December 22, 2014

Information Bulletin 2014-02 (MP, GEN, SHL)

TO: Mobilehome Parks Program
    Manufactured Housing Program
    Occupational Licensing Program
    State Housing Law Program
    Interested Parties
    Division Staff

SUBJECT: 2014 LEGISLATIVE CHANGES

This Information Bulletin summarizes the legislative changes for 2014 to California laws that impact the Division of Codes and Standards' programs. The amendments, repeals, and additions to the California laws summarized in this Information Bulletin become effective January 1, 2015, unless otherwise specified in the legislation.

Mobilehome Parks Program/Manufactured Housing Program

Chapter 493, Statutes of 2014 (AB 225 – Chau) amends Sections 18114.1, 50781, 50782, 50784, 50785, and 50786 of, and adds Sections 50784.5 and 50784.7 to, the Health and Safety Code, relating to mobilehomes.

- AB 225 was an urgency bill and took effect when signed by the Governor.

- Health and Safety Code, Section 18114.1 as amended:
  - Renames of the Mobilehome Park Purchase Fund to the Mobilehome Park Rehabilitation and Purchase Fund without changing the meaning.

- Health and Safety Code, Section 50781 as amended:
  - Defines "Fund" to mean the Mobilehome Park Rehabilitation and Purchase Fund.
  - Defines limited equity housing cooperative per Civil Code, Section 817.
  - Defines "Program" to mean the Mobilehome Park Rehabilitation and Resident Ownership Program.

- Health and Safety Code, Section 50782 as amended:
  - Renames the Mobilehome Park Purchase Fund to Mobilehome Park Rehabilitation and Purchase Fund.
Requires interest to be paid on all moneys loaned to be paid to the General Fund from the Mobilehome Park Rehabilitation and Purchase Fund

- **Health and Safety Code, Section 50784 as amended:**
  - Permits HCD to make loans from the fund to individual low-income residents of mobilehome parks or resident organizations that have converted or plan to convert a mobilehome park to resident ownership.
  - Allows loans provided under the program to have a term of no more than 40 years, rather than 30 years.

- **Health and Safety Code, Section 50784.5 as added:**
  - Permits HCD to make loans from the fund to qualifying nonprofit housing sponsors and local public entities to acquire a mobilehome park, provided that no less than 30% of residents at the time of acquisition are low-income. Such loans must be to:
    - Remedy significant outstanding violations of state law governing health and safety in mobilehome parks; or
    - HCD has determined that the acquisition of the park will substantially benefit low- and moderate-income homeowners, including maintaining affordable space rent levels.
  - Requires any mobilehome park purchased by a local public entity with an HCD loan to transfer it to a qualified nonprofit housing sponsor or resident organization no later than three years from the date of loan closing. The nonprofit organization or resident organization will assume all obligations under the loan.
  - Allows the local public entity to apply for an additional three-year extension if it is not able to transfer the park after making a good faith effort by the end of the three-year period. HCD may grant a one-time three-year extension for each loan to a local public entity commencing on date of expiration of the first three-year period.
  - Requires the local public entity to repay the full loan if HCD determines that it did not make a good faith effort to transfer the park or fails to transfer the park by the expiration date of the extended three-year period.
  - Authorizes HCD to:
    - Offer a loan term up to 40 years with an annual interest rate of 3 percent unless HCD determines that a lower interest rate is necessary and will not jeopardize the financial stability of the Fund.
    - Establish flexible repayment terms on loans if the terms are necessary to reduce the monthly housing cost for low-income residents to an affordable level and do not represent an unacceptable risk to the security of the Fund.
    - Provide loans in the minimum amount necessary to reduce the monthly housing costs of low-income residents to an affordable level.
    - Cap the total indebtedness of the loan plus any senior debt upon individual interests at 115 percent of the value of the collateral securing the loan, plus the amount of incidental cost directly related to the acquisition and rehabilitation.
Requires HCD to determine the eligibility for and amount of loans by taking into consideration:

- Current health and safety conditions in the park and the likelihood that the conditions will be remedied
- Degree in which the loan will benefit lower income homeowners
- Age of the park and the age of the infrastructure that will be rehabilitated with the loan proceeds.

Requires HCD verify and approve each of the following provisions prior to financing:

- Verification that either no park residents shall be involuntarily displaced as a result of the purchases or the impacts of the displacement shall be mitigated as required under state and local law.
- Projected costs and sources of funds for all purchase and rehabilitation activities.
- Projected operating budget for the park after the purchase.
- A management plan for the operation of the park.

- Health and Safety Code, Section 50784.7 as added:
  - Permits HCD make loans to resident organizations or qualified nonprofit sponsors from the Mobilehome Park Rehabilitation and Purchase Fund to assist lower income homeowners make needed repairs or accessibility-related upgrades to their mobilehomes. Loans must meet both of the following conditions:
    - The applicant entity has received a loan or loans pursuant to 50783, 50784, or 50784.5 to assist homeowners within a park proposed acquisition or conversion.
    - The applicant entity demonstrates, through previous experience or by other means deemed acceptable by HCD, sufficient organizational stability and capacity to manage a portfolio of individual loans over an extended time period.

  - Permits HCD to adopt implementation guidelines.

General

**Chapter 779, Statutes of 2014 (AB 1711 – Cooley) amends Sections 11346.2, 11346.3, and 11357 of the Government Code, relating to administrative regulations.**

- AB 1711 adds double-jointing language with AB 2723 (Medina).

- Government Code, Section 11346.2 as amended:
  - Requires an economic impact assessment (EIA) to be included in the initial statement of reasons of non-major regulations.
Government Code, Section 11346.3 as amended:
- Requires a State agency to include an economic impact assessment in the initial statement of reasons (ISOR) for a proposed non-major regulation.
- Requires the standardized regulatory impact analysis, for major regulations on or after November 1, 2013, to include the impact of sole proprietorships and small businesses.

Government Code, Section 11357 as amended:
- Directs the Department of Finance to adopt and update, as necessary, instructions prescribing the methods that an agency must use in preparing the EIA, and include those instructions in the State Administrative Manual.

**State Housing Program**

**Chapter 521. Statutes of 2014 (AB 2188 – Muratsuchi)** amends Section 714 of the Civil Code, and Section 65850.5 of the Government Code, relating to solar energy.

Civil Code, Section 714 as amended:
- Requires an accredited listing agency certify the solar energy systems used in single family residences and solar collectors used for heating water in commercial or swimming pool applications.
- Requires a solar energy system for producing electricity to meet all applicable safety and performance standards established by the California Electrical Code and other required entities.
- Redefines “significantly”, for solar domestic water heating systems or solar swimming pool heating systems, to mean an amount exceeding 10 percent of the cost, but no more than $1000 or decreasing the efficiency of the system by an amount exceeding 10 percent.
- Redefines “significantly” for photovoltaic systems to mean an amount not to exceed $1000 over the systems cost or a decrease in system efficiency of an amount exceeding 10 percent.
- Shortens the time after which an application is deemed approved if not denied in writing to 45 days from date of application, unless the delay is caused by the request for additional information.

Government Code, Section 65850.5 as amended:
- Allows the city or county to require the applicant to apply for a use permit only if the building official makes a finding based on substantial evidence that the solar energy system could have a specific adverse impact on the public’s health and safety.
- Extends to a city and county the existing prohibition on a city or county from denying an application for a use permit to install a solar energy system unless it makes written findings based upon substantial evidence in the record that the proposed installation would have a specific, adverse impact on public...
health or safety and that there is no feasible method to satisfactorily mitigate or to avoid the specific adverse action.

- Extends appeals on the decision of the building official to be made to the planning commission of a city and county.
- Requires an accredited listing agency as defined in the California Plumbing and Mechanical Code to certify solar energy systems for heating water in single family residences and solar collectors used for heating water in commercial or swimming pool applications.
- Requires a solar energy system for producing electricity meet all applicable safety and performance standards established by the California Electrical Code and all other entities as specified.
- Requires every city, county, or city and county. In consultation with the local fire department or district and the utility director to adopt an ordinance, consistent with the goals and intent of the aforementioned existing law, that creates an expedited, streamlined permitting process for small residential rooftop solar energy systems.
  - Requires the permitting process have a checklist of all requirements to which small rooftop solar energy systems shall comply to be eligible for expedited review.
  - Deems complete an application that satisfies the information requirements in the checklist.
  - Requires local government to approve an application and issue all required permits or authorizations once the application and supporting documents are deemed complete.
  - Requires a written correction notice for an incomplete application detailing all deficiencies in the application and any additional information required to be eligible for expedited permit issuance be issued by the local government.
  - Requires the checklist and required permitting documentation be published on a publically accessible Internet Web site if the local government has an Internet Web site.
  - Requires the city, county, or city and county to accept electronic submittal of a permit application and associated documentation, and to authorize the electronic signature on all forms, applications, and other documentation in lieu of a wet signature by an applicant.
  - Requires the city, county, or city and county to state in the ordinance that electronic signatures are not required if it is unable to accept electronic signatures.
  - In developing the ordinance, the city, county, or city and county to substantially conform its permitting process with the recommendations for expedited permitting, including the checklists and standard plans contained in the most current version of the California Solar Permitting Guidebook and adopted by the Governor's Office of Planning and Research. The local jurisdiction would be allowed to modify the checklists and standards due to unique climatic, geologic, seismological, or topographical conditions.
Requires only one inspection for a small residential rooftop solar energy system that is eligible for expedited review, which must be performed in a timely manner and may include a consolidated inspection, except that a separate fire safety inspection may be performed if the local government does not have an agreement with a local fire authority to conduct the inspection.

Authorizes a subsequent inspection if the solar energy systems fail the first inspection. However, the subsequent inspection does not have to comply with the requirements of the first inspection as specified.

Defines various terms, including:
- “accredited listing agency”, as defined in the California Mechanical Code, as a standards or testing organization that evaluates solar energy systems according to specified, independent criteria and allows its mark to be used on qualifying systems as a stamp of approval, such as the American National Standards Institute or the American Association for Laboratory Accreditation;
- “A feasible method to satisfactorily mitigate or avoid the specific, adverse impact” as including, but is not limited to, any cost-effective method, condition, or mitigation imposed by a city, county, or city and county on another similarly situated application in a prior successful application for a permit.
- “electronic submittal” as one or more methods offered by the local jurisdiction to submit a permit application, including email, internet, and facsimile;
- “small residential solar energy system” as:
  - A solar energy system that is no larger than 10 kilowatts alternating current nameplate rating or 30 kilowatts thermal;
  - A solar energy system that conforms to all applicable State fire, structural, electrical, and other building codes as adopted or amended by the city, county, or city and county and as by existing law;
  - A solar energy system that is installed on a single or duplex family dwelling;
  - A solar panel or module array that does not exceed the maximum legal building height as defined by the local enforcement authority.

Does not require reimbursement 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.
Chapter 606. Statutes of 2014 (AB 2282 – Gatto) adds Sections 17921.5 and 18940.6 to the Health and Safety Code, relating to building standards.

- Health and Safety Code, Section 17921.5 as added:
  - Requires HCD, in consultation with the State Water Resources Control Board, the State Department of Public Health, and other interested parties, to conduct research to assist in the development of mandatory building standards for the installation of recycled water systems for newly constructed single-family and multifamily residential buildings.
  - Authorizes HCD to expend funds from the Building Standards Administration Special Revolving Fund to be used in researching, developing, and proposing mandatory building standards.
  - Requires the research conducted to include:
    - Potential outdoor applications for recycled water, consistent with established specified recycled water use criteria.
    - Potential indoor applications for recycled water, consistent with established specified recycled water use criteria
    - Requires HCD to consider, regarding indoor applications, whether to adopt or recommend measures in addition to the current standards to ensure the safe installation of indoor recycled water piping or systems, as specified.
    - Cost of various recycled water systems.
    - Estimated quantity of water savings under varying levels of application of recycled water in residential buildings and building site landscaped areas.
    - Allows HCD to research standards for different types of water recycling systems, including noncentralized systems, but can only mandate systems to the extent that they meet all of the specified health and safety standards.
  - Requires HCD to submit to the California Building Standards Commission for consideration during the 2016 Intervening Code Adoption Cycle proposed mandatory building standards for the installation of recycled water systems for newly constructed single-family residential and multifamily residential buildings. HCD is also authorized to amend or repeal the mandatory building standards in future adoption cycles if necessary as long as they are consistent with the recycled water regulations maintained by the State Water Resources Control Board.
  - Requires HCD, when developing the application provisions for the mandatory building standards, to limit the mandate to install recycled water systems within residential buildings and building site landscaped areas only to those areas within a local jurisdiction that have feasible and cost-efficient access to a water recycling facility or that have been identified by the local jurisdiction within a planned service area for the provision of recycled water for which a specific implementation timeline has been identified by the public water system in its most recent urban water management plan.
  - Prohibits the mandate to install recycled water piping to apply to service areas in which the only recycled water use is for potable purposes or net
nonpotable deliveries are anticipated to remain level or decrease as a result of the potable reuse project.

- Requires HCD to consult with the State Water Resources Control Board and other entities as specified when developing the application provisions for the mandatory building standards.
- Allows a city, county, or city and county, in consultation with the public water system and recycled water producer, to further reduce the area to which the recycled water installation mandate applies if the local public water systems or recycled water producer finds that providing recycled water is not feasible or cost effective.

- Health and Safety Code, Section 18940.6 as added:
  - Requires the California Building Standards Commission (CBSC), in consultation with the State Water Resources Control Board and other interested parties as specified, to conduct research to assist in the development of mandatory green building standards for the installation of recycled water systems for newly constructed commercial and public buildings.
  - Authorizes CBSC to expend funds from the Building Standards Administration Special Revolving Fund to be used in researching, developing, and proposing mandatory building standards.
  - Requires CBSC to consider, regarding indoor applications, whether to adopt or recommend measures in addition to the current standards to ensure the safe installation of indoor recycled water piping or systems, as specified.
    - Cost of various recycled water systems.
    - Estimated quantity of water savings under varying levels of application of recycled water in commercial and public buildings and building site landscaped areas.
  - Allows CBSC to research standards for different types of water recycling systems, including noncentralized systems, but can only mandate systems to the extent that they meet all of the specified health and safety standards.
  - Requires CBSC to adopt mandatory building standards for the installation of recycled water systems for newly constructed commercial and public buildings for consideration during the 2016 Intervening Code Adoption Cycles. CBSC is also authorized to amend or repeal the mandatory building standards in future adoption cycles if necessary as long as they are consistent with the recycled water regulations maintained by the State Water Resources Control Board.
  - Requires CBSC, when developing the application provisions for the mandatory building standards, to limit the mandate to install recycled water systems within commercial and public buildings and building site landscaped areas.
areas only to those areas within a local jurisdiction that have feasible and cost-efficient access to a water recycling facility or that have been identified by the local jurisdiction within a planned service area for the provision of recycled water for which a specific implementation timeline has been identified by the public water system in its most recent urban water management plan.

- Prohibits the mandate to install recycled water piping to apply to service areas in which the only recycled water use is for potable purposes or net nonpotable deliveries are anticipated to remain level or decrease as a result of the potable reuse project.
- Requires CBSC to consult with the State Water Resources Control Board and other entities as specified when developing the application provisions for the mandatory building standards.
- Allows a city, county, or city and county, in consultation with the public water system and recycled water producer, to further reduce the area to which the recycled water installation mandate applies if the local public water systems or recycled water producer finds that providing recycled water is not feasible or cost effective.

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