An act to add Chapter 3.1 (commencing with Section 50160) to Part 1 of Division 31 of the Health and Safety Code, relating to housing.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 3.1 (commencing with Section 50160) is added to Part 1 of Division 31 of the Health and Safety Code, to read:

Chapter 3.1. Local Impact Fees on Affordable Housing Projects

50160. (a) The Legislature finds and declares as follows:

(1) It is the intent of the Legislature to maximize the production of affordable housing by promoting the efficient use of state financial assistance for new construction administered by entities within the California Housing and Homelessness Agency, and to promote policies that encourage local partnerships, actions, and policies that reduce affordable housing development costs.

(2) It is further the intent of the Legislature to encourage cities, counties, and cities and counties to waive or reduce development impact fees on state-funded affordable housing projects in order to maximize the impact and efficiency of state affordable housing investments.

(3) In this section, it is the intent of the Legislature to focus exclusively on development impact fees imposed by local governments, and not include any fees or charges assessed by school districts, utilities, or other nonlocal governmental entities.

(b) (1) Subject to paragraph (2), for purposes of this section, "quantifiable in-kind local contribution" means a financial or in-kind commitment by a city, county, or city and county, including, but not limited to, a waiver, reduction, exemption, or deferral of any of the following development impact fees for a development project by the city, county, or city and county:

(A) A fee or charge described in the Mitigation Fee Act (Chapter 5 (commencing with Section 66000), Chapter 6 (commencing with Section 66010), Chapter 7 (commencing with Section 66012), Chapter 8 (commencing with Section 66016), and Chapter 9 (commencing with Section 66020) of Division 1 of Title 7 of the Government Code).

(B) In-lieu fees for affordability requirements.

(C) A construction excise tax.

(D) In-lieu fees for a requirement that the housing development project provide public art.

(E) In-lieu fees for dedications of parkland imposed pursuant to Section 66477 of the Government Code.

(F) A special tax levied on new housing units pursuant to the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code).

(2) For purposes of this section, "quantifiable in-kind local contribution" does not include either of the following:

(A) A tax, special tax, or other charge imposed by an entity other than a city, county, or city and county.

(B) A fee exempted for a project pursuant to Section 65915 of the Government Code.

(c) (1) To the extent feasible, a state entity within the California Housing and Homelessness Agency, including, but not limited to, the Housing Development and

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Finance Committee, the Department of Housing and Community Development, and the California Housing Finance Agency, shall consider quantifiable in-kind local contributions when awarding competitive multifamily affordable housing funding for new construction projects.

(2) For purposes of paragraph (1), a quantifiable in-kind local contribution shall be considered an enforceable funding commitment.

(3) When complying with paragraph (1), the state entity shall determine the relative weight assigned to a quantifiable in-kind local contribution in scoring or evaluation applications to encourage cities, counties, and cities and counties to reduce, limit, or defer local development impact fees on state-funded affordable housing projects.

(d) This section shall apply to any notice of funding opportunity issued after July 1, 2027.

51061. (a) (1) Subject to paragraph (2), for purposes of this section, "development impact fee" means any of the following assessed, imposed, or controlled by a city, county, or city and county:

(A) A fee or charge described in the Mitigation Fee Act (Chapter 5 (commencing with Section 66000), Chapter 6 (commencing with Section 66010), Chapter 7 (commencing with Section 66012), Chapter 8 (commencing with Section 66016), and Chapter 9 (commencing with Section 66020) of Division 1 of Title 7 of the Government Code).

(B) In-lieu fees for affordability requirements.

(C) A construction excise tax.

(D) In-lieu fees for a requirement that the housing development project provide public art.

(E) In-lieu fees for dedications of parkland imposed pursuant to Section 66477 of the Government Code.

(F) A special tax levied on new housing units pursuant to the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code).

(2) For purposes of this section, "development impact fee" does not include a fee imposed by a school or community college district, utility district, or other nonlocal governmental entity.

(b) (1) Subject to paragraph (2), if a city, county, or city and county is an applicant, lead applicant, or co-applicant for a project in an affordable multifamily rental or ownership housing development program administered by a state entity within the California Housing and Homelessness Agency, including, but not limited to, the Housing Development and Finance Committee, the Department of Housing and Community Development, and the California Housing Finance Agency, and has imposed or will impose a development impact fee, the project shall be ineligible for funding.

(2) Paragraph (1) only applies to project-specific affordable multifamily rental or ownership housing development funding awards and does not apply to formula-based allocations or block grant allocations to a city, county, or city and county.

(c) This section shall apply to any notice of funding opportunity issued after July 1, 2027.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: California Housing and Homelessness Agency: multifamily affordable housing programs: local fees and taxes.

Existing law establishes the Business, Consumer Services, and Housing Agency consisting of various state entities, including the Department of Housing and Community Development and the California Housing Finance Agency. Beginning July 1, 2026, existing law eliminates that agency and establishes the California Housing and Homelessness Agency consisting of various state entities, including the Department of Housing and Community Development and the California Finance Agency. Existing law requires these entities to oversee and administer various state housing programs, including multifamily affordable housing programs.

This bill would, to the extent feasible, require a state entity within the California Housing and Homelessness Agency to consider quantifiable in-kind local contributions, defined as a financial or in-kind commitment by a city, county, or city and county, as specified, when awarding competitive multifamily affordable housing funding for new construction projects, as specified. If a city, county, or city and county is an applicant, lead applicant, or co-applicant for a project in an affordable multifamily rental or ownership housing development administered by a state entity within that agency and has imposed or will impose a development impact fee, as defined, the bill would prohibit the project from being eligible for funding, as specified. The bill would make these provisions applicable to any notice of funding opportunity issued after July 1, 2027.

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

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