

AMENDED IN SENATE APRIL 19, 2007

**SENATE BILL**

**No. 522**

---

---

**Introduced by Senator Dutton**

February 22, 2007

---

---

~~An act to add Chapter 7 (commencing with Section 54785) to Part 1 of Division 2 of Title 5 of the Government Code, relating to housing.~~  
*An act to add Chapter 14.6 (commencing with Section 50870) to Part 2 of Division 31 of the Health and Safety Code relating to housing.*

LEGISLATIVE COUNSEL'S DIGEST

SB 522, as amended, Dutton. Infill housing: incentives.

Existing law, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are required to be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury, requires the sum of \$850,000,000 to be deposited in the Regional Planning, Housing, and Infill Incentive Account, which the act establishes in the fund, and makes the money in the account available, upon appropriation, for infill incentive grants for capital outlay related to infill housing development and other related infill development, and for brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans, subject to the conditions and criteria that the Legislature may provide in statute.

This bill would set forth legislative findings and declarations regarding expenditure of the funds deposited in the Regional Planning, Housing, and Infill Incentive Account.

*This bill would authorize the Department of Housing and Community Development to administer a program to provide grants to cities and counties with allocated bond funds for the construction or acquisition of capital assets, as defined, to qualifying cities, counties, and cities and counties. This bill would further set forth specific criteria upon which the department shall give preference for a awarding a grant under this program.*

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

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

1     ~~SECTION 1. Chapter 7 (commencing with Section 54785) is~~  
2 ~~added to Part 1 of Division 2 of Title 5 of the Government Code,~~  
3 ~~to read:~~

4  
5     ~~CHAPTER 7. INFRASTRUCTURE FINANCING PARTNERSHIP TO~~  
6     ~~PROMOTE INFILL HOUSING IN URBAN JOB CENTERS~~  
7  
8     ~~54785.—~~

9     SECTION 1. Chapter 14.6 (commencing with Section 50870)  
10 is added to Part 2 of Division 31 of the Health and Safety Code,  
11 to read:

12  
13     CHAPTER 14.6. REGIONAL PLANNING, HOUSING AND INFILL  
14     INCENTIVE ACCOUNT

15  
16     50870. The Legislature finds and declares all of the following:  
17     (a) California voters approved the Housing and Emergency  
18 Shelter Trust Fund Act of 2006 at the November 7, 2006, statewide  
19 general election, thereby authorizing the issuance of general  
20 obligation bonds totaling two billion eight hundred fifty million  
21 dollars (\$2,850,000,000) for state housing programs.  
22     (b) The act authorizes eight hundred fifty million dollars  
23 (\$850,000,000) derived from the proceeds of the bonds to be used  
24 as infill incentive grants for capital outlay related to infill housing  
25 development and other related infill development, including water,

1 sewer, and other public infrastructure costs, parks, transportation  
2 improvements, traffic mitigation, and brownfield cleanup.

3 (c) Urban areas often times lack the infrastructure upgrades and  
4 improvements necessary to accommodate additional new  
5 development and face unique challenges in assembling the  
6 financing tools necessary to address the additional infrastructure  
7 needs associated with new housing development.

8 (d) Encouraging additional housing and infill development will  
9 pay economic dividends and improve the quality of life in our  
10 communities by addressing long-term infrastructure costs,  
11 generating additional tax revenues, promoting additional housing  
12 opportunities, and protecting the environment.

13 (e) According to figures provided by the Department of Finance,  
14 California should be building one housing unit for every 1.5 jobs  
15 created, in order to sustain a healthy balance between housing and  
16 jobs and a healthy overall economy. In light of this, a serious  
17 imbalance in housing supply exists in many of the state’s urban  
18 job centers.

19 ~~54787. In enacting this chapter, it is the intent of the Legislature~~  
20 ~~to do all of the following:~~

21 ~~(a) Develop implementing legislation that will maximize the~~  
22 ~~impact of the infill incentive grants authorized under subdivision~~  
23 ~~(b) of Section 53545 of the Health and Safety Code to achieve a~~  
24 ~~more ongoing and sustainable state and local partnership program~~  
25 ~~within the state’s urban job centers.~~

26 ~~(b) Ensure that the use of the grants will maximize the~~  
27 ~~production of housing in infill areas.~~

28 *50871. (a) The department shall administer a program to*  
29 *provide grants to cities and counties with funds allocated pursuant*  
30 *to subdivision (b) of Section 53545 for the construction or*  
31 *acquisition of capital assets, as defined in Section 16727 of the*  
32 *Government Code, to qualifying cities, counties, and cities and*  
33 *counties. The grants shall be for any purpose specified in*  
34 *subdivision (b) of Section 53545 and shall be used to finance*  
35 *infrastructure directly related to the construction of infill housing*  
36 *projects including mixed-use residential projects.*

37 *(b) The regulations adopted pursuant to Section 50872 shall*  
38 *require the department to give preference for a grant pursuant to*  
39 *this section to a city, county, or city and county that can*  
40 *demonstrate the following:*

1 (1) It has a general plan that substantially complies with the  
2 requirements of Article 5 (commencing with Section 65300) of the  
3 Government Code.

4 (2) It has adopted a housing element that has been found,  
5 pursuant to Section 65585 of the Government Code, to be in  
6 substantial compliance with the requirements of Article 10.6  
7 (commencing with Section 65580) of Chapter 3 of Division I of  
8 Title 7 of the Government Code.

9 (3) It has prepared and adopted a capital improvement plan  
10 pursuant to Section 66002 of the Government Code and the  
11 infrastructure project to be funded is identified within the plan or  
12 in updates to the plan.

13 (4) It has a project that meets the definition of a “qualified  
14 urban use”, as defined in Section 21072 of the Public Resources  
15 Code that has a complete and certified environmental impact  
16 report, a complete and approved negative declaration, or for which  
17 a notice of exemption has been filed indicating the project has  
18 been determined to be exempt from the California Environmental  
19 Quality Act (Division 13 (commencing with Section 21000) of the  
20 Public Resources Code).

21 (5) Is located within an urbanized area or within an urban  
22 cluster, as defined by the United States Census Bureau, on a site  
23 that has been previously designated or developed for an urban  
24 use, or a vacant site where the properties adjoining at least two  
25 sides of the project site are currently designated or have been  
26 previously developed for an urban use.

27 (c) In its review and rating of applications, the department shall  
28 consider additional factors including, but are not limited to, the  
29 following:

30 (1) The number of housing units to be created.

31 (2) The depth and duration of the affordability of the housing.

32 (3) The creation of housing in job rich areas.

33 (4) The applicant’s previous performance in meeting its regional  
34 housing need allocation.

35 50872. The department shall adopt guidelines for the operation  
36 of the program, and may administer the program under those  
37 guidelines for 24 months after the date of adoption of the  
38 guidelines, during which time the guidelines shall not be subject

1 *to the requirements of Chapter 3.5 (commencing with Section*  
2 *11340) of Part 1 of Title 2 of the Government Code.*

O