

AMENDED IN ASSEMBLY JUNE 2, 2008

AMENDED IN SENATE APRIL 23, 2008

SENATE BILL

No. 1175

Introduced by Senator Steinberg
(Coauthor: Senator Alquist)

February 8, 2008

An act to amend Section 15432 of the Government Code, and to add Section 4688.6 to the Welfare and Institutions Code, relating to regional center housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 1175, as amended, Steinberg. Developmental services: regional center housing.

Under existing law, the State Department of Developmental Services contracts with private nonprofit regional centers to provide services and supports to persons with developmental disabilities.

Existing law permits the department to approve proposals from specified regional centers to provide for, secure, and ensure the payment of a lease or leases on housing for persons with developmental disabilities, if specified requirements are met.

This bill would permit the department to approve proposals for housing, not including adult residential facilities for persons with special health care needs, under these requirements from any regional center. *The bill would require proposals, to be approved, to include a process for the regional center to review recent sales of comparable properties to ensure the purchase price is within the range of fair market value and, if significant renovations of a home, as defined, will be undertaken after the home is purchased, competing bids for that renovation work to ensure that the cost of the work is reasonable. The bill would allow*

the department to limit the number of proposals they consider and to require an application fee for submitting proposals.

Under the California Health Facilities Financing Authority Act, the California Health Facilities Financing Authority administers various provisions relating to the financing of health facility projects, including construction and renovation projects. Existing law includes within the definition of a health facility, for purposes of the act, a residential facility which is defined to include nonprofit accredited work activity programs. These programs provide specified services to persons with developmental disabilities.

This bill would, in addition, include within the definition of a residential facility, for purposes of the California Health Facilities Financing Authority Act, a residential facility for persons with developmental disabilities, as provided for under the provisions permitting proposals for housing for these persons to be approved by the department.

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

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

1 SECTION 1. Section 15432 of the Government Code is
 2 amended to read:
 3 15432. As used in this part, the following words and terms
 4 shall have the following meanings, unless the context clearly
 5 indicates or requires another or different meaning or intent:
 6 (a) “Act” means the California Health Facilities Financing
 7 Authority Act.
 8 (b) “Authority” means the California Health Facilities Financing
 9 Authority created by this part or any board, body, commission,
 10 department, or officer succeeding to the principal functions thereof
 11 or to which the powers conferred upon the authority by this part
 12 shall be given by law.
 13 (c) “Cost,” as applied to a project or portion of a project financed
 14 under this part, means and includes all or any part of the cost of
 15 construction and acquisition of all lands, structures, real or personal
 16 property, rights, rights-of-way, franchises, easements, and interests
 17 acquired or used for a project, the cost of demolishing or removing
 18 any buildings or structures on land so acquired, including the cost
 19 of acquiring any lands to which those buildings or structures may

1 be moved, the cost of all machinery and equipment, financing
2 charges, interest prior to, during, and for a period not to exceed
3 the later of one year or one year following completion of
4 construction, as determined by the authority, the cost of insurance
5 during construction, the cost of funding or financing noncapital
6 expenses, reserves for principal and interest and for extensions,
7 enlargements, additions, replacements, renovations and
8 improvements, the cost of engineering, service contracts,
9 reasonable financial and legal services, plans, specifications,
10 studies, surveys, estimates, administrative expenses, and other
11 expenses of funding or financing, that are necessary or incident to
12 determining the feasibility of constructing any project, or that are
13 incident to the construction, acquisition, or financing of any project.

14 (d) “Health facility” means any facility, place, or building that
15 is licensed, accredited, or certified and organized, maintained, and
16 operated for the diagnosis, care, prevention, and treatment of
17 human illness, or physical, mental, or developmental disability,
18 including convalescence and rehabilitation and including care
19 during and after pregnancy, or for any one or more of these
20 purposes, for one or more persons, and includes, but is not limited
21 to, all of the following types:

22 (1) A general acute care hospital that is a health facility having
23 a duly constituted governing body with overall administrative and
24 professional responsibility and an organized medical staff that
25 provides 24-hour inpatient care, including the following basic
26 services: medical, nursing, surgical, anesthesia, laboratory,
27 radiology, pharmacy, and dietary services.

28 (2) An acute psychiatric hospital that is a health facility having
29 a duly constituted governing body with overall administrative and
30 professional responsibility and an organized medical staff that
31 provides 24-hour inpatient care for mentally disordered,
32 incompetent, or other patients referred to in Division 5
33 (commencing with Section 5000) or Division 6 (commencing with
34 Section 6000) of the Welfare and Institutions Code, including the
35 following basic services: medical, nursing, rehabilitative,
36 pharmacy, and dietary services.

37 (3) A skilled nursing facility that is a health facility that provides
38 the following basic services: skilled nursing care and supportive
39 care to patients whose primary need is for availability or skilled
40 nursing care on an extended basis.

1 (4) An intermediate care facility that is a health facility that
2 provides the following basic services: inpatient care to ambulatory
3 or semiambulatory patients who have recurring need for skilled
4 nursing supervision and need supportive care, but who do not
5 require availability or continuous skilled nursing care.

6 (5) A special health care facility that is a health facility having
7 a duly constituted governing body with overall administrative and
8 professional responsibility and an organized medical or dental staff
9 that provides inpatient or outpatient, acute or nonacute care,
10 including, but not limited to, medical, nursing, rehabilitation,
11 dental, or maternity.

12 (6) A clinic that is operated by a tax-exempt nonprofit
13 corporation that is licensed pursuant to Section 1204 or 1204.1 of
14 the Health and Safety Code or a clinic exempt from licensure
15 pursuant to subdivision (b) or (c) of Section 1206 of the Health
16 and Safety Code.

17 (7) An adult day health center that is a facility, as defined under
18 subdivision (b) of Section 1570.7 of the Health and Safety Code,
19 that provides adult day health care, as defined under subdivision
20 (a) of Section 1570.7 of the Health and Safety Code.

21 (8) Any facility owned or operated by a local jurisdiction for
22 the provision of county health services.

23 (9) A multilevel facility is an institutional arrangement where
24 a residential facility for the elderly is operated as a part of, or in
25 conjunction with, an intermediate care facility, a skilled nursing
26 facility, or a general acute care hospital. "Elderly," for the purposes
27 of this paragraph, means a person 62 years of age or older.

28 (10) A child day care facility operated in conjunction with a
29 health facility. A child day care facility is a facility, as defined in
30 Section 1596.750 of the Health and Safety Code. For purposes of
31 this paragraph, "child" means a minor from birth to 18 years of
32 age.

33 (11) An intermediate care facility/developmentally disabled
34 habilitative that is a health facility, as defined under subdivision
35 (e) of Section 1250 of the Health and Safety Code.

36 (12) An intermediate care facility/developmentally
37 disabled-nursing that is a health facility, as defined under
38 subdivision (h) of Section 1250 of the Health and Safety Code.

39 (13) A community care facility that is a facility, as defined under
40 subdivision (a) of Section 1502 of the Health and Safety Code,

1 that provides care, habilitation, rehabilitation, or treatment services
2 to developmentally disabled or mentally impaired persons.

3 (14) A nonprofit community care facility, as defined in
4 subdivision (a) of Section 1502 of the Health and Safety Code,
5 other than a facility that, as defined in that subdivision, is a
6 residential facility for the elderly, a foster family agency, a foster
7 family home, a full service adoption agency, or a noncustodial
8 adoption agency.

9 (15) A nonprofit accredited community work activity program,
10 as specified in subdivision (e) of Section 4851 and Section 4856
11 of the Welfare and Institutions Code.

12 (16) A community mental health center, as defined in paragraph
13 (3) of subdivision (b) of Section 5667 of the Welfare and
14 Institutions Code.

15 (17) A nonprofit speech and hearing center, as defined in Section
16 1201.5 of the Health and Safety Code.

17 (18) A blood bank, as defined in Section 1600.2 of the Health
18 and Safety Code, licensed pursuant to Section 1602.5 of the Health
19 and Safety Code, and exempt from federal income taxation
20 pursuant to Section 501(c)(3) of the Internal Revenue Code.

21 (19) A residential facility for persons with developmental
22 disabilities, as defined in Sections 4688.5 and 4688.6 of the
23 Welfare and Institutions Code, which includes, but is not limited
24 to, a community care facility licensed pursuant to Section 1502 of
25 the Health and Safety Code and a family teaching home as defined
26 in Section 4689.1 of the Welfare and Institutions Code.

27 “Health facility” includes a clinic that is described in subdivision
28 (l) of Section 1206 of the Health and Safety Code.

29 “Health facility” includes the following facilities, if the facility
30 is operated in conjunction with one or more of the facilities
31 specified in paragraphs (1) to (19), inclusive, of this subdivision:
32 a laboratory, laundry, or nurses or interns residence, housing for
33 staff or employees and their families or patients or relatives of
34 patients, a physicians’ facility, an administration building, a
35 research facility, a maintenance, storage, or utility facility, all
36 structures or facilities related to any of the foregoing facilities or
37 required or useful for the operation of a health facility and the
38 necessary and usual attendant and related facilities and equipment,
39 and parking and supportive service facilities or structures required
40 or useful for the orderly conduct of the health facility.

1 “Health facility” does not include any institution, place, or
2 building used or to be used primarily for sectarian instruction or
3 study or as a place for devotional activities or religious worship.

4 (e) “Participating health institution” means a city, city and
5 county, or county, a district hospital, or a private nonprofit
6 corporation or association authorized by the laws of this state to
7 provide or operate a health facility and that, pursuant to the
8 provisions of this part, undertakes the financing or refinancing of
9 the construction or acquisition of a project or of working capital
10 as provided in this part. “Participating health institution” also
11 includes, for purposes of the California Health Facilities Revenue
12 Bonds (UCSF-Stanford Health Care) 1998 Series A, the Regents
13 of the University of California.

14 (f) “Project” means construction, expansion, remodeling,
15 renovation, furnishing, or equipping, or funding, financing, or
16 refinancing of a health facility or acquisition of a health facility
17 to be financed or refinanced with funds provided in whole or in
18 part pursuant to this part. “Project” may include reimbursement
19 for the costs of construction, expansion, remodeling, renovation,
20 furnishing, or equipping, or funding, financing, or refinancing of
21 a health facility or acquisition of a health facility. “Project” may
22 include any combination of one or more of the foregoing
23 undertaken jointly by any participating health institution with one
24 or more other participating health institutions.

25 (g) “Revenue bond” means any bond, warrant, note, lease, or
26 installment sale obligation that is evidenced by a certificate of
27 participation or other evidence of indebtedness issued by the
28 authority.

29 (h) “Working capital” means moneys to be used by, or on behalf
30 of, a participating health institution to pay or prepay maintenance
31 or operation expenses or any other costs that would be treated as
32 an expense item, under generally accepted accounting principles,
33 in connection with the ownership or operation of a health facility,
34 including, but not limited to, reserves for maintenance or operation
35 expenses, interest for not to exceed one year on any loan for
36 working capital made pursuant to this part, and reserves for debt
37 service with respect to, and any costs necessary or incidental to,
38 that financing.

39 SEC. 2. Section 4688.6 is added to the Welfare and Institutions
40 Code, to read:

1 4688.6. (a) Notwithstanding any other provision of law to the
2 contrary, the department may approve a proposal or proposals by
3 ~~any regional centers center~~ to provide for, secure, ~~and ensure the~~
4 ~~or assure the full~~ payment of a lease or leases on housing, not
5 including an adult residential facility for persons with special health
6 care needs as defined in Section 1567.50 of the Health and Safety
7 Code, developed pursuant to this section, based on the ~~level of~~
8 *availability for occupancy* in each home, if all of the following
9 conditions are met:

10 (1) The acquired or developed real property is ~~occupied~~
11 *available for occupancy* by individuals eligible for regional center
12 services and is integrated with ~~housing~~ *other housing in the*
13 *community* for people without disabilities.

14 (2) The regional center has approved the proposed ownership
15 entity, management entity, and developer or development entity
16 for each project and, prior to granting the approval, has consulted
17 with the department and has provided to the department a proposal
18 that includes the credentials of the proposed entities.

19 (3) The costs associated with the proposal are reasonable. *The*
20 *department shall only approve proposals that include a process*
21 *for the regional center to review recent sales of comparable*
22 *properties to ensure the purchase price is within the range of fair*
23 *market value and, if significant renovations of a home will be*
24 *undertaken after the home is purchased, competing bids for that*
25 *renovation work to ensure that the cost of the work is reasonable.*
26 *For purposes of this subdivision, “significant renovations” means*
27 *renovations that exceed 5 percent of the purchase price of the*
28 *home.*

29 (4) The proposal includes a plan for a transfer at a time certain
30 of the real property’s ownership to a nonprofit entity to be approved
31 by the regional center.

32 (b) Prior to approving a regional center proposal pursuant to
33 subdivision (a), the department, ~~in consultation with the California~~
34 ~~Housing Finance Agency and~~ *may consult with* the Department of
35 Housing and Community Development; *and shall review all of*
36 *the following:*

37 (1) The terms and conditions of the financing structure for
38 acquisition or development of the real property.

39 (2) Any and all agreements that govern the real property’s
40 ownership, occupancy, maintenance, management, and operation,

1 to ensure that the use of the property is maintained for the benefit
2 of persons with developmental disabilities.

3 *(c) The department may impose a limit on the number of*
4 *proposals considered pursuant to subdivision (a). If a limit is*
5 *imposed, the department shall notify the Association of Regional*
6 *Center Agencies.*

7 *(d) The department may require a reasonable application fee*
8 *on proposals submitted by the regional centers pursuant to*
9 *subdivision (a).*

10 ~~(e)~~

11 *(e) No sale, encumbrance, hypothecation, assignment,*
12 *refinancing, pledge, conveyance, exchange, or transfer in any other*
13 *form of the real property, or of any of its interest therein, shall*
14 *occur without the prior written approval of the department and the*
15 *California Health and Human Services Agency: regional center.*

16 ~~(d)~~

17 *(f) Notice of the restrictions pursuant to this section shall be*
18 *recorded against the acquired or developed real property subject*
19 *to this section.*

20 ~~(e)~~

21 *(g) At least ~~45~~ 30 days prior to granting approval under*
22 *subdivision ~~(e)~~ (e), the department shall provide notice to the chairs*
23 *and vice chairs of the fiscal committees of the Assembly and the*
24 *Senate, the Secretary of California Health and Human Services,*
25 *and the Director of Finance.*

26 ~~(f)~~

27 *(h) The regional center shall not be eligible to acquire or develop*
28 *real property for the purpose of residential housing.*