Assembly Bill No. 1218

CHAPTER 754

An act to amend Sections 65912.114, 65912.124, 65940, and 66300 of, to add the headings of Article 1 (commencing with Section 66300) and Article 3 (commencing with Section 66301) to, and to add Article 2 (commencing with Section 66300.5) to, Chapter 12 of Division 1 of Title 7 of, the Government Code, relating to land use.

[Approved by Governor October 11, 2023. Filed with Secretary of State October 11, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1218, Lowenthal. Development projects: demolition of residential dwelling units.

Existing law, the Housing Crisis Act of 2019, among other things, prohibits an affected city or an affected county, as defined, from approving a housing development project that will require the demolition of one or more residential dwelling units, unless the project creates at least as many residential dwelling units as will be demolished.

The act also prohibits an affected city or affected county from approving any housing development project that will require the demolition of occupied or vacant protected units, unless specified conditions are met. In this regard, the act requires a project that will require the demolition of occupied or vacant protected units to, among other things, (1) replace all existing or demolished protected units, (2) include a minimum amount of residential units, (3) allow existing occupants to occupy their units until 6 months before the start of construction activities, and (4) provide relocation benefits to the existing occupants of any protected units that are lower income households.

This bill would expand the demolition of residential dwelling units prohibitions to prohibit an affected city or affected county from approving any development project that will require the demolition of occupied or vacant protected units, or that is located on a site where protected units were demolished in the previous 5 years, unless the conditions described above are met, except as provided. In this regard, the bill would revise the above-described requirement that protected units be replaced and instead require the replacement of all existing protected units and protected units demolished on or after January 1, 2020, and would additionally require a proponent to ensure that the required replacement housing is developed prior to or concurrently with the development project, if the project is not a housing development project.

If the development project will require the demolition of occupied or vacant protected units, existing law requires a developer to agree to provide

a right of first refusal for a comparable unit available in the new housing development to the existing occupants of any protected units that are lower income households.

This bill, if the development project will require the demolition of occupied or vacant protected units and the new development is not a housing development, would require a developer to provide a right of first refusal for a comparable unit in the required replacement units to the existing occupants of any protected units that are lower income households.

Existing law requires the Department of Housing and Community Development to notify the city, county, or city and county and authorizes the department to notify the Attorney General that a city, county, or city and county is in violation of state law if the department finds that the housing element, amendment to the element, or other specified actions or failures to act do not substantially comply with specified provisions of existing law, including the above-described prohibition on an affected city or an affected county from approving a housing development project that will require the demolition of one or more residential dwelling units unless the project creates at least as many residential dwelling units as will be demolished.

This bill would remove the above-described requirement and authorization for the department to notify the city, county, or city and county and the Attorney General of a housing element, amendment, or other action found to be in violation of specified law.

The bill would make various other conforming and nonsubstantive changes.

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.

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

SECTION 1. Section 65912.114 of the Government Code is amended to read:

65912.114. (a) (1) If the local government determines that a development submitted pursuant to this article is consistent with the objective planning standards specified in this article, it shall approve the development.

(2) If a local government determines that a development submitted pursuant to this article is in conflict with any of the objective planning standards specified in this article, it shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards, within the following timeframes:

(A) Within 60 days of submittal of the development proposal to the local government if the development contains 150 or fewer housing units.

(B) Within 90 days of submittal of the development proposal to the local government if the development contains more than 150 housing units.

(b) If the local government fails to provide the required documentation pursuant to subdivision (a), the development shall be deemed to satisfy the required objective planning standards.

(c) (1) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(2) For purposes of this section, a development is not in conflict with the objective planning standards solely on the basis that application materials are not included, if the application contains substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(d) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a "project" as defined in Section 21065 of the Public Resources Code.

(e) Design review of the development may be conducted by the local government's planning commission or any equivalent board or commission responsible for review and approval of development projects, or the city council or board of supervisors, as appropriate. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government, and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(1) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(2) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(f) A development proposed pursuant to this article shall be eligible for a density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios pursuant to Section 65915.

(g) The local government shall ensure that the project satisfies the requirements specified in Article 2 (commencing with Section 66300.5) of Chapter 12, regardless of whether the development is within or not within an affected city or within or not within an affected county.

(h) If the development is consistent with all objective subdivision standards in the local subdivision ordinance, an application for a subdivision pursuant to the Subdivision Map Act (Division 2 (commencing with Section 66410)) shall be exempt from the requirements of the California

Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(i) A local government may, by ordinance adopted to implement this article, exempt a parcel from this section before a development proponent submits a development application on a parcel pursuant to this article if the local government makes written findings establishing all of the following:

(1) The local government has identified one or more parcels that meet the criteria described in subdivisions (b) through (f) of Section 65912.111.

(2) (A) If a parcel identified in paragraph (1) would not otherwise be eligible for development pursuant to this chapter, the implementing ordinance authorizes the parcel to be developed pursuant to the requirements of this chapter. A parcel reclassified for development pursuant to this subparagraph shall be suitable for residential development. For purposes of this subparagraph, a parcel suitable for residential development shall have the same meaning as "land suitable for residential development," as defined in Section 65583.2.

(B) If a parcel identified in paragraph (1) would otherwise be eligible for development pursuant to this chapter, the implementing ordinance authorizes the parcel to be developed ministerially at residential densities above the residential density required in subdivision (b) of Section 65912.113.

(3) The substitution of the parcel or parcels identified in this subdivision for parcels reclassified pursuant to paragraph (2) will result in all of the following:

(A) No net loss of the total potential residential capacity in the jurisdiction relative to the total capacity that existed in the jurisdiction through the combined effect of this chapter and local law as of the date of the adoption of the ordinance. In making the no net loss calculation specified by this subparagraph, the local government need only factor in the parcels substituted and reclassified pursuant to this subdivision.

(B) No net loss of the total potential residential capacity of housing affordable to lower income households in the jurisdiction relative to the total capacity that existed in the jurisdiction through the combined effect of this chapter and local law as of the date of the adoption of the ordinance. In making the no net loss calculation specified by this subparagraph, the local government need only factor in the parcels substituted and reclassified pursuant to this subdivision.

(C) Affirmative furthering of fair housing.

(4) A parcel or parcels reclassified for development pursuant to subparagraph (A) of paragraph (2) shall be eligible for development pursuant to this chapter notwithstanding any contrary provision of the local government's charter, general plan, or ordinances, and a parcel or parcels reclassified for development pursuant to subparagraph (B) of paragraph (2) shall be developed ministerially at the densities and heights specified in the ordinance notwithstanding any contrary provision of the local government's charter, general plan, or ordinances.

(5) The local government has completed all of the rezonings required pursuant to subdivision (c) of Section 65583 for the sixth revision of its housing element.

(j) A local government's approval of a development pursuant to this section shall, notwithstanding any other law, be subject to the expiration timeframes specified in subdivision (f) of Section 65913.4.

(k) Any proposed modifications to a development project approved pursuant to this section shall be undertaken pursuant to subdivision (g) of Section 65913.4.

(*l*) A local government shall not adopt or impose any requirement, including, but not limited to, increased fees or inclusionary housing requirements, that applies to a project solely or partially on the basis that the project is eligible to receive streamlined, ministerial review pursuant to this section.

(m) A local government shall issue a subsequent permit required for a development approved under this section pursuant to paragraph (2) of subdivision (h) of Section 65913.4.

(n) A public improvement that is necessary to implement a development that is approved pursuant to this section shall be undertaken pursuant to paragraph (3) of subdivision (h) of Section 65913.4.

(o) A local government may adopt an ordinance to implement the provisions of this article. An ordinance adopted to implement this section shall not be considered a "project" under Division 13 (commencing with Section 21000) of the Public Resources Code.

SEC. 2. Section 65912.124 of the Government Code is amended to read:

65912.124. (a) (1) If the local government determines that a development submitted pursuant to this article is consistent with the objective planning standards specified in this article, it shall approve the development.

(2) If a local government determines that a development submitted pursuant to this article is in conflict with any of the objective planning standards specified in this article, it shall provide the development proponent written documentation of which standard or standards the development conflicts with, and an explanation for the reason or reasons the development conflicts with that standard or standards, within the following timeframes:

(A) Within 60 days of submittal of the development proposal to the local government if the development contains 150 or fewer housing units.

(B) Within 90 days of submittal of the development proposal to the local government if the development contains more than 150 housing units.

(b) If the local government fails to provide the required documentation pursuant to subdivision (a), the development shall be deemed to satisfy the required objective planning standards.

(c) (1) For purposes of this section, a development is consistent with the objective planning standards if there is substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(2) For purposes of this section, a development is not in conflict with the objective planning standards solely on the basis that application materials

are not included, if the application contains substantial evidence that would allow a reasonable person to conclude that the development is consistent with the objective planning standards.

(d) The determination of whether a proposed project submitted pursuant to this section is or is not in conflict with the objective planning standards is not a "project" as defined in Section 21065 of the Public Resources Code.

(e) Design review of the development may be conducted by the local government's planning commission or any equivalent board or commission responsible for review and approval of development projects, or the city council or board of supervisors, as appropriate. That design review shall be objective and be strictly focused on assessing compliance with criteria required for streamlined, ministerial review of projects, as well as any reasonable objective design standards published and adopted by ordinance or resolution by a local jurisdiction before submittal of the development to the local government, and shall be broadly applicable to developments within the jurisdiction. That design review shall be completed as follows and shall not in any way inhibit, chill, or preclude the ministerial approval provided by this section or its effect, as applicable:

(1) Within 90 days of submittal of the development proposal to the local government pursuant to this section if the development contains 150 or fewer housing units.

(2) Within 180 days of submittal of the development proposal to the local government pursuant to this section if the development contains more than 150 housing units.

(f) A housing development proposed pursuant to this article shall be eligible for a density bonus, incentives or concessions, waivers or reductions of development standards, and parking ratios pursuant to Section 65915, except that the project shall not use a concession to reduce a local government requirement for the provision of ground floor retail that is consistent with the allowance contained in paragraph (3) of subdivision (j) of Section 65912.123.

(g) The local government shall ensure that the project satisfies the requirements specified in Article 2 (commencing with Section 66300.5) of Chapter 12, regardless of whether the development is within or not within an affected city or within or not within an affected county.

(h) If the development is consistent with all objective subdivision standards in the local subdivision ordinance, an application for a subdivision pursuant to the Subdivision Map Act (Division 2 (commencing with Section 66410)) shall be exempt from the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(i) A local government may, by ordinance adopted to implement this article, exempt a parcel from this section before a development proponent submits a development application on a parcel pursuant to this article if the local government makes written findings establishing all of the following:

(1) The local government has identified a parcel or parcels that meet the criteria described in subdivisions (b) and (e) to (h), inclusive, of Section 65912.121.

(2) (A) If a parcel identified in paragraph (1) would not otherwise be eligible for development pursuant to this chapter, the implementing ordinance authorizes the parcel to be developed pursuant to the requirements of this chapter. A parcel reclassified for development pursuant to this subparagraph shall be suitable for residential development. For purposes of this subparagraph, a parcel suitable for residential development shall have the same meaning as "land suitable for residential development," as defined in Section 65583.2.

(B) If a parcel identified in paragraph (1) would otherwise be eligible for development pursuant to this chapter, the implementing ordinance authorizes the parcel to be developed ministerially at residential densities above the residential density required in subdivision (b) of Section 65912.123 and heights required in subdivision (c) of Section 65912.123.

(3) The substitution of the parcel or parcels identified in this subdivision for parcels reclassified pursuant to paragraph (2) will result in all of the following:

(A) No net loss of the total potential residential capacity in the jurisdiction relative to the total capacity that existed in the jurisdiction through the combined effect of local and state law as of the date of the adoption of the ordinance. In making the no net loss calculation specified by this subparagraph, the local government need only factor in the parcels substituted and reclassified pursuant to this subdivision.

(B) No net loss of the total potential residential capacity of housing affordable to lower income households in the jurisdiction relative to the total capacity that existed in the jurisdiction through the combined effect of this chapter and local law as of the date of the adoption of the ordinance. In making the no net loss calculation specified by this subparagraph, the local government need only factor in the parcels substituted and reclassified pursuant to this subdivision.

(C) Affirmative furthering of fair housing.

(4) A parcel or parcels reclassified for development pursuant to subparagraph (A) of paragraph (2) shall be eligible for development pursuant to this chapter notwithstanding any contrary provision of the local government's charter, general plan, or ordinances, and a parcel or parcels reclassified for development pursuant to subparagraph (B) of paragraph (2) shall be developed ministerially at the densities and heights specified in the ordinance notwithstanding any contrary provision of the local government's charter, general plan, or ordinances.

(5) The local government has completed all of the rezonings required pursuant to subdivision (c) of Section 65583 for the sixth revision of its housing element.

(j) A local government's approval of a development pursuant to this section shall, notwithstanding any other law, be subject to the expiration timeframes specified in subdivision (f) of Section 65913.4.

(k) Any proposed modifications to a development project approved pursuant to this section shall be undertaken pursuant to subdivision (g) of Section 65913.4.

(*l*) A local government shall not adopt or impose any requirement, including, but not limited to, increased fees or inclusionary housing requirements, that applies to a project solely or partially on the basis that the project is eligible to receive streamlined, ministerial review pursuant to this section.

(m) A local government shall issue a subsequent permit required for a development approved under this section pursuant to paragraph (2) of subdivision (h) of Section 65913.4.

(n) A public improvement that is necessary to implement a development that is approved pursuant to this section shall be undertaken pursuant to paragraph (3) of subdivision (h) of Section 65913.4.

(o) A local government may adopt an ordinance to implement the provisions of this article. An ordinance adopted to implement this section shall not be considered a "project" under Division 13 (commencing with Section 21000) of the Public Resources Code.

SEC. 3. Section 65940 of the Government Code, as amended by Section 4 of Chapter 161 of the Statutes of 2021, is amended to read:

65940. (a) (1) Each public agency shall compile one or more lists that shall specify in detail the information that will be required from any applicant for a development project. Each public agency shall revise the list of information required from an applicant to include a certification of compliance with Section 65962.5, and the statement of application required by Section 65943. Copies of the information, including the statement of application required by Section 65943, shall be made available to all applicants for development projects and to any person who requests the information.

(2) An affected city or affected county, as defined in Section 66300, shall include the information necessary to determine compliance with the requirements of Article 2 (commencing with Section 66300.5) of Chapter 12 in the list compiled pursuant to paragraph (1).

(b) The list of information required from any applicant shall include, where applicable, identification of whether the proposed project is located within 1,000 feet of a military installation, beneath a low-level flight path or within special use airspace as defined in Section 21098 of the Public Resources Code, and within an urbanized area as defined in Section 65944.

(c) (1) A public agency that is not beneath a low-level flight path or not within special use airspace and does not contain a military installation is not required to change its list of information required from applicants to comply with subdivision (b).

(2) A public agency that is entirely urbanized, as defined in subdivision (e) of Section 65944, with the exception of a jurisdiction that contains a military installation, is not required to change its list of information required from applicants to comply with subdivision (b).

(d) For purposes of this section, "development project" includes a housing development project as defined in paragraph (3) of subdivision (b) of Section 65905.5.

(e) This section shall remain in effect only until January 1, 2030, and as of that date is repealed.

SEC. 4. The heading of Article 1 (commencing with Section 66300) is added to Chapter 12 of Division 1 of Title 7 of the Government Code, to read:

Article 1. Housing Crisis Act of 2019

SEC. 5. Section 66300 of the Government Code is amended to read:

66300. (a) As used in this article, the following definitions shall apply:

(1) (A) Except as otherwise provided in subparagraph (B), "affected city" means a city, including a charter city, that the Department of Housing and Community Development determines, pursuant to subdivision (d), is in an urbanized area or urban cluster, as designated by the United States Census Bureau.

(B) Notwithstanding subparagraph (A), "affected city" does not include any city that has a population of 5,000 or less and is not located within an urbanized area, as designated by the United States Census Bureau.

(2) "Affected county" means a census-designated place, based on the 2013-2017 American Community Survey 5-year Estimates, that is wholly located within the boundaries of an urbanized area, as designated by the United States Census Bureau.

(3) Notwithstanding any other law, "affected county" and "affected city" includes the electorate of an affected county or city exercising its local initiative or referendum power, whether that power is derived from the California Constitution, statute, or the charter or ordinances of the affected county or city.

(4) "Department" means the Department of Housing and Community Development.

(5) "Development policy, standard, or condition" means any of the following:

(A) A provision of, or amendment to, a general plan.

(B) A provision of, or amendment to, a specific plan.

(C) A provision of, or amendment to, a zoning ordinance.

(D) A subdivision standard or criterion.

(6) "Housing development project" has the same meaning as defined in paragraph (3) of subdivision (b) of Section 65905.5.

(7) "Objective design standard" means a design standard that involves no personal or subjective judgment by a public official and is uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official before submittal of an application.

(b) (1) Notwithstanding any other law except as provided in subdivision (h), with respect to land where housing is an allowable use, an affected county or an affected city shall not enact a development policy, standard, or condition that would have any of the following effects:

(A) Changing the general plan land use designation, specific plan land use designation, or zoning of a parcel or parcels of property to a less intensive use or reducing the intensity of land use within an existing general plan land use designation, specific plan land use designation, or zoning district in effect at the time of the proposed change, below what was allowed under the land use designation or zoning ordinances of the affected county or affected city, as applicable, as in effect on January 1, 2018, except as otherwise provided in clause (ii) of subparagraph (B) or subdivision (h). For purposes of this subparagraph, "reducing the intensity of land use" includes, but is not limited to, reductions to height, density, or floor area ratio, new or increased open space or lot size requirements, new or increased setback requirements, minimum frontage requirements, or maximum lot coverage limitations, or any other action that would individually or cumulatively reduce the site's residential development capacity.

(B) (i) Imposing a moratorium or similar restriction or limitation on housing development, including mixed-use development, within all or a portion of the jurisdiction of the affected county or city, other than to specifically protect against an imminent threat to the health and safety of persons residing in, or within the immediate vicinity of, the area subject to the moratorium or for projects specifically identified as existing restricted affordable housing.

(ii) The affected county or affected city, as applicable, shall not enforce a zoning ordinance imposing a moratorium or other similar restriction on or limitation of housing development until it has submitted the ordinance to, and received approval from, the department. The department shall approve a zoning ordinance submitted to it pursuant to this subparagraph only if it determines that the zoning ordinance satisfies the requirements of this subparagraph. If the department denies approval of a zoning ordinance imposing a moratorium or similar restriction or limitation on housing development as inconsistent with this subparagraph, that ordinance shall be deemed void.

(C) Imposing or enforcing design standards established on or after January 1, 2020, that are not objective design standards.

(D) Except as provided in subparagraph (E), establishing or implementing any provision that:

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

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

(iii) Limits the population of the affected county or affected city, as applicable.

(E) Notwithstanding subparagraph (D), an affected county or affected city may enforce a limit on the number of approvals or permits or a cap on the number of housing units that can be approved or constructed if the provision of law imposing the limit was approved by voters prior to January 1, 2005, and the affected county or affected city is located in a predominantly agricultural county. For the purposes of this subparagraph, "predominantly agricultural county" means a county that meets both of the following, as determined by the most recent California Farmland Conversion Report produced by the Department of Conservation:

(i) Has more than 550,000 acres of agricultural land.

(ii) At least one-half of the county area is agricultural land.

(2) Any development policy, standard, or condition enacted on or after the effective date of this section that does not comply with this section shall be deemed void.

(c) Notwithstanding subdivisions (b) and (e), an affected county or affected city may enact a development policy, standard, or condition to prohibit the commercial use of land that is designated for residential use, including, but not limited to, short-term occupancy of a residence, consistent with the authority conferred on the county or city by other law.

(d) The Department of Housing and Community Development shall determine those cities and counties in this state that are affected cities and affected counties, in accordance with subdivision (a) by June 30, 2020. The department may update the list of affected cities and affected counties once on or after January 1, 2021, and once on or after January 1, 2025, to account for changes in urbanized areas or urban clusters due to new data obtained from the 2020 census. The department's determination shall remain valid until January 1, 2030.

(e) (1) Except as provided in paragraphs (3) and (4) and subdivisions (g) and (h), this section shall prevail over any conflicting provision of this title or other law regulating housing development in this state to the extent that this section more fully advances the intent specified in paragraph (2).

(2) It is the intent of the Legislature that this section be broadly construed so as to maximize the development of housing within this state. Any exception to the requirements of this section, including an exception for the health and safety of occupants of a housing development project, shall be construed narrowly.

(3) This section shall not be construed as prohibiting the adoption or amendment of a development policy, standard, or condition in a manner that:

(A) Allows greater density.

(B) Facilitates the development of housing.

(C) Reduces the costs to a housing development project.

(D) Imposes or implements mitigation measures as necessary to comply with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(4) This section shall not apply to a housing development project located within a very high fire hazard severity zone. For purposes of this paragraph,

"very high fire hazard severity zone" has the same meaning as provided in Section 51177.

(f) This section shall not be construed to void a height limit, urban growth boundary, or urban limit established by the electorate of an affected county or an affected city, provided that the height limit, urban growth boundary, or urban limit complies with subparagraph (A) of paragraph (1) of subdivision (b).

(g) (1) Nothing in this section supersedes, limits, or otherwise modifies the requirements of, or the standards of review pursuant to, Division 13 (commencing with Section 21000) of the Public Resources Code.

(2) Nothing in this section supersedes, limits, or otherwise modifies the requirements of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code). For a housing development project proposed within the coastal zone, nothing in this section shall be construed to prohibit an affected county or an affected city from enacting a development policy, standard, or condition necessary to implement or amend a certified local coastal program consistent with the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code).

(h) (1) This section does not prohibit an affected county or an affected city, including the local electorate acting through the initiative process, from changing a land use designation or zoning ordinance to a less intensive use, or reducing the intensity of land use, if the city or county concurrently changes the development standards, policies, and conditions applicable to other parcels within the jurisdiction to ensure that there is no net loss in residential capacity.

(2) (A) For purposes of this subdivision, "concurrently" means the action is approved at the same meeting of the legislative body.

(B) Notwithstanding subparagraph (A), if the action that would result in a net loss of residential capacity is requested by an applicant for a housing development project, "concurrently" means within 180 days.

(C) Notwithstanding subparagraph (A), in the case of an initiative measure, "concurrently" means the action is included in the initiative in a manner that ensures the added residential capacity is effective at the same time as the reduction in residential capacity.

(3) (A) (i) The City of San Jose may proactively change a zoning ordinance to a more intensive use and subsequently use the additional capacity to change a zoning ordinance applicable to an eligible parcel to a less intensive use as long as there is no net loss in residential capacity.

(ii) A change to a zoning ordinance to a less intensive use under this paragraph shall occur within one year of the change to the zoning ordinance to a more intensive use.

(iii) For purposes of this paragraph, "eligible parcel" means a parcel that meets all of the following criteria:

(I) It is zoned for residential uses.

(II) It does not have a multifamily housing general plan designation.

(III) Its zoning is inconsistent with the general plan of the city in effect on January 1, 2018.

(B) A change to a zoning ordinance to a less intensive use under this paragraph shall not be effective until the City of San Jose establishes zoning districts that implement mixed-use neighborhood, urban residential, transit residential, and urban village general plan land use designations.

(C) The City of San Jose shall report each zoning ordinance amendment establishing a less intensive use pursuant to this paragraph in the following ways:

(i) In its annual report submitted pursuant to paragraph (2) of subdivision (a) of Section 65400 and submit the annual report to the relevant policy committees of the Legislature each year that the City of San Jose adopts a zoning ordinance amendment pursuant to this paragraph.

(ii) Electronically on an internet website accessible to the public by the time the zoning ordinance amendment is in effect.

(D) This paragraph shall become inoperative upon the date that the City of San Jose's housing element update for the sixth cycle is due pursuant to Section 65588.

(4) This section does not prohibit an affected county or an affected city from changing a land use designation or zoning ordinance to a less intensive use on a site that is a mobilehome park, as defined in Section 18214 of the Health and Safety Code, as of the effective date of this section, and the no net loss requirement in paragraph (1) shall not apply.

(i) Notwithstanding subdivisions (b) and (e), this section does not prohibit an affected city or an affected county from enacting a development policy, standard, or condition that is intended to preserve or facilitate the production of housing for lower income households, as defined in Section 50079.5 of the Health and Safety Code, or housing types that traditionally serve lower income households, including mobilehome parks, single-room occupancy units, or units subject to any form of rent or price control through a public entity's valid exercise of its police power.

(j) The amendments to subparagraph (A) of paragraph (1) of subdivision (b), and to paragraph (1) of subdivision (h) made by the act adding this subdivision do not constitute a change in, but are declaratory of, existing law.

SEC. 6. Article 2 (commencing with Section 66300.5) is added to Chapter 12 of Division 1 of Title 7 of the Government Code, to read:

Article 2. Demolition of Housing Units

66300.5. For purposes of this article:

(a) (1) (A) Except as otherwise provided in subparagraph (B), "affected city" means a city, including a charter city, that the Department of Housing and Community Development determines, pursuant to subdivision (d), is in an urbanized area or urban cluster, as designated by the United States Census Bureau.

(B) Notwithstanding subparagraph (A), "affected city" does not include any city that has a population of 5,000 or less and is not located within an urbanized area, as designated by the United States Census Bureau.

(2) "Affected county" means a census-designated place, based on the 2013-2017 American Community Survey 5-year Estimates, that is wholly located within the boundaries of an urbanized area, as designated by the United States Census Bureau.

(3) Notwithstanding any other law, "affected county" and "affected city" includes the electorate of an affected county or city exercising its local initiative or referendum power, whether that power is derived from the California Constitution, statute, or the charter or ordinances of the affected county or city.

(b) "Affordable housing cost" has the same meaning as defined in Section 50052.5 of the Health and Safety Code.

(c) "Affordable rent" has the same meaning as defined in Section 50053 of the Health and Safety Code.

(d) "Equivalent size" means that the replacement units contain at least the same total number of bedrooms as the units being replaced.

(e) "Housing development project" has the same meaning as defined in paragraph (3) of subdivision (b) of Section 65905.5.

(f) "Persons and families of low or moderate income" has the same meaning as defined in Section 50093 of the Health and Safety Code.

(g) "Lower income households" has the same meaning as defined in Section 50079.5 of the Health and Safety Code.

(h) "Protected units" means any of the following:

(1) Residential dwelling units that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income within the past five years.

(2) Residential dwelling units that are or were subject to any form of rent or price control through a public entity's valid exercise of its police power within the past five years.

(3) Residential dwelling units that are or were rented by lower or very low income households within the past five years.

(4) Residential dwelling units that were withdrawn from rent or lease in accordance with Chapter 12.75 (commencing with Section 7060) of Division 7 of Title 1 within the past 10 years.

(i) (1) "Replace" shall have the same meaning as provided in subparagraphs (B) and (C) of paragraph (3) of subdivision (c) of Section 65915.

(2) Notwithstanding paragraph (1), for purposes of a development project that consists of a single residential unit on a site with a single protected unit, "replace" shall mean that the protected unit is replaced with a unit of any size at any income level.

(j) "Very low income households" has the same meaning as defined in Section 50105 of the Health and Safety Code.

66300.6. (a) Notwithstanding any other law and notwithstanding local density requirements, an affected city or an affected county shall not approve

a housing development project that will require the demolition of one or more residential dwelling units unless the project will create at least as many residential dwelling units as will be demolished.

(b) Notwithstanding any other law and notwithstanding local density requirements, an affected city or an affected county shall not approve a development project that will require the demolition of occupied or vacant protected units, or that is located on a site where protected units were demolished in the previous five years, unless all of the following requirements are satisfied:

(1) (A) The project will replace all existing protected units and protected units demolished on or after January 1, 2020.

(B) Any protected units replaced pursuant to this paragraph shall be considered in determining whether the housing development project satisfies the requirements of Section 65915 or a locally adopted requirement that requires, as a condition of the development of residential rental units, that the project provide a certain percentage of residential rental units affordable to, and occupied by, households with incomes that do not exceed the limits for moderate-income, lower income, very low income, or extremely low income households, as specified in Sections 50079.5, 50093, 50105, and 50106 of the Health and Safety Code.

(C) This paragraph shall not apply to a project that meets all of the following conditions:

(i) The project is an industrial use.

(ii) The project site is entirely within a zone that does not allow residential uses.

(iii) The zoning applicable to the project site that does not allow residential uses was adopted prior to January 1, 2022.

(iv) The protected units that are or were on the project site are or were nonconforming uses.

(2) (A) If the project is a housing development project, it will include at least as many residential dwelling units as the greatest number of residential dwelling units that existed on the project site within the last five years.

(B) If the project is not a housing development project, the proponent will ensure that any required replacement housing is developed prior to or concurrently with the development project. The required replacement housing may be located on a site other than the project site but shall be located within the same jurisdiction. The project proponent may contract with another entity to develop the required replacement housing.

(3) (A) Any existing occupants will be allowed to occupy their units until six months before the start of construction activities. The project proponent shall provide existing occupants with written notice of the planned demolition, the date they must vacate, and their rights under this section. Notice shall be provided at least six months in advance of the date that existing occupants must vacate.

(B) Any existing occupants that are required to leave their units shall be allowed to return at their prior rental rate if the demolition does not proceed and the property is returned to the rental market.

(4) The developer agrees to provide both of the following to the existing occupants of any protected units that are lower income households:

(A) Relocation benefits that are equivalent to the relocation benefits required to be paid by public entities pursuant to Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 and any implementing regulations.

(B) A right of first refusal for a comparable unit available in the new housing development, or in any required replacement units associated with a new development that is not a housing development, affordable to the household at an affordable rent or an affordable housing cost. This subparagraph shall not apply to any of the following:

(i) A development project that consists of a single residential unit located on a site where a single protected unit is being demolished.

(ii) (I) Units in a housing development in which 100 percent of the units, exclusive of a manager's unit or units, are reserved for lower income households.

(II) Notwithstanding subclause (I), this subparagraph shall apply to protected units occupied by an occupant who qualifies for residence in the new development and for whom providing a comparable unit would not be precluded due to unit size limitations or other requirements of one or more funding source of the housing development.

(iii) A project that meets the requirements of subparagraph (C) of paragraph (1).

(C) (i) For purposes of complying with subparagraph (B), if one or more single-family homes that qualify as protected units are being replaced in a development project that consists of two or more units, "comparable unit" means either of the following, as applicable:

(I) A unit containing the same number of bedrooms if the single-family home contains three or fewer bedrooms.

(II) A unit containing three bedrooms if the single-family home contains four or more bedrooms.

(ii) For purposes of this subparagraph, a comparable unit is not required to have the same or similar square footage or the same number of total rooms.

(D) This subparagraph does not apply to an occupant of a short-term rental that is rented for a period of fewer than 30 days.

(5) This subdivision does not confer additional legal protections upon an unlawful occupant of a protected unit.

(c) This section shall not supersede any objective provision of a locally adopted ordinance that places restrictions on the demolition of residential dwelling units or the subdivision of residential rental units that are more protective of lower income households, requires the provision of a greater number of units affordable to lower income households, or that requires greater relocation assistance to displaced households.

(d) This section shall not apply to a housing development project for which an application was submitted after January 1, 2019, but prior to January 1, 2020, in a jurisdiction with a population of under 31,000 as of the 2020 United States Census that has a rent or price control ordinance.

SEC. 7. The heading of Article 3 (commencing with Section 66301) is added to Chapter 12 of Division 1 of Title 7 of the Government Code, to read:

Article 3. Duration of Chapter

SEC. 8. 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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