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**SENATE COMMITTEE ON HOUSING**

**Senator Scott Wiener, Chair**

**2023 - 2024 Regular**

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**Bill No:** SB 356 **Hearing Date:** 4/18/2023  
**Author:** Archuleta  
**Version:** 3/14/2023  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Aiyana Cortez

**SUBJECT:** Housing: Code Enforcement Incentive Program: Community Code Enforcement Pilot Program

**DIGEST:** This bill makes changes to the Code Enforcement Incentive and Community Code Enforcement Pilot Programs.

**ANALYSIS:**

*Existing law:*

- 1) Authorizes local governments to enforce within their jurisdiction all the provisions published in the State Building Standards Code, the provisions of State Housing Law, and the other rules and regulations promulgated pursuant to the provisions of State Housing Law pertaining to the erection, construction, reconstruction, movement, enlargement, conversion, alteration, repair, removal, demolition, or arrangement of apartment houses, hotels, or dwellings.
- 2) Establishes the Code Enforcement Incentive Program pursuant to which the Department of Housing and Community Development (HCD), upon appropriation by the Legislature, makes funds available as matching grants to local governments that operate local building enforcement programs for more than three years, as provided.
- 3) Requires the recipient local government to provide a case or in-kind local match of least 25% in the first year, 50% in the second year, and 75% in the third year, and limits the maximum grant to a single recipient under the program to \$1,000,000.
- 4) Requires HCD to award grants under the program on a competitive basis, based on criteria weighted for specified applicants, including local government applicants that propose to identify and prosecute owners with habitual,

repeated, multiple code violations that have remained unabated beyond the period required for abatement.

- 5) Establishes the Community Code Enforcement Pilot Program in which HCD awards grants to communities that develop a code enforcement pilot program meeting specified criteria. Grants are limited to \$450,000 to pay for costs incurred over the life of the program.
- 6) Requires that each local government receiving a grant develop a code enforcement team consisting of, among others, a least one full-time code enforcement officer. Each grantee shall provide, and fund at its own expense, at least one city planner, health officer, or comparable specialist for the duration of the pilot program, and requires that the grant funds be used for the code enforcement and related program costs or for capital expenditures, as specified.
- 7) Requires a grant proposal to include, among other things, a plan demonstrating an intent to ensure cooperative and effective working relationships between code enforcement officials and other specified local officials.

**This bill:**

- 1) Changes the local government match to 35% of the funds awarded over three years by the Code Enforcement Incentive Grant Program.
- 2) Increases the maximum grant to a single recipient of the Code Enforcement Incentive Grant and the Community Code Enforcement Pilot Programs to \$2 million, to be adjusted for inflation at least once every five years.
- 3) Recasts provisions relating to weighting criteria and adds local government applicants that have employed, or propose to employ by the end of the grant period, a certified code enforcement officer to the weighting criteria considered by HCD when awarding code enforcement incentive grants.
- 4) Adds the goal of reducing the incidence of substandard housing through partnerships with community-based organizations to the intent language of the Community Code Enforcement Pilot Program.
- 5) Modifies the composition of the code enforcement team required to be developed by local governments receiving a Community Code Enforcement Pilot Program grant. This bill specifies that the team should consist of:
  - a) At least one full-time certified code enforcement officer,

- b) A part-time city planner, health officer, building official, or comparable specialist, and
  - c) At least one representative from a community-based organization.
- 6) Makes other technical and clarifying changes.

**COMMENTS:**

- 1) *Author's statement.* “Over twenty years ago, the legislature had the foresight to create Code Enforcement Incentive Grant Programs. The goal of the programs is to support local efforts to identify and remediate deteriorated housing before problems get so severe that the housing is lost to the market. While these grants supported innovative projects and partnerships across the state in the early and mid-2000s, funding for the program was cut as the state faced significant budget shortfalls following the 2008 recession. Unfortunately, as the state’s finances improved, funding to the program was never restored. The state and local governments are investing hundreds of millions of dollars to support the construction of new housing units to help alleviate the housing crisis. Very little is invested in housing code enforcement to ensure the state’s existing housing stock is not lost due to neglect and disrepair, undermining the gain from our massive investment in new construction. These programs provided a valuable asset for local governments, and the state should once again fund them.”
- 2) *Code Enforcement Incentive Grant Programs and their funding history.* Prop 46—the Housing and Emergency Shelter Trust Fund Act of 2002—provided general obligation bonds approved by the voters to fund 21 housing programs, including \$5 million for two code enforcement grant programs. Subsequently in 2006, when the voters approved Prop 1C, which provided a second round of funding to several of these same housing programs, the code enforcement programs were not included and have not been funded since. The two code enforcement grant programs are intended to fund capital expenditures through a competitive process requiring matching funds from local governments and pilot the development of community partnerships with local code enforcement departments.
- 3) *Is under-resourced code enforcement a state responsibility?* State law gives local governments the authority to enforce building codes, nuisances, health codes, fire codes, and other related requirements, including the ability to recover the costs of enforcement. To the extent code enforcement activities clean up distressed properties, cities and counties may also benefit from increased property values and decreased service costs. A recent survey of code

enforcement officers from 75 jurisdictions in California cited a need for updated capital investments, abatement program funding, equity training, and building community-partnership capacity. Additional incentives from the state may be needed to increase local code enforcement activities.

- 4) *Housing is preventative health care and saves money.* The costs of substandard housing can be debilitating and have long-term consequences for those affected, especially children.<sup>1</sup> Housing-based triggers linked to asthma are responsible for \$5 billion in preventable medical expenses each year. Asthma, lead poisoning, infection, rash, and toxic stress can result from substandard housing conditions and can lead to long term brain damage, immune and respiratory system impairments, cardiovascular problems, and behavioral health disorders. Cost studies across California consistently demonstrate that providing adequate housing saves money by reducing associated public costs.
- 5) *California has a housing shortage.* The need for and costs of housing have consistently outpaced the development of affordable housing for over 30 years. The lack of supply is the primary factor underlying California's housing crunch. The state HCD estimates that California needs to build 180,000 new homes a year to keep up with population growth. HCD noted in its statewide housing plan that California must plan for more than 2.5 million homes over the next eight-year cycle, and no less than one million of those homes must meet the needs of lower-income households. Limited data is available regarding the percentage of the existing housing stock that is at risk of being lost due to neglect or disrepair. However, about four percent of surveyed California households reported moderate to severe housing inadequacy.<sup>2</sup>
- 6) *Substandard housing inequity linked to health disparities.* Substandard housing conditions are linked to serious health consequences and are more likely to be experienced by people of color.<sup>3</sup> Racial disparities in several health outcomes are strongly associated with housing quality and homeownership.<sup>4</sup> Households with poor housing quality are 50% more likely of an asthma-related emergency department (ED) visit. Those who own homes are 40% less likely to visit an ED, even after adjusting for housing quality and the presence of housing-related exposures known to be associated with asthma. Renters are more than twice as likely to report moderately or severely inadequate housing conditions<sup>2</sup> and more than 50% more likely to be cost burdened or severely-cost burdened by

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<sup>1</sup> Housing Habitability and Health: Oakland's Hidden Crisis. 2018.

<sup>2</sup> US Census Bureau. 2021 American Housing Survey Table Creator. <https://www.census.gov/programs-surveys/ahs.html>

<sup>3</sup> Jacobs. Environmental Health Disparities in Housing. Am J Public Health. 2011. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3222490/>

<sup>4</sup> Hughes et al. Pediatric Asthma Health Disparities: Race, Hardship, Housing, and Asthma in a National Survey. Acad Pediatr. 2017. doi: 10.1016/j.acap.2016.11.011.

housing.<sup>5</sup> **To address concerns about code enforcement inequity and displacement risk, the author will accept amendments to add consideration for low-income renters and displacement prevention to the weighting criteria considered by HCD when awarding code enforcement incentive grants.**

- 7) *Matching funds and maximum grants.* This bill would modify the existing programs in the following ways: increases the maximum grant to a single recipient of the Code Enforcement Incentive Grant and the Community Code Enforcement Pilot Programs to \$2 million, to be adjusted for inflation at least once every five years; and decreases the local government match to 35% of the funds awarded over three years by the Code Enforcement Incentive Grant Program. These changes would allow local governments to secure more money from the state but significantly lowers the amount required by local governments to match.
- 8) *Aligning timelines.* **The author will accept amendments to align the required reporting period to the legislature with the HCD annual report to the legislature.**
- 9) *Allocation required.* This bill would require a budget allocation to fund the existing programs. The author will submit a budget request but has not determined an amount.

#### **RELATED LEGISLATION:**

**AB 1008 (Lowenthal, Chapter 723, Statutes of 2002)** — authorized the use of code enforcement grant funds to be used for capital expenditures and made other changes to program guidelines.

**AB 1382 (Lowenthal, Chapter 664, Statutes of 2000)** — established the Code Enforcement Incentive Program and the Community Code Enforcement Pilot Program consistent with the AB 2867 (Lowenthal, Chapter 82, 2000).

**AB 2867 (Lowenthal, 82, Statutes of 2000)** – allocated \$5 million to local governments for purposes of increasing local code enforcement staff as a trailer bill to the to the FY 2000-01 state budget.

**FISCAL EFFECT:** Appropriation: No    Fiscal Com.: Yes    Local: No

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<sup>5</sup> Kimberlin. California's Housing Affordability Crisis Hits Renters and Households With the Lowest Incomes the Hardest. California Budget and Policy Center. 2019. [https://calbudgetcenter.org/app/uploads/2019/04/Report\\_California-Housing-Affordability-Crisis-Hits-Renters-and-Households-With-the-Lowest-Incomes-the-Hardest\\_04.2019.pdf](https://calbudgetcenter.org/app/uploads/2019/04/Report_California-Housing-Affordability-Crisis-Hits-Renters-and-Households-With-the-Lowest-Incomes-the-Hardest_04.2019.pdf)

**POSITIONS: (Communicated to the committee before noon on Wednesday, April 12, 2023.)**

**SUPPORT:**

California Association of Code Enforcement Officers (Co-Sponsor)  
Regional Asthma Management & Prevention (Co-Sponsor)  
California Building Officials  
California Rural Legal Assistance Foundation  
Coalition for Economic Survival (CES)  
Community Action to Fight Asthma  
Healing and Justice Center  
Human Impact Partners  
Law Foundation of Silicon Valley  
Munireg LLC  
Western Center on Law and Poverty

**OPPOSITION:**

None received.

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