deemed confirmed.

(d) If the fine or penalty has not been deposited and the decision of the court is against the contestant, the local agency may proceed to collect the penalty pursuant to the procedures set forth in its ordinance.

(e) (1) For an administrative fine or penalty described in paragraph (2), after the exhaustion of the administrative and review procedures provided in this section, the local agency may file a certified copy of a final administrative order or decision of the local agency that directs the payment of an administrative fine or penalty and, if applicable, a copy of an order of the superior court rendered on an appeal from the local agency's decision or denying a petition for a writ of administrative mandate with the clerk of the superior court of any county. Judgment shall be entered immediately by the clerk in conformity with the decision or order. ~~A fee shall not be charged by the clerk of the superior court for the performance of an official service required in connection with the entry of judgment pursuant to this subdivision.~~

(2) This subdivision shall only apply to an administrative fine or penalty that is imposed for a violation of any of the following:

(A) Any law, regulation, or local ordinance regulating or prohibiting the cultivating, manufacturing, producing, processing, preparing, storing, providing, donating, selling, delivering, or distributing of cannabis or cannabis products, including, but not limited to, an ordinance adopted pursuant to Section 26200 of the Business and Professions Code.

(B) The State Housing Law (Part 1.5 (commencing with Section 17910) of Division 13 of the Health and Safety Code) and regulations or ordinances adopted pursuant to that part.

(C) Any law, regulation, or local ordinance that ensures the habitability of rental housing, including, but not limited to, any law, regulation, or local ordinance that would also be a violation of Section 1941.1 of the Civil Code.

(D) Any law, regulation, or local ordinance relating to fire hazards.

(f) The local agency may, by ordinance, establish a procedure to collect administrative fines or penalties imposed pursuant to this section by lien upon the parcel of land on which the violation occurred.

(1) (A) The ordinance shall require service of both of the following upon the parties set forth in subparagraph (C):

(i) The initial notice of violation or other charging document commencing the administrative procedures for imposition of administrative fines or penalties.

(ii) A notice of lien, which shall be served or mailed after the exhaustion of the administrative and review procedures provided in this section and before the recordation of the lien.

(B) Notices under this paragraph may be served by first-class mail or personal service. In case of service by mail, the notice or other paper shall be deposited in a post office, mailbox, subpost office, substation, or mail chute, or other like facility regularly maintained by the United States Postal Service, in a sealed envelope, with postage paid, addressed to each party set forth in subparagraph (C). Service by mail is complete at the time of the deposit in the mail facility, and any period of notice set forth in this paragraph or an ordinance adopted hereunder, and any right or duty to do any act or make any response within any period after service, shall not be extended by reason of service by mail. Section 1013 of the Code of Civil Procedure does not apply to extend the time for giving any notice or performing any act under this paragraph or an ordinance adopted hereunder.

(C) Notices under this paragraph shall be served or mailed to both of the following:

(i) The owner of record of the parcel of land on which the violation occurred, based on the last equalized assessment roll or the supplemental roll, whichever is more current.

(ii) The owner of an encumbrance of record on the property.

(2) The parties set forth in subparagraph (C) of paragraph (1) shall be entitled to seek administrative review of the administrative fines or penalties in accordance with the procedures set forth in the ordinance and to contest a final administrative order or decision under this section in accordance with applicable law.

(3) Once a copy of the notice of lien, as described in paragraph (1), is recorded in the county recorder's office, the lien shall have the same force, effect, and priority as a judgment lien.

(g) The remedies or penalties provided by this section are cumulative of the remedies or penalties available under other law.

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SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 632 (Hart)
Version: May 7, 2025
Hearing Date: July 15, 2025
Fiscal: No
Urgency: No
AWM

SUBJECT

Local ordinances: administrative fines or penalties

DIGEST

This bill authorizes a local agency to obtain an enforceable judgment for administrative fines or citations entered for specified violations, after the alleged violator has had the opportunity to exhaust the available judicial review process; and permits a local agency to collect fines or penalties imposed administratively through the placement of a lien on the parcel of land on which the violation occurred.

EXECUTIVE SUMMARY

Since Californians voted to approve the use of cannabis by adults for recreational use in 2016, there has been a steady stream of legislation granting local governments more authority to take action against unlicensed cannabis activity. AB 2164 (Cooley, Ch. 316, Stats. 2018) and AB 1684 (Maienschein, Ch. 477, Stats. 2023) expanded an existing Government Code section authorizing local governments to impose administrative fines or penalties for specified violations, thereby allowing local governments to establish ordinances prohibiting unlicensed cannabis activities and to impose administrative fines or penalties for violations.

This bill adds two new features to the Government Code local ordinance regime. First, the bill authorizes a local government to obtain a judgment following the exhaustion of administrative procedures, only for violations of (1) cannabis-related ordinances; (2) violations of the State Housing Law; (3) any law, regulation, or local ordinance that ensures the habitability of rental housing; and (4) any law, regulation, or local ordinance relating to fire hazards. Second, the bill authorizes a local government to establish an ordinance to collect on an administrative fine or penalty by a lien on the parcel of land on which the violation occurred, provided that several procedural conditions are met. Specifically, the landowner and any holder of an encumbrance on the land must be served with the charging documents or notice of violation, and be given the opportunity to challenge the violation; they must also be served with a notice of the lien after any challenges have been exhausted. The author has agreed to amendments to clarify that a local government can obtain a judgment only after the exhaustion of available judicial review procedures, to clarify the steps a local government must take before imposing a lien, and to more narrowly tailor the types of violations for which a lien can be imposed.

This bill is sponsored by the California Association of Code Enforcement Officers, the County of Santa Clara, and Rural County Representatives of California and is supported by the California State Association of Counties, the City of Norwalk, the League of California Cities, and Urban Counties of California. This bill is opposed by ACLU California Action. The Senate Local Government Committee passed this bill with a vote of 5-2.

PROPOSED CHANGES TO THE LAW

Existing law:

1) Establishes the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which establishes a comprehensive system to control and regulate the cultivation, distribution, transport, storage, manufacturing, processing, and sale of medical cannabis and recreational cannabis for adults aged 21 years and older. (Bus. & Prof. Code, div. 10, §§ 26000 et seq.)

2) Establishes the Department of Cannabis Control, under the supervision and control of a director, who is tasked with administering and enforcing the provisions of MAUCRSA. (Bus. & Prof. Code, § 26010.)

3) Provides that, with specified exceptions for medical cannabis, MAUCRSA does not supersede or limit local authority:
   a) To adopt and enforce local ordinances to regulate licensed cannabis businesses, including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing exposure to secondhand smoke, or to completely prohibit the establishment or operation of one or more types of cannabis business types authorized by MAUCRSA.
   b) To undertake local law enforcement responsibilities, including zoning requirements, or enforce local licensing, permitting, or other authorization requirements. (Bus. & Prof. Code, § 26200.)

4) Defines a "local agency" as a county, city, whether general law or chartered, city and county, town, school district, municipal corporation, district, political subdivision, or any board, commission or agency thereof, or other local public agency. (Gov. Code, § 54951.)

5) Authorizes the legislative body of a local agency to make any violation of any ordinance enacted by the local agency subject to an administrative fine or penalty.
    a) The local agency must set forth by ordinance the administrative procedures that govern the imposition, enforcement, collection, and administrative review by the local agencies of those fines or penalties.
    b) The administrative procedures must provide a reasonable period of time for a person to correct or remedy a violation prior to the imposition of fines or penalties, when the violation pertains to building, plumbing, electrical, or other similar structural or zoning issues that do not create an immediate danger to health or safety. (Gov. Code, § 53069.4(a)(1), (2).)

6) Provides, notwithstanding 5), that a local agency may adopt an ordinance declaring commercial cannabis activity undertaken without a required license to be a public nuisance and provide for the immediate imposition of administrative fines or penalties for the violation of building, plumbing, electrical, or other similar structural, health and safety, or zoning requirements if the violation exists as a result of, or to facilitate, the unlicensed cultivation, manufacturing, processing, distribution, or retail sale of cannabis for which a license is required. (Gov. Code, § 53069.4(a)(2)(B).)

7) Permits an ordinance adopted under 6) to impose the administrative fines and penalties upon the property owner and each owner or occupant business entity engaging in unlicensed commercial cannabis activity, and may hold them jointly and severally liable for the administrative fines and penalties. (Gov. Code, § 53069.4(a)(2)(C).)

8) Provides that administrative fines or penalties adopted pursuant to 6) shall not exceed $1,000 per violation and shall not exceed $10,000 per day. (Gov. Code, § 53069.4(a)(2)(D).)

9) Requires an ordinance adopted under 6) to provide a reasonable time for correction or remedy of the violation prior to the imposition of administrative fines or penalties if all of the following are true:
    a) A tenant is in possession of the property that is the subject of the administrative action.
    b) The real property owner or agent can provide evidence that the rental or lease agreement prohibits the cultivation of cannabis.
    c) The rental property owner or agent did not know the tenant was illegally cultivating cannabis and no complaint, property inspection, or other information caused the rental property owner or agent to have actual notice of the illegal cannabis cultivation. (Gov. Code, § 53069.4(a)(2)(E).)

10) Permits a person to contest an administrative penalty or fine imposed pursuant to 1) or 6) to seek review of the final order or decision by filing, within 20 days after service of the final order or decision, an appeal to be heard by the superior court.
    a) The superior court shall hear the appeal de novo.
    b) The contents of the local agency's file in the case shall be received into evidence, and a copy of the document or instrument of the local agency providing notice of the violation and imposition of the administrative fine or penalty shall be admitted into evidence as prima facie evidence of the facts stated therein.
    c) An appeal under this provision is a limited civil case and the conduct of the appeal is a subordinate judicial duty that may be performed by traffic commissioners and other subordinate judicial officials at the direction of the presiding judge of the court.
    d) The person may deposit the amount of the fine or penalty prior to the appeal and, if they prevail, the local government must return the deposit; alternatively, the appeal may proceed without a deposit, and if the local government prevails, they may proceed to collect the penalty, as specified. (Gov. Code, § 53069.3(b)-(d).)

11) Permits, as an alternative to the review procedure in 10), a person to seek review of an administrative penalty or fine imposed pursuant to 5) or 6) through a petition for a writ of mandate.
    a) The court's inquiry in such a proceeding extends only to the questions of whether the respondent has proceeded without, or in excess of, jurisdiction; whether there was a fair trial; and whether there was any prejudicial abuse of discretion.
    b) An abuse of discretion is established if the respondent has not proceeded in the manner required by law, the order or decision is not supported by the findings, or the findings are not supported by the evidence.
    c) If the court finds that there is relevant evidence that, in the exercise of reasonable diligence, could not have been produced or that was improperly excluded at the hearing before respondent, it may remand the case to be reconsidered in the light of that evidence.
    d) The court may stay the operation of the administrative order or decision pending before the court, unless the stay is against the public interest. (Code Civ. Proc., § 1094.5; *Martin v. Riverside County Dept. of Code Enforcement* (2008) 166 Cal.App.4th 1406, 1411-1412.)

12) Establishes procedures for a writ petition filed pursuant to 11), including requiring that the petition be filed not later than the 90th day after which the date the decision becomes final. (Code Civ. Proc., § 1095.6.)

This bill:

1) Permits a local agency to file a certified copy of a final administrative order or decision that directs the payment of the fine or penalty and, if applicable, a copy of an order of the superior court rendered on the appeal or denying the petition for writ of mandate with the clerk of the superior court of any county.
    a) Upon the filing, judgment shall be entered immediately by the clerk in conformity with the decision or order.
    b) The clerk shall not file a fee for the performance of an official service required in connection with the entry of judgment.

2) Provides that judgment may be entered immediately pursuant to 1) only in the following case types:
    a) Any law, regulation, or local ordinance regulating or prohibiting the cultivating, manufacturing, producing, possessing, preparing, storing, providing, donating, selling, delivering, or distribution of cannabis or cannabis products, including an ordinance adopted under MAUCRSA.
    b) The State Housing Law or its regulations or ordinances.
    c) Any law, regulation, or local ordinance that ensures the habitability of rental housing, as specified.
    d) Any law, regulation, or local ordinance relating to fire hazards.

3) Provides that a local entity may obtain a judgment from the superior court under 1) only after the exhaustion of the available judicial review procedures, or the expiration of the time to seek review.

4) Permits a local agency to establish, by ordinance, a procedure to collect administrative fines or penalties by imposing a lien upon the parcel of land upon which the violation occurred, provided the procedures in 5), below, are met.

5) Requires a procedure established pursuant to 4) to require all of the following to be served on the landowner of the property and the holder of any encumbrance on the property, if any:
    a) The initial notice of violation or other charging documents at the time of the comment of the administrative procedures for imposition of administrative fines or penalties. A landowner or encumbrance holder shall be entitled to seek administrative review of those administrative fines or penalties in accordance with existing law.
    b) A notice of lien, which shall be provided after the exhaustion of the administrative and review procedures provided in this section and before the recordation of the lien.

6) Requires the initial notice of the violation or other charging document and the notice of lien to be served via first-class mail or personal service.

   a) In case of service by mail, the notice or other paper shall be deposited in a post office, mailbox, subpost office, substation, or mail chute, or other facility maintained by the United States Postal Service (USPS), in a sealed envelope, with postage paid, addressed to each party required under 5).
   b) Service by mail is deemed complete at the time of the deposit in the mail facility, and the period for responding to the notice or taking action is not extended by the mailing times set forth in Code of Civil Procedure section 1013.

7) Provides that the landowner and encumbrance holder, if any, served under 5) are entitled to seek administrative review of the administrative fines or penalties in accordance with the procedures set forth in the ordinance and to contest a final administrative order or decision in accordance with applicable law.

8) Provides that, once a copy of the notice of lien under 5) is recorded in the county recorder's office, the lien shall have the same force, effect, and priority as a judgment lien.

9) Provides that the remedies or penalties that a local agency may establish pursuant to ordinance are cumulative to remedies or penalties available under other law.

COMMENTS

1. Author's comment

According to the author:

> AB 632 provides local governments with a more effective tool to collect existing penalties for violations of local ordinances relating to housing, fire safety, and unlicensed cannabis activities. The bill includes due process protections, ensuring individuals receive proper notice, can contest fines through administrative review, and have the right to appeal before enforcement actions like liens or judgments are imposed. These safeguards strike the appropriate balance of fairness while allowing local governments to hold those who break the law accountable.

2. MAUCRSA imposes a legal cannabis regime that provides for both state-level and local-level control

While cannabis remains a Schedule I narcotic under federal law,[1] California has permitted medical cannabis use since 1996.[2] Adult recreational cannabis use was

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[1] 21 U.S.C. § 812. Drugs designated as Schedule I ostensibly have a high potential for abuse, no currently accepted medical use in treatment in the United States, and a lack of accepted safety for use of the drug or

approved by the voters in 2016,[3] and the Legislature subsequently enacted MAUCRSA to streamline and synthesize the licensing and regulatory regimes for medical and recreational cannabis.[4] Consistent with the ballot measure approved by the voters, MAUCRSA allows local governments to adopt and enforce local ordinances to regulate cannabis businesses licensed by the State, including imposing local zoning and land use requirements or completely prohibiting the establishment or operation of licensed cannabis businesses.[5]

In 2018, the Legislature enacted AB 2164 (Cooley, Ch. 316, Stats. 2018), which authorized a local agency to adopt an ordinance allowing for the immediate imposition of administrative fines or penalties for the violation of building, plumbing, electrical, or other similar structural, health and safety, or zoning requirements if the violation was the result of, or was to facilitate, the illegal cultivation of cannabis.[6] The bill created an exception to the general rule that, before a fine could be imposed pursuant to a local agency's administrative procedure, the person responsible for the violation had to be provided with an opportunity to cure the violation if it did not create an immediate danger to health or safety.[7] The bill also created an exception to the exception: a landlord whose tenant was responsible for the unlicensed cannabis cultivation and violation does have the opportunity to cure the violation, if the rental agreement prohibited the cultivation of cannabis and the landlord was unaware that the cannabis cultivation was occurring.[8] According to the Senate Governance and Finance Committee's analysis of AB 2164, the bill was needed because, under the laws in place at the time, unlicensed cultivators could evade administrative penalties simply by moving locations.[9]

In 2023, the Legislature enacted AB 1684 (Maienschein, Ch. 477, Stats. 2023), which expanded the AB 2164 regime by allowing local agencies the authority to impose immediate fines or penalties, of up to $10,000 daily, for zoning and building violations that arise from unlicensed commercial cannabis activity. AB 1684 retained the existing right to cure for landlords who were unaware of the unlicensed cannabis activity on their property and meet specified criteria, but permitted, in other cases, the fines to be imposed jointly and severally on a property owner and each owner of the occupant unlicensed cannabis activity.

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other substance under medical supervision. (*Id.*, § 812(b)(1).) Opium and fentanyl, by contrast, are designated as Schedule II. (*Id.*, § 812, Schedule II.)

[2] Compassionate Use Act (Prop. 215), as approved by voters, Gen. Elec. (Nov. 5, 1996).

[3] The Control, Regulate, and Tax Adult Use of Marijuana Act (Prop. 64), as approved by voters, Gen. Elec. (Nov. 8, 20216).

[4] SB 94 (Committee on Budget and Fiscal Review, Ch. 27, Stats. 2017).

[5] Bus. & Prof. Code, § 26200.

[6] *See* Gov. Code, § 53069.4(a)(2)(B).

[7] *Id.*, § 53069.4(a)(2)(A).

[8] *Id.*, § 53069.3(a)(2)(C).

[9] Sen. Com. on Gov. & Fin., Analysis of Assem. Bill No. 2164 (2017-2018 Reg. Sess.), as amended May 29, 2018, p. 4.

3. <u>This bill authorizes a local government to obtain an entry of judgment for violations of specified local ordinances, after the option for judicial review has been exhausted, and permits a local government to place a lien on a property to enforce such a judgment</u>

This bill implements two changes to the statute governing local government fines and ordinances. According to the author and sponsors, these measures will help local governments combat unlicensed cannabis activities.

First, the bill permits a local government, following the imposition of a fine or administrative penalty and the exhaustion of any review procedures, to obtain an expedited entry of judgment for: (1) cannabis-related violations; (2) violations of the State Housing Law; (3) any law, regulation, or local ordinance that ensures the habitability of rental housing; and (4) any law, regulation, or local ordinance relating to fire hazards. These categories are narrowly drawn to apply only to violations that impact health and safety. The bill also sets forth the procedural requirements for obtaining the immediate entry of judgment.

Second, the bill authorizes a local agency to establish, by ordinance, a procedure to collect administrative fines or penalties imposed pursuant to an existing local ordinance by imposing a lien on the parcel of land in which the violation occurred. The lien ordinance must require the landowner or holder of an encumbrance on the property to be served with the initial notice of violation or other charging document commencing the administrative procedures for imposition of administrative fines or penalties, and the landowner or encumbrance-holder must be given the opportunity to contest the administrative fine or penalty through the avenues provided under existing law. After the review process is exhausted, the local government may record the notice of lien, and the lien shall have the same force, effect, and priority as a judgment lien.

4. <u>Due Process issues</u>

The Fourteenth Amendment of the United States Constitution, and Section 15 of Article I of the California Constitution, prohibit the state from denying a person of life, liberty, or property without due process of law.[10] The state's protection of procedural due process "is much more inclusive and protects a broader range of interests than under the federal Constitution."[11] California's "approach presumes that when an individual is subject to deprivatory governmental action, he always has a due process liberty interest in both fair and unprejudiced decision making," which "places front and center the issue of critical concern, i.e., what procedural protections are warranted in light of governmental and private interests."[12] In terms of what quantum of process is necessary, the state and federal analyses are the same: "due process is flexible and calls

[10] U.S. Const., 14th amend; Cal. Const., art. I, § 15.
[11] *Gresher v. Anderson* (2005) 127 Cal.App.4th 88, 104-105 (cleaned up).
[12] *People v. Ramirez* (1979) 25 Cal.3d 260, 268.

for such procedural protections as the particular situation demands…not all situations calling for procedural safeguards call for the same kind of procedure."[13]

Here, a local government is already empowered to levy significant fines for various code violations. For cannabis-related violations, the fines can be up to $1,000 for each violation, and up to $10,000 per day;[14] the penalties for violations that constitute an infraction can range from $100 to $2,500.[15] The statute does not set a cap on other possible violations. Moreover, while a local government is ostensibly required to give a person a "reasonable time" to correct a violation before imposing a fine or penalty, there's an exception that can swallow the rule: the correction period does not need to be provided for issues "that do not create an immediate danger to health or safety," or virtually any violation related to unlicensed cannabis, with a narrow exception for a landowner who was unaware of unlicensed cannabis activity on the property.[16]

With respect to the initial process the local government is required to provide, the statute is vague: it requires only that the local agency "set forth by ordinance the administrative procedures that shall govern the imposition, enforcement, collection, and administrative review by the local agency of those administrative fines or penalties."[17] Some counties' review procedures are far stricter than what would be permitted in a court: for example, the Counties of San Joaquin and Sonoma require that the alleged violator, as a condition of their right to an administrative appeal, deposit the full amount of the assessed penalty unless they complete a "hardship waiver," which the county can decide to reject.[18]

After the administrative review process is exhausted, the subject of a fine or penalty has two options to seek judicial review: through a petition for a writ of mandamus—the standard avenue for seeking review of agency actions[19]—or a limited de novo review in the superior court.[20] There are ups and downs to either option. In a writ of mandamus procedure, the petitioner does not get a completely fresh hearing; instead, the court reviews "whether the respondent has proceeded without, or in excess of, jurisdiction; whether there was a fair trial; and whether there was any prejudicial abuse of discretion."[21] The de novo review in supreme court is, as the name sounds, allows the subject to challenge the citation in the superior court without any deference being given to the local agency. The review is limited, however, because the proceeding is classified as a "limited civil case,"[22] which provides fewer rights to the litigants than an unlimited

[13] *Morrissey v. Brewer* (1972) 408 U.S. 471, 481.
[14] Gov. Code, § 53069.4.
[15] *Id.*, §§ 25132, 36900, 53069.4(a).
[16] *Id.*, § 53069.4(a)(2).
[17] *Id.*, § 53069.4(a)(1).
[18] San Joaquin Code of Ordinances, §§ 1-2032, 1-2033; Sonoma County Code of Ordinances, § 1-7.6(h).
[19] *See* Code Civ. Proc., §§ 1094.5, 1094.6.
[20] Gov. Code, § 53069.4(b).
[21] Code Civ. Proc., § 1094.5.
[22] *Id.*, § 53069.4(b); *Martin v. Riverside County Dept. of Enforcement* (2008) 166 Cal.App.4th 1406, 1411.

civil case. Parties to a limited civil case cannot file a special demurrer to the complaint;[23] have strict limits on how many discovery requests they can propound, including only one deposition per side;[24] and have to appeal a judgment to the appellate division of the superior court, not the Court of Appeals.[25] These limitations generally make sense because the default maximum amount in controversy for a limited civil case is $35,000.[26] But here, where a person could surpass the limited civil jurisdiction ceiling in just four days, the "limited case" designation could severely hamper a person's ability to seek judicial review of their fine or penalty.

Taking all of these factors together, there are serious concerns that, to the extent this bill could be interpreted to deny the subject of an administrative fine or penalty of further procedural protections, the bill could run afoul of the state and federal Due Process Clauses. The author and sponsors, however, have explained that their intent is not to permit the imposition of judgment before the judicial review process is complete, and have agreed to amend the bill to that effect. The author has also agreed to amendments that would prohibit a county from placing a lien to recover the cost of a penalty if they condition access to the appeals process on prepayment. These amendments are set forth below in Comment 5.

The question of whether it is appropriate to authorize a local government to place a lien on property for which a judgment of enforcement has been entered is derivative of the question of whether the landowner was given adequate process before the judgment was entered. The author and sponsors have stated that their goal is to limit the imposition of liens to properties in which the landowner, or the holder of an encumbrance, was cited under the local ordinance in the first instance; in other words, a local government cannot place a lien on a parcel whose landowner was not part of the underlying action for fines or penalties and who was not given the opportunity for judicial review in the first instance. The author has agreed to amendments to clarify these provisions, set forth below.

5. <u>Amendments</u>

As noted above, the author has agreed to amend the bill to clarify that a local government cannot obtain a judgment to enforce a fine or penalty until the subject of the fine has exhausted their right to judicial review, or until the time to seek judicial review has expired; and the requirements for imposing a lien on a property whose owner was cited for a violation of a local ordinance. The author has also agreed to amend the bill to clarify the notice provisions. The amendments are set forth below, subject to any nonsubstantive changes the Office of Legislative Counsel may make.

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[23] Code Civ. Proc., § 92.
[24] *Id.*, § 94
[25] *See* Cal. Rules of Court, tit. 8, div. 4, rules 8.800 et seq.
[26] Code Civ. Proc., § 85.

Amendment 1

On page 5, in line 1, after "(1)" insert "(A)"

Amendment 2

On page 5, in line 2, delete "and review"

Amendment 3

On page 5, in line 3, after "section" insert "and expiration of the time to seek judicial review or conclusion of judicial review proceedings, as applicable"

Amendment 4

On page 3, between lines 10 and 11, insert:

(B) Before making a filing under subparagraph (A), the agency shall serve a notice of entry of judgment upon all parties named in the final administrative order or judicial decision in the manner set forth in subparagraph (B) of paragraph (3) of subdivision (f).

Amendment 5

On page 5, in line 24, after "part" insert ", if the violation results in the building being substandard as described in Section 17920.3 of the Health and Safety Code"

Amendment 6

On page 5, delete lines 29-30 and insert:

(D) Any of the following laws or regulations relating to fire hazards, including regulations adopted pursuant to these laws, and local ordinances implementing these laws and regulations or establishing substantially similar requirements for any lands, structures, or activities:

(i) Chapters 2 and 3 (commencing with Section 4251) of Part 2 of Division 4 of the Public Resources Code.

(ii) Chapter 6.8 (commencing with Section 51175) of Part 1 of Division 1 of Title 5 of the Government Code.

(iii) Part 2 (commencing with Section 12500) of Division 11 of the Health and SafetyCode.

(iv) Part 2 (commencing with Section 13100) of Division 12 of the Health and Safety Code.

(v) Chapters 7 and 7A of the California Building Code.

(vi) Parts II, IV, and V of the California Fire Code.

(vii) Section R337 of the California Residential Code.

(viii) Chapter 12-7A of the California Referenced Standards Code

Amendment 7

On page 5, in line 34, after "occurred" insert:

, provided that the ordinance meets all of the following requirements:

(1) All of the following must occur before a notice of lien is served:

(A) The property owner is served with a notice of violation or other charging document for a violation of an ordinance adopted pursuant to subdivision (a).

(B) Any period of time to correct the violation required by this section or otherwise provided by local ordinance has expired.

(C) The property owner exhausts the administrative review procedures set forth in the local ordinance pursuant to subdivision (a) and the judicial review procedures available under either subdivision (b) or Sections 1094.5 and 1094.6 of the Code of Civil Procedure, or the time to pursue such administrative or judicial review expires.

(2) The ordinance does not require prepayment or advance deposit of the administrative fines or penalties as a condition of pursuing administrative or judicial review. This paragraph does not prohibit imposition or collection of any otherwise-authorized filing or appeal fees.

(3) (A) After the requirements of paragraph (1) are satisfied, the property owner is served with a notice of lien at least 20 days before the recordation of the lien.

Amendment 8

On page 5, delete lines 35-39 and on page 6, delete lines 1-3.

Amendment 9

On page 6, delete line 11 after "facility" and delete lines 12-17, and insert:

but any period of notice set forth in this paragraph or an ordinance adopted hereunder, and any right or duty to do any act or make any response within any period after service, shall be extended five calendar days, upon service by mail, if the place of address and the place of mailing is within the State of California, 10 calendar days if either the place of mailing or the place of address is outside the State of California but within the United States, 12 calendar days if the place of address is the Secretary of State's address confidentiality program (Chapter 3.1 (commencing with Section 6205) of Division 7 of Title 1), and 20 calendar days if either the place of mailing or the place of address is outside the United States

Amendment 10

On page 6, delete lines 18-28.

Amendment 11

On page 6, in line 29, delete "(3)" and insert "(g)"

Amendment 12

On page 6, in lines 29 and 30, delete "paragraph (1)" and insert "subdivision (f)"

Amendment 13

On page 6, between lines 31 and 32, insert "(h) For purposes of subdivision (f), "property owner" includes the holder of any encumbrance on the property."

Amendment 14

On page 6, in line 32, delete "(g)" and insert "(i)"

6. Arguments in support

According to the Rural County Representatives of California:

> Counties and cities are currently authorized to enforce local ordinances through several methods, including imposing administrative fines and penalties that may be collected through ordinary priority real property liens, as established in *City of Santa Paula v. Narula* (2003). However, the existing penalty statutes were primarily designed for routine zoning and building violations, and these processes are not always well suited to address certain serious code violations like large-scale illegal commercial cannabis operations, imminent fire hazards, or dangerously substandard housing conditions. Local governments often struggle to enforce serious violations, including state housing laws, fire safety regulations, and unlicensed cannabis activity, because the current code enforcement mechanisms are insufficient when dealing with persistent bad actors that often have numerous other violations and liens on the property and are consequently undeterred by existing enforcement mechanisms.

> To enhance code enforcement mechanism for serious violations, Subdivision (e) of the bill grants local agencies additional tools to collect penalties imposed for certain serious violations, once the administrative review process (including judicial review, if sought) is concluded. Specifically, penalties for these violations could be entered as a money judgment, thereby providing the full range of enforcement mechanisms available for judgment under the Code of Civil Procedure. This model is currently used in the Food and Ag. code for pesticide violations (among other things), and can be effective in cases where existing code enforcement mechanisms may be insufficient (such as slumlords or illicit cannabis operators whose assets are hidden)…
>
> Additionally, Subdivision (f) would simply codify existing caselaw, to provide clarity and avoid unnecessary disputes. Local governments already use *ordinary priority* liens to collect fines and penalties, based on the broad authorization to adopt "procedures that shall govern the…collection" of administrative penalties, as well as their Constitutional police power. This lien authority, while not explicitly mentioned in statute, has been recognized by California caselaw (see, for example, *City of Santa Paula v. Narula* (2003) 114 Cal.App.4th 485).

7. <u>Arguments in opposition</u>

According to ACLU California Action:

> The Western Center on Law and Poverty must respectfully oppose AB 632, which would remove existing due process rights for homeowners facing local code enforcement actions. Specifically, AB 632 would remove homeowners' right to judicial review before the placement of an abatement lien on their property and allow local code enforcement to obtain judgments against properties without going in front of a judge. This crucial safeguard ensures homeowners can contest excessive or unjust fines in court before facing severe financial consequences like wage garnishment, property encumbrance, or foreclosure. Because this bill would remove key due process protections, saddle Californians with financial burdens, and increase foreclosures, we must oppose its revisions to the Government Code.
>
> These changes risk incentivizing excessive fines, disproportionately burdening low-income and minority homeowners. Past attempts to remove judicial oversight, including AB 2317 (2010), AB 129 (2011), and SB 1416 (2018), were all vetoed by Governors who recognized the importance of balancing local enforcement with homeowner rights. Real-world abuses like those in Siskiyou and Sonoma Counties demonstrate the dangers of unchecked code enforcement. In one case, a 75-year-old homeowner faced over $155,000 in fines for minor code issues. These fines, often amplified by daily penalties and enforced with AI and

> drones, disproportionately impact communities of color and can lead to foreclosure and displacement.
>
> We are at a delicate time in California. Homeowners increasingly face rising insurance rates, more complicated mortgage requirements, and an already-exorbitant housing market. At the same time, local budgets are increasingly strapped for cash, with many localities searching for ways to generate local income. AB 632 could lead to localities seeking income from local property owners via nuisance fines and liens. We should not encourage this practice. For these reasons, the Western Center on Law and Poverty must oppose AB 632.

SUPPORT

California Association of Code Enforcement Officers (co-sponsor)
County of Santa Clara (co-sponsor)
Rural County Representatives of California (co-sponsor)
California State Association of Counties
City of Norwalk
League of California Cities
Urban Counties of California

OPPOSITION

ACLU California Action
Western Center on law and Poverty

RELATED LEGISLATION

Pending legislation: SB 757 (Richardson, 2025) permits a local government to collect fines or penalties related to nuisance abatement through a special assessment or nuisance abatement lien, as specified. SB 757 is pending on the Assembly Floor.

Prior legislation:

SB 820 (Alvarado-Gil, 2023) would have allowed the DCC or a local jurisdiction to seize specified property where unlicensed commercial cannabis activity is being conducted and vehicles used to conduct unlicensed cannabis activity, as specified. SB 820 died in the Assembly Appropriations Committee.

AB 1684 (Maienschein, Ch. 477, Stats. 2023) allowed local governments to immediately impose administrative fines or penalties for all unlicensed commercial cannabis activity in violation of a local ordinance, not just cannabis cultivation activity. This bill is discussed in further detail in Comment 2 of this analysis.

AB 1448 (Wallis, Ch. 843, Stats. 2023) required, in a MAUCRSA civil penalty action brought by a county counsel, city attorney, or city prosecutor, the penalty first be used to reimburse the prosecuting agency for specified costs in bringing the action, with 50% of the remainder, if any, paid to the county or city, as applicable, and the other 50% to be deposited into the General Fund. AB 1448 at one point contained subject matter that was substantially similar to this bill, but it was amended out due to timing constraints.

AB 491 (Wallis, 2023) was substantially similar to this bill. AB 491 died in this Committee without a hearing.

AB 1138 (Blanca Rubio, Ch. 530, Stats. 2021) created a civil enforcement action for aiding and abetting unlicensed cannabis activity, with a civil penalty of up to $30,000 per violation.

SB 2164 (Cooley, Ch. 316, Stats. 2018) added the provisions authorizing a local agency to adopt an ordinance to provide for the immediate imposition of administrative fines or penalties for the violation of building, plumbing, electrical, or other similar structural, health and safety, or zoning requirements if the violation exists as a result of, or to facilitate, the illegal cultivation of cannabis, except as specified. This bill is discussed in further detail in Comment 2 of this analysis.

PRIOR VOTES:

Senate Local Government Committee (Ayes 5, Noes 2)
Assembly Floor (Ayes 57, Noes 7)
Assembly Judiciary Committee (Ayes 9, Noes 0)
Assembly Local Government Committee (Ayes 8, Noes 0)

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AMENDED IN SENATE JUNE 23, 2025

AMENDED IN ASSEMBLY APRIL 21, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL No. 906

Introduced by Assembly Member Mark González

February 19, 2025

An act to amend Sections 65583, 65583.1, and 65583.2 of, and to add Section 65583.01 to, the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

AB 906, as amended, Mark González. Planning and zoning: housing elements: affirmatively furthering fair housing.

(1) The Planning and Zoning Law requires a city or county to adopt a general plan for land use development that includes, among other things, a housing element. Existing law requires the housing element to include, among other things, an inventory of land suitable and available for residential development, including specified sites, an analysis of the relationship of zoning and public facilities and services to these sites (first analysis), and an analysis of the relationship of the sites identified in the land inventory to the jurisdiction's duty to affirmatively further fair housing (2nd analysis).

This bill would remove the requirement on cities and counties to include the 2nd analysis in their housing elements.

(2) Existing law requires a housing element to include a program that sets forth a schedule of actions during the planning period, each with a timeline for implementation such that there will be beneficial impacts of the programs within the planning period, that the local government is undertaking or intends to undertake to implement the

policies and achieve the goals and objectives of the housing element through specified actions. Existing law requires this program to, among other things, identify actions that will be taken to make sites available, as provided, to accommodate that portion of the city's or county's share of the regional housing need for all income levels that could not be accommodated on sites identified in the inventory of sites without rezoning, and to comply with the certain zoning and rezoning requirements. If the inventory of sites does not identify adequate sites to accommodate the need for groups of all household income levels, as provided, existing law requires that the local government rezone those sites within specified time periods and requires the local government housing element program to identify sites that can be developed for housing within the planning period, as specified. Existing law also requires this program to affirmatively further fair housing and include an assessment that consists of specified components, including an analysis of available federal, state, and local data and knowledge to identify integration and segregation patterns and trends, racially or ethnically concentrated areas of poverty and affluence, disparities in access to opportunity, and disproportionate housing needs, including displacement risk. Under the above-described program, existing law requires the Department of Housing and Community Development to develop a standardized reporting format for certain programs and actions taken, and requires the standardized reporting format to enable the reporting of all of the assessment components and certain fields, including timelines for implementation.

This bill would additionally require the above-described program to identify actions that will be taken to make sites available to ensure that the distribution of sites across the jurisdiction affirmatively furthers fair housing. *The bill would require those sites, after any required rezoning and among other things, to be distributed throughout the jurisdiction in a manner that affirmatively furthers fair housing, as specified.* The bill would additionally require the local government to rezone the sites within specified time periods, as described above, and identify sites that can be developed for housing within the planning period, as described above, if the inventory of sites does not affirmatively further fair housing, as specified. For those additionally identified sites, the bill would require the jurisdiction to demonstrate that those sites will affirmatively further fair housing, as provided. By imposing additional duties on local entities, this bill would impose a state-mandated local program.

This bill would revise and recast the requirement that the program affirmatively further fair housing. The bill would require ~~each city or county, at least one year prior to the adoption deadline for the next revision of the housing element, to complete and make publicly available an assessment~~ *that program to include an assessment of fair housing* that includes, among other things, an analysis of available federal, state, and local data and knowledge to identify and examine certain patterns, trends, areas, disparities, and needs, as specified. The bill would also require each city or county to *make the draft assessment publicly available and* solicit public comments ~~on the assessment.~~ *for a period of at least 90 days.* The bill would require the city or county to include, among other things, in its first draft revision of the housing element, the assessment, including any revisions made in response to the public comments, and specified strategies and actions to implement the jurisdiction's fair housing priorities and goals. By imposing additional duties on local entities, this bill would impose a state-mandated local program.

This bill would instead require the department to develop a standardized format for describing those strategies and actions to be taken, and would require the standardized reporting format to address all of the assessment components and, in addition to the above-described certain fields, a field for which fair housing priority the program is intended to address, the intended impacts, and how the strategies and actions will result in those impacts.

(3) Existing law authorizes the Department of Housing and Community Development, in evaluating a proposed or adopted housing element for substantial compliance, to allow a city or county to identify adequate sites by a variety of methods, including, among others, redesignation of property to a more intense land use category. Existing law also authorizes the department to allow a city or county to identify sites for accessory dwelling units based on the number of accessory dwelling units developed in the prior housing element planning period whether or not the units are permitted by right, the need for these units in the community, the resources or incentives available for their development, and any other relevant factors, as determined by the department.

This bill would revise the department's authorization to allow a city or county to identify sites for accessory dwelling units in each income category based on the number of accessory dwelling units developed in the prior housing element planning period in that income category whether or not the units are permitted by right, the need for these units in the community, the resources or incentives available for their development, and any other relevant factors, as determined by the department. The bill would also require the jurisdiction to provide proof of a recorded deed restriction requiring the continued affordability of the unit, as specified, for accessory dwelling units developed in the prior housing element period to count towards determining the number of sites for accessory dwelling units a jurisdiction can include in the lower income category.

(4) Existing law requires a city's or county's inventory of land suitable for residential development to be used to identify sites throughout the community, consistent with certain fair housing requirements, 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.

This bill would instead require that a city's or county's inventory of land suitable for residential development be used to identify sites that can be developed for housing within the planning period, that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels, and that are distributed throughout the community in ~~a manner that~~ *compliance with the requirement that the distribution* affirmatively furthers fair ~~housing.~~ *housing, as specified.* By imposing additional duties on local entities, this bill would impose a state-mandated local program.

(5) Existing law requires a city or county to determine whether each site in its inventory of suitable land, as described above, can accommodate the development of some portion of its share of the regional housing need by income level during the planning period. Existing law also requires the inventory to, among other things, specify for each site the number of units that can realistically be accommodated on that site.

This bill would additionally require those ~~cities and counties to ensure that the~~ sites identified as described above ~~are~~ *to be* distributed throughout the jurisdiction in a manner that affirmatively furthers fair housing by ~~reducing~~ *allowing for a reduction in* residential segregation, based on a specified determination procedure. By imposing additional duties on local entities, this bill would impose a state-mandated local program.

This bill would require the department, by no later than April 1, 2027, to develop and publish an online tool to serve as the method for determining whether each city's or county's identification of sites adequate to accommodate its share of the regional housing need at all income levels meets the distribution requirement described above. The bill would authorize the department to grant an adjustment to the distribution requirement described above if underlying data for the jurisdiction renders the tool unreliable. *The bill would require the department to include in its materials explaining the online tool a procedure for applying for an adjustment and the factors that the department will consider in determining whether or not to grant an adjustment.*

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

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

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

SECTION 1. Section 65583 of the Government Code is amended to read:

65583. The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement, and development of housing. The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, mobilehomes, and emergency shelters, and shall make adequate provision for the existing and projected needs of all economic segments of the community. The housing element shall contain all of the following:

(a) An assessment of housing needs and an inventory of resources and constraints that are relevant to the meeting of these needs. The assessment and inventory shall include all of the following:

(1) An analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected housing needs for all income levels. These existing and projected needs shall include the locality's share of the regional housing need in accordance with Section 65584.

(2) An analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition.

(3) An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites.

(4) (A) The identification of one or more zoning designations that allow residential uses, including mixed uses, where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit and that are suitable for residential uses. The identified zoning designations shall include sufficient sites meeting the requirements of subparagraph (H) with sufficient capacity, as described in subparagraph (I), to accommodate the need for emergency shelter identified in paragraph (7), except that each local government shall identify a zoning designation or designations that can accommodate at least one year-round emergency shelter. If the local government cannot identify a zoning designation or designations with sufficient capacity, the local government shall include a program to amend its zoning ordinance to meet the requirements of this paragraph within one year of the adoption of the housing element. The local government may identify additional zoning designations where emergency shelters are permitted with a conditional use permit. The local government shall also demonstrate that existing or proposed permit processing, development, and management standards that apply to emergency shelters are objective and encourage and facilitate the development of, or conversion to, emergency shelters.

(B) Emergency shelters shall only be subject to the following written, objective standards:

(i) The maximum number of beds or persons permitted to be served nightly by the facility.

(ii) Sufficient parking to accommodate all staff working in the emergency shelter, provided that the standards do not require more parking for emergency shelters than other residential or commercial uses within the same zone.

(iii) The size and location of exterior and interior onsite waiting and client intake areas.

(iv) The provision of onsite management.

(v) The proximity to other emergency shelters, provided that emergency shelters are not required to be more than 300 feet apart.

(vi) The length of stay.

(vii) Lighting.

(viii) Security during hours that the emergency shelter is in operation.

(C) For purposes of this paragraph, "emergency shelter" shall include other interim interventions, including, but not limited to, a navigation center, bridge housing, and respite or recuperative care.

(D) The permit processing, development, and management standards applied under this paragraph shall not be deemed to be discretionary acts within the meaning of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(E) If a local government has adopted written, objective standards pursuant to subparagraph (B), the local government shall include an analysis of the standards in the analysis of constraints pursuant to paragraph (5).

(F) A local government that can demonstrate, to the satisfaction of the department, the existence of one or more emergency shelters either within its jurisdiction or pursuant to a multijurisdictional agreement that can accommodate that jurisdiction's need and the needs of the other jurisdictions that are a part of the agreement for emergency shelter identified in paragraph (7) may comply with the zoning requirements of subparagraph (A) by identifying a zoning designation where new emergency shelters are allowed with a conditional use permit.

(G) A local government with an existing ordinance or ordinances that comply with this paragraph shall not be required to take additional action to identify zoning designations for emergency shelters. The housing element must only describe how existing ordinances, policies, and standards are consistent with the requirements of this paragraph.

(H) The zoning designation or designations where emergency shelters are allowed, as described in subparagraph (A), shall include sites that meet at least one of the following standards:

(i) Vacant sites zoned for residential use.

(ii) Vacant sites zoned for nonresidential use that allow residential development, if the local government can demonstrate how the sites with this zoning designation that are being used to satisfy the requirements of paragraph (1) are located near amenities and services that serve people experiencing homelessness, which may include health care, transportation, retail, employment, and social services, or that the local government will provide free transportation to services or offer services onsite.

(iii) Nonvacant sites zoned for residential use or for nonresidential use that allow residential development that are suitable for use as a shelter in the current planning period, or which can be redeveloped for use as a shelter in the current planning period. A nonvacant site with an existing use shall be presumed to impede emergency shelter development absent an analysis based on substantial evidence that the use is likely to be discontinued during the planning period. The analysis shall consider current market demand for the current uses, market conditions, and incentives or standards to encourage shelter development.

(I) The zoning designation or designations shall have sufficient sites meeting the requirements of subparagraph (H) to accommodate the need for shelters identified pursuant to paragraph (7). The number of people experiencing homelessness that can be accommodated on any site shall be demonstrated by dividing the square footage of the site by a minimum of 200 square feet per person, unless the locality can demonstrate that one or more shelters were developed on sites that have fewer square feet per person during the prior planning period or the locality provides similar evidence to the department demonstrating that the site can accommodate more people experiencing homelessness. Any standard applied pursuant to this subparagraph is intended only for calculating site capacity pursuant to this section, and shall not be construed as establishing a development standard applicable to the siting, development, or approval of a shelter.

(J) Notwithstanding subparagraph (H), a local government may accommodate the need for emergency shelters identified pursuant to paragraph (7) on sites owned by the local government if it demonstrates with substantial evidence that the sites will be made available for emergency shelter during the planning period, they are suitable for residential use, and the sites are located near amenities and services that serve people experiencing homelessness, which may include health care, transportation, retail, employment, and social services, or that the local government will provide free transportation to services or offer services onsite.

(5) An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the types of housing identified in paragraph (1) of subdivision (c), and for persons with disabilities as identified in the analysis pursuant to paragraph (7), including land use controls, building codes and their enforcement, site improvements, fees, and other exactions required of developers, local processing and permit procedures, historic preservation practices and policies and an assessment of how existing and proposed historic designations affect the locality's ability to meet its share of the housing need pursuant to paragraph (1), and any locally adopted ordinances that directly impact the cost and supply of residential development. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities, supportive housing, transitional housing, and emergency shelters identified pursuant to paragraph (7).

(6) An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, the cost of construction, the requests to develop housing at densities below those anticipated in the analysis required by subdivision (c) of Section 65583.2, and the length of time between receiving approval for a housing development and submittal of an application for building permits for that housing development that hinder the construction of a locality's share of the regional housing need in accordance with Section 65584. The analysis shall also demonstrate local efforts

to remove nongovernmental constraints that create a gap between the locality's planning for the development of housing for all income levels and the construction of that housing.

(7) (A) An analysis of any special housing needs, such as those of the elderly; persons with disabilities, including a developmental disability, as defined in Section 4512 of the Welfare and Institutions Code; extremely low income households; large families; farmworkers; families with female heads of households; and families and persons in need of emergency shelter. The need for emergency shelter shall be assessed based on the capacity necessary to accommodate the most recent homeless point-in-time count conducted before the start of the planning period, the need for emergency shelter based on number of beds available on a year-round and seasonal basis, the number of shelter beds that go unused on an average monthly basis within a one-year period, and the percentage of those in emergency shelters that move to permanent housing solutions. The need for emergency shelter may be reduced by the number of supportive housing units that are identified in an adopted 10-year plan to end chronic homelessness and that are either vacant or for which funding has been identified to allow construction during the planning period. An analysis of special housing needs by a city or county may include an analysis of the need for frequent user coordinated care housing services.

(B) For the seventh and subsequent revisions of the housing element, the analysis required in subparagraph (A) shall also include an analysis of the housing needs of acutely and extremely low income households.

(8) An analysis of opportunities for energy conservation with respect to residential development. Cities and counties are encouraged to include weatherization and energy efficiency improvements as part of publicly subsidized housing rehabilitation projects. This may include energy efficiency measures that encompass the building envelope, its heating and cooling systems, and its electrical system.

(9) An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use. "Assisted housing developments," for the purpose of this section, shall mean multifamily rental housing that receives governmental assistance

under federal programs listed in subdivision (a) of Section 65863.10, state and local multifamily revenue bond programs, local redevelopment programs, the federal Community Development Block Grant Program, or local in-lieu fees. “Assisted housing developments” shall also include multifamily rental units that were developed pursuant to a local inclusionary housing program or used to qualify for a density bonus pursuant to Section 65916.

(A) The analysis shall include a listing of each development by project name and address, the type of governmental assistance received, the earliest possible date of change from low-income use, and the total number of elderly and nonelderly units that could be lost from the locality’s low-income housing stock in each year during the 10-year period. For purposes of state and federally funded projects, the analysis required by this subparagraph need only contain information available on a statewide basis.

(B) The analysis shall estimate the total cost of producing new rental housing that is comparable in size and rent levels, to replace the units that could change from low-income use, and an estimated cost of preserving the assisted housing developments. This cost analysis for replacement housing may be done aggregately for each five-year period and does not have to contain a project-by-project cost estimate.

(C) The analysis shall identify public and private nonprofit corporations known to the local government that have legal and managerial capacity to acquire and manage these housing developments.

(D) The analysis shall identify and consider the use of all federal, state, and local financing and subsidy programs that can be used to preserve, for lower income households, the assisted housing developments, identified in this paragraph, including, but not limited to, federal Community Development Block Grant Program funds, tax increment funds received by a redevelopment agency of the community, and administrative fees received by a housing authority operating within the community. In considering the use of these financing and subsidy programs, the analysis shall identify the amounts of funds under each available program that have not been legally obligated for other purposes and that could be available for use in preserving assisted housing developments.

(b) (1) A statement of the community's goals, quantified objectives, and policies relative to affirmatively furthering fair housing and to the maintenance, preservation, improvement, and development of housing.

(2) It is recognized that the total housing needs identified pursuant to subdivision (a) may exceed available resources and the community's ability to satisfy this need within the content of the general plan requirements outlined in Article 5 (commencing with Section 65300). Under these circumstances, the quantified objectives need not be identical to the total housing needs. The quantified objectives shall establish the maximum number of housing units by income category that can be constructed, rehabilitated, and conserved over a five-year time period.

(c) A program that sets forth a schedule of actions during the planning period, each with a timeline for implementation, that may recognize that certain programs are ongoing, such that there will be beneficial impacts of the programs within the planning period that the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element through the administration of land use and development controls, the provision of regulatory concessions and incentives, the utilization of appropriate federal and state financing and subsidy programs when available, and the utilization of moneys in a low- and moderate-income housing fund of an agency if the locality has established a redevelopment project area pursuant to the Community Redevelopment Law (Division 24 (commencing with Section 33000) of the Health and Safety Code). In order to make adequate provision for the housing needs of all economic segments of the community, the program shall do all of the following:

(1) Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for all income levels that could not be accommodated on sites identified in the inventory completed pursuant to paragraph (3) of subdivision (a) without rezoning, or to ensure that the distribution of sites across the jurisdiction affirmatively furthers fair housing as determined pursuant to subdivision (h) of Section 65583.2, and to comply with the

requirements of Section 65584.09. Sites ~~shall be identified to ensure that the sites designated~~ *made available* to accommodate the city's or county's share of the regional housing need at all income levels after any required rezoning ~~affirmatively furthers fair housing, as determined pursuant to paragraph (2) of~~ *shall comply with* subdivision (h) of Section 65583.2, and ~~to~~ *shall* facilitate and encourage the development of a variety of types of housing for all income levels, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing.

(A) Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not include adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584, or where the sites identified pursuant to subdivision (c) of Section 65583.2 do not affirmatively further fair housing as determined pursuant to paragraph (2) of subdivision (h) of Section 65583.2, a program for rezoning of those sites, subject to the following deadlines:

(i) For the adoption of the sixth revision of the housing element, jurisdictions with an eight-year housing element planning period pursuant to Section 65588, including adoption of minimum density and development standards or, for a jurisdiction in the coastal zone, any necessary local coastal program amendments related to land use designations, changes in intensity of land use, zoning ordinances, or zoning district maps, consistent with Sections 30512, 30512.2, 30513, and 30514 of the Public Resources Code, shall be completed no later than three years after either the date the housing element is adopted pursuant to subdivision (f) of Section 65585 or the date that is 90 days after receipt of comments from the department pursuant to subdivision (b) of Section 65585, whichever is earlier, unless the deadline is extended pursuant to subdivision (f). Notwithstanding the foregoing, for a local government that fails to adopt a housing element that the department has found to be in substantial compliance with this article within 120 days of the statutory deadline in Section 65588 for adoption of the housing element, rezoning of those sites, including adoption of minimum density and development standards or, for a jurisdiction in the coastal zone, any necessary local coastal program amendments related to land use designations, changes in intensity of land use, zoning ordinances, or zoning district maps, consistent with Sections 30512, 30512.2, 30513, and 30514 of the Public Resources Code, shall be completed no later than one year from the statutory deadline in Section 65588 for adoption of the housing element.

(ii) For adoption of the seventh and all subsequent revisions of the housing element, rezonings shall be completed no later than one year from the statutory deadline in Section 65588 for adoption of the housing element.

(iii) Notwithstanding clause (ii), for the adoption of the seventh and all subsequent revisions of the housing element, rezonings shall be completed no later than three years and 90 days after the statutory deadline in Section 65588 for adoption of the housing element, unless the deadline is extended pursuant to subdivision (f). This clause shall apply only if the local government complies with all of the following:

(I) The local government submits a draft element or draft amendment to the department for review pursuant to paragraph (1) of subdivision (b) of Section 65585 at least 90 days before the statutory deadline established in Section 65588 for adoption of the housing element.

(II) The local government receives from the department findings that the draft element or draft amendment substantially complies with this article pursuant to paragraph (3) of subdivision (b) of Section 65585 on or before the statutory deadline set forth in Section 65588 for adoption of the housing element.

(III) The local government adopts the draft element or draft amendment that the department found to substantially comply with this article no later than 120 days after the statutory deadline set forth in Section 65588.

(B) Where the inventory of sites, pursuant to paragraph (3) of subdivision (a), does not include adequate sites to accommodate the need for groups of all household income levels pursuant to Section 65584, or where the sites identified pursuant to subdivision (c) of Section 65583.2 do not affirmatively further fair housing as determined pursuant to paragraph (2) of subdivision (h) of Section 65583.2, the program shall identify sites that can be developed for housing within the planning period pursuant to subdivision (i) of Section 65583.2. The identification of sites shall include all components specified in Section 65583.2. The jurisdiction shall demonstrate that sites identified to accommodate the city's or county's share of the regional housing need at all income levels after any rezoning required by this subdivision will affirmatively further fair housing as determined pursuant to paragraph (2) of subdivision (h) of Section 65583.2.

(C) Where the inventory of sites pursuant to paragraph (3) of subdivision (a) does not include adequate sites to accommodate the need for farmworker housing, the program shall provide for sufficient sites to meet the need with zoning that permits farmworker housing use by right, including density and development standards that could accommodate and facilitate the feasibility of the development of farmworker housing for low- and very low income households.

(2) (A) Assist in the development of adequate housing to meet the needs of extremely low, very low, low-, and moderate-income households.

(B) For the seventh and subsequent revisions of the housing element, the program shall also assist in the development of adequate housing to meet the needs of acutely low income households.

(3) Address and, where appropriate and legally possible, remove governmental and nongovernmental constraints to the maintenance, improvement, and development of housing, including housing for all income levels and housing for persons with disabilities. The program shall remove constraints to, and provide reasonable accommodations for housing designed for, intended for occupancy by, or with supportive services for, persons with disabilities. Transitional housing and supportive housing shall be considered a residential use of property and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone. Supportive housing, as defined in Section 65650, shall be a use by right in all zones where multifamily and mixed uses are permitted, as provided in Article 11 (commencing with Section 65650).

(4) Conserve and improve the condition of the existing affordable housing stock, which may include addressing ways to mitigate the loss of dwelling units demolished by public or private action.

(5) Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities

for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2), Section 65008, and any other state and federal fair housing and planning law.

(6) Preserve for lower income households the assisted housing developments identified pursuant to paragraph (9) of subdivision (a). The program for preservation of the assisted housing developments shall utilize, to the extent necessary, all available federal, state, and local financing and subsidy programs identified in paragraph (9) of subdivision (a), except where a community has other urgent needs for which alternative funding sources are not available. The program may include strategies that involve local regulation and technical assistance.

(7) Develop a plan that incentivizes and promotes the creation of accessory dwelling units that can be offered at affordable rent, as defined in Section 50053 of the Health and Safety Code, for very low, low-, or moderate-income households. For purposes of this paragraph, "accessory dwelling units" has the same meaning as "accessory dwelling unit" as defined in subdivision (a) of Section 66313.

(8) Include an identification of the agencies and officials responsible for the implementation of the various actions and the means by which consistency will be achieved with other general plan elements and community goals.

(9) Include a diligent effort by the local government to achieve public participation of all economic segments of the community in the development of the housing element, and the program shall describe this effort.

(10) Affirmatively further fair housing in accordance with Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2. The program shall meet the requirements of Section 65583.01.

(d) (1) A local government may satisfy all or part of its requirement to identify a zone or zones suitable for the development of emergency shelters pursuant to paragraph (4) of subdivision (a) by adopting and implementing a multijurisdictional agreement, with a maximum of two other adjacent communities, that requires the participating jurisdictions to develop at least one year-round emergency shelter within two years of the beginning of the planning period.

(2) The agreement shall allocate a portion of the new shelter capacity to each jurisdiction as credit toward its emergency shelter need, and each jurisdiction shall describe how the capacity was allocated as part of its housing element.

(3) Each member jurisdiction of a multijurisdictional agreement shall describe in its housing element all of the following:

(A) How the joint facility will meet the jurisdiction's emergency shelter need.

(B) The jurisdiction's contribution to the facility for both the development and ongoing operation and management of the facility.

(C) The amount and source of the funding that the jurisdiction contributes to the facility.

(4) The aggregate capacity claimed by the participating jurisdictions in their housing elements shall not exceed the actual capacity of the shelter.

(e) Except as otherwise provided in this article, amendments to this article that alter the required content of a housing element shall apply to both of the following:

(1) A housing element or housing element amendment prepared pursuant to subdivision (e) of Section 65588 or Section 65584.02, when a city, county, or city and county submits a draft to the department for review pursuant to Section 65585 more than 90 days after the effective date of the amendment to this section.

(2) Any housing element or housing element amendment prepared pursuant to subdivision (e) of Section 65588 or Section 65584.02, when the city, county, or city and county fails to submit the first draft to the department before the due date specified in Section 65588 or 65584.02.

(f) The deadline for completing required rezoning pursuant to subparagraph (A) of paragraph (1) of subdivision (c) shall be extended by one year if the local government has completed the rezoning at densities sufficient to accommodate at least 75 percent of the units for lower income households and if the legislative body at the conclusion of a public hearing determines, based upon substantial evidence, that any of the following circumstances exists:

(1) The local government has been unable to complete the rezoning because of the action or inaction beyond the control of the local government of any other state, federal, or local agency.

(2) The local government is unable to complete the rezoning because of infrastructure deficiencies due to fiscal or regulatory constraints.

(3) The local government must undertake a major revision to its general plan in order to accommodate the housing-related policies of a sustainable communities strategy or an alternative planning strategy adopted pursuant to Section 65080.

The resolution and the findings shall be transmitted to the department together with a detailed budget and schedule for preparation and adoption of the required rezonings, including plans for citizen participation and expected interim action. The schedule shall provide for adoption of the required rezoning within one year of the adoption of the resolution.

(g) (1) If a local government fails to complete the rezoning by the deadline provided in subparagraph (A) of paragraph (1) of subdivision (c), as it may be extended pursuant to subdivision (f), except as provided in paragraph (2), a local government may not disapprove a housing development project, nor require a conditional use permit, planned unit development permit, or other locally imposed discretionary permit, or impose a condition that would render the project infeasible, if the housing development project, (A) is proposed to be located on a site required to be rezoned pursuant to the program action required by that subparagraph and, (B) complies with applicable, objective general plan and zoning standards and criteria, including design review standards, described in the program action required by that subparagraph. Any subdivision of sites shall be subject to the Subdivision Map Act (Division 2 (commencing with Section 66410)). Design review shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code.

(2) A local government may disapprove a housing development described in paragraph (1) if it makes written findings supported by substantial evidence on the record that both of the following conditions exist:

(A) The housing development project would have a specific, adverse impact upon the public health or safety unless the project is disapproved or approved upon the condition that the project be developed at a lower density. As used in this paragraph, a "specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.

(B) There is no feasible method to satisfactorily mitigate or avoid the adverse impact identified pursuant to paragraph (1), other than the disapproval of the housing development project or the approval of the project upon the condition that it be developed at a lower density.

(3) The applicant or any interested person may bring an action to enforce this subdivision. If a court finds that the local agency disapproved a project or conditioned its approval in violation of this subdivision, the court shall issue an order or judgment compelling compliance within 60 days. The court shall retain jurisdiction to ensure that its order or judgment is carried out. If the court determines that its order or judgment has not been carried out within 60 days, the court may issue further orders to ensure that the purposes and policies of this subdivision are fulfilled. In any such action, the city, county, or city and county shall bear the burden of proof.

(4) For purposes of this subdivision, "housing development project" means a project to construct residential units for which the project developer provides sufficient legal commitments to the appropriate local agency to ensure the continued availability and use of at least 49 percent of the housing units for very low, low-, and moderate-income households with an affordable housing cost or affordable rent, as defined in Section 50052.5 or 50053 of the Health and Safety Code, respectively, for the period required by the applicable financing.

(h) An action to enforce the program actions of the housing element shall be brought pursuant to Section 1085 of the Code of Civil Procedure.

(i) Notwithstanding any other law, the otherwise applicable timeframe set forth in paragraph (2) of subdivision (b) and subdivision (d) of Section 21080.3.1 of the Public Resources Code, and paragraph (3) of subdivision (d) of Section 21082.3 of the Public Resources Code, for a Native American tribe to respond to a lead agency and request consultation in writing is extended by

30 days for any housing development project application determined or deemed to be complete on or after March 4, 2020, and prior to December 31, 2021.

(j) On or after January 1, 2024, at the discretion of the department, the analysis of government constraints pursuant to paragraph (5) of subdivision (a) may include an analysis of constraints upon the maintenance, improvement, or development of housing for persons with a characteristic identified in subdivision (b) of Section 51 of the Civil Code. The implementation of this subdivision is contingent upon an appropriation by the Legislature in the annual Budget Act or another statute for this purpose.

SEC. 2. Section 65583.01 is added to the Government Code, to read:

65583.01. The program to affirmatively further fair housing required pursuant to paragraph (10) of subdivision (c) of Section 65583 shall meet ~~the requirements of Chapter 15 (commencing with Section 8899.50) of Division 1 of Title 2 and~~ all of the following requirements:

(a) ~~At least one year prior to the adoption deadline for the next revision of the housing element, the city or county shall complete and make publicly available an assessment~~ *Include an assessment of fair housing* that includes ~~both~~ *all* of the following:

(1) (A) An analysis of available federal, state, and local data and knowledge to identify and examine all of the following:

(i) Integration and segregation patterns and trends.

(ii) Racially or ethnically concentrated areas of poverty and affluence.

(iii) Disparities in access to opportunity for members of protected classes, including, but not limited to, access to educational, employment, and transportation opportunities, and access to a healthy environment.

(iv) Disparities in availability and quality of amenities and services for members of protected classes, including infrastructure, parks, maintenance and sanitation services, health services, grocery stores, and financial institutions.

(v) Disproportionate housing needs of members of protected classes, including, but not limited to, displacement risk, evictions, cost burden, overcrowding, substandard housing, homelessness, risk related to climate disasters, and expiring covenants resulting in loss of affordable housing.

(vi) Investment and disinvestment patterns and trends.

(B) (i) The analysis shall be prepared after meaningful consultation with members of protected classes and organizations representing their interests and shall identify and examine those patterns, trends, areas, disparities, and needs both within the jurisdiction and comparing the jurisdiction to the region in which it is located, based on race and other characteristics protected by the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2) and Section 65008.

(ii) A jurisdiction shall conduct the outreach and engagement required under meaningful consultation through a variety of methods, in languages commonly spoken by community members, and in an accessible format for people with disabilities as needed. The jurisdiction shall include in any drafts of the housing element and the final adopted housing element a description of its outreach, a summary of comments received, and an explanation of how the comments were considered and incorporated or why they were rejected.

(2) Based on the analysis completed pursuant to paragraph (1), a summary of fair housing issues in the jurisdiction and an assessment of the contributing factors, including the local and regional historical origins and current policies and practices, that created and maintain the fair housing issues identified.

(3) An assessment of the jurisdiction's fair housing enforcement and fair housing outreach capacity.

(b) After completing ~~the assessment~~ *a draft assessment of fair housing that includes all components required* pursuant to subdivision (a), and before *making* the first draft revision of the housing ~~element,~~ *element available for public comment pursuant to subdivision (b) of Section 65585,* the city or county shall *make the draft assessment of fair housing publicly available and* solicit public comments ~~on the assessment and~~ *for a period of at least 90 days. During this period the city and county additionally shall* seek input on, including through meaningful consultation with members of protected classes and organizations that represent their interests, the information required pursuant to paragraphs (1) and (2) of subdivision (c).

(c) The city or county shall include in the first draft revision of the housing element available for public comment pursuant to subdivision (b) of Section 65585 both of the following:

(1) The assessment ~~completed~~ *of fair housing required* pursuant to subdivision (a), including any revisions made in response to comments received pursuant to subdivision (b).

(2) Based on the assessment and any input received pursuant to the meaningful consultation required pursuant to subdivision (b), all of the following:

(A) An identification of the jurisdiction's fair housing priorities and goals, giving highest priority to addressing those issues and factors identified in paragraph (2) of subdivision (a) that have been identified as priorities by members of protected classes and organizations representing their interests, limit access for members of protected classes to higher income areas, limit access to opportunity, contribute to lack of investment in historically disadvantaged neighborhoods, or cause displacement of protected classes.

(B) An identification of the neighborhoods most in need of investment and the types of *public and private* investment required to meet the needs of members of protected classes without causing displacement of protected classes.

(C) Strategies and actions to implement the priorities and goals identified in subparagraph (A), including those that would make necessary investments in the areas identified in subparagraph (B) and those that would expand housing choice for members of protected classes. Jurisdictions shall consider strategies that include, but are not limited to, all of the following:

(i) Strategies to enable members of protected classes to live in the neighborhood of their choice.

(ii) Strategies to encourage development of new affordable housing in both higher income neighborhoods and historically disinvested neighborhoods.

(iii) Strategies to encourage community revitalization in historically disinvested neighborhoods, including preservation of existing affordable housing, infrastructure, and other investments that enhance opportunity, remediation of environmental justice issues, and policies that protect existing residents and community-serving small businesses from displacement.

~~(D) An assessment of the jurisdiction's fair housing enforcement and fair housing outreach capacity.~~

(iv) The strategies and actions required by this subparagraph shall include both direct public actions and public actions that can attract private investment in disinvested neighborhoods.

(d) (1) The department shall develop a standardized format for describing strategies and actions to be taken pursuant to subparagraph (C) of paragraph (2) of subdivision (c). The standardized format shall address all of the assessment components listed in subparagraph (A) of paragraph (1) of subdivision (a), and, at a minimum, include all of the following fields:

(A) Timelines for implementation.

(B) Responsible party or parties.

(C) Resources committed from the local budget to affirmatively further fair housing.

(D) Action areas.

(E) Which fair housing priority the program is intended to address, the intended impacts, and how the strategies and actions will result in those impacts.

(2) A local government shall utilize the standardized format developed pursuant to this subdivision for the seventh and each subsequent revision of the housing element.

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

(1) "Meaningful consultation" means taking proactive steps to outreach to and engage with members of protected classes, especially those harmed by the impact of historical discrimination in the jurisdiction and surrounding region, and organizations representing their interests, to solicit their participation and input throughout the development of the assessment described in subdivision (a).

(2) "Members of protected classes" means persons as described in paragraph (5) of subdivision (c) of Section 65583.

SEC. 3. Section 65583.1 of the Government Code is amended to read:

65583.1. (a) The Department of Housing and Community Development, in evaluating a proposed or adopted housing element for substantial compliance with this article, may allow a city or county to identify adequate sites, as required pursuant to Section 65583, by a variety of methods, including, but not limited to, redesignation of property to a more intense land use category and increasing the density allowed within one or more categories. The department may also allow a city or county to identify sites for accessory dwelling units in each income category based on the number of accessory dwelling units developed in the prior housing element planning period in that income category whether or not the units are permitted by right, the need for these units in the community, the resources or incentives available for their development, and any other relevant factors, as determined by the department. For accessory dwelling units developed in the prior housing element period to count toward determining the number of sites for accessory dwelling units a jurisdiction can include in the lower income category, the jurisdiction shall provide proof of a recorded deed restriction requiring the continued affordability of the unit for at least 55 years for rental housing and 30 years for ownership housing for lower income households. Nothing in this section reduces the responsibility of a city or county to identify, by income category, the total number of sites for residential development as required by this article.

(b) Sites that contain permanent housing units located on a military base undergoing closure or conversion as a result of action pursuant to the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526), the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510), or any subsequent act requiring the closure or conversion of a military base may be identified as an adequate site if the housing element demonstrates that the housing units will be available for occupancy by households within the planning period of the element. No sites containing housing units scheduled or planned for demolition or conversion to nonresidential uses shall qualify as an adequate site.

Any city, city and county, or county using this subdivision shall address the progress in meeting this section in the reports provided pursuant to paragraph (1) of subdivision (b) of Section 65400.

(c) (1) The Department of Housing and Community Development may allow a city or county to substitute the provision of units for up to 25 percent of the community's obligation to identify adequate sites for any income category in its housing element pursuant to paragraph (1) of subdivision (c) of Section 65583 where the community includes in its housing element a program committing the local government to provide units in that income category within the city or county that will be made available through the provision of committed assistance during the planning period covered by the element to lower income households at affordable housing costs or affordable rents, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, and which meet the requirements of paragraph (2). Except as otherwise provided in this subdivision, the community may substitute one dwelling unit for one dwelling unit site in the applicable income category. The program shall do all of the following:

(A) Identify the specific, existing sources of committed assistance and dedicate a specific portion of the funds from those sources to the provision of housing pursuant to this subdivision.

(B) Indicate the number of units that will be provided to low-, very low, extremely low, and acutely low income households and demonstrate that the amount of dedicated funds is sufficient to develop the units at affordable housing costs or affordable rents.

(C) Demonstrate that the units meet the requirements of paragraph (2).

(2) Only units that comply with subparagraph (A), (B), (C), (D), or (E) qualify for inclusion in the housing element program described in paragraph (1), as follows:

(A) Units that are to be substantially rehabilitated with committed assistance from the city or county and constitute a net increase in the community's stock of housing affordable to lower income households. For purposes of this subparagraph, a unit is not eligible to be "substantially rehabilitated" unless all of the following requirements are met:

(i) At the time the unit is identified for substantial rehabilitation, (I) the local government has determined that the unit is at imminent risk of loss to the housing stock, (II) the local government has committed to provide relocation assistance pursuant to Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 to any occupants temporarily or permanently displaced by the rehabilitation or code enforcement activity, or the relocation is otherwise provided prior to displacement either as a condition of receivership, or provided by the property owner or the local government pursuant to Article 2.5 (commencing with Section 17975) of Chapter 5 of Part 1.5 of Division 13 of the Health and

Safety Code, or as otherwise provided by local ordinance; provided the assistance includes not less than the equivalent of four months' rent and moving expenses and comparable replacement housing consistent with the moving expenses and comparable replacement housing required pursuant to Section 7260, (III) the local government requires that any displaced occupants will have the right to reoccupy the rehabilitated units, and (IV) the unit has been found by the local government or a court to be unfit for human habitation due to the existence of at least four violations of the conditions listed in subdivisions (a) to (g), inclusive, of Section 17995.3 of the Health and Safety Code.

(ii) The rehabilitated unit will have long-term affordability covenants and restrictions that require the unit to be available to, and occupied by, persons or families of lower income at affordable housing costs for at least 55 years or the time period required by any applicable federal or state law or regulation.

(iii) Prior to initial occupancy after rehabilitation, the local code enforcement agency shall issue a certificate of occupancy indicating compliance with all applicable state and local building code and health and safety code requirements.

(B) Units that are located either on foreclosed property or in a multifamily rental or ownership housing complex of three or more units, are converted with committed assistance from the city or county from nonaffordable to affordable by acquisition of the unit or the purchase of affordability covenants and restrictions for the unit, are not acquired by eminent domain, and constitute a net increase in the community's stock of housing affordable to lower income households. For purposes of this subparagraph, a unit is not converted by acquisition or the purchase of affordability covenants unless all of the following occur:

(i) The unit is made available for rent at a cost affordable to lower income households.

(ii) At the time the unit is identified for acquisition, the unit is not available at an affordable housing cost to either of the following:

(I) Low-income households, if the unit will be made affordable to low-income households.

(II) Very low, extremely low, or acutely low income households, if the unit will be made affordable to very low income households.

(iii) At the time the unit is identified for acquisition the unit is not occupied by lower income households or if the acquired unit is occupied, the local government has committed to provide relocation assistance prior to displacement, if any, pursuant to Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 to any occupants displaced by the conversion, or the relocation is otherwise provided prior to displacement; provided the assistance includes not less than the equivalent of four months' rent and moving expenses and comparable replacement housing consistent with the moving expenses and comparable replacement housing required pursuant to Section 7260.

(iv) The unit is in decent, safe, and sanitary condition at the time of occupancy.

(v) The unit has long-term affordability covenants and restrictions that require the unit to be affordable to persons of lower income for not less than 55 years.

(vi) For units located in multifamily ownership housing complexes with three or more units, or on or after January 1, 2015, on foreclosed properties, at least an equal number of new-construction multifamily rental units affordable to lower income households have been constructed in the city or county within the same planning period as the number of ownership units to be converted.

(C) Units that will be preserved at affordable housing costs to persons or families of lower incomes with committed assistance from the city or county by acquisition of the unit or the purchase of affordability covenants for the unit. For purposes of this subparagraph, a unit shall not be deemed preserved unless all of the following occur:

(i) The unit has long-term affordability covenants and restrictions that require the unit to be affordable to, and reserved for occupancy by, persons of the same or a lower income group as the current occupants for a period of at least 55 years.

(ii) The unit is within an "assisted housing development," as defined in paragraph (3) of subdivision (a) of Section 65863.10.

(iii) The city or county finds, after a public hearing, that the unit is eligible, and is reasonably expected, to change from housing affordable to lower income households to any other use during the next eight years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use.

(iv) The unit is in decent, safe, and sanitary condition at the time of occupancy.

(v) At the time the unit is identified for preservation it is available at affordable cost to persons or families of low or very low income.

(D) Units in a motel, hotel, or hostel that are converted with committed assistance from the city or county from nonresidential to residential by the acquisition of the unit or the purchase of affordability covenants and restrictions for the unit, are not acquired by eminent domain, and constitute a net increase in the community's stock of housing affordable to low- and very low income households. For purposes of this subparagraph, a unit is not converted by acquisition or the purchase of affordability covenants unless all of the following occur:

(i) The unit is part of a long-term recovery response to COVID-19.

(ii) The unit is made available for people experiencing homelessness as defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

(iii) The unit is made available for rent at a cost affordable to low- or very low income households.

(iv) The unit is in decent, safe, and sanitary condition at the time of occupancy.

(v) The unit has long-term affordability covenants and restrictions that require the unit to be affordable to persons of low or very low income for not less than 55 years.

(vi) This subparagraph shall remain in effect only for the sixth revision of the housing element pursuant to Section 65588.

(E) All spaces in a mobilehome park, as defined in subdivision (a) of Section 18214 of the Health and Safety Code, that is acquired with committed assistance from the city or county where any of the following apply:

(i) The mobilehome park will be acquired with financing that includes a loan from the department pursuant to Section 50783 or 50784.5 of the Health and Safety Code.

(ii) At least 50 percent of the current residents in the mobilehome park to be acquired are lower income households and the entity acquiring the park agrees to enter into a regulatory agreement for a minimum of 55 years that requires both of the following:

(I) All vacant spaces shall be rented at a space rent that does not exceed 50 percent of maximum rent limits established by the California Tax Credit Allocation Committee at 60 percent of the area median income.

(II) The space rent for existing residents at the time of the acquisition of the property, both during the 12 months preceding the acquisition and during the term of the regulatory agreement, shall not increase more than 5 percent in any 12-month period.

(3) This subdivision does not apply to any city or county that, during the current or immediately prior planning period, as defined by Section 65588, has not met any of its share of the regional need for affordable housing, as defined in Section 65584, for low- and very low income households. A city or county shall document for any housing unit that a building permit has been issued and all development and permit fees have been paid or the unit is eligible to be lawfully occupied.

(4) For purposes of this subdivision, "committed assistance" means that the city or county enters into a legally enforceable agreement during the period from the beginning of the projection period until the end of the third year of the planning period that obligates sufficient available funds or other in-kind services to provide the assistance necessary to make the identified units affordable and that requires that the units be made available for occupancy within two years of the execution of the agreement. "Committed assistance" does not include tenant-based rental assistance.

(5) For purposes of this subdivision, "net increase" includes only housing units provided committed assistance pursuant to subparagraph (A) or (B) of paragraph (2) in the current planning period, as defined in Section 65588, that were not provided committed assistance in the immediately prior planning period.

(6) For purposes of this subdivision, "the time the unit is identified" means the earliest time when any city or county agent, acting on behalf of a public entity, has proposed in writing or has proposed orally or in writing to the property owner, that the unit be considered for substantial rehabilitation, acquisition, or preservation.

(7) In the fourth year of the planning period, as defined by Section 65588, in the report required pursuant to Section 65400, each city or county that has included in its housing element a

program to provide units pursuant to subparagraph (A), (B), (C), (D), or (E) of paragraph (2) shall report in writing to the legislative body, and to the department within 30 days of making its report to the legislative body, on its progress in providing units pursuant to this subdivision. The report shall identify the specific units for which committed assistance has been provided or which have been made available to lower income households, and it shall adequately document how each unit complies with this subdivision. If, by the end of the third year of the planning period, the city or county has not entered into an enforceable agreement of committed assistance for all units specified in the programs adopted pursuant to subparagraph (A), (B), (C), (D), or (E) of paragraph (2), the city or county shall, not later than the end of the fourth year of the planning period, adopt an amended housing element in accordance with Section 65585, identifying additional adequate sites pursuant to paragraph (1) of subdivision (c) of Section 65583 sufficient to accommodate the number of units for which committed assistance was not provided. If a city or county does not amend its housing element to identify adequate sites to address any shortfall, or fails to complete the rehabilitation, acquisition, purchase of affordability covenants, or the preservation of any housing unit within two years after committed assistance was provided to that unit, it shall be prohibited from identifying units pursuant to subparagraph (A), (B), (C), (D), or (E) of paragraph (2) in the housing element that it adopts for the next planning period, as defined in Section 65588, above the number of units actually provided or preserved due to committed assistance.

(d) A city or county may reduce its share of the regional housing need by the number of units built between the start of the projection period and the deadline for adoption of the housing element. If the city or county reduces its share pursuant to this subdivision, the city or county shall include in the housing element a description of the methodology for assigning those housing units to an income category based on actual or projected sales price, rent levels, or other mechanisms establishing affordability.

SEC. 4. Section 65583.2 of the Government Code, as amended by Section 6.5 of Chapter 282 of the Statutes of 2024, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites that can be developed for housing within the planning period, that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584, and that are distributed throughout the community in ~~a manner that affirmatively furthers fair housing.~~ *compliance with subdivision (h).* As used in this section, "land suitable for residential development" includes all of the following sites that meet the standards set forth in subdivisions (c) and (g):

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, including sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for residential use, and for which the housing element includes a program to rezone the site, as necessary, rezoned for, to permit residential use, including sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by assessor parcel number.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property. If a site subject to this paragraph is owned by the city or county, the description shall also include whether there are any plans to dispose of the property during the planning period and how the city or county will comply with Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) (A) A description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

(B) Parcels included in the inventory must have sufficient water, sewer, and dry utilities supply available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan, including a program or plan of a public or private entity providing water or sewer service, to secure sufficient water, sewer, and dry utilities supply to support housing development. This paragraph does not impose any additional duty on the city or county to construct, finance, or otherwise provide water, sewer, or dry utilities to parcels included in the inventory.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan, for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The inventory shall specify for each site the number of units that can realistically be accommodated on that site and whether the site is adequate to accommodate lower income housing, moderate-income housing, or above moderate-income housing. A nonvacant site identified pursuant to paragraph (3) or (4) of subdivision (a) in a prior housing element and a vacant site that has been included in two or more consecutive planning periods that was not approved to develop a portion of the locality's housing need shall not be deemed adequate to accommodate a portion of the housing need for lower income households that must be accommodated in the current housing element planning period unless the site is zoned at residential densities consistent with paragraph (3) of this subdivision and the site is subject to a program in the housing element requiring rezoning by the applicable deadline for rezoning set forth in subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 to allow residential use by right for housing developments in which at least 20 percent of the units are affordable to lower income households. An unincorporated area in a nonmetropolitan county pursuant to clause (ii) of subparagraph (B) of paragraph (3) shall not be subject to the requirements of this subdivision to allow residential use by right. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing, and whether the inventory affirmatively furthers fair housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulation requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

(A) A site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.

(B) A site larger than 10 acres shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site can be developed as lower income housing. For purposes of this subparagraph, “site” means that portion of a parcel or parcels designated to accommodate lower income housing needs pursuant to this subdivision.

(C) A site may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(4) (A) For a metropolitan jurisdiction:

(i) At least 25 percent of the jurisdiction’s share of the regional housing need for moderate-income housing shall be allocated to sites with zoning that allows at least ~~four~~ *4* units of housing, but not more than 100 units per acre of housing.

(ii) At least 25 percent of the jurisdiction’s share of the regional housing need for above moderate-income housing shall be allocated to sites with zoning that allows at least ~~4~~ *four* units of housing.

(B) The allocation of moderate-income and above moderate-income housing to sites pursuant to this paragraph shall not be a basis for the jurisdiction to do either of the following:

(i) Deny a project that does not comply with the allocation.

(ii) Impose a price minimum, price maximum, price control, or any other exaction or condition of approval in lieu thereof. This clause does not prohibit a jurisdiction from imposing any price minimum, price maximum, price control, exaction, or condition in lieu thereof, pursuant to any other law.

(iii) The provisions of this subparagraph do not constitute a change in, but are declaratory of, existing law with regard to the allocation of sites pursuant to this section.

(C) This paragraph does not apply to an unincorporated area.

(D) For purposes of this paragraph:

(i) "Housing development project" has the same meaning as defined in paragraph (2) of subdivision (h) of Section 65589.5.

(ii) "Unit of housing" does not include an accessory dwelling unit or junior accessory dwelling unit that could be approved pursuant to Article 2 (commencing with Section 66314) or Article 3 (commencing with Section 66333) of Chapter 13 or through a local ordinance or other provision implementing either of those articles. This paragraph shall not limit the ability of a local government to count the actual production of accessory dwelling units or junior accessory dwelling units in an annual progress report submitted pursuant to Section 65400 or other progress report as determined by the department.

(E) Nothing in this subdivision shall preclude the subdivision of a parcel, provided that the subdivision is subject to the Subdivision Map Act (Division 2 (commencing with Section 66410)) or any other applicable law authorizing the subdivision of land.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) (1) Except as provided in paragraph (2), a jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population, in which case the county shall be considered metropolitan.

(2) (A) (i) Notwithstanding paragraph (1), if a county that is in the San Francisco-Oakland-Fremont California MSA has a population of less than 400,000, that county shall be considered suburban. If this county includes an incorporated city that has a population of less than 100,000, this city shall also be considered suburban. This paragraph shall apply to a housing element revision cycle, as described in subparagraph (A) of paragraph (3) of subdivision (e) of Section 65588, that is in effect from July 1, 2014, to December 31, 2028, inclusive.

(ii) A county subject to this subparagraph shall utilize the sum existing in the county's housing trust fund as of June 30, 2013, for the development and preservation of housing affordable to low- and very low income households.

(B) A jurisdiction that is classified as suburban pursuant to this paragraph shall report to the Assembly Committee on Housing and Community Development, the Senate Committee on Housing, and the Department of Housing and Community Development regarding its progress in developing low- and very low income housing consistent with the requirements of Section 65400. The report shall be provided three times: once, on or before December 31, 2019, which report shall address the initial four years of the housing element cycle, a second time, on or before December 31, 2023, which report shall address the subsequent four years of the housing element cycle, and a third time, on or before December 31, 2027, which report shall address the subsequent four years of the housing element cycle and the cycle as a whole. The reports shall be provided consistent with the requirements of Section 9795.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for "suburban area" above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction's population is less than 25,000 in which case it shall be considered suburban.

(g) (1) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the city's or county's past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(2) In addition to the analysis required in paragraph (1), when a city or county is relying on nonvacant sites described in paragraph (3) of subdivision (b) to accommodate 50 percent or more of its housing need for lower income households, the methodology used to determine additional development potential shall demonstrate that the existing use identified pursuant to paragraph (3) of subdivision (b) does not constitute an impediment to additional residential development during the period covered by the housing element. An existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period.

(3) Notwithstanding any other law, and in addition to the requirements in paragraphs (1) and (2), sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low- or very low income households, shall be subject to a policy requiring the replacement of all those units affordable to the same or lower income level as a condition of any development on the site. Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915.

(h) (1) ~~A city or county shall ensure that the sites~~ *Sites* identified pursuant to subdivision (c) ~~are~~ *shall be* distributed throughout the jurisdiction in a manner that affirmatively furthers fair housing by

~~reducing~~ *allowing for a reduction in* residential segregation. This determination shall be based on whether the sites identified to accommodate the lower income share of the regional housing need and the sites identified to accommodate the total regional housing need, taking into account the number of units specified to be accommodated on each site pursuant to subdivision (c), are located in relatively higher income areas of the jurisdiction in a higher proportion than the proportion of land located in relatively higher income areas in the jurisdiction.

(2) (A) By no later than April 1, 2027, the department shall develop and publish an online tool that shall serve as the method for determining whether each city's or county's identification of sites adequate to accommodate its share of the regional housing need at all income levels that meets the requirement in paragraph (1).

(B) The department may grant an adjustment to the requirement in paragraph (1) if underlying data for the jurisdiction renders the tool unreliable. *The department shall include in its materials explaining the online tool a procedure for applying for an adjustment and the factors that the department will consider in determining whether or not to grant an adjustment.*

(i) (1) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for lower income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period.

(2) These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c), shall be at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c), and shall meet the standards set forth in subparagraph (B) of paragraph (5) of subdivision (b). At least 50 percent of the lower income housing need shall be accommodated on sites designated for residential use and for which nonresidential

uses or mixed uses are not permitted, except that a city or county may accommodate all of the lower income housing need on sites designated for mixed use if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(j) For purposes of this section and Section 65583, the phrase "use by right" shall mean that the local government's review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that "use by right" does not exempt the use from design review. However, that design review shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(k) Notwithstanding any other provision of this section, within one-half mile of a Sonoma-Marin Area Rail Transit station, housing density requirements in place on June 30, 2014, shall apply.

(*l*) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(m) (1) The changes to this section made by Chapter 193 of the Statutes of 2020 shall become operative on January 1, 2022.

(2) The changes to this section made by Chapter 193 of the Statutes of 2020 shall not apply to a housing element revision that is originally due on or before January 1, 2022, regardless of the date of adoption by the local agency.

(n) This section shall remain in effect only until December 31, 2028, and as of that date is repealed.

SEC. 5. Section 65583.2 of the Government Code, as amended by Section 7.5 of Chapter 282 of the Statutes of 2024, is amended to read:

65583.2. (a) A city's or county's inventory of land suitable for residential development pursuant to paragraph (3) of subdivision (a) of Section 65583 shall be used to identify sites that can be developed for housing within the planning period, that are sufficient to provide for the jurisdiction's share of the regional housing need for all income levels pursuant to Section 65584, and that are distributed throughout the community in ~~a manner that affirmatively furthers fair housing.~~ *compliance with subdivision (h).* As used in this section, "land suitable for residential development" includes all of the following sites that meet the standards set forth in subdivisions (c) and (g):

(1) Vacant sites zoned for residential use.

(2) Vacant sites zoned for nonresidential use that allows residential development.

(3) Residentially zoned sites that are capable of being developed at a higher density, and sites owned or leased by a city, county, or city and county.

(4) Sites zoned for nonresidential use that can be redeveloped for residential use, and for which the housing element includes a program to rezone the site, as necessary, to permit residential use, including sites owned or leased by a city, county, or city and county.

(b) The inventory of land shall include all of the following:

(1) A listing of properties by assessor parcel number.

(2) The size of each property listed pursuant to paragraph (1), and the general plan designation and zoning of each property.

(3) For nonvacant sites, a description of the existing use of each property. If a site subject to this paragraph is owned by the city or county, the description shall also include whether there are any plans to dispose of the property during the planning period and how the city or county will comply with Article 8 (commencing with Section 54220) of Chapter 5 of Part 1 of Division 2 of Title 5.

(4) A general description of any environmental constraints to the development of housing within the jurisdiction, the documentation for which has been made available to the jurisdiction. This information need not be identified on a site-specific basis.

(5) (A) A description of existing or planned water, sewer, and other dry utilities supply, including the availability and access to distribution facilities.

(B) Parcels included in the inventory must have sufficient water, sewer, and dry utilities supply available and accessible to support housing development or be included in an existing general plan program or other mandatory program or plan, including a program or plan of a public or private entity providing water or sewer service, to secure sufficient water, sewer, and dry utilities supply to support housing development. This paragraph does not impose any additional duty on the city or county to construct, finance, or otherwise provide water, sewer, or dry utilities to parcels included in the inventory.

(6) Sites identified as available for housing for above moderate-income households in areas not served by public sewer systems. This information need not be identified on a site-specific basis.

(7) A map that shows the location of the sites included in the inventory, such as the land use map from the jurisdiction's general plan for reference purposes only.

(c) Based on the information provided in subdivision (b), a city or county shall determine whether each site in the inventory can accommodate the development of some portion of its share of the regional housing need by income level during the planning period, as determined pursuant to Section 65584. The inventory shall specify for each site the number of units that can realistically be accommodated on that site and whether the site is adequate to accommodate lower income housing, moderate-income housing, or above moderate-income housing. A nonvacant site identified pursuant to paragraph (3) or (4) of subdivision (a) in a prior housing element and a vacant site that has been included in two or more consecutive planning periods that was not approved to develop a portion of the locality's housing need shall not be deemed adequate to accommodate a portion of the housing need for lower income households that must be accommodated in the current housing element planning period unless the site is zoned at residential densities consistent with paragraph (3) of this subdivision and the site is subject to a program in the housing element requiring rezoning by the applicable deadline for rezoning set forth in subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 to allow residential use by right for housing developments in which at least 20 percent of the units are affordable to lower income households. An unincorporated area in a nonmetropolitan county pursuant to clause (ii) of subparagraph (B) of paragraph (3) shall not be subject to the requirements of this subdivision to allow residential use by right. The analysis shall determine whether the inventory can provide for a variety of types of housing, including multifamily rental housing, factory-built housing, mobilehomes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing, and whether the inventory affirmatively furthers fair housing. The city or county shall determine the number of housing units that can be accommodated on each site as follows:

(1) If local law or regulations require the development of a site at a minimum density, the department shall accept the planning agency's calculation of the total housing unit capacity on that site based on the established minimum density. If the city or county does not adopt a law or regulation requiring the development of a site at a minimum density, then it shall demonstrate how the number of units determined for that site pursuant to this subdivision will be accommodated.

(2) The number of units calculated pursuant to paragraph (1) shall be adjusted as necessary, based on the land use controls and site improvements requirement identified in paragraph (5) of subdivision (a) of Section 65583, the realistic development capacity for the site, typical densities of existing or approved residential developments at a similar affordability level in that jurisdiction, and on the current or planned availability and accessibility of sufficient water, sewer, and dry utilities.

(A) A site smaller than half an acre shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site is adequate to accommodate lower income housing.

(B) A site larger than 10 acres shall not be deemed adequate to accommodate lower income housing need unless the locality can demonstrate that sites of equivalent size were successfully developed during the prior planning period for an equivalent number of lower income housing units as projected for the site or unless the locality provides other evidence to the department that the site can be developed as lower income housing. For purposes of this subparagraph, "site" means that portion of a parcel or parcels designated to accommodate lower income housing needs pursuant to this subdivision.

(C) A site may be presumed to be realistic for development to accommodate lower income housing need if, at the time of the adoption of the housing element, a development affordable to lower income households has been proposed and approved for development on the site.

(3) For the number of units calculated to accommodate its share of the regional housing need for lower income households pursuant to paragraph (2), a city or county shall do either of the following:

(A) Provide an analysis demonstrating how the adopted densities accommodate this need. The analysis shall include, but is not limited to, factors such as market demand, financial feasibility, or information based on development project experience within a zone or zones that provide housing for lower income households.

(B) The following densities shall be deemed appropriate to accommodate housing for lower income households:

(i) For an incorporated city within a nonmetropolitan county and for a nonmetropolitan county that has a micropolitan area: sites allowing at least 15 units per acre.

(ii) For an unincorporated area in a nonmetropolitan county not included in clause (i): sites allowing at least 10 units per acre.

(iii) For a suburban jurisdiction: sites allowing at least 20 units per acre.

(iv) For a jurisdiction in a metropolitan county: sites allowing at least 30 units per acre.

(4) (A) For a metropolitan jurisdiction:

(i) At least 25 percent of the jurisdiction's share of the regional housing need for moderate-income housing shall be allocated to sites with zoning that allows at least ~~four~~ *4* units of housing, but not more than 100 units per acre of housing.

(ii) At least 25 percent of the jurisdiction's share of the regional housing need for above moderate-income housing shall be allocated to sites with zoning that allows at least ~~4~~ *four* units of housing.

(B) The allocation of moderate-income and above moderate-income housing to sites pursuant to this paragraph shall not be a basis for the jurisdiction to do either of the following:

(i) Deny a project that does not comply with the allocation.

(ii) Impose a price minimum, price maximum, price control, or any other exaction or condition of approval in lieu thereof. This clause does not prohibit a jurisdiction from imposing any price minimum, price maximum, price control, exaction, or condition in lieu thereof, pursuant to any other law.

(iii) The provisions of this subparagraph do not constitute a change in, but are declaratory of, existing law with regard to the allocation of sites pursuant to this section.

(C) This paragraph does not apply to an unincorporated area.

(D) For purposes of this paragraph:

(i) "Housing development project" has the same meaning as defined in paragraph (2) of subdivision (h) of Section 65589.5.

(ii) "Unit of housing" does not include an accessory dwelling unit or junior accessory dwelling unit that could be approved pursuant to Article 2 (commencing with Section 66314) or Article 3 (commencing with Section 66333) of Chapter 13 or through a local ordinance or other provision implementing either of those articles. This paragraph shall not limit the ability of a local government to count the actual production of accessory dwelling units or junior accessory dwelling units in an annual progress report submitted pursuant to Section 65400 or other progress report as determined by the department.

(E) Nothing in this subdivision shall preclude the subdivision of a parcel, provided that the subdivision is subject to the Subdivision Map Act (Division 2 (commencing with Section 66410)) or any other applicable law authorizing the subdivision of land.

(d) For purposes of this section, a metropolitan county, nonmetropolitan county, and nonmetropolitan county with a micropolitan area shall be as determined by the United States Census Bureau. A nonmetropolitan county with a micropolitan area includes the following counties: Del Norte, Humboldt, Lake, Mendocino, Nevada, Tehama, and Tuolumne and other counties as may be determined by the United States Census Bureau to be nonmetropolitan counties with micropolitan areas in the future.

(e) A jurisdiction shall be considered suburban if the jurisdiction does not meet the requirements of clauses (i) and (ii) of subparagraph (B) of paragraph (3) of subdivision (c) and is located in a Metropolitan Statistical Area (MSA) of less than 2,000,000 in population, unless that jurisdiction's population is greater than 100,000, in which case it shall be considered metropolitan. A county, not including the City and County of San Francisco, shall be considered suburban unless the county is in an MSA of 2,000,000 or greater in population in which case the county shall be considered metropolitan.

(f) A jurisdiction shall be considered metropolitan if the jurisdiction does not meet the requirements for “suburban area” above and is located in an MSA of 2,000,000 or greater in population, unless that jurisdiction’s population is less than 25,000 in which case it shall be considered suburban.

(g) (1) For sites described in paragraph (3) of subdivision (b), the city or county shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, the city’s or county’s past experience with converting existing uses to higher density residential development, the current market demand for the existing use, an analysis of any existing leases or other contracts that would perpetuate the existing use or prevent redevelopment of the site for additional residential development, development trends, market conditions, and regulatory or other incentives or standards to encourage additional residential development on these sites.

(2) In addition to the analysis required in paragraph (1), when a city or county is relying on nonvacant sites described in paragraph (3) of subdivision (b) to accommodate 50 percent or more of its housing need for lower income households, the methodology used to determine additional development potential shall demonstrate that the existing use identified pursuant to paragraph (3) of subdivision (b) does not constitute an impediment to additional residential development during the period covered by the housing element. An existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period.

(3) Notwithstanding any other law, and in addition to the requirements in paragraphs (1) and (2), sites that currently have residential uses, or within the past five years have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low or very low

income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low- or very low income households, shall be subject to a policy requiring the replacement of all those units affordable to the same or lower income level as a condition of any development on the site. Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915.

(h) (1) ~~A city or county shall ensure that the sites~~ *Sites* identified pursuant to subdivision (c) ~~are~~ *shall be* distributed throughout the jurisdiction in a manner that affirmatively furthers fair housing by ~~reducing~~ *allowing for a reduction in* residential segregation. This determination shall be based on whether the sites identified to accommodate the lower income share of the regional housing need and the sites identified to accommodate the total regional housing need, taking into account the number of units specified to be accommodated on each site pursuant to subdivision (c), are located in relatively higher income areas of the jurisdiction in a higher proportion than the proportion of land located in relatively higher income areas in the jurisdiction.

(2) (A) By no later than April 1, 2027, the department shall develop and publish an online tool that shall serve as the method for determining whether each ~~city~~ *city's* or county's identification of sites adequate to accommodate its share of the regional housing need at all income levels ~~that~~ meets the requirement in paragraph (1).

(B) The department may grant an adjustment to the requirement in paragraph (1) if underlying data for the jurisdiction renders the tool unreliable. *The department shall include in its materials explaining the online tool a procedure for applying for an adjustment and the factors that the department will consider in determining whether or not to grant an adjustment.*

(i) (1) The program required by subparagraph (A) of paragraph (1) of subdivision (c) of Section 65583 shall accommodate 100 percent of the need for housing for lower income households allocated pursuant to Section 65584 for which site capacity has not been identified in the inventory of sites pursuant to paragraph (3) of subdivision (a) on sites that shall be zoned to permit owner-occupied and rental multifamily residential use by right for developments in which at least 20 percent of the units are affordable to lower income households during the planning period.

(2) These sites shall be zoned with minimum density and development standards that permit at least 16 units per site at a density of at least 16 units per acre in jurisdictions described in clause (i) of subparagraph (B) of paragraph (3) of subdivision (c), shall be at least 20 units per acre in jurisdictions described in clauses (iii) and (iv) of subparagraph (B) of paragraph (3) of subdivision (c), and shall meet the standards set forth in subparagraph (B) of paragraph (5) of subdivision (b). At least 50 percent of the lower income housing need shall be accommodated on sites designated for residential use and for which nonresidential uses or mixed uses are not permitted, except that a city or county may accommodate all of the lower income housing need on sites designated for mixed use if those sites allow 100 percent residential use and require that residential use occupy 50 percent of the total floor area of a mixed-use project.

(j) For purposes of this section and Section 65583, the phrase "use by right" shall mean that the local government's review of the owner-occupied or multifamily residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Any subdivision of the sites shall be subject to all laws, including, but not limited to, the local government ordinance implementing the Subdivision Map Act. A local ordinance may provide that "use by right" does not exempt the use from design review. However, that design review shall not constitute a "project" for purposes of Division 13 (commencing with Section 21000) of the Public Resources Code. Use by right for all rental multifamily residential housing shall be provided in accordance with subdivision (f) of Section 65589.5.

(k) For purposes of subdivisions (a) and (b), the department shall provide guidance to local governments to properly survey, detail, and account for sites listed pursuant to Section 65585.

(*l*) This section shall become operative on December 31, 2028.

SEC. 6. The Legislature finds and declares that Sections 1 to 5, inclusive, of this act amending Sections 65583, 65583.1, and 65583.2 of, and adding Section 65583.01 to, the Government Code address a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California

Constitution. Therefore, Sections 1 to 5, inclusive, of this act apply to all cities, including charter cities.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

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SENATE COMMITTEE ON HOUSING
Senator Aisha Wahab, Chair
2025 - 2026 Regular

Bill No:	AB 906	**Hearing Date:**	7/1/2025
Author:	Mark González		
Version:	4/21/2025 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Alison Hughes/Erin Riches		

SUBJECT: Planning and zoning: housing elements: affirmatively furthering fair housing

DIGEST: This bill revises a number of components relating to the obligation for local governments to affirmatively further fair housing (AFFH) in their housing elements.

ANALYSIS:

Existing law:

1) Provides that each community's fair share of housing be determined through the Regional Housing Needs Determination (RHND)/Regional Housing Allocation (RHNA) process. The process is set out as follows: (a) Department of Finance and the Department of Housing and Community Development (HCD) develop RHNDs; (b) councils of government (COGs) allocate housing via RHNA within each region based on these determinations, and where a COG does not exist, HCD conducts the allocations; and (c) cities and counties incorporate these allocations into their housing elements.

2) Requires each city and county to adopt a housing element, which must contain specified information, programs, and objectives, including:

   a) An assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs, including a quantification of the locality's existing and projected housing needs for all income levels; an inventory of land suitable and available for residential development; an analysis of potential and actual governmental and nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels; and a demonstration of local efforts to remove constraints that hinder the locality from meeting its share of RHNA, among other things;

b) A statement of the community's goals, quantified objectives, and policies relative to AFFH and to the maintenance, preservation, improvement, and development of housing; and

c) A program that sets forth a schedule of actions during the planning period, and timelines for implementation, that the local government is undertaking to implement the policies and achieve the goals and objectives of the housing element, including actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the local government's share of RHNA for each income level that could not be accommodated on sites identified in the sites inventory without rezoning, among other things.

3) Requires the housing element to AFFH in accordance with specified law, and to include an assessment of fair housing in the jurisdiction that must include all of the following components:

d) A summary of fair housing issues in the jurisdiction and an assessment of the jurisdiction's fair housing enforcement and fair housing capacity;

e) An analysis of available federal, state, and local data and knowledge to identify integration and segregation patterns and trends, racially or ethnically concentrated areas of poverty and affluence, disparities in access to opportunity, and disproportionate housing needs, including displacement risk. The analysis must identify and examine such patterns, trends, areas, disparities, and needs, both within the jurisdiction and comparing the jurisdiction to the region, based on race and other characteristics protected by the California Fair Employment and Housing Act;

f) An assessment of the contributing factors, including the local and regional historical origins and current policies and practices, for the fair housing issues identified, as specified;

g) An identification of the jurisdiction's fair housing priorities and goals, giving highest priority to those factors that limit or deny fair housing choice or access to opportunity, or negatively impact fair housing or civil rights compliance, and identifying the metrics and milestones for determining what fair housing results will be achieved;

h) Strategies and actions to implement those priorities and goals, which may include, but are not limited to, enhancing mobility strategies and encouraging development of new affordable housing in areas of opportunity, as well as place-based strategies to encourage community revitalization, including preservation of existing affordable housing and protecting existing residents from displacement.

4) Requires HCD to develop a standardized reporting format for programs and actions taken under 2) above, which must be utilized for the seventh and each subsequent revision of the housing element, must enable the reporting of specified fair housing assessment components, and, at a minimum, include all of the following fields:

   i) Timelines for implementation;

   j) Responsible party or parties;

   k) Resources committed from the local budget to AFFH;

   l) Action areas; and

   m) Potential impacts of the program.

5) Permits HCD to allow a jurisdiction to identify adequate sites for purposes of meeting RHNA by identifying sites for accessory dwelling units (ADUs) based on the number of ADUs developed in the prior housing element planning period whether or not the units are permitted by right, the need for these units in the community, the resources or incentives available for their development, and any other relevant factors determined by HCD.

6) Requires a jurisdiction's inventory of land suitable for residential development, as specified, to be used to identify sites throughout the community, consistent with AFFH, that can be developed for housing within the planning period that are sufficient to provide for the jurisdiction's share of RHNA for all income levels.

7) Requires a local government to submit a draft housing element revision or amendment to HCD at least 90 days prior to adoption of a revision of its housing element, as specified, or at least 60 days prior to the adoption of a subsequent amendment to the housing element.

This bill:

1) Requires a local government's housing element to ensure that the sites made available to accommodate the jurisdiction's share of the regional housing need (RHNA) at all income levels after any required rezoning for meeting the needs of 100% of the housing for lower income households, are distributed throughout the jurisdiction in a manner that AFFH.

2) Requires a local government, in instances where the sites identified under 1) above do not AFFH, as specified, to include a program in their housing element for rezoning of those sites, subject to specified deadlines.

3) Requires a local government to demonstrate that sites identified to accommodate its RHNA after any rezoning program will AFFH.

4) Recasts existing provisions requiring a local government's housing element program to include an assessment of fair housing in the jurisdiction with specified provisions. Adds the following requirements to the AFFH program:

    a) Requires the assessment to include an analysis of disparities in access to opportunity for members of protected classes, as defined, including but not limited to access to educational, employment, and transportation opportunities, and access to a healthy environment;

    b) Requires the assessment to include an analysis of disparities in availability and quality of amenities and services for members of protected classes, including infrastructure, parks, maintenance and sanitation services, health services, grocery stores, and financial institutions;

    c) Requires the assessment to include an examination of the disproportionate housing needs of members of protected classes, including but not limited to displacement risk, evictions, cost burden, overcrowding, substandard housing, homelessness, risk related to climate disasters, and expiring covenants resulting in the loss of affordable housing;

    d) Requires the analysis to be prepared after meaningful consultation with members of protected classes and organizations representing their interests and defines "meaningful consultation" to mean taking proactive steps to outreach to and engage with members of protected classes, especially those harmed by the impact of historical discrimination in the jurisdiction and surrounding region, and organizations representing their interests, to solicit their participation and input throughout the development of the assessment;

    e) Requires a jurisdiction to conduct outreach and engagement under 4) e) above through a variety of methods, in languages commonly spoken by community members, and in an accessible format for people with disabilities as needed;

    f) Requires the jurisdiction to include in any drafts of the housing element and the final adopted housing element a description of its outreach under 4) f) above, a summary of comments received, and an explanation of how the comments were considered and incorporated or why they were rejected; and

g) Requires the summary of fair housing issues in the jurisdiction to be based on specified analysis.

h) An assessment of the jurisdiction's fair housing enforcement and fair housing outreach capacity.

5) Requires a jurisdiction, after completing a draft fair housing assessment and before making the first draft revision of the housing element available for public comment, to make the draft assessment available to solicit public comments and seek input on specified information, for at least 90 days.

6) Requires a jurisdiction to include both of the following in the first draft revision of the housing element available for public comment as specified:

   a) The fair housing assessment under 4) above, including any revisions made in response to comments received under 5) above;

   b) Based on the assessment and any input received pursuant to the meaningful consultation required, as specified, all of the following:

      i) An identification of the jurisdiction's fair housing priorities and goals, giving highest priority to addressing those issues and factors identified under 4) h) above that have been identified as priorities by members of protected classes and organizations representing their interest, limit access for members of protected classes to live in higher-income areas, limit access to opportunity, contribute to lack of investment in historically disadvantaged neighborhoods, or cause displacement of protected classes;

      ii) An identification of the neighborhoods most in need of investment and the types of public and private investment required to meet the needs of members of protected classes without causing displacement of protected classes;

      iii) Strategies and actions to implement the priorities and goals under i) above, including those that would make necessary investments in the areas identified under ii) above and those that would expand housing choice for members of protected classes. Requires jurisdictions to consider strategies that include but are not limited to, all of the following:

1) Strategies to enable members of protected classes to live in the neighborhood of their choice;

2) Strategies to encourage development of new affordable housing in both higher income neighborhoods and historically disinvested neighborhoods; and

3) Strategies to encourage community revitalization in historically disinvested neighborhoods, including preservation of existing affordable housing, infrastructure, and other investments that enhance opportunity, remediation of environmental justice issues, and policies that protect existing residents and community-serving small businesses from displacement.

4) The strategies and actions shall include both direct public actions and public actions that can attract private investment in disinvested neighborhoods.

7) Modifies the existing requirement for HCD to develop a standardized reporting format for AFFH programs and actions by requiring the format to instead describe strategies and actions to be taken under 6) b) iii) above, requiring the format to address specified fair housing assessment components, and requiring the format to include a field for which fair housing priority a program is intended to address, the intended impacts, and how the strategies and actions will result in those impacts.

8) Limits the ability of a jurisdiction to include ADUs to count toward the requirement to identify adequate sites to accommodate the RHNA and to AFFH, by specifying that in order to count ADUs developed in the prior housing element period toward the lower income category, the jurisdiction must provide proof of a recorded deed restriction requiring the continued affordability of the unit for at least 55 years for rental housing and 30 years for ownership housing for lower income households.

9) Requires a jurisdiction's inventory of land suitable for residential development to be used to identify sites that can be developed for housing within the planning period that are sufficient to provide for the jurisdiction's share of RHNA for all income levels and that are distributed throughout the community in a manner that will AFFH.

10) Requires sites identified in the inventory under 9) above to be distributed throughout the jurisdiction in a manner that AFFH by allowing for a reduction in residential segregation, and requires this determination to be based on whether the sites identified to accommodate the lower income RHNA and sites

identified to accommodate the total RHNA, taking into account the number of units specified to be accommodated on each site, are located in relatively higher income areas of the jurisdiction in a higher proportion than the proportion of land located in relatively higher income areas in the jurisdiction.

11) Requires HCD, no later than April 1, 2027, to develop and publish an online tool that must serve as the method for determining whether each jurisdiction's identification of sites adequate to accommodate its share of RHNA at all income levels that meets the requirement in 10) above.

12) Allows HCD to grant an adjustment to the requirement in 10) above if underlying data for the jurisdiction renders the tool unreliable. Requires HCD to include in its materials explaining the online tool, a procedure for applying for an adjustment the factors that HCD will consider in determining whether or not to grant the adjustment.

13) Applies the provisions of this bill to all cities, including charter cities.

Background

Federal AFFH Rule. Since its enactment in 1968, the federal Fair Housing Act has directed the Department of Housing and Urban Development (HUD), other federal agencies, and program participants to affirmatively further the Act's goals of promoting fair housing and equal opportunity. In 2015, the Obama Administration issued the AFFH Rule to clarify what it means to "affirmatively further fair housing." The Rule incorporated an "Assessment of Fair Housing" process into broader existing planning processes to help HUD grantees identify issues such as fair housing issues pertaining to patterns of integration and segregation; racially and ethnically concentrated areas of poverty; disparities in access to opportunity; and disproportionate housing needs. HUD grantees were required to submit their Assessments to HUD or potentially lose HUD funding.

On January 5, 2018, under President Trump, HUD largely suspended the obligation to submit an Assessment, effectively postponing implementation of the AFFH Rule until 2025. In July 2020, the 2015 AFFH Rule was repealed.

On January 26, 2021, President Biden issued a memorandum directing HUD to examine the effect of the previous Administration's actions against the AFFH Rule and the effect that it has had on HUD's statutory duty to both ensure compliance with the Fair Housing Act and to affirmatively further fair housing. The memo also ordered HUD to take the necessary steps to implement the Fair Housing Act's AFFH requirements and to prevent practices that have a disparate impact. On June

10, 2021, HUD published an interim final rule, which went into effect on July 31, 2021, to restore implementation of the AFFH Rule.

Under the second Trump Administration, HUD recently moved to repeal the 2021 provisions once again.

AFFH in California. California's Fair Employment and Housing Act (FEHA) prohibits employment and housing discrimination based on the protected classes. FEHA further provides that it is a civil right to be able to pursue and maintain housing or employment without facing discrimination. If a dispute is not resolved, the Civil Rights Department may take legal action if evidence supports a finding of discrimination. In housing discrimination cases, an individual also has the right to file a lawsuit on their own behalf. While FEHA does not explicitly include an AFFH obligation, it does prohibit discrimination through public or private land use practices, decisions, and authorizations due to membership in a protected class. Discrimination includes restrictive covenants, zoning laws, details of use permits, and other actions authorized under the Planning and Zoning Law that make housing opportunities unavailable.

After the 2015 AFFH Rule was enacted, concerns arose about whether it would be preserved going forward. To address these concerns, in 2018 the Legislature passed and the Governor signed AB 686 (Santiago, Chapter 958), which established an AFFH framework at the state level. This framework remained in place when the Trump Administration repealed the AFFH Rule in 2020 and remains in place today pending re-repeal.

Comments

1) *Author's statement.* "California's obligation to affirmatively further fair housing (AFFH) is a landmark law requiring public agencies to take proactive steps to combat segregation, expand housing choice for protected classes, and reduce disparities. AFFH is primarily implemented through the housing element process, which requires local jurisdictions to analyze fair housing issues, identify goals, commit to actions, and plan housing sites in a way that promotes equity. This bill strengthens AFFH requirements based on lessons from the sixth housing element cycle—the first to fully implement these provisions. Many jurisdictions concentrated lower-income housing sites in already disadvantaged areas, reinforcing segregation. To address this, the bill requires jurisdictions to distribute a meaningful share of lower-income housing in higher-income neighborhoods. It also responds to inconsistent or inadequate analysis of fair housing issues, especially around disinvestment and displacement, by requiring jurisdictions to address a defined set of fair housing concerns."

2) *Adoption of housing elements*. All of the state's 539 cities and counties are required to appropriately plan for new housing through the housing element of each community's General Plan, which outlines a long-term plan for meeting the community's existing and projected housing needs. Cities and counties are required to update their housing elements every eight years in most of the high population parts of the state, and five years in areas with smaller populations. Localities must adopt a legally valid housing element by their statutory deadline for adoption. Failure to do so can result in certain escalating penalties, including an accelerated deadline for completing rezoning, exposure to the "builder's remedy," public or private lawsuits, financial penalties, potential loss of permitting authority, or even court receivership.

   Local governments have a statutory deadline to submit a housing element based on region. Ninety days before the deadline to adopt a housing element, localities must submit a draft to HCD. HCD is required to review the draft element within 90 days of receipt and provide written findings as to whether the draft amendment substantially complies with housing element law. If HCD finds that the draft element does not substantially comply with the law, the local agency may either make changes to the draft element to substantially comply with the law or adopt the element and make findings as to why it complies with the law despite the findings of the department. Following adoption of a housing element, a local agency submits it to HCD.

3) *Implementation of housing elements*. Among other things, the housing element must demonstrate how the community plans to accommodate its share of its region's RHNA. To do so, each community establishes an inventory of sites designated for new housing that is sufficient to accommodate its fair share. Where a community does not already contain the existing capacity to accommodate its fair share of housing, it must undertake a rezoning program to accommodate the housing planned for in the housing element. Depending on whether the jurisdiction met its statutory deadline for housing element adoption, it will have either one year (if it failed to meet the deadline) or three years (if it met the deadline) from its adoption deadline to complete that rezoning program.

   It is critical that local jurisdictions adopt legally compliant housing elements on time in order to meet statewide housing goals and create the environment locally for the successful construction of desperately needed housing at all income levels. Unless communities plan for production and preservation of affordable housing, new housing will be slow to build. Adequate zoning, removal of regulatory barriers, protection of existing stock and targeting of resources are essential to obtaining a sufficient permanent supply of housing affordable to all economic segments of the community. Although it does not require the community to develop the housing, housing element law requires the community to plan for housing. Recognizing that local governments may lack adequate resources to house all those in need, the law nevertheless mandates that the community do all that it can and that it not engage in exclusionary and harmful practices.

4) *Housing element AFFH obligations*. Among other things, the housing element must demonstrate how the community plans to accommodate its share of its region's housing needs and to AFFH. To do so, each community establishes an inventory of sites designated for new housing that is sufficient to accommodate its fair share, after performing an AFFH analysis of those sites. Where a community does not already contain the existing capacity to accommodate its fair share of housing, it must undertake a rezoning program to accommodate the housing planned for in the housing element. The requirement to AFFH also contains a mandate to perform an assessment of fair housing in the jurisdiction that has to include several components, including an identification of the jurisdiction's fair housing priorities and goals, metrics and milestones for determining what fair housing results will be achieved via the housing element, and strategies and actions to implement those priorities and goals. The goals may include items like enhancing mobility strategies, encouraging development of new affordable housing in opportunity areas, preserving existing affordable housing, protecting residents from displacement, and place-based strategies to encourage community revitalization.

5) *Time for an update*. According to the bill's author and sponsors, improvements to AFFH requirements in housing elements are timely and needed because the seventh housing element cycle already has begun in some rural areas and adoption deadlines for the first seventh cycle housing elements in more populous areas start in 2028, with development of those elements likely to begin in 2026. Passing legislation in 2025 would allow time for HCD to update its AFFH guidance and provide clarity to jurisdictions about AFFH requirements before they begin the housing element update process. Further, just as when AB 686 (Santiago) was introduced, fair housing laws generally and AFFH specifically are under attack at the federal level.

   This bill proposes a number of changes to AFFH requirements, as follows:

   a) Requires the housing element adequate sites inventory, after any rezoning to meet the needs of 100% of the housing needs for lower income households, to be distributed throughout the jurisdiction in a manner that AFFH;

   b) Provides that a rezoning program is required if the jurisdiction's adequate sites are not distributed in a way that will AFFH, even if the jurisdiction identifies enough total sites to accommodate its RHNA share at all income levels;

c) Clarifies that jurisdictions must complete the fair housing analysis and assessment, with community input, early in the housing element process so that it meaningfully serves as the basis for developing goals, strategies, actions, and the adequate sites inventory;

d) Requires jurisdictions to analyze a more specific minimum list of common fair housing issues, including disinvestment, access to a healthy environment, and renter issues, and recasts those assessment provisions by moving them into a new code section;

e) Requires HCD to develop and publish an online tool for determining whether the sites inventory meets AFFH requirements, authorizes HCD to grant an adjustment if underlying data for the jurisdiction renders the tool unreliable, and requires HCD to include in its materials a procedure for applying for an adjustment; and

f) Limits jurisdictions' ability to over-rely on ADUs as an AFFH strategy and to meet lower income RHNA obligations, in a way that does not disincentivize ADU production, by limiting the use of ADUs to count towards meeting lower income RHNA site requirements unless they are able to demonstrate ADUs in the prior planning period were deed-restricted at affordable levels for specified lengths of time.

6) *Opposition concerns*. The League of California Cities objects to this bill's requirement to identify new sites after the housing element is certified, if the sites inventory fails to meet AFFH requirements.

Related/Prior Legislation

AB 1304 (Santiago, Chapter 357, Statutes of 2021) — reaffirmed that the state, local jurisdictions, and public agencies involved in housing-related matters have a mandatory duty to take meaningful affirmative steps to overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. The bill also provided additional details regarding what these entities must take into account when carrying out that duty to AFFH.

AB 686 (Santiago, Chapter 958, Statutes of 2018) — Required state departments and agencies, cities, counties, public housing authorities, and other public entities to AFFH in all of their housing and community development-related activities. In addition, the bill required cities and counties to undertake an AFFH analysis and meet other related requirements as part of the development of their housing elements.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, June 25, 2025.)

SUPPORT:

California Rural Legal Assistance Foundation (Co-Sponsor)
Housing California (Co-Sponsor)
Public Advocates (Co-Sponsor)
Strategic Actions for a Just Economy (Co-Sponsor)
Acce Action
Act-la
All Home
Association of Regional Center Agencies
California Housing Partnership
Communities for a Better Environment
Courage California
East Bay Housing Organizations
East Yard Communities for Environmental Justice
Housing Action Coalition
Inner City Law Center
Leadership Council for Justice and Accountability
Legal Aid of Sonoma County
Long Beach Forward
Los Angeles Alliance for a New Economy
Los Angeles Neighborhood Land Trust
National Housing Law Project
Our Future Los Angeles
Policylink
Public Counsel
Rise Economy
United Way of Greater Los Angeles

OPPOSITION:

League of California Cities

-- END --

AMENDED IN SENATE JULY 3, 2025

AMENDED IN ASSEMBLY FEBRUARY 24, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL No. 66

Introduced by Assembly Member Tangipa

December 3, 2024

An act to add and repeal Section 21080.53 of the Public Resources Code, relating to environmental quality.

LEGISLATIVE COUNSEL'S DIGEST

AB 66, as amended, Tangipa. California Environmental Quality Act: exemption: egress route projects: fire safety.

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 or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

This bill would, until January 1, 2032, exempt from CEQA egress route projects undertaken by a public agency to improve emergency access to and evacuation from a subdivision without a secondary egress route if the State Board of Forestry and Fire Protection has recommended the creation of a secondary access to the subdivision and certain conditions are met. The bill would require the lead agency to hold a noticed public meeting to hear and respond to public comments before determining that a project is exempt. The bill would require the lead agency, if it determines that a project is not subject to CEQA and approves or carries out that project, to file a notice of exemption with the Office of Land Use and Climate Innovation and with the clerk of the county in which the project will be located.

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

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

SECTION 1. Section 21080.53 is added to the Public Resources Code, to read:

21080.53. (a) For purposes of this section, the following definitions apply:

(1) "Riparian area" means an area that is transitional between terrestrial and aquatic ecosystems, that is distinguished by gradients in biophysical conditions, ecological processes, and biota, and that meets all of the following criteria:

(A) Is an area through which surface and subsurface hydrology connect bodies of water with their adjacent uplands.

(B) Is adjacent to perennial, intermittent, and ephemeral streams, lakes, or estuarine or marine shorelines.

(C) Includes those portions of terrestrial ecosystems that significantly influence exchanges of energy and matter with aquatic ecosystems.

(2) "Subdivision" means a residential development or community of more than 30 dwelling units.

(3) "Wetlands" has the same meaning as defined in the United States Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

(b) This division does not apply to an egress route project to improve emergency access to and evacuation from a subdivision without a secondary egress route if the subdivision has been identified by the State Board of Forestry and Fire Protection pursuant to Section 4290.5, the State Board of Forestry and Fire Protection has recommended the creation of a secondary access to the subdivision, and all of the following conditions are met:

(1) The subdivision has insufficient egress routes, as determined by the lead agency.

(2) The subdivision is located in either of the following:

(A) A state responsibility area that is classified a high or very high fire hazard severity zone pursuant to Section 4202.

(B) A very high fire hazard severity zone, as identified pursuant to Section 51178 of the Government Code.

(3) The location of the project does not contain wetlands or riparian areas.

(4) The project does not harm or take any species protected by the federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), the Native Plant Protection Act (Chapter 10 (commencing with Section 1900) of Division 2 of the Fish and Game Code), the Guidelines for Implementation of the California Environmental Quality Act (Chapter 3 (commencing with Section 15000) of Division 6 of Title 14 of the California Code of Regulations), or the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code).

(5) The project does not cause the destruction or removal of any species protected by an applicable local ordinance.

(6) The project does not affect known archaeological, historical, or other cultural resources.

(7) The project is carried out by a public agency.

~~(8) The~~

(A) The public agency consults with the Department of Fish and Wildlife during project development.

(B) A consultation pursuant to this paragraph shall meet all of the following requirements:

(i) Occur as soon as feasible during project development.

(ii) Occur in writing.

(iii) Include, at a minimum, a discussion of the project's avoidance and minimization methods and permitting needs.

(9) (A) The egress route is scaled to the existing population of the subdivision.

(B) The requirement of subparagraph (A) is met if the egress route is designed to the scale set forth in the most recent edition of A Policy on Geometric Design of Highways and Streets developed by the American Association of State Highway and Transportation Officials and adopted by the Federal Highway Administration, for the number of vehicle trips generated by the existing land uses in the subdivision served by the egress route, as determined in accordance with the most recent edition of the Trip Generation Manual published by the Institute of Transportation Engineers.

(10) The lead agency determines that the primary purpose of the project is fire safety egress.

(11) Any commercial timber harvest is incidental to the project's primary purpose and complies with the ~~Z'Berg-Nejedly~~ *Z'berg-Nejedly* Forest Practice Act of 1973 (Chapter 8 (commencing with Section 4511) of Part 2 of Division 4).

(12) If the project involves substantial tree removal, as determined by a registered professional forester, the entity carrying out the project has a registered professional forester or the forester's designee onsite during the implementation of the project to assist with resource identification and protection. The registered professional forester or the forester's designee shall be required onsite only on days during which trees are removed.

(13) The entity carrying out the project complies with Chapter 4 (commencing with Section 895) of Division 1.5 of Title 14 of the California Code of Regulations, as applicable, to ensure resource protection. The entity carrying out the project shall consult early in the design of the project with the appropriate environmental resource professionals, including registered professional foresters, environmental scientists, archaeologists, hydrologists, soil scientists, fire scientists, and other experts in natural resource protection.

(14) The lead agency determines that the project has obtained, or is able to obtain, all necessary funding and any federal, state, and local approvals within one year of the filing of the notice of exemption pursuant to subdivision (d).

(15) All roads that comprise the egress route are publicly accessible to vehicular traffic at all times.

(16) The egress route is consistent with the circulation element of an applicable general plan.

(c) Before determining that a project is not subject to this division pursuant to this section, the lead agency shall hold a noticed public meeting on the project to hear and respond to public comments. Publication of the notice shall be no fewer times than required by Section 6061 of the Government Code and shall be published in a newspaper of general circulation in the area of the project.

(d) If the lead agency determines that a project is not subject to this division pursuant to this section, and the lead agency determines to approve or carry out that project, the lead agency shall file a notice of exemption with the Office of Land Use and Climate Innovation and the county clerk in the county in which the project is located in the manner specified in subdivisions (b) and (c) of Section 21152.

(e) The application and implementation of this section shall be limited to the purposes of this division.

(f) This section shall remain in effect only until January 1, 2032, and as of that date is repealed.

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SENATE COMMITTEE ON ENVIRONMENTAL QUALITY
Senator Blakespear, Chair
2025 - 2026 Regular

Bill No:	AB 66		
Author:	Tangipa		
Version:	2/24/2025	**Hearing Date:**	7/2/2025
Urgency:	No	**Fiscal:**	Yes
Consultant:	Brynn Cook		

SUBJECT: California Environmental Quality Act: exemption: egress route projects: fire safety

DIGEST: This bill creates a California Environmental Quality Act (CEQA) exemption for egress routes in subdivisions reviewed by the Board of Forestry (BOF) where the BOF recommends creation of secondary access to the subdivision.

ANALYSIS:

Existing law:

1) Establishes CEQA, which requires lead agencies with the principal responsibility for carrying out or approving a proposed discretionary project to prepare a negative declaration (ND), mitigated negative declaration (MND), or environmental impact report (EIR) for this action, unless the project is exempt from CEQA (Public Resources Code (PRC) §21000 et seq.)

2) Existing law, the Planning and Zoning Law,
   a) Requires cities and counties to prepare and adopt a general plan, including a safety element for the protection of the community from any unreasonable risks associated with, among other things, wildland and urban fires. (Government Code (Gov. C.) §65583)
   b) Requires the safety element to address evacuation routes, military installations, peakload water supply requirements, and minimum road widths and clearances around structures as they relate to fire hazards.

3) Requires the State Board of Forestry and Fire Protection (BOF), in consultation with the State Fire Marshall, to survey local governments to identify existing subdivisions located in a state responsibility area or locally-designated "very high fire hazard severity zone" (VHFHSZ) without a secondary egress route that are at significant fire risk and to develop recommendations to improve the subdivision's fire safety. Requires that these surveys, initiated in 2021, be reconducted every five years (PRC §4290)

a) Authorizes the recommendations to include, but not be limited to:
   i) Creating secondary access to the subdivision;
   ii) Improvements to the existing access road; and
   iii) Other additional fire safety measures

This bill:

1) Exempts from CEQA an egress route project to improve emergency access to and evacuation from a subdivision without a secondary egress route if the subdivision has been identified by the BOF, and the BOF recommends the creation of a secondary access to the subdivision, provided all of the following conditions are met:

   a) The subdivision has insufficient egress routes, as determined by the lead agency.

   b) The subdivision is located in either a SRA classified as high or very high fire hazard severity zone or a VHFHSZ.

   c) The location of the project does not contain wetlands or riparian areas.

   d) The project does not harm or take any species protected by the federal Endangered Species Act, the Native Plant Protection Act, the CEQA Guidelines, or the California Endangered Species Act.

   e) The project does not cause the destruction or removal of any species protected by an applicable local ordinance.

   f) The project does not affect known archaeological, historical, or other cultural resources.

   g) The project is carried out by a public agency.

   h) The public agency consults with the Department of Fish and Wildlife during project development.

   i) The egress route is scaled to the existing population of the development, as specified.

   j) The lead agency determines that the primary purpose of the project is fire safety egress.

k) Any commercial timber harvest is incidental to the project's primary purpose and complies with the Forest Practice Act.

l) The lead agency determines that the project has obtained, or is able to obtain, all necessary funding and any federal, state, and local approvals within one year of the filing of the notice of exemption.

m) All roads that comprise the egress route are publicly accessible to vehicular traffic at all times.

2) Requires the lead agency, before determining that a project is exempt, to hold a noticed public meeting to hear and respond to public comments.

3) Requires the lead agency to file a notice of exemption with the Office of Land Use and Climate Innovation and the county clerk in the county in which the project is located.

4) Sunsets January 1, 2032.

Background

1) *The A, B, C's of CEQA*. CEQA is designed to (a) make government agencies and the public aware of the environmental impacts of a proposed project, (b) ensure the public can take part in the review process, and (c) identify and implement measures to mitigate or eliminate any negative impact the project may have on the environment. CEQA is enforced by civil lawsuits that can challenge any project's environmental review.

   Under CEQA, projects (unless they have a specific exemption) must undergo environmental analysis. This process starts with an initial study which determines what level of further environmental review is needed for a given project. If a project has no significant effects on the environment, or if those effects can be fully mitigated, the project can move forward with a negative declaration (ND) or mitigated negative declaration (MND). If the initial study finds the project has potential significant effects on the environment, then a full EIR is conducted. An EIR provides a thorough environmental review of a proposed project, analyzing the significant direct and indirect environmental impacts of a proposed project. The EIR also includes proposed mitigation measures for any significant effects that it identifies and considers alternatives to the proposed project.

2) *Local planning for fire safety and roads*. Cities and counties are required to adopt a comprehensive general plan that contains various elements including a safety element for protection of the community from unreasonable risks associated with various hazards, including wildfires.

   Safety elements establish requirements for SRA and VHFHS zones and must be reviewed and updated to address the risk of fire in the SRA and VHFHS zones. Each safety element is required to be updated to take into account the most recent version of LCI's "Fire Hazard Planning" document and must include a reference to materials related to fire hazards or fire safety.

   Some strategies that communities can adopt to reduce fire hazards include ensuring adequate evacuation routes, identifying locations where fire breaks can be put in, and ensuring an adequate water supply exists.

   Planning egress routes is an important element to reduce risks from wildfires: however, many developments in the SRA and VHFHS zones were constructed prior to building standards and the fire prevention regulations developed by the BOF, including limits on dead end roads. These older nonconforming developments are not required to take proactive steps to reduce their fire risk.

   Local governments also plan for transportation systems within the "Circulation Element" of their General Plans. This element outlines the framework for transportation systems, including roadways, transit, bicycle and pedestrian facilities, and goods movement. The Circulation Element ensures these systems are planned to support existing and future development, and considers needs to promote safety, efficiency, and environmental considerations.

Comments

1) *Purpose of Bill.* According to the author " Too many Californians, especially in fire-prone regions, live with the fear of being trapped during wildfires due to a single egress route. The CEQA process, while vital for environmental protection, has bogged down these urgent safety projects with years of red tape and costs – delays we can't afford when lives are at stake. I introduced AB 66 to cut through that bureaucracy, granting a temporary exemption to expedite secondary egress routes while preserving public input through mandated meetings."

2) *Alternatives to CEQA review for roads.* CEQA already provides alternatives to comprehensive environmental review for minor projects, including road maintenance. The CEQA Guidelines provide a categorical exemption for work on existing facilities where there is negligible expansion of an existing use,

specifically including "(e)xisting highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities," (CEQA Guidelines, Section 15301(c)).

Moreover, if the project is not exempt from CEQA, but the initial study shows that it would not result in a significant effect on the environment, the lead agency must prepare a negative declaration, and no EIR is required. In addition, a road project that has been considered in a local planning EIR would be subject to abbreviated review, or possibly exemption, depending on the project's potential to have a significant effect on the environment. In other words, AB 66 may provide CEQA exemptions to projects that are likely to have a significant effect on the environment, whereas projects that are unlikely to have those significant effects are likely already eligible for CEQA exemptions.

3) *Local plans : fire safety and roads.* Local jurisdictions with land in the SRA and VHFHSZ must revise their general plan safety elements to include information relating to the protection of the planning area from wildfire, and update that information whenever the housing element is amended. New requirements for wildfire planning in the safety element have increased wildfire planning efforts. Since April 2013, the BOF has reviewed 45 safety elements, and has received letters back from jurisdictions explaining which recommendations they did or did not incorporate from 11 of them. AB 2911 (Friedman), Chapter 641, Statutes of 2018, provided more tools for the BOF to collaborate with local governments and enhanced its ability to recommend changes based on best practices.

   General plans also include circulation elements, which outline the local government's plans for transportation in their jurisdiction. The circulation element and its amendments are subject to CEQA, requiring that choices on transportation planning are viewed through an environmental lense and disclosed to the public. Creating a CEQA exemption for projects that could be inconsistent with the circulation element could undercut the local public planning process.

   The author and committee may wish to amend the bill to specify that an egress route must be consistent with the current circulation element of a general plan to be eligible for this CEQA exemption. The author and committee may also wish to take minor and clarifying technical amendments on the process by which California Department of Fish and Wildlife should be consulted during the project development.

4) *If at first you don't succeed…* Except for a later sunset date, this bill is the same as AB 692, which was held in the Assembly Appropriations Committee, AB 1154 (Patterson, 2022), which was held in the Senate Appropriations Committee, and AB 394 (Obernolte, 2019), which was vetoed by Governor Newsom, with the following message:

> This bill exempts from (CEQA), until January 1, 2025, egress route projects or activities undertaken by a public agency. The affected projects include those that are specifically recommended by the (BOF) to improve the fire safety of an existing subdivision when certain conditions are met.
>
> California's devastating wildfires of 2017 and 2018 amplified the urgent imperative to mitigate risk and build robust community emergency plans, especially for our most vulnerable in the Wildland-Urban Interface (WUI). However, the CEQA exemption provided in this bill is premature and may result in unintended consequences. Without better information on the number, location and potential impacts of future fire safety road construction projects, it is not clear whether statutory changes are needed. Furthermore, it is important that we build solutions around the unique and targeted needs of each community.

5) *Committee amendments.* ***Staff recommends the committee adopt the bolded amendments contained in comment 3 above.***

DOUBLE REFERRAL:

If this measure is approved by the Senate Environmental Quality Committee, the do pass motion must include the action to re-refer the bill to the Senate Natural Resources and Water Committee.

Related/Prior Legislation

AB 1457 (Bryan, 2025) would require Department of Forestry and Fire Protection's (CAL FIRE) defensible space and home hardening training program to additionally provide training consistent with the "Home Ignition Zone/Defensible Space Inspector" course plan, established by the State Fire Marshal (SFM), in order to ensure that individuals are trained to conduct home ignition zone inspections.

AB 692 (Patterson, 2023) identical to AB 66, this bill would have exempted from CEQA egress route projects in subdivisions reviewed by the BOF where the BOF recommends creation of secondary access to the subdivision.

AB 1154 (Patterson, 2022), identical to AB 66, this bill would have exempted from CEQA egress route projects in subdivisions reviewed by the BOF where the BOF recommends creation of secondary access to the subdivision.

AB 394 (Obernolte, 2019), a bill nearly identical to this bill, proposed to exempt from CEQA an egress route project specifically recommended by the State Board of Forestry and Fire Protection that improves fire safety of an existing residential subdivision if specified conditions are met.

SOURCE: Author

SUPPORT:

California Building Industry Association
Independent Insurance Agents & Brokers of California, INC.

OPPOSITION:

Sierra Club

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